

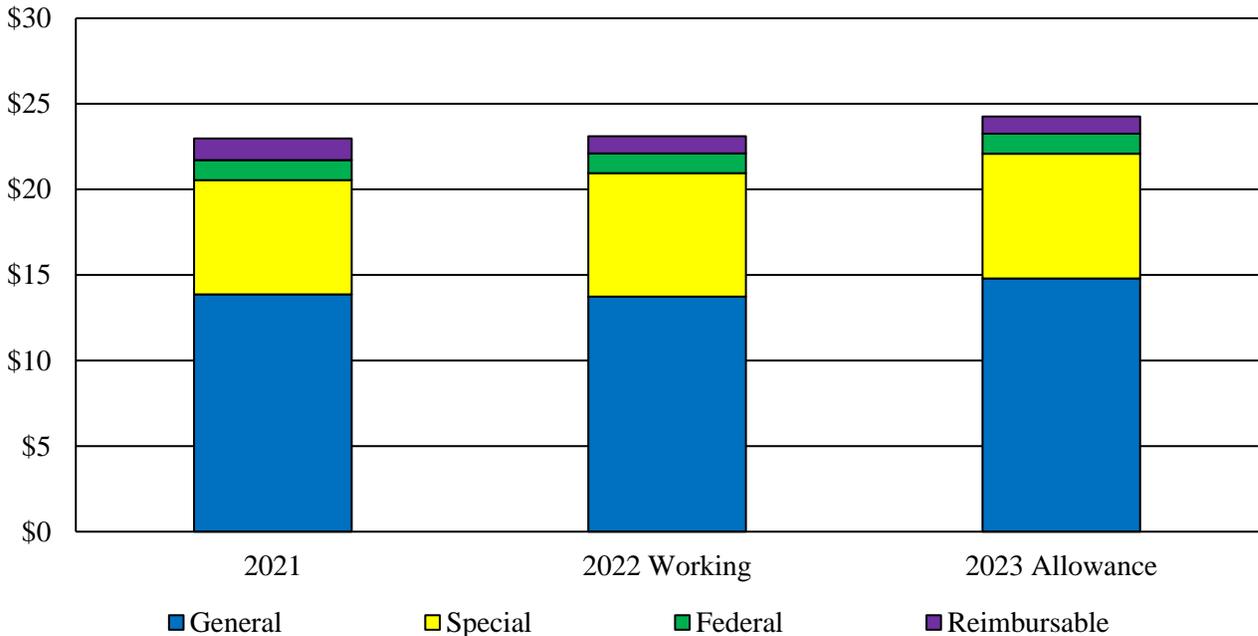
D40W01
Department of Planning

Program Description

The Maryland Department of Planning (MDP) provides information and services that aid State and local governments and nonprofit organizations in supporting desirable growth in Maryland and protecting and interpreting historic resources. MDP’s goals are to provide efficient State Clearinghouse review of federal, State, and local plans and projects requiring intergovernmental coordination; provide timely data and intelligent tools to aid in implementation of State and local land use, conservation, community enhancement, and business development policies; support and enhance the vitality of towns, cities, and rural centers with existing or planned infrastructure; encourage economic development by enhancing historical resources and leveraging non-State investment; and protect and interpret historic resources.

Operating Budget Summary

**Fiscal 2023 Budget Increases \$1.2 Million, or 5.0%, to \$24.3 Million
(\$ in Millions)**



Note: Numbers may not sum due to rounding. The fiscal 2022 working appropriation includes deficiencies. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

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- Major changes in the fiscal 2023 allowance include an increase of \$500,000 in general funds in the Management Planning and Educational Outreach program for a new Maryland Humanities Council grant initiative, an increase of \$325,500 for moving costs associated with the Patterson Center Renovations and Maryland Archaeological Conservation Laboratory capital projects in the Museum Services program, and an increase of \$250,000 in general funds in the Planning Coordination program for the Maryland Semiquincentennial Commission.

Fiscal 2022

Proposed Deficiency/Federal Stimulus Funds

There is a \$49,918 federal fund deficiency appropriation for the fiscal 2022 operating budget for the Museum Services – Jefferson Patterson Park and Museum – Administration program. The funding comes from American Rescue Plan Act (ARPA) of 2021 funding through the Institute of Museum and Library Services’ National Leadership Grants, which received a total of \$15 million for the purpose of awarding grants to libraries, museums, federally recognized tribes, and nonprofit organizations serving Native Hawaiians for the purpose of continuing, enhancing, or expanding existing programs and services or launching new programs to address emergent needs. The funding is one-time and is not included in the fiscal 2023 allowance. MDP received a similar grant in fiscal 2020 as part of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding with a period of performance from October 1, 2020, to September 30, 2022.

The fiscal 2022 deficiency funding would support a technician working with the Patterson Collections, a project known as the Patterson Collection Assessment and Accessibility Initiative. The technician, which is budgeted as contractual services despite MDP advertising for a contractual full-time equivalent (FTE), would evaluate and organize the Jefferson Patterson Park and Museum’s historic and agricultural collections, which include digital data and physical artifacts. The intent of the initiative is to make the Patterson Collections more accessible to the public by incorporating information into a searchable, remotely accessible database and creating both onsite and digital exhibits reflecting the agricultural heritage of southern Maryland.

