

# **The FY 07 Recommended Budget**

## **A Few Words and Even Fewer numbers**

### **Department of Management and Budget**

Driven by a good economy and a hot housing market, the County and the State have experienced strong revenue growth in recent years; the strongest growth the County has experienced since the late 1980s. After more than a decade of squeezing budgets, services and facilities the FY 06 Budget seemed to be an unusual opportunity.

In an effort to “catch up to keep up” this Board of Commissioners focused that opportunity on the Capital Budget and facilities, adopting an aggressive plan of school construction, park development and agricultural preservation. The desire and intent to catch up on facilities remains in place, but rapidly rising construction and land costs over the last year have limited how much of that catching up can be accomplished in FY 07 and beyond.

The Operating Budget generally maintains existing levels of service. Even with the recent strong revenues the Commissioners have been cautious about adding services. History shows us that the revenue picture will change. Even now, signs of change in the revenue picture are emerging, particularly in a slowing housing market. There is little expectation of local funding cuts in the State budget this year, but that could change in coming years. Though the State has also experienced strong revenues they continue to face a structural budget deficit.

Even under the best of circumstances, the Commissioners must balance resources against provision of services and facilities. There is no scenario where all needs could ever be met. School and road needs alone are far greater than any ability the Commissioners have to fund them. Within the resources available, this Budget remains an attempt to attack the list of needs and continue the effort to catch up so we can keep up.

# A Really Quick Guide to the FY 07 Recommended Budget

## Department of Management and Budget

- Revenues are showing signs of weakening.
- Rapidly rising costs have made the effort to “catch up to keep up” more difficult, but the focus remains on making the most of the resources that are available.
- The Commissioners need to remain cautious about taking on on-going commitments and to continue planning for the possibility that things will get more difficult.

Where is the money going?

Total New \$	\$15.7
Public Schools	8.4
Debt Service	2.9
Facilities	1.1
Health and Fringe Benefits	1.0
Sheriff/Detention Center	0.9
Transfer to Capital	0.8
Fleet Management	0.7
Public Library	0.6
Total	\$16.4

# **A Quick Guide to the FY 07 Recommended Budget**

## **Department of Management and Budget**

### **Introduction**

The combined Recommended Operating and Capital Budget books are a bit more than six hundred pages long and contain a great deal of information. This Quick Guide is intended to serve as a summary of important information and changes, as well as a tool for understanding and locating information in the budget books.

The Recommended Budget is the Department of Management and Budget's recommendation to the Commissioners including expenditure recommendations that are consistent with the Commissioners' goals and fundable within projected revenues. The Commissioners will make changes to Management and Budget's recommendation after considering agency appeals and public input.

Management and Budget will meet with the Commissioners again in April to develop the Commissioners' Proposed Budget. The Proposed Budget will be available for public review and comment in late April. The Public Hearing on the Budget will be held in the Scott Center of Carroll Community College at 7:30PM on May 16, 2006. Budget adoption is scheduled for 10:00AM on May 30, 2006 in Room 300A of the County Office Building.

### **Core Messages**

- Revenues are showing signs of weakening.
- Rapidly rising costs have made the effort to "catch up to keep up" more difficult, but the focus remains on making the most of the resources that are available.
- The Commissioners need to remain cautious about taking on on-going commitments and to continue planning for the possibility that things will get more difficult.

### **The Operating Budget**

#### **Revenues (19-30)**

Not since the late 1980s have we experienced revenue growth comparable to the last couple of years. Recent growth and growth in the 1980s were driven in large part by hot housing markets. Though it isn't clear what the long-term implications will be, it is clear that the housing market is cooling.

Because the Commissioners have used much of the recent revenue increases for capital projects like schools, parks, roads and agricultural preservation and because they have been cautious about committing resources to on-going services, the possibility of weakening revenues

isn't reason for immediate concern. It is reason to evaluate our plans and make choices to align future expenditures plans with anticipated resources.

- The FY 07 Recommended Budget grows \$15.7 million or 5.5% from the FY 06 Budget.
- There are many revenue changes, but it is only necessary to talk about a handful of changes to understand the growth in the Budget.
- Though growth in Real Property Tax is approximately 7.5%, growth in the Operating Budget is \$25.8 million or 25.7%. Much of this change is because we appropriated more revenue directly to the Capital Budget in FY 06 than in FY 07. It isn't an increase in revenue, just an increase in how much of it is going to the Operating Budget.
- The impact of the Senior Tax Credit is budgeted at (\$3.0 million). We are dealing with two uncertainties that might reduce this credit and increase revenues. The State has pending legislation on their credit that could impact the cost of our credit and we don't have good information on how many people will take advantage of the credit.
- The change in the Homestead Tax Credit is (\$6.8 million).
- Income Tax is up \$4 million. We are watching this carefully. Growth in the last five quarterly distributions has been smaller than the previous year.
- Recordation is up \$3 million. We will be watching developments in the housing market for possible impact.
- The change in the prior year surplus is a decrease of (\$9.7 million).

**Expenditures (39-241)**

Where is the money going?

Total New \$	\$15.7
Public Schools	8.4
Debt Service	2.9
Facilities	1.1
Health and Fringe Benefits	1.0
Sheriff/Detention Center	0.9
Transfer to Capital	0.8
Fleet Management	0.7
Public Library	0.6
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**General Fund Appropriations (39) – Summary of appropriations by major categories.**

- The largest percent change, 11.46%, is in the General Government category.
- Other notable increases are for Public Works at 6.21%, Education Other, which includes Carroll Community College and the Carroll County Public Library at 6.18%, Public Schools at 5.94% and Public Safety and Corrections at 5.82%.
- The largest dollar change, \$8.5 million, is for Public Schools. The \$8.5 million increase includes an increase of \$8.4 million for the Public schools operating budget and a \$0.1 million increase in debt service on school construction.

