

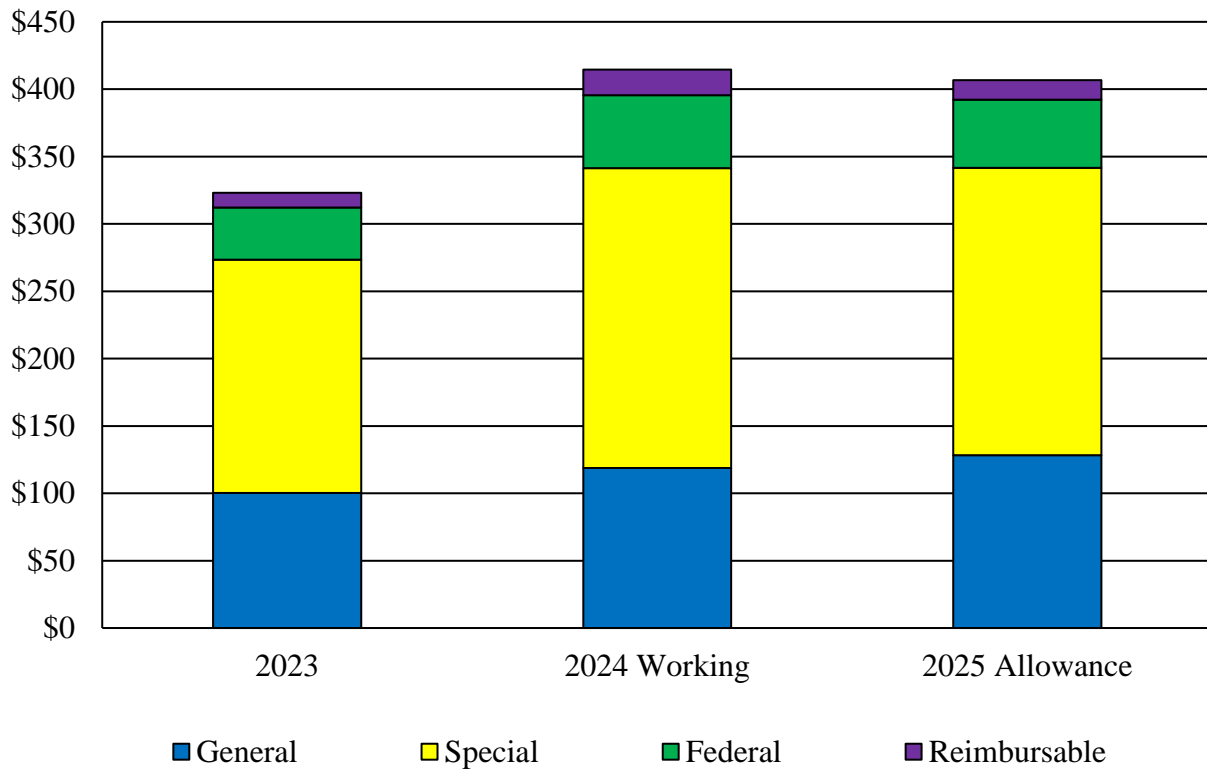
K00A
Department of Natural Resources

Executive Summary

The Department of Natural Resources (DNR) leads Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State’s natural resources.

Operating Budget Summary

**Fiscal 2025 Budget Decreases \$7.8 Million, or 1.9%, to \$406.7 Million
(\$ in Millions)**



Note: The fiscal 2024 working appropriation includes deficiencies. The fiscal 2025 allowance accounts for contingent reductions. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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- DNR’s budget includes fiscal 2024 deficiencies that would replace a \$2.5 million general fund appropriation to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for the Tree Solutions Now Act mandate with a \$2.5 million special fund appropriation from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for the same purpose.
- The overall change in DNR’s budget is a decrease of \$7.8 million, or 1.9%. The three largest changes are an increase of \$10.9 million in Chesapeake and Atlantic Coastal Bays 2010 Trust Fund funding for nonpoint source pollution reduction projects, a decrease of \$8.4 million for National Fish and Wildlife Foundation (NFWF) America the Beautiful competitive funding that was not received, and a decrease of \$6.2 million for vehicle and watercraft replacement purchases.

Key Observations

- ***Managing for Results (MFR) Measures:*** DNR’s fiscal 2025 MFR reflects the following: (1) State Park visitation continues to decline from pandemic highs, while capacity closures increase slightly; (2) crab population improves slightly, but harvesting restrictions are in place; (3) Maryland juvenile striped bass index declines, and harvest regulations have been imposed; and (4) the National Resources Police’s (NRP) progress toward the minority representation goal is off track.
- ***Maryland Park Service (MPS) Consultant Report and Funding Challenges:*** Chapter 39 of 2022 was a watershed piece of legislation for MPS. Chapter 39 addressed several of the main challenges experienced by MPS, including the critical maintenance needs of the park system, the lack of an asset management system, personnel shortages, and the need for additional long-range planning. In addition, Chapter 39 required a park study conducted by an independent consultant. The park study has been completed, but MPS does not appear to be well positioned to act on the recommendations. This is reflected by the lack of progress on the Chapter 39 requirements, which necessitates 2024 session legislation (SB 259 and HB 228) to push out the deadlines for certain requirements. Funding challenges in fiscal 2025, which require additional general fund support and the holding vacant of positions created by Chapter 39, as well as delays in scheduling the first Parks and Recreation Commission meeting, are signs that the park study’s recommendations may not be implemented as soon as desired.
- ***Office of Outdoor Recreation Slow to Start Planned Work:*** Chapter 39 established a Great Maryland Outdoors Fund in DNR that is to be used for implementing the recommendations of the Maryland Outdoor Recreation Economic (MORE) Commission and to support DNR’s Office of Outdoor Recreation that was established in September 2021. DNR notes that the Office of Outdoor Recreation’s Executive Director was temporarily assigned to other duties within DNR from April to September 2023 and subsequently retired. A new executive director was named in September 2023, and a new

staff member was hired in December 2023, but this was not in time to complete the projected work in fiscal 2023 and 2024. DNR can point to various partnership and coordination activities conducted by the Office of Outdoor Recreation but has not articulated a clear vision with measurable metrics that would guide the Office of Outdoor Recreation in its mission to support and enhance outdoor recreation opportunities and the economic benefits they produce.

- ***100% Renewable Energy Portfolio Standard Study Delayed:*** Chapter 757 of 2019 (the Clean Energy Jobs Act) required DNR’s Power Plant Research Program to conduct a supplemental study to an earlier study required by Chapter 393 of 2017 to assess the overall costs and benefits of increasing the Renewable Portfolio Standard (RPS) to a goal of 100% by calendar 2040. DNR notified the General Assembly that the report would not be submitted by the statutorily required date of January 1, 2024. Instead, DNR noted that the report would be available by July 1, 2024, barring any further complications. The reasons for the delay include difficulties faced by the subcontractor doing the modeling for the 100% RPS study and a funding shortfall.
- ***Deer Management Report Submitted but Not Funded in Fiscal 2025:*** Chapters 543 and 544 of 2023 (Hunting, Wildlife Conservation, and Outdoor Recreation – Funding, Promotion, Management, Licenses, Permits, and Stamps) required DNR to work with the Maryland Department of Agriculture (MDA) to develop a plan to address deer overpopulation in the State. The report had five priority recommendations. DNR’s response concerning the status of the five priority recommendations is that funding and positions are needed to (1) support a Deer Management Assistance Program; (2) work with counties on deer management plans; and (3) enable additional research and management concerning deer damage mitigation. However, the fiscal 2025 allowance does not include additional funding or positions for these purposes. In addition, the most important aspect of deer management success is not addressed: access to land for deer hunting.

Operating Budget Recommended Actions

1. Add language reducing Maryland Park Service and Forest Service funding contingent on a provision in the Budget Reconciliation and Financing Act authorizing the Governor to use Program Open Space State balances for the same purposes in fiscal 2025 only.
2. Adopt narrative on Office of Outdoor Recreation Managing for Results measures and plan for meeting Maryland Outdoor Recreation Economic Commission goals.
3. Adopt narrative requesting a report on Chesapeake Bay restoration spending.
4. Adopt committee narrative on historical and projected Chesapeake Bay restoration spending.

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5. Adopt committee narrative on Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans.

Budget Reconciliation and Financing Act Recommended Actions

1. **New Action** – Authorize the Governor to use Program Open Space State fund balance in fiscal 2025 to fund \$5.7 million of the Maryland Park Service expenses and \$1.0 million of the Forest Service’s expenses attributable to the decline in the transfer tax allocation to the two programs.

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Operating Budget Analysis

Program Description

DNR leads Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State's natural resources. To accomplish this mission, DNR is structured into the programmatic units described as follows.

- ***Office of the Secretary:*** Provides leadership; public outreach; customer service; and legislative, financial, administrative, information technology (IT), 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 over 127,000 acres of State-owned lands that are classified as Wildlife Management Areas.
- ***MPS:*** 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 and local grants and leads the preparation of the Maryland Land Preservation and Recreation Plan.
- ***Licensing and Registration Service:*** Operates eight regional service centers (primarily within the Motor Vehicle Administration branch offices) that assist the public with vessel titling and registration, offroad vehicle registration, commercial fishing licenses, and recreational hunting and fishing licenses.
- ***NRP:*** Preserves and protects Maryland's natural resources and its citizens through enforcement of conservation, boating, and criminal law; provides primary law enforcement services for Maryland's public lands owned by DNR; and serves as the State's lead on maritime homeland security.
- ***Engineering and Construction:*** Provides engineering, project management, and in-house construction services for all capital development and critical maintenance projects located on lands owned by DNR.

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- ***Critical Area 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 61 local critical area programs.
- ***Resource Assessment Service:*** Evaluates and directs implementation of environmental restoration and protection policy for tidal and nontidal 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.
- ***Chesapeake and Coastal Service:*** Coordinates State efforts to restore and protect the Chesapeake and Atlantic Coastal Bays by providing technical assistance and financial resources to local governments, State government agencies, nonprofit organizations, and private landowners to restore local waterways and prepare for future storms and coastline changes. In addition, the unit also administers the Waterway Improvement Program’s capital projects – public boating access facilities and navigation channel dredging.
- ***Fishing and Boating Services:*** Manages commercial and recreational harvests to maintain sustainable fisheries and to optimize recreational and economic use of these resources. In addition, the unit also oversees the State-owned Somers Cove Marina; places regulatory markers and navigation aids in support of sustainable development, use, and enjoyment of Maryland waterways for the general boating public; and coordinates the Clean Marina Initiative and Pumpout Program.

DNR’s mission is to lead Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State’s natural resources. DNR’s goals are as follows.

- ***Goal 1:*** Healthy terrestrial ecosystems.
- ***Goal 2:*** Healthy aquatic ecosystems.
- ***Goal 3:*** Fiscal responsibility – efficient use of energy and resources and the support of long-term economic prosperity.
- ***Goal 4:*** Citizen stewardship, outdoor recreation, and opportunities to take action.
- ***Goal 5:*** Vibrant communities and neighborhoods.

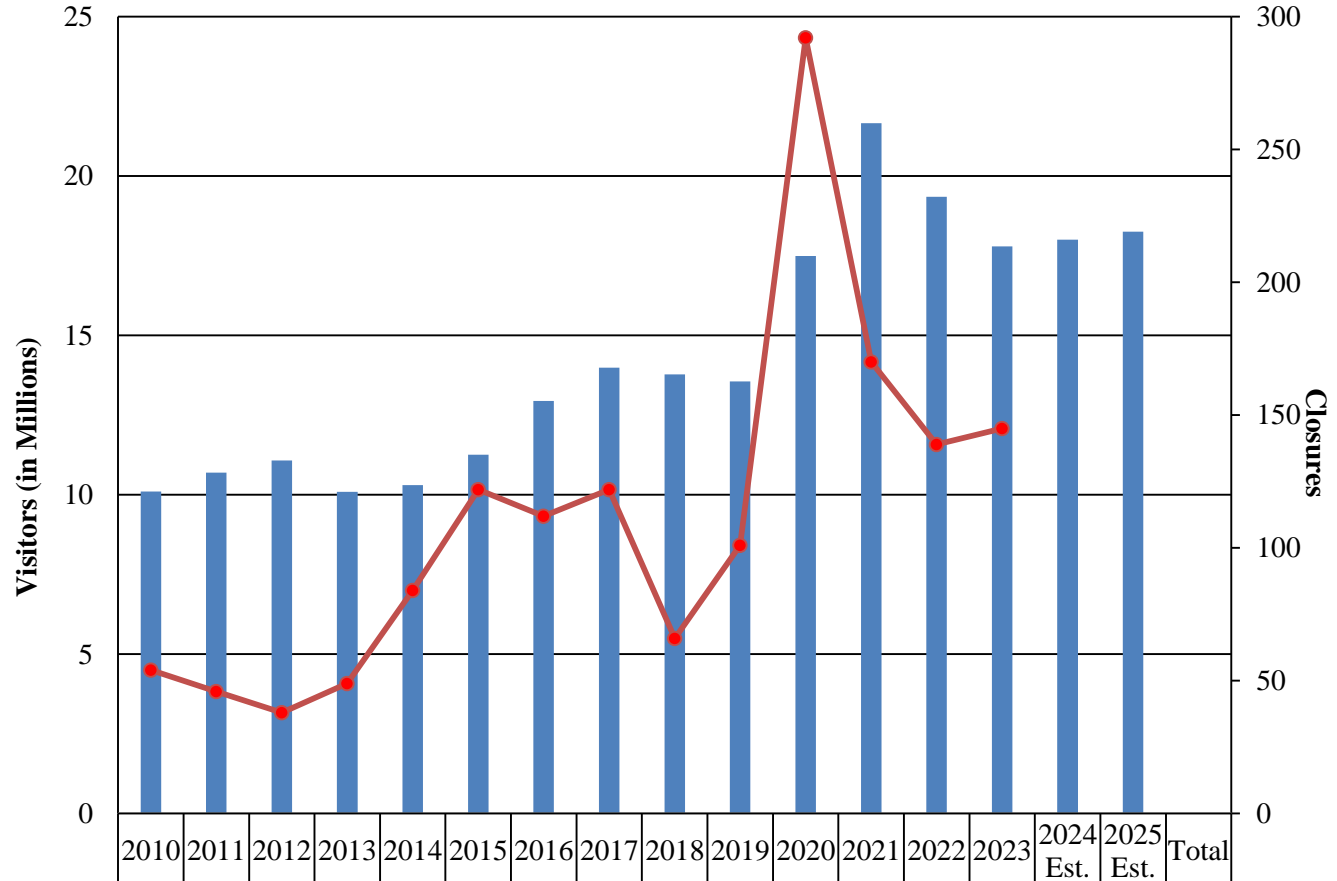
Performance Analysis: Managing for Results