Fiscal 2023 Overview of Agency Spending

MDP consists of an Administrative Unit and seven programmatic units and is staffed by 127.0 regular positions and 17.0 contractual FTEs. **Exhibit 1** reflects the \$24.3 million spending breakdown for the Administrative Unit and the seven programmatic units, as follows.

- ***Management Planning and Educational Outreach (\$8.2 Million, 34%):*** Provides administrative support for the Division of Historical and Cultural Programs and administers noncapital grants and the Maryland Heritage Areas Authority (MHAA) Program. The main funding categories are \$5.6 million in special funds for the MHAA grants for certified heritage areas, \$1.4 million for salaries, \$0.5 million for a new Strengthening Humanities Investment in

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Nonprofits for Equity (SHINE) grantmaking initiative associated with the Maryland Humanities Council, and \$0.3 million for the Maryland Humanities Council, of which \$0.2 million is allocated from the \$5.6 million in MHAA grants funding noted above.

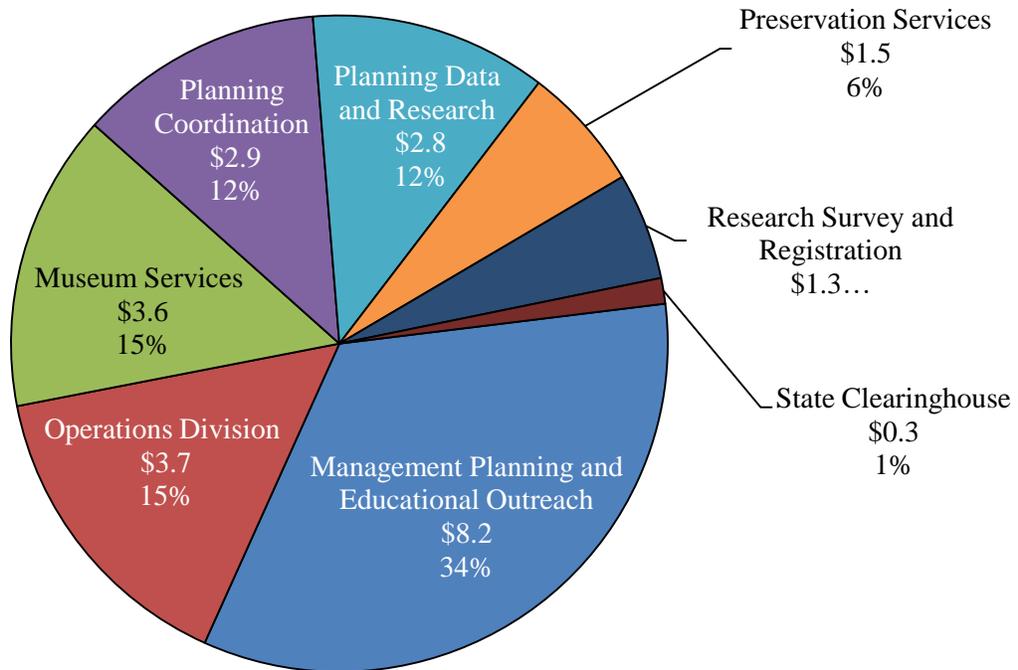
- ***Operations Division (\$3.7 Million, 15%):*** Provides administrative services for financial, personnel, procurement, and information technology (IT) needs and supports the Interagency Commission on School Construction. The main funding categories are \$2.7 million for salaries and \$0.7 million in general funds for Department of Information Technology (DoIT) service charges that are now being reflected in agency budgets.
- ***Museum Services (\$3.6 Million, 15%):*** Provides technical assistance to approximately 220 historic and cultural museums and operates the Jefferson Patterson Park and Museum in Calvert County. The main funding category is \$1.9 million for salaries along with \$0.4 million for 7.0 contractual FTEs; \$0.3 million for one-time packing, moving, and storage services for the Patterson Center Renovations and Maryland Archaeological Conservation Laboratory capital projects at Jefferson Patterson Park and Museum; \$0.3 million for fuel and utilities to operate the Jefferson Patterson Park and Museum; and \$0.2 million for one-time funding to replace the Maryland Archaeological Conservation Laboratory’s walk-in freezer and cooler units.
- ***Planning Coordination (\$2.9 Million, 12%):*** Provides technical services to improve the planning and management capacity of local governments. The program, which includes Centreville, Cumberland, and Salisbury regional offices, helps local governments with land-use planning and zoning, as well as rural and urban design issues. The main funding category is \$2.5 million for salaries.
- ***Planning Data and Research (\$2.8 Million, 12%):*** Collects, analyzes, and publishes social, economic, and geographic information relating to the State and its political subdivisions; identifies and evaluates development issues in support of smart growth; and prepares reports and studies on specific topics for the Governor and the General Assembly. The program also makes available U.S. Census, American Community Survey, and other U.S. Department of Commerce information to the State and local governments and the private sector. The main funding category is \$2.5 million for salaries. Previously, funding for the 2020 Census and redistricting work were budgeted in this program.
- ***Preservation Services (\$1.5 Million, 6%):*** Provides assistance to protect and enhance historical and cultural properties in Maryland through State and federal regulatory reviews, historic preservation easements, and historic rehabilitation tax credits. The program also administers capital loans and grants. The main funding category is \$1.3 million for salaries.
- ***Research, Survey, and Registration (\$1.3 Million, 5%):*** Provides assistance to advance research, documentation, evaluation, and retrieval of information about Maryland’s historical and cultural resources through the Maryland Inventory of Historic Properties and National Register of Historic Places. The program also administers the Cultural Conservation Program,

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the library, and the Geographic Information System. The main funding category is \$1.1 million for salaries.

