



Larry Hogan, Governor
Boyd Rutherford, Lt. Governor
Jeannie Haddaway-Riccio, Secretary

**Maryland Department of Natural Resources
Fiscal Year 2022 Operating Budget
Response to Department of Legislative Services Analysis**

House Appropriations Committee
Transportation And The Environment Subcommittee
Delegate Marc Korman
February 26, 2021

Senate Budget and Taxation Committee
Public Safety, Transportation, And Environment Subcommittee
Senator Cory V. McCray
February 26, 2021

Operating Budget Recommended Actions

1. 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 2021 actual, fiscal 2022 working appropriation, and fiscal 2023 allowance to be included as an appendix in the fiscal 2023 budget volumes and submitted electronically in disaggregated form to DLS.

Information Request: Summary of Chesapeake Bay restoration spending for programs that have over 50% of their activities directly related to Chesapeake Bay restoration

Authors: DBM, DNR, MDE

Due Date: Fiscal 2023 budget submission

Agency Response: DNR concurs with this recommendation.

Multi-year Special Fund Overhead Replacement Plan Changes

DLS recommends that DNR comment on the rationale for drawing down special fund balances at the same time that it is attempting to shift away from special fund overhead expenditures.

Agency Response:

DNR's special fund budget plan and policy would more accurately be termed 'special fund balance goals.' DNR's goal is to maintain year-end special fund balances that equal, at a minimum, 20% of the total of beginning fund balance plus fiscal year revenue. Minimum 20% ending fund balances are considered a reasonable contingency for emergency expenditures. (Statutory restrictions may not permit this for all DNR special funds.) Special fund overhead expenditures are statutorily allowable because the activities of some units,

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such as the Office of the Secretary, relate to the purposes of the special funds. At the same time, and in conformance with State accounting policies, efforts are made to maintain reasonable special fund balances. Although special fund reserves will be used to fund some FY22 expenditures, the impacted special funds are still estimated to meet the 20% ending balance goal.