1. State Park Visitation Continues to Decline from Pandemic Highs; Capacity Closures Increase Slightly

DNR’s fourth goal is citizen stewardship, outdoor recreation, and opportunities to take action. One of the objectives under this goal is to annually provide outdoor recreational, historical, and cultural resource experiences for over 10 million visitors to State parks. As a result of the COVID-19 pandemic and underlying demographic changes, the State park system has experienced a substantial increase in visitation that forced a greater number of park capacity shutdowns and exposed equity of access concerns. Considering these conditions, the State Park Investment Commission was created, and, subsequently, Chapter 39 was enacted, providing substantial enhancements to MPS operating and supporting capital programs. The independent park consultant study required by Chapter 39 was completed in January 2024, providing recommendations for how to deal with the increase in visitors and address capacity shutdowns.

As shown in **Exhibit 1**, MPS generally has experienced both increasing visitation and park capacity closures since calendar 2010. This trend was exacerbated with the onset of the COVID-19 pandemic in March 2020. It now appears that the capacity closures peaked at 292 in calendar 2020, and the park visitation peaked at 21.7 million in fiscal 2021, although the assumption is that park visitation will continue to rise with population growth. While the number of visitors decreased for the second year in a row from fiscal 2022 to 2023, the park capacity closures increased from 139 in fiscal 2022 to 145 in fiscal 2023. Of note, the capacity closures, usually related to staffing and parking limitations, are just one type of closure. DNR notes that it also has closures related to storms and floods, which are not tracked in the same way as capacity closures. **The Department of Legislative Services (DLS) recommends that DNR discuss all the types of closures the MPS experiences, the frequency of these closures, and what is being done to limit each type of closure.**

Exhibit 1
Maryland State Park Visitors and Capacity Closures
Fiscal and Calendar 2010-2025 Est.



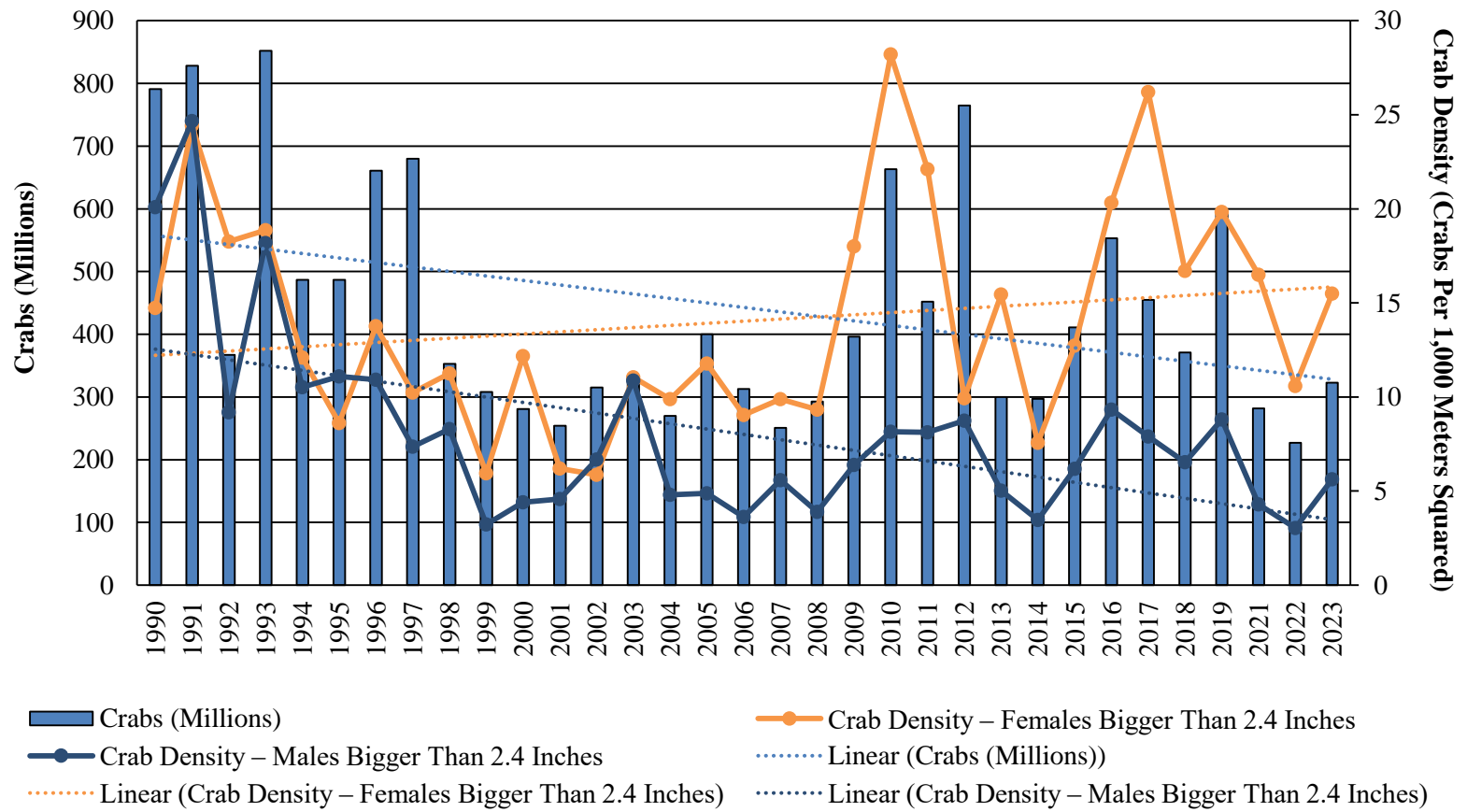
■ Visitors Using Parks (Fiscal Year)	10.1	10.7	11.1	10.1	10.3	11.3	12.9	14.0	13.8	13.6	17.5	21.7	19.4	17.8	18.0	18.3	230.3
● Park Capacity Closures (Calendar Year)	54	46	38	49	84	122	112	122	66	101	292	170	139	145			1,540

Source: Governor’s Fiscal 2012-2025 Budget Books; Department of Natural Resources

2. Crab Population Improves Slightly, but Harvesting Restrictions Are in Place

DNR’s second goal is healthy aquatic ecosystems. Under this goal is the objective to annually achieve fishery sustainability objectives (target fishing level and/or biomass threshold) for blue crab, striped bass, and oyster fisheries. The crab fishery is usually managed by adjusting the harvest rate of female crabs relative to a target harvest rate of 25.5%. However, as shown in **Exhibit 2**, the trend is an overall decline in the crab population since calendar 1990. While there were 323 million crabs in calendar 2022, this is just one year of improvement since the 227 million level in calendar 2022, the lowest the crab population has been since the initiation of the Winter Dredge Survey – the main source of crab population statistics. Particularly worrisome is that the overall crab population is declining despite the female harvest rate being at or near the target. This suggests that the decline in the crab population may be due to the male crab population.

Exhibit 2
Winter Dredge Survey Crab Population Statistics
Calendar 1990-2023



Source: Department of Natural Resources

The male and female crab statistics shown in Exhibit 2 reflect the densities of crabs per 1,000 meters squared. The trend lines reflect that the breeding age female crab population – females bigger than 2.4 inches – is slightly increasing over time. In contrast, the male crab population bigger than 2.4 inches is decreasing over time, although there was a slight uptick in calendar 2023. To address these considerations, on February 22, 2023, the Secretary of Natural Resources announced modifications to the recreational male hard crab catch and possession limits to make sure that male crabs are not overharvested and that the crab population is managed sustainably. In addition, on March 16, 2023, Governor Wes Moore called on the U.S. Department of Commerce (DOC) to declare the expanding population of invasive fish species, including blue catfish, flathead catfish, and snakehead, to be an ongoing commercial fishery disaster in the Maryland waters of the Chesapeake Bay. This request came in light of the competition that blue crabs and striped bass both experience from these invasive fish species. Subsequently, DOC notified Governor Wes Moore in December 2023 that it had declined Maryland’s request for a federal commercial fisheries disaster declaration.

In June 2023, DNR published new restrictions on harvesting blue crabs in the Chesapeake Bay, including a limit on harvesting male crabs for the second consecutive year. These restrictions followed the release of the *2023 Blue Crab Winter Dredge Survey*. Although the number of juvenile crabs increased from 101 million in calendar 2022 to 116 million in 2023, this marks the fourth consecutive year of below average juvenile crab numbers. Of note, the blue crab population is naturally variable and impacted by multiple factors, including habitat availability, bay and oceanic conditions, disease, and predation, including by red drum and invasive blue catfish as noted above.

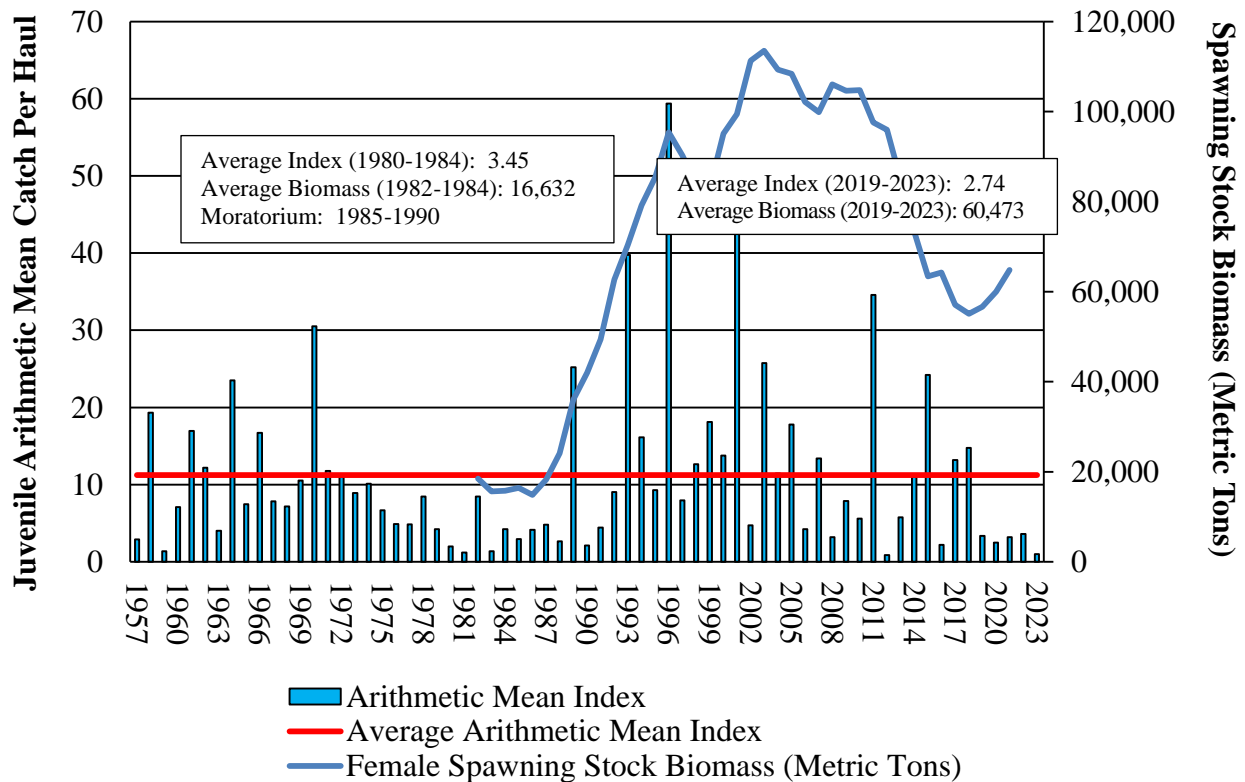
On June 27, 2023, the Chesapeake Bay Program’s Chesapeake Bay Stock Assessment Committee issued its annual blue crab advisory report, recommending precautionary management measures to maintain a healthy spawning stock and protect juvenile and male crabs. To improve understanding of blue crab population dynamics and the fishery, the Chesapeake Bay Stock Assessment Committee is preparing for a benchmark stock assessment that accounts for new data and alternative model structures to evaluate and revise the management framework. The assessment is expected to be completed by late calendar 2025 and is funded by a legislative addition of \$225,000 in general funds to DNR’s fiscal 2024 budget.