- **State Clearinghouse (\$0.3 Million, 1%):** Facilitates intergovernmental review and coordinates review of applications for federal and State financial assistance, proposals for direct federal development programs, drafts of environmental impact statements, plans requiring gubernatorial review, and other actions requiring intergovernmental coordination per the Federal Intergovernmental Cooperation Act. The main funding category is \$0.3 million for salaries.

Exhibit 1
Overview of Agency Spending
Fiscal 2023 Allowance
(\$ in Millions)



Note: The fiscal 2023 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

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

Proposed Budget Change

The MDP fiscal 2023 adjusted allowance increases by \$1,155,640, or 5.0%, relative to the fiscal 2022 working appropriation, as shown in **Exhibit 2**. Fiscal 2023 personnel changes and operating expenditures are discussed as follows.

Exhibit 2
Proposed Budget
Department of Planning
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2021 Actual	\$13,866	\$6,683	\$1,161	\$1,275	\$22,985
Fiscal 2022 Working Appropriation	13,735	7,210	1,164	996	23,104
Fiscal 2023 Allowance	<u>14,790</u>	<u>7,299</u>	<u>1,162</u>	<u>1,009</u>	<u>24,260</u>
Fiscal 2022-2023 Amount Change	\$1,055	\$89	-\$2	\$14	\$1,156
Fiscal 2022-2023 Percent Change	7.7%	1.2%	-0.2%	1.4%	5.0%

Where It Goes:	Change
Personnel Expenses	
Turnover adjustments.....	\$193
Employee and retiree health insurance	150
Regular earnings	-78
Other Changes	
<i>General Administrative Policy</i>	
Maryland Humanities Council general fund grants	350
Maryland Semiquincentennial Commission co-staffed by MDP	250
Redistricting costs	-197
<i>Jefferson Patterson Park and Museum</i>	
Patterson Center and Maryland Archaeological Conservation Laboratory moving costs.....	326
Maryland Archaeological Conservation Laboratory walk-in freezer and cooler units	200
Grounds maintenance, equipment repairs, and extermination price increases.....	68
One-time fiscal 2022 deficiency for the Jefferson Patterson Park and Museum.....	-50
<i>Other Administrative Costs</i>	
Technical and special fees despite a net decrease of 2.3 contractual FTEs	34
System software maintenance increase due to teleworking	25
Human resources shared services.....	8

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Where It Goes:	<u>Change</u>
Fixed charges	3
Motor vehicles.....	3
Planning Coordination federal grant expiration	-14
Department of Information Technology services allocation	-115
Other.....	1
Total	\$1,156

FTE: full-time equivalent

MDP: Maryland Department of Planning

Note: Numbers may not sum to total due to rounding. The fiscal 2022 working appropriation includes deficiencies. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Personnel

Overall personnel expenditures for MDP increase by \$264,622 in the fiscal 2023 allowance. The largest change is an increase of \$192,505 due to a decrease in the turnover rate from 6.57% to 5.00%. Along with the Administration’s statewide effort to fund increased hiring, MDP attributes the reduction in its turnover rate to its active recruitment for the majority of its vacant positions. Another large change is an increase of \$150,094 for employee and retiree health insurance. The largest decrease in MDP’s personnel expenditures is \$77,615 for regular earnings. MDP attributes this decrease to the replacement of long-serving personnel with new employees budgeted at the lower end of the salary schedule.

Other Changes

Overall, the nonpersonnel portion of the MDP fiscal 2023 allowance increases by \$891,018. The major categories of change are general administrative policy, the Jefferson Patterson Park and Museum, and other administrative expenses.

General Administrative Policy

Maryland Humanities Council Grants: There is a net increase of \$350,000 in general funds in the Management Planning and Educational Outreach program. This reflects an increase of \$500,000 for the SHINE grantmaking initiative and a shift of \$150,000 from general funds to MHAA grants special funds for support of the direct costs of the Maryland Humanities Council. The Maryland Humanities Council receives a total of \$257,000 for support of its direct costs, comprised of \$107,000 in general funds and \$150,000 in MHAA grants special funds that otherwise would have been provided to MHAA grant recipients in certified heritage areas. The overall MHAA grants funding remains virtually the same at \$5.6 million. SHINE is intended to support nonprofit organizations that may not

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have the staff resources to be competitive in fundraising. The initiative follows from the feedback the Maryland Humanities Council received after distributing a total of \$1.4 million in federal COVID-19 relief funds through the following.

- **CARES Act:** distributed \$515,000 to 100 organizations (\$5,150 per organization) through CARES Act funding as part of the \$75 million provided to the National Endowment for the Humanities. The Maryland Humanities Council program was called the CARES Emergency Relief Grants Fund, and the funding was provided as general operating grants to museums, historic sites, preservation and historical societies, and community and cultural organizations located in 22 counties and Baltimore City. There were 119 applications.
- **ARPA:** distributed \$910,000 to 91 organizations (\$10,000 per organization) across Maryland through ARPA funding as part of the \$135 million provided to the National Endowment for the Humanities. The Maryland Humanities Council program was called Sustaining Humanities through the American Rescue Plan Recovery Grants Fund, and the funding was provided as general operating grants to museums, historic sites, preservation and historical societies, and community and cultural organizations located in 19 counties and Baltimore City. The funding was intended for organizations focused on the humanities with an annual budget of up to \$300,000. There were over 140 applications.

