

**Maryland Department of the Environment
Fiscal Year 2027 Operating Budget
Response to the Department of Legislative Services Analysis**

**Senate Budget and Taxation Committee
Public Safety, Transportation, And Environment Subcommittee**

Shelly Hettleman, Chair

February 27, 2026

**House Appropriations Committee
Transportation and the Environment Subcommittee**

Courtney Watson, Chair

March 2, 2026

P. 10. MDE should comment on why it has not posted the Childhood Blood Lead Surveillance in Maryland 2024 annual report, which would typically have been available in fall 2025 and why the child blood level improvement trends appear to have leveled off.

Department Response:

The Maryland Department of the Environment is committed to protecting our children from lead exposure and expects to publish the 2024 Childhood Blood Lead Surveillance Annual Report by May 1, 2026. The current delay is due to a large-scale data migration initiated by the Centers for Disease Control and Prevention (CDC). This transition, which involves moving state records into a more modern federal surveillance platform, was unfortunately interrupted by the prolonged federal government shutdown and federal agency reorganizations in 2025. Because the technical architecture for this migration is managed at the federal level, these disruptions left the project in a state of stasis for several months. During this time, MDE remained focused on its most critical mission: immediate public health protection. We strategically prioritized direct health interventions and the management of active cases to ensure families were notified and supported without delay, addressing imminent health threats while federal data systems were being restored.

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Regarding trends in child blood lead levels, in October 2021, the CDC lowered the Blood Lead Reference Value (BLRV) from 5 µg/dL to 3.5 µg/dL. While this change statistically increased the number of Maryland children identified with elevated blood lead levels by nearly 1,000 children per year, it does not indicate a plateauing of improvement. Rather, this stricter threshold is a protective measure, as it ensures that more children receive the necessary case management services.

P. 12. MDE should comment on why the following measures are no longer reported and the most recent data and trends for each measure: percentage of PIA responses issued within 30 days; and permits processed within applicable standard time. MDE also should comment on why the data for the number of permits issued was updated for fiscal 2021 onward and why it shows substantially lower numbers of permits issued.

Department Response:

In coordination with the Department of Budget and Management (DBM), MDE updated its performance metrics to focus on areas with the most growth potential. For programs where we have consistently achieved high results, such as Public Information Act (PIA) and permit turnaround times, we moved toward internal tracking to prioritize emerging priorities in our formal reporting. MDE's PIA 30-day response rates remain strong, reaching 92% in 2023, 97% in 2024, and 99% in 2025. Similarly, our average permit turnaround time decreased 25% in 2025; this improvement was supported by new technical resources for online applications and payments.

Regarding the updated permit data, MDE adjusted figures for fiscal 2021 through 2026 to ensure full alignment with the Annual Enforcement and Compliance Report submitted to the General Assembly on November 7, 2025. Previously, the data reported in the Managing for Results (MFR) used a different internal tracking methodology that did not match our formal enforcement records. By synchronizing these reports, the lower figures provide a consistent "single source of truth" for the legislature, documenting only final, fully processed permits.

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P. 14. The Department of Legislative Services (DLS) recommends that MDE comment on the status of the long-range water and wastewater infrastructure needs study.

Department Response:

Regarding the Hagerstown water and wastewater master plan, following the approval of the Memorandum of Understanding (MOU) by MDE and the City of Hagerstown on June 20, 2025, the City initiated the procurement process required to trigger the State's grant funding. As of early 2026, the project has reached the contractor selection phase; the City published Request for Proposal (RFP) P1868.26, "Water and Wastewater Master Plan Project," on December 9, 2025, and the solicitation period closed on January 22, 2026. Per the MOU, the Maryland Department of the Environment's (MDE) \$250,000 payment is contingent upon the City successfully awarding a contract to a qualified engineering firm.

P. 19. DLS recommends that MDE comment on the appropriate allocations of the fiscal 2026 funding budgeted in the miscellaneous adjustments subobject.