3. Maryland Juvenile Striped Bass Index Declines; Harvest Regulations Imposed

Also under DNR’s second goal of healthy aquatic ecosystems is the management of the striped bass fishery. DNR announced the results of the most recent juvenile striped bass survey on October 12, 2023. As shown in **Exhibit 3**, the survey reflected that the 2023 young-of-year index is 1.0, which is well below the long-term average of 11.1 and is the second lowest value since at least calendar 1957. In terms of historical precedents, the average young-of-year index for calendar 1980 through 1984 – the period immediately preceding the 1985 to 1990 striped bass fishing moratorium – was 3.45. Of concern is the average young-of-year index for calendar 2019 through 2023 is 2.74. DNR notes that the index does not appear to warrant a moratorium because

the average spawning stock biomass – reproductive females – was only 16,632 metric tons for calendar 1980 to 1984, while it is 60,473 metric tons for calendar 2019 through 2023, or 3.6 times greater. However, DNR is still concerned that the index has been below the long-term average for the last five years. On February 9, 2024, DNR announced that it had enacted striped bass emergency regulations to increase protections for the spawning population. The regulations include closing the spring trophy fishery season and extending the existing prohibition on the targeting of striped bass, which begins April 1 through May 15, 2024.

Exhibit 3
Maryland’s Juvenile Striped Bass Index and
Atlantic Spawning Stock Biomass
Calendar 1957-2023



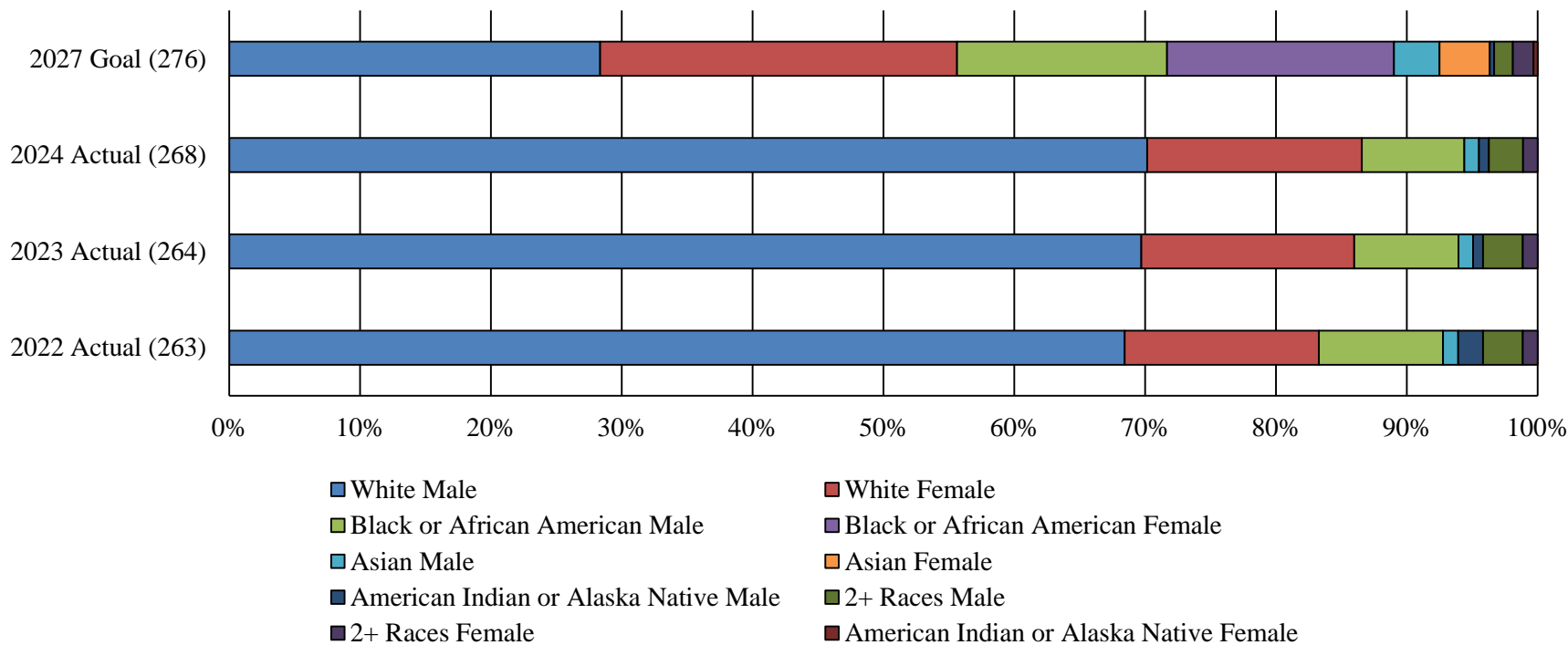
Source: Department of Natural Resources

4. National Resource Police Progress Toward Minority Representation Goal Off Track

DNR's fourth goal includes provisions related to NRP, including providing effective law enforcement services as a public safety agency. Relevant performance measures under this objective include the number of law enforcement officers. Another aspect of the NRP's work is to reflect Maryland's diversity in its workforce, which is in line with DNR's calendar 1985 and 1996 consent decrees with the Black Officers' Association, Inc.

Exhibit 4 shows the actual progression of NRP minority representation for fiscal 2022 through 2024 and the fiscal 2027 goal per the requirement in Chapter 203 of 2022 to match Maryland's current 2020 Census demographics for Marylanders aged 20 to 41 years to the extent practicable. The actual number of authorized positions has increased over fiscal 2022 to 2024. Therefore, the fiscal 2027 goal is reflected as the number of positions based on the average annual growth rate in positions over fiscal 2022 to 2024. The data reflects that since fiscal 2022, NRP minority representation has declined. DNR paused its hiring in March 2023 to address minority representation concerns, although the 2023 class, which graduated in November 2023, does not appear to improve minority representation appreciably. Prospectively, there will need to be a substantial increase in the hiring of white females, Black or African American males, and Black or African American females to meet the goal. **DLS recommends that DNR comment on the minority representation in NRP's 2024 class of recruits and what DNR is doing to reverse the negative progress toward the fiscal 2027 goal of matching Maryland's current 2020 Census demographics for Marylanders aged 20 to 41 years to the extent practicable.**

Exhibit 4
Natural Resources Police 20% Annual Progression Toward Minority Goal
Fiscal 2022-2027



Note: The total position count for each year is reflected in parentheses. The fiscal 2027 goal is reflected for 276 positions, which is equivalent to the average growth rate of actual positions over the fiscal 2022 to 2024 time period. The Natural Resources Police (NRP) data does not break out Native Hawaiian and Other Pacific Islander while the Census does, and therefore Native Hawaiian and Other Pacific Islander are lumped in with American Indian or Alaska Native. The NRP data reflects males who did not identify with a race. Males who are not identified with a race are categorized as 2+ races male in this exhibit.

Source: Department of Natural Resources

Fiscal 2023

The fiscal 2023 budget restricted \$1.1 million in general funds in the Revenue Stabilization Account (also known as the Rainy Day Fund) for the purpose of providing a grant from the Monitoring and Ecosystem Assessment program to the Chesapeake Bay Trust for the Chesapeake Conservation Corps. The funding was part of a \$9.0 million appropriation in the Rainy Day Fund to support strategies for reducing statewide greenhouse gas emissions and addressing climate impacts. While this funding was not released under the previous Administration, it was released by the Governor Wes Moore Administration. DNR notes that the grant was processed in February 2023.

Fiscal 2024

Implementation of Legislative Priorities

- ***Freshwater Mussels:*** \$400,000 in general funds was added to the appropriation for the Fishing and Boating Services program for the purpose of providing additional funding to support freshwater mussels. The funding is being used as part of two memoranda of understanding and for mussel hatchery costs. The memoranda are for the assessment of high priority mussel populations and habitat to develop restoration plans, and for the U.S. Fish and Wildlife Service's (FWS) Harrison Lake National Fish Hatchery to produce juvenile mussels for DNR staff to use in mussel restoration activities. The mussel hatchery funding includes design funding as well as operating funding for staffing and equipping the hatchery.
- ***Blue Crab Stock Assessment:*** \$225,000 in general funds was added to the appropriation for the Fishing and Boating Services program to fund a new benchmark stock assessment of the Chesapeake Bay blue crab population led by the University of Maryland Center for Environmental Science. The assessment has begun with a data workshop completed and commencement of data analysis.
- ***Potomac River Fisheries Commission:*** \$125,000 in general funds was added to the appropriation for the Fishing and Boating Services program to provide a grant to the Potomac River Fisheries Commission. The funding is being used for critical infrastructure, including hardware, software, and building maintenance, as well as for the purchase of a fuel-efficient hybrid sedan to replace an aging pickup truck.

Proposed Deficiency

The fiscal 2025 budget contains a contingent fiscal 2024 deficiency appropriation for the Chesapeake and Coastal Service program that would swap special funds for general funds. The fund swap would increase the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund special fund appropriation by \$2,500,000 to defray an equal amount of general funds, contingent on the enactment of SB 362 and HB 352 (the Budget Reconciliation and Financing Act (BRFA) of 2024), allowing the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to be used for satisfying the Tree Solution Now Act \$2.5 million funding mandate.

Fiscal 2025 Overview of Agency Spending

DNR is structured into a number of programmatic units and is staffed by 1,499.0 regular positions and 478.78 contractual full-time equivalents (FTE) in the fiscal 2025 allowance. **Exhibit 5** reflects the \$406.7 million spending breakdown for DNR’s programmatic units. The programmatic units with the largest amount of funding are as follows:

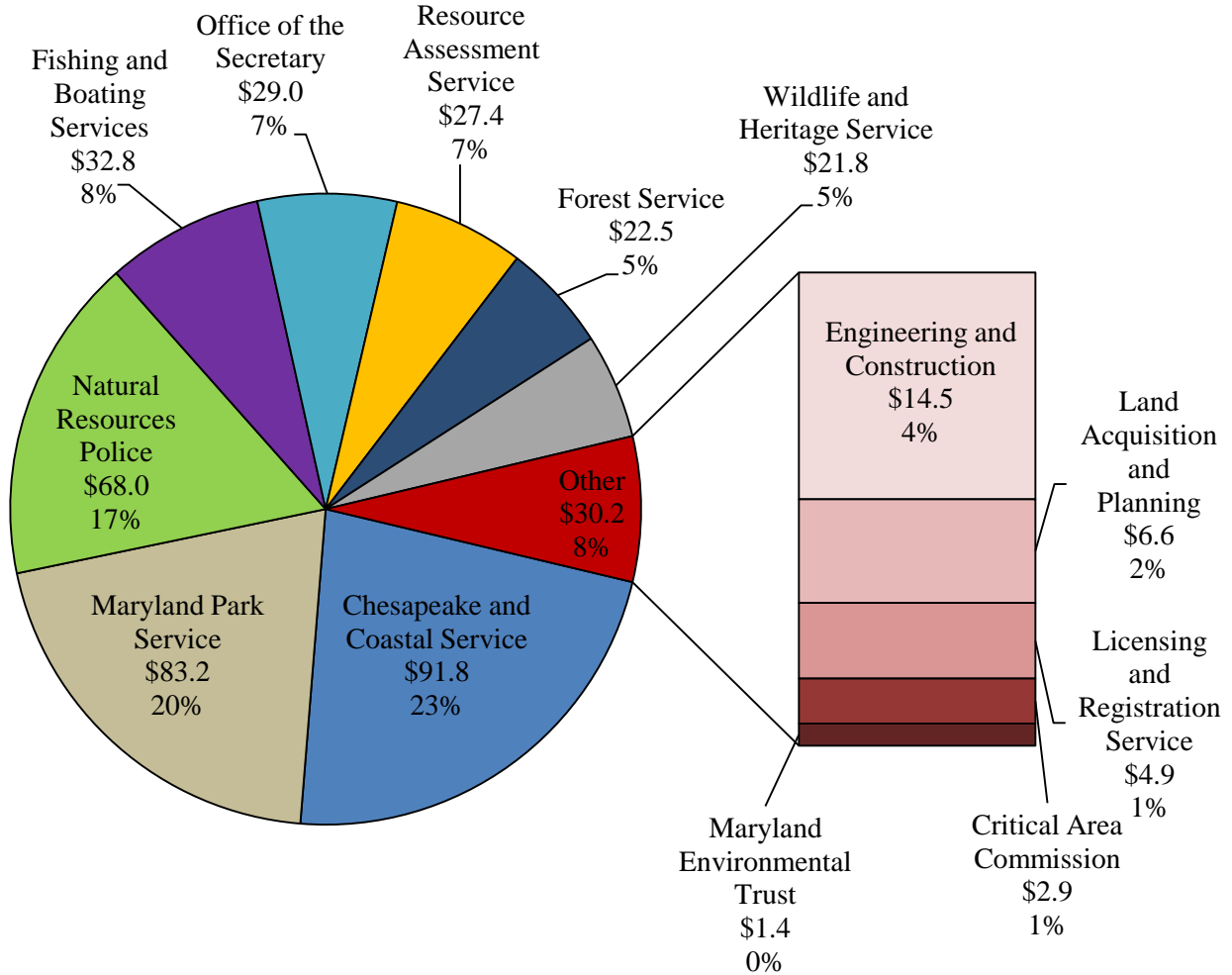
- ***Chesapeake and Coastal Service (\$91.8 Million, or 23%):*** The primary funding is \$74.8 million for grants, including the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund grant funding of \$70.7 million in fiscal 2025 and \$3.0 million for pumpout construction or operations and maintenance of pumpout facilities and boats. There is also \$8.2 million for regular positions and \$7.5 million for contracts, including \$4.9 million in the Chesapeake Bay Implementation Grant program for various Chesapeake Bay watershed restoration projects, and \$1.7 million in the Chesapeake and Coastal Program for coastal zone and wind energy projects. The \$2.5 million general fund grant to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for Tree Solutions Now Act projects is not reflected because it is contingently reduced in the budget bill.
- ***MPS (\$83.2 Million, or 20%):*** The primary funding is \$30.6 million for regular positions and \$10.9 million for 296.25 contractual FTEs in Maryland’s parks. There is also \$11.4 million for contractual services, including \$5.4 million for operations and maintenance contracts for the Fair Hill event area; \$0.9 million for park lake projects addressing fish habitat, invasive species control, and erosion; \$0.6 million for landscape restoration projects; and \$7.0 million for grants, including \$4.0 million for the Revenue Equity Program payments to counties and \$2.9 million for payments in lieu of taxes to the counties. Other funding includes \$7.0 million for supplies and materials, \$6.5 million for motor vehicles, and \$6.1 million for fuel and utilities.
- ***NRP (\$68.0 Million, or 17%):*** The primary funding is \$56.6 million for law enforcement officer regular positions, \$5.3 million for vehicles, and \$2.1 million for supplies.
- ***Fishing and Boating Services (\$32.8 Million, or 8%):*** The primary funding is \$20.3 million for regular positions. There is also \$6.5 million for contracts, including