Maryland Semiquincentennial Commission: There is an increase of \$250,000 in general funds in the Planning Coordination program for the Maryland Semiquincentennial Commission. This includes \$135,000 for communications, \$95,000 for supplies and materials, \$15,000 for printing/reproduction, and \$5,000 for in-State conferences and seminars. The Governor signed Executive Order 01.01.2021.03 Maryland Semiquincentennial Commission on January 14, 2021, creating the commission and rebranding the 250 Commission but did not provide any funding in the fiscal 2022 allowance.

The commission is tasked with, among other activities, coordinating with the U.S. Semiquincentennial Commission, the America 250 Foundation, and the American Battlefield Trust; developing an inclusive celebration of the 250th anniversary of the Declaration of Independence, Revolutionary War, and founding of the United States of America; and creating a model curriculum about the Revolutionary War period. An action plan was required to be submitted by December 31, 2021, outlining the commission's goals, mission, and recommendations. The submitted report notes the appointment of members, the adoption of bylaws, and the formation of committees as follows: executive committee; private partnerships; education and curriculum; inclusion and engagement; resource stewardship and visitor experience; communications and marketing; government affairs; and an event planning workgroup.

In terms of activities, the commission has held two meetings to date. The commission signed a partnership agreement with Preservation Maryland, which allows the commission to receive a \$10,000 grant from the America 250 Foundation, Inc. to create a new website. The partnership with Preservation Maryland is part of the commission's charge, which is to consider entering into a partnership with a tax-exempt entity.

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The commission’s funding plan for the \$250,000 budgeted in fiscal 2023 is as follows.

- ***Marketing Materials:*** The marketing materials funding totals \$135,000 and is comprised of a Semiquincentennial branding, design, and communications strategy (\$25,000); a website with multimedia interactive capabilities (\$30,000); promotional videos (\$25,000); social media content, maintenance, and outreach (\$15,000); public service announcements (\$20,000); and a podcast series, including 20 to 22 recorded podcasts describing Maryland stories from the American Revolutionary War period (\$20,000).
- ***Curriculum Report:*** The curriculum report funding is \$15,000 for a professional curriculum development company to create a model curriculum on the American Revolutionary War period.
- ***Commission Travel:*** The commission travel funding is \$2,500 for holding meetings, potentially hybrid in-person and online meetings, throughout the State.
- ***Conference Attendance:*** The conference attendance funding is \$2,500 for travel and exhibit setup expenses associated with attending the 2023 Maryland Association of Counties and Maryland Municipal League conferences.
- ***Print and Other Collateral:*** The print and other collateral funding is \$25,000 for exhibits, stands, table covers, binders, and giveaways for commission outreach activities.
- ***Scholars Colloquium and Other Symposia:*** The scholars colloquium and other symposiums funding is \$50,000 for gatherings of scholars to present throughout the State on Maryland’s contribution to the American Revolutionary War period and on the challenges and promises of the period from an inclusiveness perspective. The events are yet to be planned, but the proposal includes rental space, printed materials, refreshments, and honoraria for distinguished presenters.
- ***Translation Services:*** The translation services funding is \$20,000 for translating materials and presentations to ensure greater inclusiveness.

The Department of Legislative Services (DLS) recommends that committee narrative be added requiring submission of a report by December 31, 2022, on how the fiscal 2023 funding is being used by the Maryland Semiquincentennial Commission.

Jefferson Patterson Park and Museum

- ***Patterson Center and Maryland Archaeological Conservation Laboratory Moving Costs:*** The fiscal 2023 allowance includes a total of \$325,500 in general funds in the Museum Services program for moving and storage costs associated with the Jefferson Patterson Park and Museum’s two large capital projects that have been in development for a number of years. There is \$260,500 budgeted for the moving and storage costs for the Maryland Archaeological

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Conservation Laboratory Expansion and Renovation project and \$65,000 for the Patterson Center Renovations project. Both projects have experienced delays. Design for the Maryland Archaeological Conservation Laboratory Expansion and Renovation project initially was slated to begin in December 2020 but did not start until September 2021, with construction now scheduled to start in spring 2022. The start of construction for the Patterson Center Renovations project has been delayed to June 2022. The fiscal 2021 legislative appropriation included \$375,000 in general funds for one-time moving and storage costs associated with the Maryland Archaeological Conservation Laboratory expansion and renovation project. However, the project was delayed, and the funding was reappropriated.

- ***Maryland Archaeological Conservation Laboratory Walk-in Freezer and Cooler Units:*** There is an increase of \$200,000 in general funds for capital lease payments to replace the Maryland Archaeological Conservation Laboratory’s walk-in freezer and cooler units. These units are used by archaeological conservators to control the environment for severely degraded organic artifacts during the treatment process and are also useful for controlling mold and drying of collections, archives, and furnishings in the event of emergency water events. In addition, the Maryland Archaeological Conservation Laboratory has assisted local libraries and some small museums with freezing pest infestations.
- ***Grounds Maintenance, Equipment Repairs, and Extermination Price Increases:*** There are general fund increases due to price increases of \$33,612 for grounds maintenance, \$25,702 for equipment repairs, and \$8,836 for extermination services. The grounds maintenance costs largely reflect the increase of visitors to Jefferson Patterson Park and Museum.
- ***One-time Fiscal 2022 Deficiency:*** Funding decreases by \$49,918 between fiscal 2022 and 2023 due to the one-time fiscal 2022 deficiency appropriation to support a staff position to work with the Patterson Collection.