Department Response:

MDE acknowledges the use of the miscellaneous adjustment subobjects in the FY 2026 budget to temporarily account for personnel-related fund appropriation adjustments. MDE is realigning these funds to their appropriate personnel subobjects in FY 2026. Once this realignment is complete, it will be reflected in MDE's FY 2026 budget actuals, providing a transparent, itemized comparison in future budget years that accurately reflects our commitment to program stability and workforce support.

P. 20. DLS recommends that the double-budgeted WWTP operations and maintenance funding be deleted.

Department Response: MDE Concur.

P. 22. MDE should comment on how the spending report informs State prioritization of climate change mitigation spending, whether climate change outcomes correlated to the spending could be included in a future report, and whether there has been any consideration of using a tagging mechanism to track climate-related expenditures to track greenhouse gas emission reduction spending.

Department Response:

- 1) The annual spending report provides a systematic tally of how many state dollars were spent in the prior fiscal year toward measures intended to reduce greenhouse gas (GHG) emissions. This analysis functions as an inventory to inform agencies and the legislature about the magnitude and distribution of GHG mitigation expenditures across emission sectors and state agencies. The statutory requirement to additionally report the percentage of that funding benefiting disproportionately affected communities can help agencies assess whether spending to reduce GHGs is equitably distributed.
- 2) As required by statute, this report assesses how much of state spending is already aligned with GHG reduction (mitigation). While climate adaptation and resilience spending are equally important to quantify, this spending is not included in the scope of the analysis. MDE does not currently use the retrospective analysis of spending to assess climate change or GHG reduction outcomes correlated with spending. While the cost-effectiveness of various GHG reductions can be approximated, it would be very difficult to calculate specific GHG reductions associated with this spending as currently reported.
- 3) Since 2024, MDE has partnered with DBM and the Comptroller's Office to a) align tracking of GHG reduction spending with existing appropriation codes where practicable, and b) develop a new tagging function for this purpose as state budget software is updated. By refining our financial tracking systems to improve tagging processes, agencies will be able to code spending as it occurs and more accurately and transparently understand expenditures related to GHG mitigation.

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P. 24. DLS recommends that MDE comment on whether the \$100,000 in general funds is budgeted in fiscal 2026 for the study and report, what role MDE expects to play, and the ability to complete the study and report by the December 1, 2026 submission date.

Department Response:

The total cost of the study was revised down to \$500,000, which will be funded with \$270,000 in Strategic Energy Investment Funds (SEIF) to the Comptroller's Office in FY 2026 and \$200,000 in SEIF to the Comptroller's Office in FY 2027. The remaining \$30,000 was secured by a grant from the Rockefeller Family Fund. As for MDE's role, Chapters 2 and 12 designate the Comptroller as the lead agency with the authority to hire the consultant. MDE will participate in the Comptroller's Interagency Work Group to support the Maryland Cost of Climate Change Study.

P. 24. DLS recommends that MDE, in coordination with DNR and MDA, comment on the following: (1) the amount of overall funding allocated to the State and when it can be expected to be budgeted by agency (presumably fiscal 2026 and 2027 and perhaps beyond); (2) the funding relationship to the Atlantic Conservation Coalition and the Clean Corridor U00A – Department of the Environment Analysis of the FY 2027 Maryland Executive Budget, 2026 25 Coalition; (3) the funding use by agency by year; (4) the metrics being used to determine the effectiveness of funding in terms of expected outcomes; and (5) any other relevant information needed to convey the size and scope of this funding stream, including whether the funding is in jeopardy based on the recent repeal of the endangerment finding underpinning greenhouse gas regulation under the Clean Air Act.

Department Response:

- 1) Maryland agencies have received over \$133 million through September 2029 from two EPA Climate Pollution Reduction (CPRG) implementation grants. Because MDE holds the direct grant relationship with the lead states (North Carolina for Atlantic Conservation Coalition (ACC) and New Jersey for Clean Corridor Coalition (C3), the funding appears as "Federal Funds" in MDE's budget. MDE then distributes funds from the ACC grant to DNR, MDA, and MDOT-MPA through Interagency Agreements (IAAs). Consequently, those agencies reflect the income as "Reimbursable Funds."

