

DEPARTMENT OF THE ENVIRONMENT

ENVIROMATTERS

October 25, 2007

Facing Choices About Maryland's Future

In April 2007, a Fiscal Analysis Steering Committee was convened to analyze ten years of the Department's revenues and expenditures to assess MDE's fiscal health. This work is now largely completed. Last week, the House of Delegates Environmental Matters Committee asked both the Department of Natural Resources and the Department of the Environment to brief the Committee about the state of the fiscal affairs at the two agencies. I discussed the fiscal trends over the past ten years and the fiscal projections for the near future.

The fiscal analysis shows that the Department's revenues have not kept pace with expenditures, resulting in real and projected revenue shortfalls in many program areas. The projected revenue shortfalls are related only to current Department activities, and do not account for new needs to better protect public health and the environment. Details about the fiscal analysis are posted on MDE's website and the final report will be published shortly. It is important to note that this fiscal prognosis does not take into account the potential impacts of a statewide fiscal deficit.

We are all aware that Governor O'Malley has proposed a legislative package to fill the \$1.7B state budget deficit. As you may know, Wednesday, Governor O'Malley released a "Cost of Delay"

budget. This proposal outlines more than \$1.7 billion in cuts that would have to be made to balance the Fiscal Year 2009 budget if a new revenue package is not enacted during the special session. Details of that proposal can be found at: <http://www.gov.state.md.us/pressreleases/CostOfDelay.pdf>

For MDE, the consequences of these reductions, in addition to the projected fiscal health of the agency, are significant. If implemented, while reductions would be made to areas with the least impact to public health, the results would be substantial. I am respectfully requesting that you take these potential environmental impacts into account as you develop your position on the budget matters before the General Assembly.

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