Redistricting: MDP notes that the fiscal 2022 working appropriation includes \$1.2 million for redistricting. Since the redistricting work has been completed, there is no funding for redistricting in the fiscal 2023 allowance. The reductions in the Planning Data and Research program between the fiscal 2022 working appropriation and the fiscal 2023 allowance attributable to redistricting costs include \$185,402 for legal services and \$12,000 for data processing equipment related to imaging systems. Presumably, the remainder of the redistricting funding either is being used for ongoing purposes or is redirected to other agency priorities.

Other Administrative Costs

There are a number of funding changes under the broad category of other administrative costs. These funding changes include the following increases: \$34,146 across the agency for contractual FTEs, corresponding to a net decrease of 2.3 contractual FTEs comprised of a decrease of 2.8 contractual FTEs in the Museum Services program, which is offset partially by an increase of 0.5 FTE in the Preservation Services program; \$25,081 in general funds for systems software maintenance in the Planning Data and Research program due to increased telework requiring extra

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licenses for Adobe software products and the need for expanded laptop access; \$8,436 in general funds for human resources shared services; \$3,096 for fixed charges; and \$2,639 for motor vehicles. These increases are offset partially by a decrease of \$115,430 in general funds for the DoIT services allocation fees and \$14,053 in reimbursable funds in the Planning Coordination program due to the expiration of a federal grant.

Personnel Data

	<u>FY 21</u> <u>Actual</u>	<u>FY 22</u> <u>Working</u>	<u>FY 23</u> <u>Allowance</u>	<u>FY 22-23</u> <u>Change</u>
Regular Positions	129.00	127.00	127.00	0.00
Contractual FTEs	<u>14.69</u>	<u>19.30</u>	<u>17.00</u>	<u>-2.30</u>
Total Personnel	143.69	146.30	144.00	-2.30

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	6.35	5.00%
Positions and Percentage Vacant as of 12/31/21	14.00	11.02%
Vacancies Above Turnover	7.65	

- MDP has 14 vacant positions as of December 31, 2021, with only 1 position vacant for more than a year, an improvement upon the 6 positions that were vacant for more than a year noted in last year’s analysis. MDP notes that it was able to fill positions through its general recruitment efforts as well as the use of virtual interviews. An offer was recently extended to a candidate for the 1 position vacant for more than a year – an IT programmer analyst II – but the offer was declined. Of the 13 positions that have been vacant for less than a year, 11 are in recruitment, 1 has an offer extended to a candidate, and 1 was filled with a new staff member on January 26, 2022.
- Contractual FTEs decrease by a net of 2.30 positions due to fluctuating program needs.
- The MDP turnover rate is reduced from 6.57% to 5.00%, reflecting 6.35 necessary vacancies. This turnover rate is currently exceeded by 7.65 vacancies, given the 14 vacancies, or 11.02% vacancy rate, as of December 31, 2021.

Key Observations

1. Census 2020 Outcome Update

The 2020 Census was conducted under unprecedented circumstances, most notably the COVID-19 pandemic. Despite the challenges, Maryland’s overall self-response rate was 71.2%, the ninth highest rate in the country; thus, MDP met its goal of being in the top 10 for this measure. More detailed data now reflects the response rates at county, municipality, and census tract levels. As shown in **Exhibit 3**, 88% of counties, 59% of municipalities, and 58% of census tracts had response rates at or above their 2010 response rates.

Exhibit 3
Census Response Rates
2010 and 2020 Census

<u>Unit</u>	<u>Total Jurisdictions</u>	<u>Jurisdictions at or Above 2010 Response Rates</u>	<u>Percent of Jurisdictions Above 2010 Response Rates</u>
Counties	24	21	88%
Municipalities	157	92	59%
Census Tracts	1,456	841	58%