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\$3.5 million for public oyster fishery planting and seeding, \$0.8 million for Horn Point Laboratory spat growth and spat plantings as part of the oyster recovery effort, and \$0.5 million for commercial fisheries harvest reporting; \$2.1 million for motor vehicles; and \$1.3 million for supplies and materials. The \$1.8 million mandated for the Fisheries Research and Development Fund is not included because it is contingently reduced in the fiscal 2025 Budget Bill.

- ***Office of the Secretary (\$29.0 Million, or 7%):*** The primary funding is \$14.8 million for regular positions along with \$9.0 million for contracts, including \$7.3 million for the Department of Information Technology’s (DoIT) service allocation.
- ***Resource Assessment Service (\$27.4 Million, or 7%):*** The primary funding is \$11.3 million for contracts, including \$5.1 million for four power plant siting technical assistance contracts, \$1.0 million for vessel rental when a DNR vessel is unavailable, and \$0.9 million for the State Lakes Protection and Restoration Fund per Chapter 39; and \$10.5 million for regular positions.
- ***Forest Service (\$22.5 Million, or 5%):*** The primary funding is \$10.0 million for regular positions; \$2.4 million for contractual FTEs; and \$3.6 million for grants, including \$2.0 million for federal Urban Forestry grants from the Inflation Reduction Act (IRA), \$0.5 million for the Mel Noland Woodland Incentives and Fellowship Fund, and \$1.8 million for contractual services, including \$0.7 million for off-road vehicle trail projects.
- ***Wildlife and Heritage Service (\$21.8 Million, or 5%):*** The primary funding is \$10.1 million for regular positions and \$4.5 million for contractual services, including \$0.9 million in the Natural Heritage Program, \$0.8 million in the Game Management program, \$0.7 million in the Migratory Game Bird Fund program, \$0.6 million in the State Wildlife Grants program, and \$0.6 million in Headquarters.

Exhibit 5
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



Note: The fiscal 2025 allowance accounts for contingent reductions. The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

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

Proposed Budget Change

DNR’s fiscal 2025 allowance decreases by \$7.8 million, or 1.9%, relative to the fiscal 2024 working appropriation, as shown in **Exhibit 6**.

**Exhibit 6
Proposed Budget
Department of Natural Resources
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2023 Actual	\$100,345	\$173,023	\$38,767	\$11,060	\$323,195
Fiscal 2024 Working Appropriation	121,181	220,102	54,327	18,913	414,524
Fiscal 2025 Allowance	<u>128,305</u>	<u>213,390</u>	<u>50,500</u>	<u>14,502</u>	<u>406,696</u>
Fiscal 2024-2025 Amount Change	\$7,124	-\$6,713	-\$3,828	-\$4,411	-\$7,828
Fiscal 2024-2025 Percent Change	5.9%	-3.0%	-7.0%	-23.3%	-1.9%

Where It Goes:

Change

Personnel Expenses

Salary increases and associated fringe benefits including fiscal 2024 COLA and increments	\$5,947
Cost associated with 29.5 new positions and 8 positions created through BPW action in fiscal 2024 not yet reflected in the budget	1,518
Turnover increases from 5.33% to 8.79%	-4,387

Other Changes

Natural Resources Policy

Chesapeake and Atlantic Coastal Bays 2010 Trust Fund grants	10,863
Tree-related grant funding for urban forestry	2,079
Engineering and Construction federal funding for design/build engineering projects	2,000
Wildlife and Heritage Service wildlife-related projects	941
Monitoring and Ecosystem Assessment projects for other DNR units and training	538
Maryland Forestry Education Fund mandated funding	250
Atlantic States Marine Fisheries Commission project not anticipated in fiscal 2025	-155
Consensus-building process one-time funding with the Oyster Advisory Commission	-173
Discontinuation of Academy for Climate Change Officers	-375
One-time State Highway Administration repayment of grant funding	-777

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Where It Goes:	<u>Change</u>
Mussel hatchery design and restoration work.....	-1,922
Office of Outdoor Recreation vacancies meant apprenticeship program not bid out	-2,000
National Fish and Wildlife Foundation America the Beautiful Funding not awarded	-8,380
<i>Contingent Reductions and One-time Legislative Priorities</i>	
Potomac River Fisheries Commission legislative priority.....	-125
Blue crab stock assessment legislative priority.....	-225
Freshwater mussels’ legislative priority	-400
Contingent reduction for Mel Noland Woodland Incentives and Fellowship Fund.....	-500
Contingent reduction for Fisheries Research and Development Fund	-1,794
Contingent reduction for Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.....	-2,500
<i>Routine Operations</i>	
Equipment costs in Wildlife and Heritage, Resource Assessment, and Forest Service	916
Department of Information Technology services allocation.....	815
Fuel and utilities costs increase, primarily for MES charges.....	672
Supplies increase across the agency.....	525
New Airbus helicopter maintenance agreement and hangar rental.....	315
Insurance coverage paid to State Treasurer’s Office	259
Communication costs increase, primarily for 700 megahertz radio system operating costs	231
Contractual FTE funding decrease due to less transfer tax, count increases by 2.4.....	-2,441
Park reservation system information technology project costs.....	-3,000
Vehicle costs decrease, primarily in Natural Resources Police	-6,173
Other.....	-371
Total	-\$7,828

BPW: Board of Public Works
 COLA: cost-of-living adjustment
 DNR: Department of Natural Resources
 FTE: full-time equivalent
 MES: Maryland Environmental Service

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2025 allowance accounts for contingent reductions. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Infrastructure Investment and Jobs Act and Inflation Reduction Act Funding

The federal Infrastructure Investment and Jobs Act (IIJA) and the IRA represent an unprecedented opportunity for DNR to apply for competitive and noncompetitive federal funding. The Department of Budget and Management’s (DBM) January 2024 *Competitive Grant Application Summary Report* provides a status of DNR’s applications shown in **Appendix 2**. The total amount of competitive funding that DNR applied for is \$80.2 million. Of this amount, \$62.0 million reflects the funding DNR has been awarded or the application is pending, which is further broken down by program as follows: Chesapeake and Coastal Service (\$43.7 million); Secretary’s Office (\$9.2 million); Forest Service (\$8.6 million); and Resource Assessment Service (\$0.5 million). The total amount of match funding is \$0.4 million, all of which is associated with awarded funding.

The IIJA and IRA funding is not as easily discerned in DNR’s budget and appears to be rather fluid. The four major areas where federal funding shows up in DNR’s contracts and grants are as follows:

- **NFWF:** the Chesapeake and Coastal Service budgeted \$4.3 million in contract funding and \$4.0 million in grant funding in fiscal 2024 for NFWF America the Beautiful funding that was based on competitive proposals submitted by the Chesapeake and Coastal Service, which were not funded.
- **National Estuarine Research Reserve System IIJA Competitive Awards:** \$0.2 million in fiscal 2024 and 2025 contract funding in the Chesapeake and Coastal Program and \$0.3 million in fiscal 2024 and 2025 contract funding in the Chesapeake Bay National Estuarine Research Reserve program for new, time-limited, directed IIJA funds from the National Oceanic and Atmospheric Administration for supporting the capacity to implement coastal restoration grant projects with local partners.
- **IIJA Most Effective Basin Local Partner Subawards:** \$1.8 million in fiscal 2024 and 2025 in the Chesapeake Bay Implementation Grant program from the U.S. Environmental Protection Agency for water quality restoration grants to local partners in underserved areas.
- **Urban Forestry IRA Grants:** \$2.0 million in fiscal 2025 grant funding for Urban Forestry grants that are 80% passthrough funding.

Personnel

DNR’s overall personnel expenditures increase by \$3.1 million in the fiscal 2025 allowance. The largest increase between the adjusted fiscal 2024 working appropriation and the fiscal 2025 allowance is \$5.9 million for salary increases and associated fringe benefits. This accounts for the fiscal 2025 impacts of the fiscal 2024 cost-of-living adjustment and increments.

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The second largest increase is \$1.5 million for 29.5 new positions and 8 positions created through Board of Public Works (BPW) action that are not yet reflected in the budget.

In terms of reductions, the turnover rate increases from 5.33% to 8.79%, which accounts for a decrease of \$4.4 million. The net turnover reduction reflects a combination of reduced transfer tax special funds in MPS and Forest Service and an increase of general funds to compensate for the reduction. The available transfer tax revenues decrease due to a reduced transfer tax estimate for fiscal 2025 relative to the estimate used for the fiscal 2024 working appropriation and the underattainment of revenues from fiscal 2023, which are reduced from the available revenues in fiscal 2025. There is \$5.7 million in general funds in MPS and \$1.0 million in general funds in the Forest Service in the fiscal 2025 allowance to account for the transfer tax special fund reduction. Despite the additional general fund support in MPS, it appears that DNR is holding positions vacant to meet the increased turnover as a result of the decrease in transfer tax revenues. **DLS recommends that the \$5.7 million in general funds in MPS and \$1.0 million in general funds in the Forest Service be reduced contingent on a provision in the BRFA, authorizing the use of Program Open Space State fund balance to be brought in through a budget amendment to be used for the same purposes.**

While not reflected in DNR's budget, there is annual salary review funding of \$0.4 million. The annual salary review would affect 29.0 positions in the Licensing and Registration Service and 1.0 position in NRP.

Other Changes

Overall, the nonpersonnel portion of DNR's fiscal 2025 allowance decreases by \$10.9 million. The areas of change may be broadly categorized as natural resources policy, contingent reductions and one-time legislative priorities, and routine operations.

Natural Resources Policy

There are a number of large changes in funding that may be characterized as natural resources policy. The largest increase is \$10.9 million in special funds for Chesapeake and Atlantic Coastal Bays 2010 Trust Fund grants in the Chesapeake and Coastal Service. The increase in funding largely reflects the use of available fund balance to support additional grants in fiscal 2025.

Tree-related grant funding increases by \$2.1 million in the Forest Service, comprised of \$2.0 million in federal funds and \$0.1 million in reimbursable funds. The federal funds reflect an increase of \$2.0 million in IRA funding for a portion of a \$4.8 million multi-year award, of which 80% is required to go to disadvantaged communities. As part of this work, DNR has established the Community Forestry Catalyst Fund to provide grants for urban and community forestry work. An announcement was recently posted to receive the first applications.

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Another large increase is \$2.0 million in federal funds in Engineering and Construction. The increase is due to anticipated U.S. Department of the Interior funding for design/build engineering and construction projects.

In terms of smaller increases, contracts for the Wildlife and Heritage Service increase by \$0.9 million for wildlife-related projects. Some of the increases include \$0.2 million for the annual hunting license guide and \$0.2 million for a new zoonotic disease monitoring program with the University of Maryland as well as additional funding for research and monitoring of threatened and endangered species and other nongame species through the Natural Heritage Program.

Other small increases include \$0.5 million for contracts in Monitoring and Ecosystem Assessment. This reflects an increase of \$0.3 million in reimbursable funds, \$0.2 million in special funds, and \$0.1 million in general funds for monitoring and sample analysis projects conducted for various DNR units, which necessitates additional technical assistance outside the scope of Monitoring and Ecosystem Assessment's capabilities, and additional training and certification fees. There is also an increase of \$0.3 million in the Forest Service for the Maryland Forestry Education Fund funding mandated by Chapter 480 of 2023 for fiscal 2025 and 2026.

The largest decrease is \$8.4 million in federal funds in the Chesapeake and Coastal Service comprised of \$4.4 million in contract funding and \$4.0 million in grant funding for a competitive request that was not funded. The funding would have come from the FWS partnership with NFWF on America the Beautiful funding.