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2) Breakdown of Coalition funding:

- a) Atlantic Conservation Coalition (ACC): Led by North Carolina, awards a \$50 million sub-award to Maryland with a focus on natural carbon sequestration. As shown in the table below, the majority of this funding (\$42.5M) is directed to DNR for large-scale land conservation and restoration, with \$4.8M allocated to MDA for agroforestry and soil health.
- b) Clean Corridor Coalition (C3): Led by New Jersey, this focuses on zero-emission heavy-duty vehicle infrastructure. MDE and MDOT received separate subawards from New Jersey, with MDE's portion totaling \$2.46 million and MDOT receiving \$77.7 million for corridor charging and fueling infrastructure.

3) Funding Use by Agency By Year:

The two grants have schedules for spending over their 5-year terms. The tables below show totals from each grant application. These schedules don't correspond exactly to the state fiscal years. MDE and the other agencies will request annual appropriations according to planned project delivery timelines as the grants progress.

Regarding the C3 grant, MDE & MDOT received separate subawards from New Jersey, with MDE's total being \$2,459,672 and MDOT's total being \$77,675,629. We do not have the annual funding allocation for MDOT's \$77.7 million subaward. New Jersey is finalizing MOUs with MDE, MDOT, and the other states in the coalition, which will enable MDE to request appropriations for this grant at that point.

Atlantic Conservation Coalition (ACC) Grant Allocation

Agency	Year 1	Year 2	Year 3	Year 4	Year 5	Grant Total
DNR	\$3,046,141	\$9,704,285	\$9,916,745	\$9,929,579	\$9,942,798	\$42,539,548
MDA	\$802,698	\$818,698	\$1,070,580	\$1,121,580	\$1,021,580	\$4,835,135
MDE	\$318,874	\$319,267	\$324,769	\$330,380	\$336,104	\$1,629,393
MDOT	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
TOTAL	\$4,367,713	\$11,042,250	\$11,512,093	\$11,581,538	\$11,500,482	\$50,004,076

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CPRG Clean Corridor Coalition (C3) Grant Allocation

Agency	Year 1	Year 2	Year 3	Year 4	Year 5	Grant Total
MDE	\$369,115	\$425,927	\$490,336	\$554,842	\$619,451	\$2,459,672

- 4) The effectiveness of this funding is measured using EPA-approved metrics that quantify Greenhouse Gas (GHG) reductions. Per our grant agreements, MDE and its partner agencies submit quarterly progress reports to the EPA. These reports track specific outcomes such as acreage of newly sequestered forest land (DNR/MDA) and the projected metric tons of CO² avoided through zero-emission infrastructure (MDE/MDOT).
- 5) Regarding the impact of the federal administration’s repeal of the endangerment finding, it is important to distinguish between federal regulatory authority and statutory grant programs. The Climate Pollution Reduction Grants (CPRG) were established and funded by Congress through the Inflation Reduction Act, which remains the governing law for these allocations. Because these funds are part of a voluntary, incentive-based grant program rather than a regulatory mandate, the repeal of the endangerment finding does not legally terminate the existing funding agreements. Furthermore, Maryland has already moved to protect these resources by formally obligating the funds through signed agreements and interagency contracts. MDE is working closely with regional partners to ensure all project timelines are met, to secure these investments against potential federal rescissions, and keep them available to support Maryland’s climate and conservation goals.

P. 26. DLS recommends that a committee narrative be adopted concerning building energy performance standards information requested of MDE previously that cannot be completed until the end of fiscal 2026. DLS also recommends that MDE comment on how it is administering the building energy performance standards program and establishing and maintaining an online reporting system for covered buildings, as required by current law, without additional positions.