**General Government Summary (43-44)** – Summary of appropriations by department and bureau.

- General Government increases \$4.9 million or 11.46%.
- Facilities increases \$1.1 million or 17.92% primarily due to rising utilities costs, the operating impact of the new North Carroll Senior Center and several significant building maintenance projects.
- Fleet Management increases \$0.7 million or 17.92% primarily due to fuel and petroleum based products, a bookmobile for the Library and a grader for Roads.
- Permits and Inspections increases \$0.1 million or 8.78% primarily due to inspectors' hours changing from 37.5 to 40 hours per week.
- Health and Fringe Benefits increases \$1.0 million or 6.62% primarily due to medical and prescription cost increases.
- Information and Technology Services increases \$0.3 million primarily due to a new network security analyst position and software maintenance agreements.
- Risk Management increases \$0.4 million or 29.01% primarily due to the cost of insurances and reserves against workers compensation claims.
- Board of Elections increases \$0.3 million or 51.54% primarily due to costs related to two elections, State mandated early voting and the creation of five commissioner districts (should pending legislation be enacted).
- Commissioners increases \$0.1 million or 24.66% primarily due to costs related to the change to a five commissioner board.

**Public Safety Summary (119)** – Summary of appropriations by agency.

- Public Safety increases \$1.1 million or 5.82%.
- The Circuit Court decrease of 4.98% is due to the installation of a new court recording system that eliminated the need for two positions.
- The Detention Center increases \$0.1 million or 2.08% primarily due to court security positions to Sheriff's Services. The Recommendation includes three correctional officers and an administrative assistant.
- The Sheriff increases \$0.7 million or 18.57% primarily due to the transfer of court security positions from the Detention Center and two new deputies to maintain the ratio of 1.3 officers per 1,000 residents.

**Public Works Summary (157)** – Summary of appropriations by bureau.

- Public Works increases \$0.6 million or 6.21%.
- Engineering Survey decrease 13.81% primarily due to a purchase of Global Positioning System equipment in FY 06 and the change of a full-time position to part-time.
- Roads increases \$0.3 million or 4.09% primarily due to increased paving and patching costs.
- Storm Emergencies increases \$0.2 million or 20.40% primarily due to the addition of smaller contractual trucks for subdivision snow removal and an increase in the cost of salt.

**Citizen Services Summary (169)** – Summary of appropriations by agency.

- The 20.72% increase in the Citizen Service Administration budget is primarily due to Homeless Management Information System (HMIS) contractual position that had been grant-funded.
- Funding for a Partnership for a Healthier Carroll County was eliminated after several years of what was intended to be short-term funding.
- Youth Services Bureau decreases 13.24% because of one-time funding in FY 06 to offset State budget cuts.

**Public Schools Summary (199)** – Summary of appropriations for the School operating budget and debt service on school construction.

- The School operating appropriation increases \$8.4 million or 6.25%. This includes planned growth of 5.5% plus an additional \$1 million for Full Day Kindergarten.

**Education Other Summary (205)** – Summary of appropriations to the Community College, Library and Cable Regulatory Commission/Community Media Center.

- The Library increases \$0.6 million or 9.03% primarily due to partially funding the opening day book collection of the new Finksburg branch.

**Debt, Transfers and Reserves Summary (237)** – Summary of appropriations to Debt Service, Intergovernmental Transfers, Interfund Transfers and the Reserve for Contingencies.

- Debt Service increases \$2.8 million or 16.00% due to planned bonding for capital projects in FY 07.
- Intergovernmental Transfers decreases \$82,280 or (3.30%) due to a one-time expenditure in FY 06.
- Interfund Transfers decreases \$3.9 million or (27.26%) primarily due to a one-time transfer to the Pension Fund in FY 06.

**Solid Waste Enterprise Fund (247)** – Summary of appropriations.

- Solid Waste Enterprise Fund increases \$0.8 million or 9.11% primarily because of the replacement of some heavy equipment and increased costs for leachate monitoring and disposal.

**Water and Sewer Enterprise Fund (257)** – Summary of appropriations.

- Water and Sewer Enterprise Fund increases \$0.5 million or 6.27% primarily due to replacing aging pumps/valves/controls, the increased price of water from the City of Baltimore, and increased payments to Maryland Environmental Services (MES) to operate the Freedom Wastewater Treatment Plant.

**Other Enterprise Funds Summary (267)** – Summary of appropriations by enterprise fund.

- The Airport Enterprise Fund increases \$0.5 million or 28.94% primarily due to the increased cost of fuel sales. Increased revenues for fuel sales offset the increase.
- The Firearms Enterprise Fund increases 6.38% primarily due to an increase in revenue along with an offsetting increase in supplies to repair baffles (for sound reduction).

**Grant Fund Summary (273)** – Summary of anticipated grant funding.

- Overall, every 8.7¢ of County match/contribution brings in \$1 of grant monies.

**Pension Trust Fund (317)**

- The Pension Trust Fund decreases \$4.9 million due to a one-time transfer to the fund in FY 06 to bring it closer to fully funded status.

**Special Revenue Fund (318)**

- Hotel Rental Tax is a new special revenue fund for FY 07 that fully funds the Tourism budget.
- Impact Fees increase \$1.2 million primarily due to funding for the Northern Area High School.