Source: Maryland Department of Planning

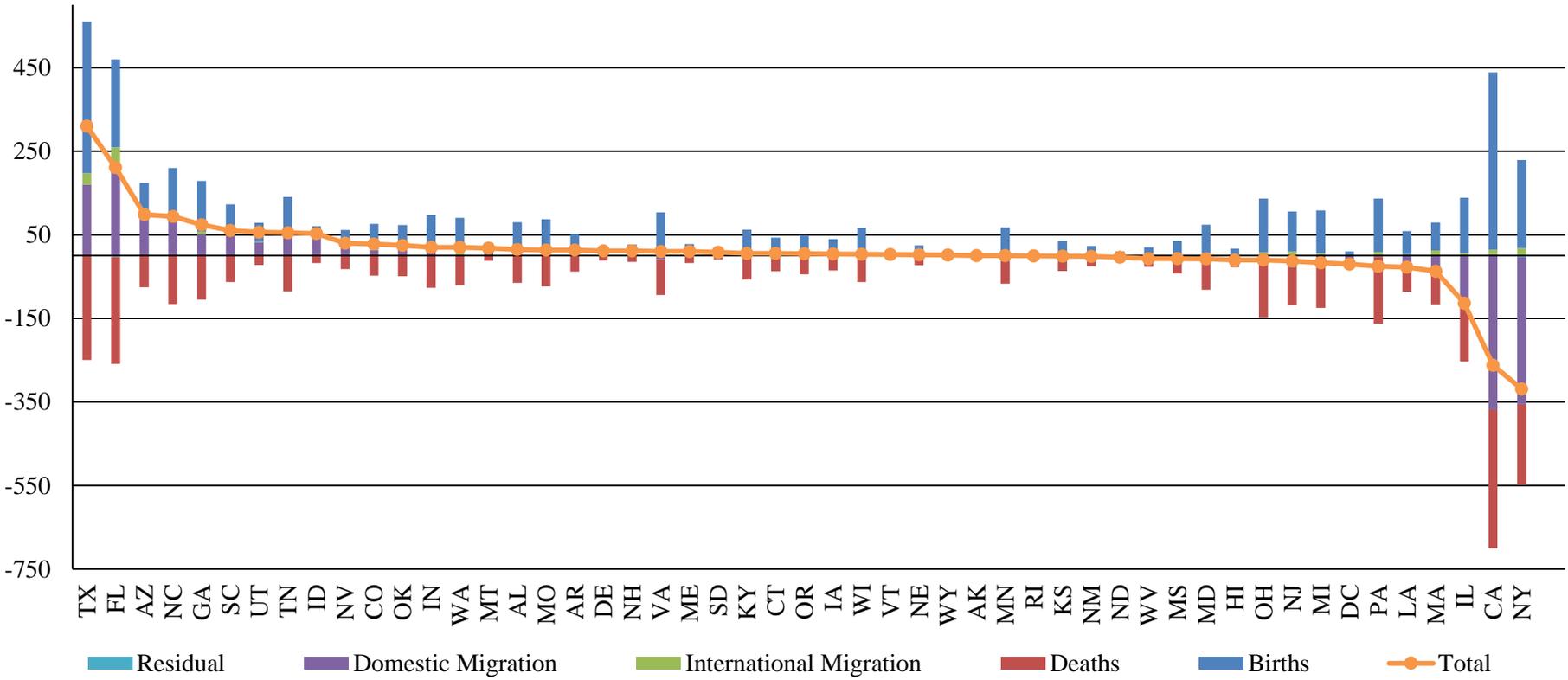
The next, and perhaps final, step in the 2020 Census process is the 2020 Census Count Question Resolution Operation and the 2020 Post-Census Group Quarters Review. If MDP participates, then the U.S. Census Bureau would review Maryland’s housing and group quarters population counts for potential processing errors. Any errors found would not alter redistricting data, apportionment results, or other 2020 Census data projects, but would be used to update the Census Bureau’s Population Estimates program and other future programs that use 2020 Census data. **DLS recommends that MDP comment on whether it plans to participate in the 2020 Census Count Question Resolution Operation or Post-Census Group Quarters Review and whether there is any information available about possible errors in Maryland’s population counts and how this would affect the Census Bureau’s Population Estimates program.**

2. U.S. Population Growth Slows While Maryland’s Population Shrinks

The U.S. Census Bureau released its Vintage 2021 national and state population estimates and components of change on December 21, 2021. The data reflects that between July 1, 2020, and July 1, 2021, the U.S. population grew by 0.1%, the lowest rate since its founding. The most comparable period in the twentieth century was the 1918 through 1919 time period – characterized by the influenza pandemic and World War I – which had an annual growth rate of approximately 0.5%. The 0.1% population growth rate follows a trend since the mid-2010s in which there have been fewer births, increasing mortality due to an aging population, and a decrease in net international migration. The recession and public health crisis caused by the COVID-19 pandemic have exacerbated this trend.

Exhibit 4 reflects the annual population change by component for the July 1, 2020, to July 1, 2021 time period. The U.S. population as a whole increased by 392,665, while Maryland’s population actually decreased by 7,550, which placed Maryland fortieth out of 51 jurisdictions in terms of population growth, including the District of Columbia. Maryland’s individual population components include the following: births – 66,906; deaths – 61,651; international migration – 6,838; and domestic migration – 19,871 net decrease. **DLS recommends that MDP comment on the long-term impacts of the decline in Maryland’s population on school enrollment, jobs, and State revenues, and any impacts of the COVID–19 pandemic on birth rates in Maryland.**

Exhibit 4
Annual Population Change by Component for States and the District of Columbia
July 1, 2020, to July 1, 2021
(Population in Thousands)