The Office of Outdoor Recreation contract funding decreases by \$2.0 million (\$1.0 million in general funds and \$1.0 million in special funds) for the contract to manage an apprenticeship program. Vacancies in the Office of Resource Conservation prevented DNR from issuing a request for proposals (RFP) for an apprenticeship program management contract, and thus, the funding will not be used in fiscal 2024 and is not budgeted in fiscal 2025. Instead, the Office of Outdoor Recreation is developing partnerships with several academic institutions, nonprofits – including the Maryland Apprenticeship Connector – and the Maryland Department of Labor to establish apprenticeships for outdoor recreation industries. DNR notes that likely apprenticeships include bicycle and small engine repair and possibly apprenticeships in trail-building and community engagement.

Another large decrease is \$1.9 million in reimbursable funds for the mussel hatchery design and restoration work. The funding came from the Maryland Department of the Environment (MDE) as part of Constellation Energy's Conowingo Dam settlement agreement. DNR notes that the architectural and engineering design services are in progress for the mussel hatchery and that mussel restoration work is ongoing with a mobile mussel propagation trailer completed that will be stationed at Susquehanna State Park in March 2024.

Reimbursable funds decrease by \$0.8 million in the Chesapeake and Coastal Service, reflecting the elimination of the one-time payment received from the State Highway Administration (SHA) to repay DNR for grant funding. SHA is receiving Chesapeake Bay

restoration Total Maximum Daily Load credits and therefore does not need the grant. The funding will be reinvested in the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for new projects.

There are also three smaller decreases in the Chesapeake and Coastal Service and Fishing and Boating Services. Funding decreases by \$0.4 million in federal funds in the Chesapeake and Coastal Service due to the discontinuation of the Academy for Climate Change Officers. Instead, DNR will focus on climate change technical assistance related to the impacts of climate change in Maryland, with funding being directed to regional climate adaptation efforts and workforce training program development. In Fishing and Boating Services, funding decreases by \$0.2 million because DNR completed the process of hiring a facilitator and modeler to conduct a consensus-building process through the Oyster Advisory Commission and by \$0.2 million in federal funds for an Atlantic States Marine Fisheries Commission project that is not anticipated to occur in fiscal 2025.

Contingent Reductions and One-time Legislative Priorities

The fiscal 2025 allowance decreases by \$4.8 million due to general fund reductions contingent on provisions in the BRFA. The largest contingent reduction is for the \$2.5 million in general funds allocated to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for the mandated Tree Solutions Now Act funding.

The next largest contingent reduction is for the \$1.8 million in general funds mandated to be appropriated to the Fisheries Research and Development Fund. The BRFA removes the funding mandate for fiscal 2025 only. DNR notes that the Fisheries Research and Development Fund has a sufficient fund balance to absorb the contingent reduction in fiscal 2025. The final contingent reduction is \$500,000 for the Mel Noland Woodland Incentives and Fellowship Fund. DNR notes that money from the Mel Noland Woodland Incentives and Fellowship Fund has been used to support four fellowships, partner with the Maryland Agricultural and Resource-Based Industry Development Corporation on attracting proposals for the Wood Products Industry Equity Incentive Grant Program, and provide general support for a number of forestry-related activities.

The fiscal 2025 allowance also decreases by \$0.8 million in general funds as a result of one-time legislative priorities funded in fiscal 2024. These priorities are \$0.4 million for supporting freshwater mussels, \$0.2 million for a new benchmark assessment of the Chesapeake Bay blue crab population, and \$0.1 million for additional grant funding to the Potomac River Fisheries Commission.

Routine Operations

There are a number of changes in the fiscal 2025 allowance that may be characterized as routine operations. In terms of additional and replacement equipment, there is an overall increase of \$0.9 million primarily due to increases in the Wildlife and Heritage Service, Resource Assessment Service, and Forest Service. The Wildlife and Heritage Service funding increases by \$0.3 million in federal funds due to the availability of additional federal funding and the need for agricultural equipment to plant cover crops and other agricultural crops for wildlife. Resource Assessment Service funding for replacement equipment increases by \$0.2 million to replace aging water monitoring equipment used to monitor the Chesapeake Bay and Coastal Bays. Funding increases in the Forest Service by \$0.2 million in special funds for projected capital lease payments to the State Treasurer’s Office (STO) for bulldozers and transports for wildland firefighting and by \$0.1 million in special funds to replace aging mowers and graders needed for trail and road maintenance.

Other smaller increases include the DoIT services allocation increase of \$0.8 million comprised of \$0.7 million in general funds and \$0.1 million in special funds in the Office of the Secretary. This funding is based on the schedule set by DoIT. There is an increase of \$0.7 million for fuel and utilities costs, primarily due to an increase of \$0.6 million in special funds for Maryland Environmental Service charges related to water and wastewater infrastructure management, primarily in the Maryland park system. There is also an increase of \$0.3 million in special funds for the maintenance agreement and hangar rental for NRP’s new Airbus helicopter. Finally, there is an increase of \$0.3 million for the insurance coverage paid to STO and \$0.2 million for communication costs, primarily for 700 megahertz radio system operating costs.

In terms of decreases in routine operations, motor vehicle costs decrease by \$6.2 million agencywide. The costs for the Modernizing Maryland Park Reservation and Revenue Management System information technology project decrease by \$3.0 million in reimbursable funds from DoIT due to the timing of the allocation of funding for the project. The project is discussed further in **Appendix 4** of this analysis.

Contractual FTE costs decrease overall by \$2.4 million primarily due to the transfer tax revenue underattainment that supported the contractual FTEs in MPS. Overall, there is an increase of 2.4 contractual FTEs in the fiscal 2025 allowance.

Personnel Data

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	1,379.50	1,469.50	1,499.00	29.50
Contractual FTEs	<u>318.06</u>	<u>476.38</u>	<u>478.78</u>	<u>2.40</u>
Total Personnel	1,697.56	1,945.88	1,977.78	31.90

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding

New Positions	131.76	8.79%
Positions and Percentage Vacant as of 12/31/23	178.80	12.17%

Vacancies Above Turnover	47.04
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- BPW approved the creation of 8 positions in the Wildlife and Heritage Service as authorized by the fiscal 2024 Budget Bill. The positions are supported by \$0.7 million in federal funds from the Pittman-Robertson Federal Aid in Wildlife Restoration funding. The positions are 1.0 program manager IV position, 2.0 natural resources biologist II positions, and 5.0 natural resources biologist I positions. The positions are budgeted to account for the modification of State hunting license fees by Chapter 543 of 2023, which allowed for an increase in federal funds for DNR. The positions will do outreach work as part of the DNR hunter recruitment, retention, and reactivation program to reverse the decline in hunter numbers.
- DNR’s regular positions increase by 29.5 between the fiscal 2024 working appropriation and the fiscal 2025 allowance. This reflects 22.0 contractual conversions and 7.5 new regular positions. The contractual conversions are in the Forest Service (9.0), Wildlife and Heritage Service (6.0), Chesapeake and Coastal Service (5.0), and Fishing and Boating Services (2.0). The 7.5 new positions are in the Power Plant Assessment Program (4.0), Critical Area Commission (2.0), and Land Acquisition and Planning (1.5).
- DNR’s contractual FTEs increase by 2.40 in the fiscal 2025 allowance. The largest changes are increases of 4.5 contractual FTEs in the Office of the Secretary and 4.0 contractual FTEs in the Resource Assessment Service and decreases of 4.0 contractual FTEs in the Chesapeake and Coastal Service and 3.5 contractual FTEs in Land Acquisition and Planning. The decreases appear to reflect some of the contractual conversions in those two programs. Overall, there does not appear to be a one-to-one correspondence between the increase in regular positions due to contractual conversions and change in the contractual FTEs.
- DNR had 178.80 vacant positions as of December 31, 2023. Of those vacant positions, 84.3 have been vacant for more than a year. The positions that have been vacant for more

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than a year are primarily the positions created by Chapter 39 (the Great Maryland Outdoors Act (GMOA)).

- DNR’s budgeted turnover rate increases from 5.33% in the fiscal 2024 working appropriation to 8.79% in the fiscal 2025 allowance when it is adjusted to account for the general funds supporting salaries in MPS and Forest Service. DNR has 178.80 positions vacant as of December 31, 2023, which is 47.04 vacancies above turnover.

Issues

1. Maryland Park Service Consultant Report and Funding Challenges

Chapter 39 was a watershed piece of legislation for MPS. Chapter 39 addressed several of the main challenges experienced by MPS, including the critical maintenance needs of the park system, the lack of an asset management system, personnel shortages, and the need for additional long-range planning. In addition, Chapter 39 required a park study conducted by an independent consultant. The park study has been completed, but MPS does not appear to be well-positioned to act on the recommendations. This is reflected by the lack of progress on the Chapter 39 requirements, which necessitates 2024 session legislation to push out the deadlines for certain requirements. Funding challenges in fiscal 2025, which require additional general fund support and the holding vacant of positions created by Chapter 39, are also signs that the park study's recommendations may not be implemented as soon as desired.

Independent Consultant Report

Chapter 39 required DLS to hire an independent consultant to conduct (and report on by December 1, 2023) an independent study. The study was required to address the following: (1) whether MPS is producing outcomes consistent with its mission; (2) the visitor experience for State parks; (3) how funding can be used to enable MPS to produce outcomes consistent with its mission; and (4) how MPS projects can support public health as well as climate change mitigation, adaptation, and resiliency.

The consultant wrestled with multiple variables and constraints in the completion of the study as follows:

- ***MPS Leadership Turnover:*** MPS experienced a complete turnover of its leadership during the early stages of the study.
- ***Advisory Commission Not Formed:*** Chapter 39 created a Parks and Recreation Commission to which the consultant's report was required to be submitted, but the commission was not assembled in time to provide substantive input to the study.
- ***Supplementary Reports Not Completed:*** Neither the comprehensive long-range strategic plan that MPS is required to complete by Chapter 39 nor the Land Preservation and Recreation Plan that DNR is required to complete for receipt of federal Land and Water Conservation Fund grants were completed in time to help inform the study, and only 9 out of 52 individual park strategic management plans were completed.
- ***Closure Data Incomplete and Carrying Capacity Not Determined:*** There are at least two types of closures, capacity closures that are due to staffing and parking limitations and weather-related closures that are due to storms and floods. And yet, there is no carrying

capacity model for each type of park to determine the number of visitors the park can accommodate; and the weather-related closures are not systematically documented.

- ***Individual Parks versus Complexes:*** Years of cost-cutting have led to parks being managed as complexes of widely different park types so that limited funding for overhead can be spread over several parks in a particular complex. There is, however, the aspiration to return to the single park management model, which leads to confusion about the level at which to analyze and make recommendations for each park.
- ***Lack of an Asset Management System:*** There is no updated digital asset management system, which means that the large critical maintenance backlog is indeterminate at best and most likely substantially larger than the publicly identified amount, especially given that prior year critical maintenance costs have not been increased by the inflation of construction costs and new critical maintenance needs are routinely being added to the list of deferred projects.
- ***Decentralized Financial Management:*** A decentralized financial system does not allow for detailed cross-park analyses and limits insight into possible financial management improvements.
- ***Funding Volatility:*** The volatility and complexity of MPS’s primary revenue source – the transfer tax – created the additional challenge of determining how to fund existing park system needs, let alone the additional needs that come with the improvements recommended by the study.

As a result of the challenges, the independent consultant’s report at times reads like a guide for a future study. For instance, the need for historic and cultural surveys, carrying capacity analyses, cost recovery evaluations, climate vulnerability risk, and asset management system development are all either explicitly or implicitly noted in the report. This additional work does not account for the comprehensive long-range strategic plan and the Land Preservation and Recreation Plan that would have helped inform the study if they had been completed on time as well as the remaining individual park strategic management plans.

The report is grounded both in the history of the Maryland Park System and the awareness of the unique impact of the COVID-19 pandemic on the system. It includes 94 systemwide recommendations and over 136 park specific recommendations categorized under four key objectives/categories – evaluating mission alignment, enhancing visitor experience, climate change and public health considerations, and maximizing funding impact. The report ties the recommendations to the status of Chapter 39 implementation. The recommendations are phased as follows: short (0-5 years); mid (6-10 years); and long (10 or more years and ongoing).

Some highlights of the report’s findings and recommendations by category are as follows:

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- **Mission Alignment:** Acquire new parks to address visitor growth and mitigate the overuse that is threatening natural resources in parks, safeguard and interpret cultural and historical resources, address the concentration of visitors due to limited water access, eliminate language barriers creating communication difficulties with park visitors, reduce the length of the hiring process to improve staff recruitment, and raise wages to compete with other employers and reduce staff turnover.
- **Visitor Experience:** Standardize visitor statistics and closure reporting and conduct the reporting in real-time, redistribute visitors to less crowded parks, determine park carrying capacity, and upgrade infrastructure.
- **Climate Change, Public Health, and Equity:** Tailor long-term resilience and maintenance plans across DNR parks and historical assets, develop comprehensive and standardized metrics for climate change impact on park assets, improve public safety for staff and visitors, expand transit and other types of access to parks, use universal design principles, and diversify the workforce.
- **Funding:** Establish a long-term sustainable funding strategy, determine a self-supporting revenue level for the State park system, diversify funding sources, and distribute resources equitably in terms of visitation, park size, and park amenities.