Department Response:

MDE is phasing in the requirements from [House Bill 49 of 2025](#) because its mandates cannot all be met simultaneously. The Department is currently focusing on conducting the required comprehensive cost-benefit study and establishing the administrative framework for the new reporting fees. To manage the program's current workload, MDE has redirected internal staff and is using proceeds from the new \$100 reporting fee to maintain the online reporting system and support the study's development. MDE has issued enforcement discretion to provide the regulated community with flexibility while this data-gathering and study phase is underway. Once the study is complete and the necessary data is analyzed, the Department will move forward with the subsequent rulemaking process to incorporate EUI targets and legislative exemptions.

P. 27. DLS recommends that MDE comment on why the fiscal 2025-2027 revenues are so much greater than the estimated revenues for Chapter 604, Chapter 432, and Chapter 844; the likelihood of the fiscal 2027 estimated closing balances being realized; the overall experience with the new revenues generated; and how the new revenues have been used to stabilize or expand programs.

Department Response:

MDE acknowledges that the revenue and fund balance estimates in Exhibit 7 are inflated beyond the revenue estimates in Chapters 604, 432, and 844. These estimates do not align with MDE's internal estimates, suggesting a technical error in the revenue and fund balance data DLS received. MDE will work with the Department of Budget and Management (DBM) to remedy this issue and provide more accurate revenue and fund balance estimates.

Regarding the overall experience with the new revenues generated, MDE is currently monitoring the impact of the fee legislation and updated penalty structures enacted during the 2025 session. While Chapters 604, 432, and 844 have begun to provide some of the necessary resources to stabilize core programs and enhance regulatory

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oversight, MDE is still in the early stages of the current fee cycles. Because the Department does not yet have a full year of realized collection data, it is not possible to provide definitive estimated closing balances for fiscal 2027 or confirm long-term revenue trends at this time. Please reference the table below for the FY 2026 revenue numbers for MDE's special fund sources through the end of January 2026.

Fund Code	Fund Title	FY26 Opening Balance	FY26 Revenue as of 1/31/26
3011	MARYLAND CLEAN AIR FUND	\$2,572,609.80	\$7,144,306.72
3020	MARYLAND CLEAN WATER FUND	\$3,985,825.79	\$1,698,204.66
3040	MARYLAND OIL DISASTER CC&C FUND	\$238,838.73	\$4,186,764.21
3080	USED TIRE CLEANUP & RECYCLING FUND	\$4,259,292.59	\$1,651,969.32
3210	LEAD POISON PREVENTION FUND	\$35,879.09	\$2,402,050.43
3270	SURFACE MINING FUND	\$90,062.34	\$323,473.59
3400	VOLUNTARY CLEAN-UP FUND	\$48,704.22	\$286,500.00
3610	WETLANDS AND WATERWAYS PROGRAM FUND	\$807,252.44	\$256,378.75
3630	COAL COMBUSTION BY-PRODUCTS MGT FUND	\$546,746.50	\$0.00

P. 29. Adopt the following narrative:

Energy Use Intensity Costs and Alternatives Reporting for Building Energy Performance Standards: The General Assembly restricted funding in the Maryland Department of the Environment's (MDE) fiscal 2024 operating budget pending the submission of a report on energy use intensity costs and alternatives to energy use intensity for meeting greenhouse gas emission targets. MDE could not submit this information during fiscal 2025 because it will not receive the underlying data that needs to be analyzed until June 30, 2026. Therefore, the committees request that MDE submit by December 1, 2026, a report on energy use intensity costs and alternatives to energy use intensity for meeting greenhouse gas emission targets.

Department Response:

MDE appreciates the committee's interest in ensuring that building energy standards are guided by accurate data and a clear understanding of economic impacts. Because the essential data needed for this analysis will not be available until June 30, 2026, a report submitted by December 1 would overlap almost entirely with the comprehensive study already required by House Bill 49, which is due just thirty days later on December 31. This new legislative mandate covers the same cost-benefit analysis and target alternatives requested by the committee. To ensure the most efficient use of state resources and to provide the most complete data possible, MDE respectfully suggests

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consolidating these efforts into the single, comprehensive December 31 study. This will allow the Department to deliver one high-quality, data-driven report that fully addresses the committee's goals without duplication.