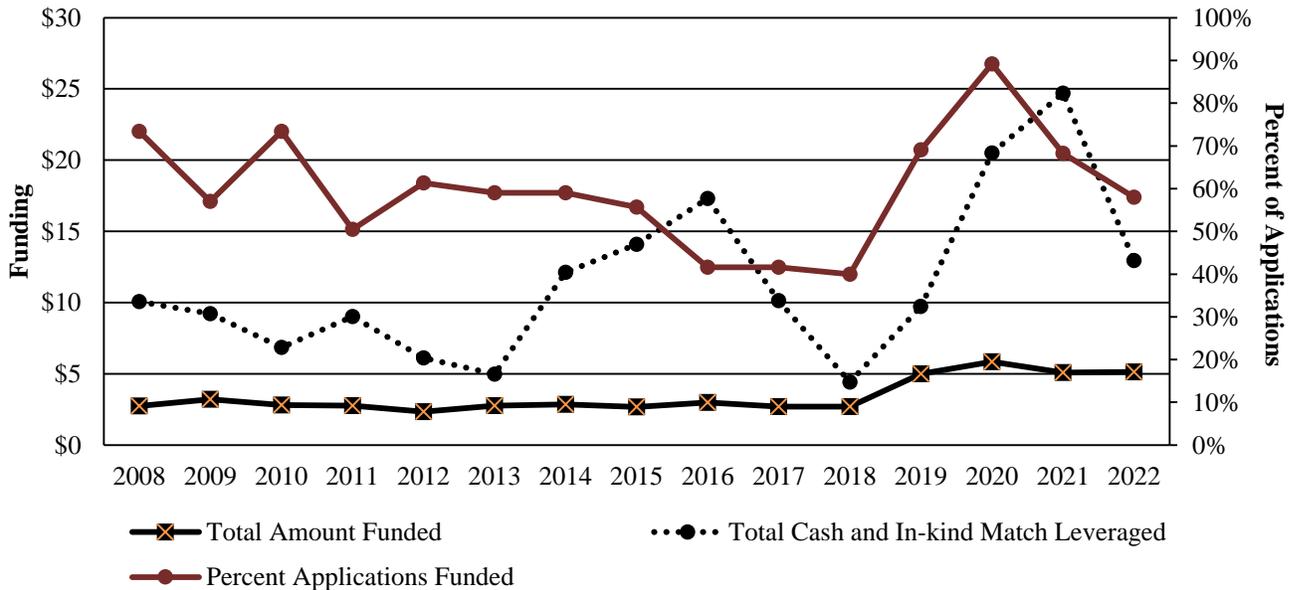
Source: U.S. Census Bureau

3. MHAA Grants Funding

MDP’s fourth goal is to encourage economic development by enhancing historical resources and leveraging non-State investment. Under this goal, MDP has an objective to achieve a target non-State leverage ratio of 1:1 or greater for MHAA grant awards. In fact, a 1:1 match is required for all grantees, so the 1:1 match may be seen as a floor on top of which the overmatch for projects – the non-State support for the project as a whole beyond the grant funds and required matching funds – is a more appropriate goal.

As shown in **Exhibit 5**, MDP has met its 1:1 non-State leveraging ratio goal between fiscal 2008 and 2022. While MHAA does not control the applications submitted, the leveraging of non-State investment is an important component of the review criteria even though it relies heavily on the types of projects funded and the size of those projects. Fiscal 2020 saw the highest grant funding provided between fiscal 2008 and 2020 due to the additional \$3.0 million in transfer tax funding made available by Chapters 660 and 661 of 2017 and \$617,710 in fund balance that was used to fund 15 projects from the Reserve List, which was offset partially by \$130,000 held in reserve for potential emergency projects. Subsequently, fiscal 2021 reflects the greatest amount of non-State support leveraged over the time period shown, while fiscal 2022 reflects a return to the more recent levels of non-State support leveraged.

Exhibit 5
Maryland Heritage Areas Authority Grants
Fiscal 2008-2022
(\$ in Millions)



Source: Maryland Department of Planning; Department of Legislative Services

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The allocation of MHAA grant funding of \$6,000,000 for each of fiscal 2021 and 2022 is as follows:

- **Fiscal 2021**

- Regular Round MHAA Grants: \$5,088,248;
- MHAA Program Operating Costs: \$482,935;
- Maryland Historical Trust Historic Preservation Non-Capital Grants: \$300,000; and
- MHAA Emergency Grants: \$128,817.

- **Fiscal 2022**

- Regular Round MHAA Grants: \$5,139,309;
- MHAA Program Operating Costs: \$460,691;
- Maryland Historical Trust Historic Preservation Non-Capital Grants: \$300,000; and
- MHAA Emergency Grants: \$100,000.

Cash Match Requirement Changed and Racial Equity Explored

At its July 8, 2020 meeting, MHAA announced that it had changed its cash match requirement. Starting with fiscal 2022 funding, the requirement still stands that a project must meet the 1:1 match, but the match can be any combination of cash and in-kind contributions. In addition to instituting the 75% cash match requirement change, MHAA convened a Racial Equity Working Group. The group includes representatives of MHAA, its staff, the Coalition of Maryland Heritage Areas, and representatives from the Governor’s cultural and ethnic commissions, including the Commissions on African American History and Culture, African Affairs, and Hispanic Affairs. MDP notes that it is completing the request for proposals for a racial equity facilitator and expects to encumber the funding for this purpose by mid-February 2022. The entire evaluation process includes a report and presentation by summer or fall 2022 on past granting practices, a survey of past interactions with the MHAA program, and an investigation into how the program operates as well as recommendations to improve equitable outcomes for the program.

Economic Contribution Study

MDP hired Parker Phillips, LLC to complete a program impact study of the MHAA program. The completed study reflected a \$2.4 billion annual economic impact from heritage areas. The study notes that the economic and survey data collected was from fiscal 2019 and, thus, does not reflect the impact of the COVID-19 pandemic.

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MDP's intent was for the MHAA program to collect ongoing economic contribution data. However, the COVID-19 pandemic and resource constraints have delayed the plan for the data collection by the certified heritage areas from fiscal 2024 to 2025. MDP notes that this delay will allow the certified heritage areas to recover from the COVID-19 pandemic and develop the infrastructure to collect the data, since the collection may require more time and staff to conduct. The extent of the impact of the COVID-19 pandemic is reflected in MHAA's most recent survey, which concluded on January 14, 2022. The survey found that 75% of partner institutions within the certified heritage areas had substantial revenue decreases, and nearly 50% would not financially recover until over a year after the end of the pandemic.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Maryland Semiquincentennial Commission Funding Report: The fiscal 2023 allowance includes \$250,000 for the Maryland Semiquincentennial Commission created by Executive Order 01.01.2021.03 on January 14, 2021. The budget committees are concerned that there does not appear to be a long-term funding plan and scope for the commission’s activities despite the commission’s authority extending to December 31, 2027. Therefore, the committees request that the Maryland Department of Planning (MDP) submit a report by December 31, 2022, explaining the use of fiscal 2023 funding through December 31, 2022, the plan for the use of funding throughout the rest of fiscal 2023, and the long-term funding needs and scope of the commission’s activities.