The funding portion of the study is perhaps the most important and also the most challenging. The study reflects operating and capital budget components for multiple scenarios following from three different baselines (annual funding shortfall from fiscal 2025 to 2029):

- (1) status quo – sustain the current system (\$104.5 - \$117.7 million);
- (2) GMOA– improve the park system in alignment with Chapter 39 (\$139.8 million – \$171.9 million); and
- (3) growth – grow the park system with population growth (\$235.2 - \$325.0 million).

The three main funding options are as follows: change the transfer tax allocation, tax rate, or both; levy a sporting equipment sales tax; and raise park fees. Other potential revenue sources were considered supplemental and included public-private partnerships, corporate sponsorships, and green bonds.

The detailed fiscal analysis of MPS’s funding needs reflected five scenarios since the GMOA and population growth scenarios were divided into low and high subscenarios to reflect the low and high estimates for park asset values. The low and high park asset estimates were needed because data from an updated asset management system was not available. The overall analysis is driven by two factors: the population, which drives the amount of land needed and increases staffing needs; and the park asset values, which drive the capital maintenance costs. As shown in **Exhibit 7**, the fiscal 2025 operating and capital funding needed ranges from

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\$104.5 million for the status quo scenario to \$288.8 million for the growth-high scenario. The single highest cost is for capital maintenance.

Exhibit 7
MPS Additional Funding Needed
Fiscal 2025
(\$ in Millions)

	<u>Status Quo</u>	<u>GMOA Low</u>	<u>GMOA High</u>	<u>Growth Low</u>	<u>Growth High</u>
Operating					
Total Costs of Additional Staff	\$11.1	\$18.3	\$18.3	\$18.3	\$18.3
<i>Subtotal</i>	<i>\$11.1</i>	<i>\$18.3</i>	<i>\$18.3</i>	<i>\$18.3</i>	<i>\$18.3</i>
Capital					
Capital Maintenance	\$70.1	\$83.6	\$90.1	\$126.0	\$152.7
Land Acquisition (Spread Over 20 years)	2.0	13.5	20.0	56.2	83.0
Land Acquisition Staffing	0.1	3.2	3.2	13.5	13.5
Capital Backlog	21.2	21.2	21.2	21.2	21.2
<i>Subtotal</i>	<i>\$93.5</i>	<i>\$121.5</i>	<i>\$134.4</i>	<i>\$216.9</i>	<i>\$270.5</i>
Total	\$104.5	\$139.8	\$152.7	\$235.2	\$288.8

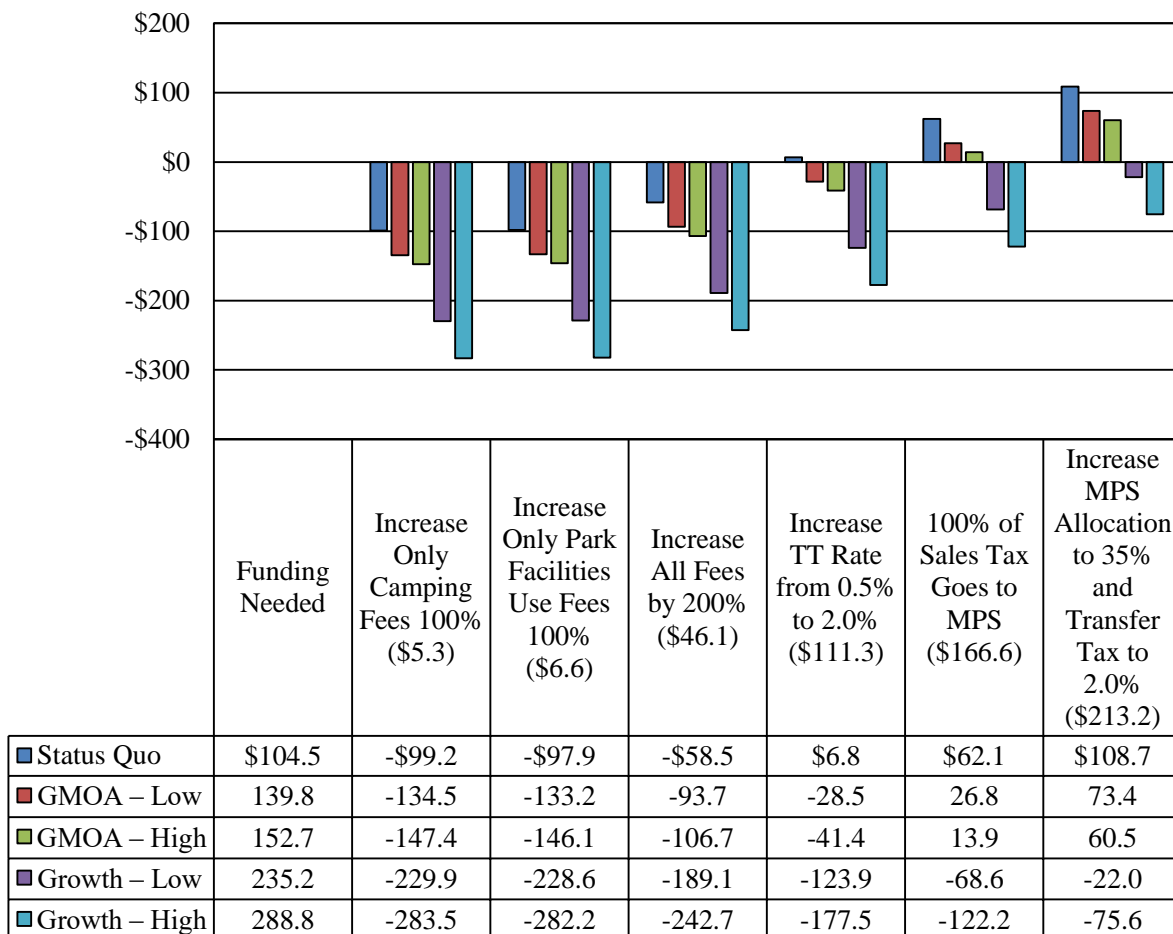
GMOA: Great Maryland Outdoors Act

MPS: Maryland Park Service

Source: *Maryland State Park System Study and Recommendations*

Exhibit 8 shows the revenues associated with selected permutations of the three funding options – park fees, transfer tax, and sporting equipment sales tax – and the consequent funding deficit for each baseline. The selected permutations generally reflect the highest revenue outcome for each funding type.

**Exhibit 8
Funding Deficit by Baseline and Funding Change
Fiscal 2025
(\$ in Millions)**



GMOA: Great Maryland Outdoors Act
MPS: Maryland Park Service
TT: transfer tax

Source: *Maryland State Park System Study and Recommendations*

Parks and Recreation Commission and Chapter 39 Status

Chapter 39 repealed the Park Advisory Commission and established in its place the Parks and Recreation Commission. The Parks and Recreation Commission is staffed by DNR and is charged with providing oversight of MPS and its implementation of Chapter 39 and to report to

the General Assembly by December 1, 2024, and each December 1 thereafter on the status of MPS and how the General Assembly can support MPS. Chapter 39 also requires the Parks and Recreation Commission to meet quarterly to review the status of MPS.

Parks and Recreation Commission member selection was completed in December 2023. However, DNR does not plan to hold the first Parks and Recreation Commission meeting until May 2024. This delay is notable because it appears that DNR will not form a workgroup and start implementing the recommendations of the independent consultant's park study until it has discussions with the Parks and Recreation Commission, presumably at the first meeting. In addition, no additional funding is reflected in the fiscal 2025 allowance to implement the study's recommendations.

2024 Session Legislation

HB 228 and SB 259 (Natural Resources – Maryland State Parks – Funds and Plan Alterations) have been introduced in the 2024 session. The departmental bills grant additional flexibility to DNR in spending funds allocated to the department under Chapter 39 as follows:

- ***Park System Critical Maintenance Fund Spending Deadline Extended:*** Extends the deadline by which DNR must spend funds in the Park System Critical Maintenance Fund from July 1, 2026, to July 1, 2029;
- ***Park System Capital Improvements and Acquisition Fund Purposes Expanded:*** Expands the purposes and authorized uses of the Park System Capital Improvements and Acquisition Fund to include projects on any DNR-managed lands and expands the Great Maryland Outdoors Fund to support outdoor environmental education opportunities in Maryland; and
- ***Comprehensive Long-range Strategic Plan Deadline Extended:*** Extends the deadline for DNR to develop and publish a comprehensive long-range strategic plan for the State park system by one year, from December 1, 2023, to December 1, 2024.

Ostensibly, the Park System Critical Maintenance Fund spending deadline has been extended, since DNR will not be able to use all of the \$70 million to reduce the critical maintenance backlog by the end of fiscal 2026. The expansion of the Park System Capital Improvements and Acquisition Fund to include all DNR-managed lands, not just MPS-managed lands, would help support other Maryland Park Service-affiliated lands. DNR notes that the comprehensive long-range strategic plan is being delayed so that it can be developed with the updated Maryland Land Preservation and Recreation Plan.

There is no formal deadline for the development of an electronic asset management system for DNR's infrastructure, which is to be developed in coordination with the Department of General Services. Therefore, HB 228 and SB 259 are silent on its development. DNR notes that it is in contact with partners to determine what systems have worked and what systems have not. While

getting the system right is important, MPS needs the system now to be able to be address its capital infrastructure development and maintenance needs.

Maryland Park Service Funding Challenges

The fiscal 2025 allowance reflects a \$30.3 million reduction in transfer tax special funds for MPS. In addition, there is a reduction of \$2.0 million in private donations and \$0.9 million in State Lakes Protection and Restoration Fund special funds. As shown in **Exhibit 9**, to address this \$33.1 million shortfall, the MPS fiscal 2025 allowance reflects the following: an additional \$7.5 million in general funds for salaries and contractual FTEs; \$21.5 million in additional Forest and Park Reserve Fund special funds; and a reduction of \$4.2 million in salaries for regular positions and funding for contractual FTEs. As a result of these actions, it appears that MPS will have to continue to hold vacant a substantial portion of its vacancies, which primarily reflect positions created by Chapter 39. Of note, the fiscal 2025 budget plan is based on reducing the Forest and Park reserve fund balance from \$18.5 million to \$0, which is not sustainable.

Exhibit 9
MPS Expenditure Changes
Fiscal 2024-2025
(\$ in Millions)

	<u>2024</u>	<u>2025</u>	<u>Difference</u>	<u>Explanation</u>
Expenditures by Purpose				
Salaries	\$33.0	\$30.6	-\$2.4	Hold GMOA positions vacant.
Contractual FTEs	12.1	10.3	-1.8	Hold contractual FTEs vacant.
Other Nonpersonnel Costs	39.1	40.0	0.9	Increase fuel and utilities \$0.6 million and motor vehicles \$0.4 million.
Total	\$84.3	\$80.9	-\$3.3	
Expenditures by Fund				
General Fund				
General Funds	\$12.7	\$20.2	\$7.5	Backfill salary and contractual FTE costs due to transfer tax revenue loss.
Subtotal	\$12.7	\$20.2	\$7.5	
Special Fund				
Forest and Park Reserve Fund	\$14.5	\$36.0	\$21.5	Reduce balance from \$18.5 million to \$0.

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	<u>2024</u>	<u>2025</u>	<u>Difference</u>	<u>Explanation</u>
POS Transfer Tax	49.8	19.5	-30.3	Reduce transfer tax revenues.
Other Special Funds	5.6	2.8	-2.8	Decrease Private Donation \$2.0 million and State Lakes Protection and Restoration Fund \$0.9 million.
<i>Subtotal</i>	<i>\$69.9</i>	<i>\$58.3</i>	<i>-\$11.6</i>	
Other Funds (Federal and Reimbursable)				
Other Funds	\$1.6	\$2.4	\$0.8	Increase Resource Assessment Service reimbursable funds \$0.9 million.
<i>Subtotal</i>	<i>\$1.6</i>	<i>\$2.4</i>	<i>\$0.8</i>	
Total	\$84.3	\$80.9	-\$3.3	

FTE: full-time equivalent
GMOA: Great Maryland Outdoors Act
MPS: Maryland Park Service
POS: Program Open Space

Source: Department of Budget and Management

DLS recommends that DNR comment on why the Parks and Recreation Commission’s meeting has been delayed to May 2024 when the commission is required to meet quarterly, when DNR will form a workgroup to implement the recommendations of the independent consultant’s park study, and how DNR will fund the recommendations in the study, given that there is no funding in the fiscal 2025 allowance for this purpose. DLS also recommends that DNR comment on how the transfer tax revenue reduction impacts MPS’s operations in fiscal 2025 and what steps are being taken to address the long-term funding needs of MPS. Finally, DLS recommends that it comment on its plan for the comprehensive long-range strategic plan and what has been accomplished in terms of the development of the electronic asset management system for its infrastructure.

2. Office of Outdoor Recreation Slow to Start Planned Work

Chapter 39 established a Great Maryland Outdoors Fund in DNR to be used for implementing the recommendations of the MORE Commission and to support DNR’s Office of Outdoor Recreation established in September 2021. The MORE Commission’s recommendations were as follows: enhance and strengthen the business climate; enhance workforce development and job creation opportunities; enhance Maryland’s brand as a premier destination; enhance

recreational and heritage tourism experiences; and steward Maryland’s natural, cultural, historical, and recreational resources.

The Office of Outdoor Recreation in turn is described as supporting and enhancing outdoor recreation opportunities and the economic benefits that they produce and is guided by five pillars: environmental conservation and stewardship; education and workforce development; economic development; exercise health and wellness; and equity, access, and inclusion. Despite being established in September 2021, the fiscal 2023 actual appropriation reflects only approximately \$40,000 in special fund expenditures and no regular positions. The fiscal 2024 working appropriation reflects 3.0 regular positions and a \$2.7 million appropriation, but the office will not complete the major purpose of fiscal 2024 funding: the selection of a responsive bid for an RFP issued to solicit an apprenticeship program management program contract. In addition, the fiscal 2025 allowance reflects only \$0.3 million in special funds and no regular positions. DNR notes that the Office of Outdoor Recreation’s Executive Director was temporarily assigned to other duties within DNR from April to September 2023 and subsequently retired. A new executive director was named in September 2023, and a new staff member was hired in November 2023, but this was not in time to complete the projected work in fiscal 2023 and 2024.

DNR can point to various partnership and coordination activities conducted by the Office of Outdoor Recreation but has not articulated a clear vision with measurable metrics that would guide the office in its mission to support and enhance outdoor recreation opportunities and the economic benefits they produce. **DLS recommends that the General Assembly work with the Administration on a plan to use the \$1.0 million in fiscal 2024 funding for the contract to manage an apprenticeship program given that the funding will not be used for that purpose. DLS also recommends that DNR quantify the goals of the MORE Commission and develop MFR input, output, and outcome measures that correspond to these numerical goals. In addition, DLS recommends that DNR submit a plan for implementing the recommendations of the MORE Commission along with the MFR input, output, and outcomes measures. The report should include the following: the status of implementation of the commission’s five main recommendations; strategies for implementing the recommendations that have not already been completed; an updated analysis of the value that outdoor recreation generates in Maryland as a whole and, if available, by county, using Bureau of Economic Analysis data; the state of outdoor recreation and heritage tourism in Maryland, using information from the updated Maryland Land Recreation and Preservation Plan; and the opportunities that a Chesapeake Bay National Recreation Area creates for Maryland.**

3. 100% Renewable Energy Portfolio Standard Study Delayed

Chapter 757 (the Clean Energy Jobs Act) required DNR’s Power Plant Research Program to conduct a supplemental study – supplemental to an earlier study required by Chapter 393 – to assess the overall costs and benefits of increasing the RPS to a goal of 100% by calendar 2040. The supplemental study was required to include the following: (1) all relevant subjects listed for the original RPS study required by Chapter 757; (2) an assessment of whether any in-state industries could be displaced or negatively economically impacted by a 100% RPS, with

recommendations on how to transition workers and communities that rely on those industries; and (3) the findings and recommendations of the nuclear energy study required by the bill. On completion of the supplemental study, the Power Plant Research Program was required to use the findings to publish recommendations regarding the feasibility of implementing a 100% RPS by calendar 2040. The Power Plant Research Program was required to submit the supplemental study to the Governor and the General Assembly by January 1, 2024.

By a letter dated January 2, 2024, DNR notified the General Assembly that the report would not be submitted by the statutorily required date of January 1, 2024. Instead, DNR noted that the report would be available by July 1, 2024, barring any further complications. The reasons for the delay include difficulties faced by the subcontractor doing the modeling for the 100% RPS study and a funding shortfall. The subcontractor's difficulties included staffing and leadership challenges, modeling challenges due to the complexity of the initial project and the additional complexity added by subsequent policy shifts, and the sale of the subcontractor to another company.

In terms of funding, DNR notes that the original assumption that the supplemental study could be funded within the existing scope of its five-year consulting contract with Exeter Associates was not well supported. The contract with Exeter Associates is primarily for support of licensing review of new energy generation and transmission line projects that require a Certificate of Public Convenience and Necessity. Since Chapter 757 became effective on October 1, 2019, there has been an increase in the Certificate of Public Convenience and Necessity licensing review workload, and inflation has raised labor rates. As a result, DNR sought and received approval for a contract modification with Exeter Associates through a December 2023 BPW agenda item that increased the contract amount from \$4.1 million to \$5.2 million.

DNR notes that the technical services contract with Exeter Associates is billed hourly, not by task, and thus, it was not possible to recoup the costs. Of note, the Environmental Trust Fund – supported by a surcharge on electricity use – is the main source of revenue for the Power Plant Research Program, accounting for 90% of the program's fiscal 2025 allowance. Yet, the Environmental Trust Fund's balance has been declining for the last couple of years. The closing balance has declined from \$5.2 million in fiscal 2023 to \$3.9 million in the fiscal 2024 working appropriation and is anticipated to decline even further to \$2.0 million in the fiscal 2025 allowance.

DLS recommends that DNR comment on why it was only recently determined that the 100% RPS supplemental study would not be completed on time, given that Chapter 757 became effective on October 1, 2019. DLS also recommends that DNR describe the Power Plant Research Program's workload since October 1, 2019, in terms of the time and funding spent on the 100% RPS supplemental study and Certificate of Public Convenience and Necessity licensing review. Finally, DLS recommends that DNR comment on whether the current electricity surcharge rate supporting the Environmental Trust Fund is sufficient to fund the Power Plant Research Program's existing base workload as well as new studies that may be required to meet climate change goals.

4. Deer Management Report Submitted but Not Funded in Fiscal 2025

Chapters 543 and 544 (Hunting, Wildlife Conservation, and Outdoor Recreation – Funding, Promotion, Management, Licenses, Permits, and Stamps) required DNR to work with MDA to develop a plan to address deer overpopulation in the State. The submitted report’s five priority recommendations and DNR’s responses are shown in **Exhibit 10**. The overall theme is that funding and positions are needed to support a Deer Management Assistance Program in order to work with counties on deer management plans and enable additional research and management concerning deer damage mitigation. However, the fiscal 2025 allowance does not include additional funding or positions for these purposes. In addition, the most important aspect of deer management success is not addressed: access to land for deer hunting.

Exhibit 10
Maryland Deer Management Recommendations and Status
February 2024

<u>Topic</u>	<u>Recommendation</u>	<u>DNR Response</u>
Deer Management Assistance Program	Identify a funding source and positions to hire department staff dedicated to supporting a Deer Management Assistance Program directed toward mitigating deer damage suffered by landowners. This program should have the authority to issue deer management harvest tags outside of the current agricultural/forest damage requirements.	Deer Management Assistance Program funding source and positions have not been identified.
Sunday Hunting	Address legislation that prohibits or restricts Sunday deer hunting in order to provide more deer hunting opportunities. This should be addressed at the private and public land level, including State parks.	Legislation has not been introduced to address Sunday hunting prohibitions.
County Deer Management Plans	Work with local and county governments to develop county-specific deer management plans.	Working on deer management with several urban counties, some of which have deer management plans. Work will expand to other counties contingent on funding and positions.

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<u>Topic</u>	<u>Recommendation</u>	<u>DNR Response</u>
Cooperation with MDA and UMD Extension	Expand cooperation between agencies, including MDA and UMD Extension.	Working with MDA to connect farmers and hunters and mitigate deer damage and with UMD Extension on a diversionary crop project.
Funding for Research and Management	Identify funding to support additional research and management concerning deer damage mitigation	No additional funding has been identified.

DNR: Department of Natural Resources
MDA: Maryland Department of Agriculture
UMD: University Of Maryland

Source: Department of Natural Resources, “Maryland Deer Management: Strategies to Address Population and Damage Concerns” (December 1, 2023)

SB 902 and HB 1129 (Wildlife – Protections and Highway Crossings) have been introduced in the 2024 legislative session. The bills include the requirement for DNR to develop a methodology and a cost estimate for performing a statewide deer population survey by November 1, 2024, and to complete the statewide deer population survey by November 1, 2026. In addition, the bills create a Wildlife Highway Crossings Fund supported by an annual \$10 wildlife-vehicle collision mitigation fee collected by insurers. The fund would be used to support wildlife crossing-related activities and cover the costs of relevant administration and personnel expenses.

DLS recommends that DNR discuss how the deer management plan recommendations will be met without additional funding and positions in the fiscal 2025 allowance. DLS also recommends that DNR comment on how to increase access to land for deer hunting, given that this is the most important aspect of deer management success. Finally, DLS recommends that DNR comment on the impact of favorable deer habitat provided by suburban landscapes and the lack of natural predators on the deer management problems in Maryland and how these additional considerations may be addressed.

Operating Budget Recommended Actions

1. Add the following language:

Provided that the appropriations made for the purpose of salaries in the Forest Service and the Maryland Park Service (MPS) shall be reduced by \$968,093 in general funds in the Forest Service and \$5,710,734 in general funds in MPS contingent on enactment of a provision in HB 352 or SB 362 authorizing the Governor to use special funds from the Program Open Space State fund balance for the same purposes in fiscal 2025 only.

Explanation: This action reduces Forest Service and Maryland Park Service salary funding if the Budget Reconciliation and Financing Act of 2024 authorizes the Governor to use special funds from the Program Open Space State fund balance instead for fiscal 2025 only.

2. Adopt the following narrative:

Office of Outdoor Recreation Reporting Requirement: The committees are interested in understanding more about the work of the Office of Outdoor Recreation and the impact of this work. Therefore, the committees request that the Department of Natural Resources (DNR) quantify the goals of the Maryland Outdoor Recreation Economic (MORE) Commission and develop Managing for Results (MFR) input, output, and outcome measures that correspond to these numerical goals to be submitted with the fiscal 2026 budget submission. In addition, the committees request that DNR submit a plan for the Office of Outdoor Recreation’s implementation of the recommendations of the MORE Commission. The plan should include the following: the status of implementation of the commission’s five main recommendations; strategies for implementing the recommendations that have not already been completed; an updated analysis of the value that outdoor recreation generates in Maryland as a whole and, if available, by county using Bureau of Economic Analysis data; the state of outdoor recreation and heritage tourism in Maryland using information from the updated Maryland Land Recreation and Preservation Plan; and the opportunities that a Chesapeake Bay National Recreation Area creates for Maryland. The plan is requested to be submitted by October 1, 2024.

Information Request	Author	Due Date
MFR input, output, and outcome measures for commission goals	DNR	Fiscal 2026 budget submission
Office of Outdoor Recreation Plan for meeting commission goals	DNR	October 1, 2024

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3. Adopt the following narrative:

Summary of Chesapeake Bay Restoration Spending: The budget committees request that the Department of Budget and Management (DBM), the Department of Natural Resources (DNR), and the Maryland Department of the Environment (MDE) provide a report on Chesapeake Bay restoration spending. The report shall be drafted subject to the concurrence of the Department of Legislative Services (DLS) in terms of both electronic format to be used and data to be included. The scope of the report is as follows: Chesapeake Bay restoration operating and capital expenditures by agency, fund type, and particular fund source based on programs that have over 50% of their activities directly related to Chesapeake Bay restoration for the fiscal 2024 actual, fiscal 2025 working appropriation, and fiscal 2026 allowance to be included as an appendix in the fiscal 2026 budget volumes and submitted electronically in disaggregated form to DLS.

Information Request	Author	Due Date
Summary of Chesapeake Bay restoration spending for programs that have over 50% of their activities directly related to Chesapeake Bay restoration	DBM DNR MDE	Fiscal 2026 budget submission

4. Adopt the following narrative:

Historical and Projected Chesapeake Bay Restoration Spending: The committees are interested in the status of Chesapeake Bay restoration. Therefore, the committees request that the Maryland Department of Planning (MDP), the Department of Natural Resources (DNR), the Maryland Department of Agriculture (MDA), the Maryland Department of the Environment (MDE), and the Department of Budget and Management (DBM) provide a report by December 1, 2024, on recent and projected Chesapeake Bay restoration spending and associated impacts and the overall framework to meet the calendar 2025 requirement of having all best management practices (BMP) in place to meet water quality standards for restoring the Chesapeake Bay. The report is requested to include the following:

- fiscal 2024 annual spending by fund, fund source, program, and State government agency; associated nutrient and sediment reductions; and the impact on living resources and ambient water quality criteria for dissolved oxygen, water clarity, and “chlorophyll a” for the Chesapeake Bay and its tidal tributaries to be submitted electronically in disaggregated form to the Department of Legislative Services (DLS);
- projected fiscal 2025 to 2026 annual spending by fund, fund source, program, and State government agency; associated nutrient and sediment reductions; and the

impact on living resources and ambient water quality criteria for dissolved oxygen, water clarity, and “chlorophyll a” for the Chesapeake Bay and its tidal tributaries to be submitted electronically in disaggregated form to DLS;

- an overall framework discussing the needed regulations, revenues, laws, and administrative actions and their impacts on individuals, organizations, governments, and businesses by year from fiscal 2024 to 2025 in order to reach the calendar 2025 requirement of having all BMPs in place to meet water quality standards for restoring the Chesapeake Bay to be both written in narrative form and tabulated in spreadsheet form that is submitted electronically in disaggregated form to DLS;
- an analysis of the various options for financing Chesapeake Bay restoration, including public-private partnerships, a regional financing authority, nutrient trading, technological developments, and any other policy innovations that would improve the effectiveness of Maryland and other states’ efforts toward Chesapeake Bay restoration;
- an analysis on how cost effective the existing State funding sources, such as the Bay Restoration Fund, Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, Water Quality Revolving Loan Fund, and Clean Water Commerce Account among others are for Chesapeake Bay restoration purposes; and
- updated information on the Phase III Watershed Implementation Plan implementation and how the loads associated with the Conowingo Dam infill, growth of people and animals, and climate change will be addressed.