Information Request	Author	Due Date
Maryland Semiquincentennial Commission funding report	MDP	December 31, 2022

Updates

- ***Historic Revitalization Tax Credit Program Staffing Report:*** In response to language restricting funds in the fiscal 2022 budget, MDP submitted a report on July 1, 2021, and a follow-up letter on August 12, 2021, regarding the conversion of the administrator I contractual FTE tax credit reviewer staffing the Historic Revitalization Tax Credit Program to a regular position and the submission of a report on the status of Historic Revitalization Tax Credit Program staffing. The report was required to include information on the average length of the tax credit review period from January 1, 2021, to July 1, 2021; the status of program staffing, including the vacancy status for the 2 regular positions and 1 contractual FTE currently staffing the program; and recommendations for improving the efficiency and sustainability of the tax credit review process.

The July 1, 2021 letter indicated that due to statutory length in service requirements, the incumbent administrator I contractual FTE tax credit reviewer could not be converted to a regular position until August 3, 2021. MDP confirmed on August 12, 2021, that the conversion had occurred. In addition, the staffing report noted, among other updates, that the average application review period for the residential tax credit was reduced below 30 days beginning in March 2021, which appears to coincide with the onboarding of the incumbent administrator I contractual FTE tax credit reviewer in February 2021. However, this only reflected the turnaround period for the residential tax credit; MDP's website noted in July 2021 that the turnaround period for the competitive commercial tax credit and the small commercial tax credit was 45 to 60 days, although MDP's website no longer reflects these delays. The report also noted that the program was fully staffed as of June 16, 2021. Finally, the report noted the following program efficiency and sustainability recommendations: a new project tracking database will allow applicants to follow the progress of the review process; an electronic application submission process is being developed in coordination with the National Park Service's electronic submission system for the Federal Historic Rehabilitation Tax Credit program with an anticipated application process opening in late 2022; and the conversion of the contractual FTE to a regular position.

Appendix 1
2021 Joint Chairmen’s Report Responses from Agency

The 2021 *Joint Chairmen’s Report* (JCR) requested that MDP prepare two reports, one of which – the historic African American cemetery study – is not due until June 30, 2022, and therefore is not presented here. Electronic copies of the full JCR response can be found on the DLS Library website.

- ***Historic Revitalization Tax Credit Program Staffing Report:*** Budget bill language in the fiscal 2022 operating budget restricted \$100,000 in general funds pending the conversion of the administrator I contractual FTE tax credit reviewer staffing the Historic Revitalization Tax Credit Program to a regular position on or before July 1, 2021, and the submission of a report on the status of Historic Revitalization Tax Credit Program staffing. Further discussion of this data can be found in the Updates section of this analysis.

**Appendix 2
Audit Findings**

Audit Period for Last Audit:	November 21, 2016 – April 30, 2021
Issue Date:	January 2022
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	n/a

The audit did not disclose any findings.

**Appendix 3
Object/Fund Difference Report
Department of Planning**

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	129.00	127.00	127.00	0.00	0%
02 Contractual	14.69	19.30	17.00	-2.30	-11.9%
Total Positions	143.69	146.30	144.00	-2.30	-1.6%
Objects					
01 Salaries and Wages	\$ 13,291,519	\$ 13,469,611	\$ 13,734,233	\$ 264,622	2.0%
02 Technical and Special Fees	533,377	981,247	1,015,393	34,146	3.5%
03 Communication	53,291	49,797	184,797	135,000	271.1%
04 Travel	40,365	84,541	89,828	5,287	6.3%
06 Fuel and Utilities	240,097	258,990	258,990	0	0%
07 Motor Vehicles	31,197	33,065	35,704	2,639	8.0%
08 Contractual Services	2,328,332	1,925,314	2,053,590	128,276	6.7%
09 Supplies and Materials	138,590	169,664	265,824	96,160	56.7%
10 Equipment – Replacement	280,706	18,000	6,000	-12,000	-66.7%
11 Equipment – Additional	59,453	0	200,000	200,000	N/A
12 Grants, Subsidies, and Contributions	5,888,865	6,004,000	6,352,332	348,332	5.8%
13 Fixed Charges	98,738	59,796	62,892	3,096	5.2%
Total Objects	\$ 22,984,530	\$ 23,054,025	\$ 24,259,583	\$ 1,205,558	5.2%
Funds					
01 General Fund	\$ 13,865,948	\$ 13,735,142	\$ 14,789,862	\$ 1,054,720	7.7%
03 Special Fund	6,682,829	7,209,631	7,298,985	89,354	1.2%
05 Federal Fund	1,160,511	1,113,742	1,161,553	47,811	4.3%
09 Reimbursable Fund	1,275,242	995,510	1,009,183	13,673	1.4%
Total Funds	\$ 22,984,530	\$ 23,054,025	\$ 24,259,583	\$ 1,205,558	5.2%

Note: The fiscal 2022 working appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and annual salary review adjustments.