Information Request	Author	Due Date
Historical and projected Chesapeake Bay restoration spending	MDP DNR MDA MDE DBM	December 1, 2024

5. Adopt the following narrative:

Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Annual Work and Expenditure Plans: The committees are concerned that Section 8-2A-03(d) of the Natural Resources Article requires the Governor to submit the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans to the General Assembly as part of the annual budget submission, but the Governor has not done so on a regular basis. Therefore, the committees request that the Department of Natural Resources (DNR) submit

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the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans with the fiscal 2026 budget submission.

Information Request	Author	Due Date
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund annual work and expenditure plans	DNR	Fiscal 2026 budget submission

Budget Reconciliation and Financing Act Recommended Actions

1. **New Action** – Authorize the Governor to use Program Open Space State fund balance in fiscal 2025 to fund \$5.7 million of the Maryland Park Service’s expenses and \$1.0 million of the Forest Service’s expenses attributable to the decline in the transfer tax allocation to the two programs.

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 *Joint Chairmen’s Report* (JCR) requested that DNR prepare five reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Ecological Impact Study of Releasing Pen-raised Ducks:*** The committees were concerned about the ecological impact of releasing pen-raised ducks for recreational shooting purposes within legally permitted Regulated Shooting Areas (RSA) licensed by DNR. The committees were interested in the likelihood of pen-raised ducks breeding with wild ducks if the pen-raised ducks escape from confinement or fail to be harvested within an RSA. Therefore, the committees requested that DNR conduct an ecological impact study of the release of pen-raised ducks and submit a report on the findings of the ecological impact study, including the impact of crossbreeding and the release of pen-raised ducks on the wild migratory duck population. The report concludes that a modification of Maryland’s RSA structure, such as a reduction in the number of allowed pen-reared and released mallards, might have the unintended consequence of reducing hunting license and duck stamp sales and thus affect conservation funding and delivery.
- ***Summary of Chesapeake Bay Restoration Spending:*** The budget committees requested that DBM, DNR, and MDE provide a report on Chesapeake Bay restoration spending. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.
- ***Historical and Projected Chesapeake Bay Restoration:*** The budget committees requested that the Maryland Department of Planning, DBM, DNR, MDA, and MDE submit a report on historical and projected Chesapeake Bay restoration spending and associated impacts and the overall framework needed to meet the calendar 2025 requirement of having all best management practices in place to meet water quality standards for restoring the Chesapeake Bay. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.
- ***Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Annual Work and Expenditure Plans:*** The budget committees requested that DNR submit the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Annual Work and Expenditure Plans as required by § 8-2A-03(d) of the Natural Resources Article. Further discussion of this data can be found in the analysis for the CHESBAY – Chesapeake Bay Overview.
- ***Rockfish Warm Weather Months Catch and Release Ecological Impact Study:*** The committees were interested in learning more about the potential for a catch and release season for rockfish (striped bass) during the warm weather months. Therefore, the committees requested that DNR submit an ecological impact study of a rockfish catch and release season during the warm weather months. The report concludes that it is unlikely that a rockfish warm weather months catch and release seasons is possible in the near future due to the likelihood of higher rockfish mortality, which would be opposed by the Atlantic

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States Marine Fisheries Commission and complicated by the limited flexibility to change existing rockfish fishing seasons.

Appendix 2
Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) Competitive Funding
Data as of January 2024

<u>SubAgency/ Federal Program</u>	<u>Fund Source</u>	<u>Status</u>	<u>Amount</u>	<u>Period of Performance</u>	<u>State Match</u>	<u>Estimated Match</u>	<u>% Match</u>
Secretary's Office							
NOAA Climate Resilience Regional Challenge Track 2	IRA	Pending	\$9,200,000	10/1/2024 – 9/30/2029	No	N/A	N/A
Fiscal 2022 America the Beautiful Challenge	IIJA	Not Awarded	5,000,000	N/A	N/A	N/A	N/A
Fiscal 2022 America the Beautiful Challenge	IIJA	Not Awarded	3,751,102	N/A	N/A	N/A	N/A
Subtotal			\$17,951,102			\$0	
Forest Service							
Financial Assistance to Facilities That Purchase and Process Byproducts for Ecosystem Restoration Projects	IIJA	Awarded	\$320,000	7/1/2023 – 6/30/2028	No	N/A	N/A
Fiscal 2022-Fiscal 2023 Community Wildfire Defense Grant Program for Communities at Risk	IIJA	Awarded	300,000	7/1/2022 – 6/30/2027	Yes	\$30,000	10%
Fiscal 2022-Fiscal 2023 State Fire Assistance	IIJA	Awarded	228,566	7/1/2022 – 6/30/2027	No	N/A	N/A
State Forest Action Plans	IIJA	Awarded	899,000	4/7/2023 – 4/6/2028	No	N/A	N/A
Urban and Community Forestry Grants	IRA	Awarded	6,000,000	7/1/2023 – 6/30/2028	No	N/A	N/A
Volunteer Fire Assistance	IIJA	Awarded	27,320	7/1/2022 – 6/30/2027	Yes	\$27,320	100%
Wood Innovations Grant Program	IRA	Awarded	120,000	7/1/2023 – 6/30/2028	Yes	\$120,000	100%
IRA Underserved Forest Landowner	IRA	Pending	500,000	7/31/2024 – 6/30/2029	No	N/A	N/A

<u>SubAgency/ Federal Program</u>	<u>Fund Source</u>	<u>Status</u>	<u>Amount</u>	<u>Period of Performance</u>	<u>State Match</u>	<u>Estimated Match</u>	<u>% Match</u>
Temporary Water Crossing Structures	IIJA	Pending	175,000	7/1/2023 – 6/30/2028	No	N/A	N/A
Subtotal			\$8,569,886			\$177,320	
Resource Assessment Service							
State Component of the National Cooperative Geologic Mapping Program	IIJA	Awarded	\$179,337	9/15/2023 – 9/15/2025	Yes	\$179,337	100%
Earth Mapping Resources Initiative	IIJA	Pending	329,242	12/1/2023 – 11/30/2026	No	N/A	N/A
Subtotal			\$508,579			\$179,337	
Chesapeake and Coastal Service							
National Estuarine Research Reserve System	IIJA	Awarded	\$992,728	4/1/2023 – 3/31/2025	No	N/A	N/A
Regional Conservation Partnerships Program	IRA	Awarded	10,000,000	10/1/2023 – 9/30/2028	No	N/A	N/A
Coastal Zone Management	IIJA	Pending	127,063	8/1/2024 – 7/31/2026	No	N/A	N/A
National Estuarine Research Reserve System	IIJA	Pending	4,000,000	8/1/2024 – 7/31/2027	No	N/A	N/A
NOAA's Climate-Ready Workforce for Coastal States and Territories Competition	IRA	Pending	9,200,000	1/1/2024 – 7/31/2028	No	N/A	N/A
NOAA's Transformational Habitat Restoration and Coastal Resilience Grants	IRA	Pending	19,372,000	TBD	No	N/A	N/A
Coastal Zone Management	IIJA	Not Awarded	6,000,000	N/A	N/A	N/A	N/A
Coastal Zone Management	IIJA	Not Awarded	3,500,000	N/A	N/A	N/A	N/A
Subtotal			\$53,191,791			\$0	
Total			\$80,221,358			\$356,657	

NOAA: National Oceanic and Atmospheric Administration

Source: Department of Budget and Management

Appendix 3
Modernization and OneStop Integration Project
Major Information Technology Development Project
Department of Natural Resources

New/Ongoing: Ongoing								
Start Date: July 2020					Est. Completion Date: October 1, 2024			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2024	2025	2026	2027	2028	Remainder	Total
GF	\$15.486	\$0.589	\$0.050	\$0.000	\$0.000	\$0.000	\$0.000	\$16.125
Total	\$15.486	\$0.589	\$0.050	\$0.000	\$0.000	\$0.000	\$0.000	\$16.125

- Project Summary:** The project would replace the current Electronic Licensing System – a web-based licensing and registration system – known as Compass. The company Brandt Information Services, LLC is developing the system, which is anticipated to be released on October 1, 2024. The goals for the project are to integrate with the Maryland OneStop platform, reduce inefficiencies and redundancies, create a return on investment to ensure increased revenue, decrease monthly and annual operational costs, and increase customer satisfaction.
- Need:** Compass can no longer meet current reporting requirements and is anticipated to become even less functional; the Compass contract expired in August 2020 and most recently was extended to June 2023. For instance, Compass cannot integrate with MPS’s parks reservation system or shop DNR’s point-of-sale system. A new system could increase the retention of fishing and hunting license holders through autorenewal, which is not available with Compass.
- Observations and Milestones:** The project completed phase 2, but then the bankruptcy of the State’s OneStop vendor – Enovational – required a change in plans. DNR worked with DoIT and received approval to use a new solution. The contract with Brandt Information Services, LLC for the new solution was approved by BPW for the October 2023 through September 2026 time period.
- Changes:** The total project cost appears to have decreased from \$18.0 million to \$16.1 million and the deadline has been delayed from July to October 2024.
- Concerns:** DNR notes that the new system will be able to integrate with the State’s OneStop platform through leveraged Application Programming Interfaces, but it remains to be seen whether this is an effective solution given the challenges experienced in integrating IT systems.

Appendix 4
Modernizing Maryland Park Reservation and Revenue Management System
Major Information Technology Development Project
Department of Natural Resources

New/Ongoing: Ongoing								
Start Date: July 1, 2022					Est. Completion Date: June 30, 2025			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2024	2025	2026	2027	2028	Remainder	Total
GF	\$0.925	\$3.000	\$2.095	\$1.510	\$0.000	\$0.000	\$0.000	\$7.530
SF	0.500	0.000	0.000	0.000	0.000	0.000	0.000	0.500
Total	\$1.425	\$3.000	\$2.095	\$1.5100	\$0.000	\$0.000	\$0.000	\$8.030

- Project Summary:** The project will provide DNR with a modern, reliable, mobile-enabled, web-based Park Reservation and Revenue Management System with a customer call center to take registrations and reservations and facilitate retail transactions, inventory control, revenue tracking, and reporting. Stakeholders include the users of the system: the public; park employees; and Central Call Center staff.
- Need:** The original vendor contract ended March 31, 2022. Therefore, DNR sought and received approval from BPW to extend its contract by two years to March 2024 and to initiate a new procurement as soon as possible. In addition, there have been advancements in the park reservation system field over the past five years – the period in which the current park reservation system has been in use.
- Observations and Milestones:** DNR is proposing a two-step process for the new system procurement. First, DNR intends to procure a system-needs assessment to inform a new reservation system procurement. Second, DNR will use the knowledge gained by the system-needs assessment to go forward with a separate procurement. DNR formed an evaluation committee and is evaluating submitted proposals for the new system. The project timeline appears to have slipped a little as the plan is to complete project implementation by March 1, 2026 as opposed to June 30, 2025.
- Concerns:** The current vendor contract ends in March 2024. DNR notes that it has worked with the vendor to provide operation and maintenance of the existing system until a viable replacement system is ready.

Appendix 5
Fiscal Summary
Department of Natural Resources

<u>Program/Unit</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Wrk Approp</u>	<u>FY 25</u> <u>Allowance</u>	<u>Change</u>	<u>FY 24 - FY 25</u> <u>% Change</u>
01 Office of the Secretary	\$ 22,483,452	\$ 31,968,934	\$ 28,986,177	-\$ 2,982,757	-9.3%
02 Forestry Service	16,898,740	19,844,313	23,006,108	3,161,795	15.9%
03 Wildlife and Heritage Service	15,676,465	18,757,656	21,831,846	3,074,190	16.4%
04 MPS	70,094,330	86,423,210	83,185,257	-3,237,953	-3.7%
05 Capital Grants and Loan Administration	5,651,636	8,192,442	6,604,109	-1,588,333	-19.4%
06 Licensing and Registration Service	3,862,403	4,603,536	4,854,573	251,037	5.5%
07 Natural Resources Police	65,217,207	71,132,406	67,954,301	-3,178,105	-4.5%
09 Engineering and Construction	8,143,302	12,511,070	14,496,341	1,985,271	15.9%
10 Chesapeake Bay Critical Area Commission	2,522,834	2,535,225	2,870,741	335,516	13.2%
12 Resource Assessment Service	21,822,761	27,274,358	27,387,211	112,853	0.4%
13 Maryland Environmental Trust	1,137,920	1,273,540	1,411,309	137,769	10.8%
14 Watershed Services	59,475,280	93,884,210	94,266,587	382,377	0.4%
17 Fisheries Service	30,208,551	36,122,711	34,635,353	-1,487,358	-4.1%
Total Expenditures	\$ 323,194,881	\$ 414,523,611	\$ 411,489,913	-\$ 3,033,698	-0.7%
General Fund	\$ 100,345,357	\$ 123,680,737	\$ 133,099,068	\$ 9,418,331	7.6%
Special Fund	173,023,135	217,602,402	213,389,564	-4,212,838	-1.9%
Federal Fund	38,766,768	54,327,446	50,499,666	-3,827,780	-7.0%
Total Appropriations	\$ 312,135,260	\$ 395,610,585	\$ 396,988,298	\$ 1,377,713	0.3%
Reimbursable Fund	\$ 11,059,621	\$ 18,913,026	\$ 14,501,615	-\$ 4,411,411	-23.3%
Total Funds	\$ 323,194,881	\$ 414,523,611	\$ 411,489,913	-\$ 3,033,698	-0.7%

Note: The fiscal 2024 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.