

# Overview of the FY 13 Budget and FY 13-18 Operating Plan

January 24, 2012

# Core Messages

- Though there are signs of economic recovery, our local revenue picture isn't getting brighter.
- The impact of the Governor's budget is still uncertain, but it will be negative.
- Several years of flat or declining budgets have eliminated most of our flexibility in expenditures.

# Goals For Today

- We are here to set the stage for your budget discussions and decisions to come.
- We are not trying to balance the budget today.
- Ideas on the Board's intent will help us to prepare appropriately.

# There Is Revenue Growth, But...

- It isn't much.
- Much of it is one-time.
- Costs mandated by other levels of government will grow.
- Costs will grow.
- Demand will grow.

# FY 12 Revenue

Where Will We End This Year?

# FY 12 Revenue Projection

FY 12 Budget	\$350.3M
FY 12 Revised Projection	\$352.3M
Change	\$2.0M

# Things Have Changed – A Lot

In Millions	High	FY 12	\$ Change	% Change
Property	\$205.8	\$201.8	(\$4.0)	(2%)
Income	107.3	110.0	2.7	2.5%
Record.	22.8	8.0	(14.8)	(65%)
HUR	11.8	0.5	(11.3)	(96%)
Interest	8.6	1.0	(7.6)	(88%)
Permits	\$1.4	\$0.4	(\$1.0)	(75%)

# FY 12 Year-End Projection

Revenues	\$2.0M
Reserve for Contingency	\$3.4M
Other Expenditure Savings	\$1.6M
Year-End Balance	\$7.0M

# FY 13 Revenue

## What About Next Year?

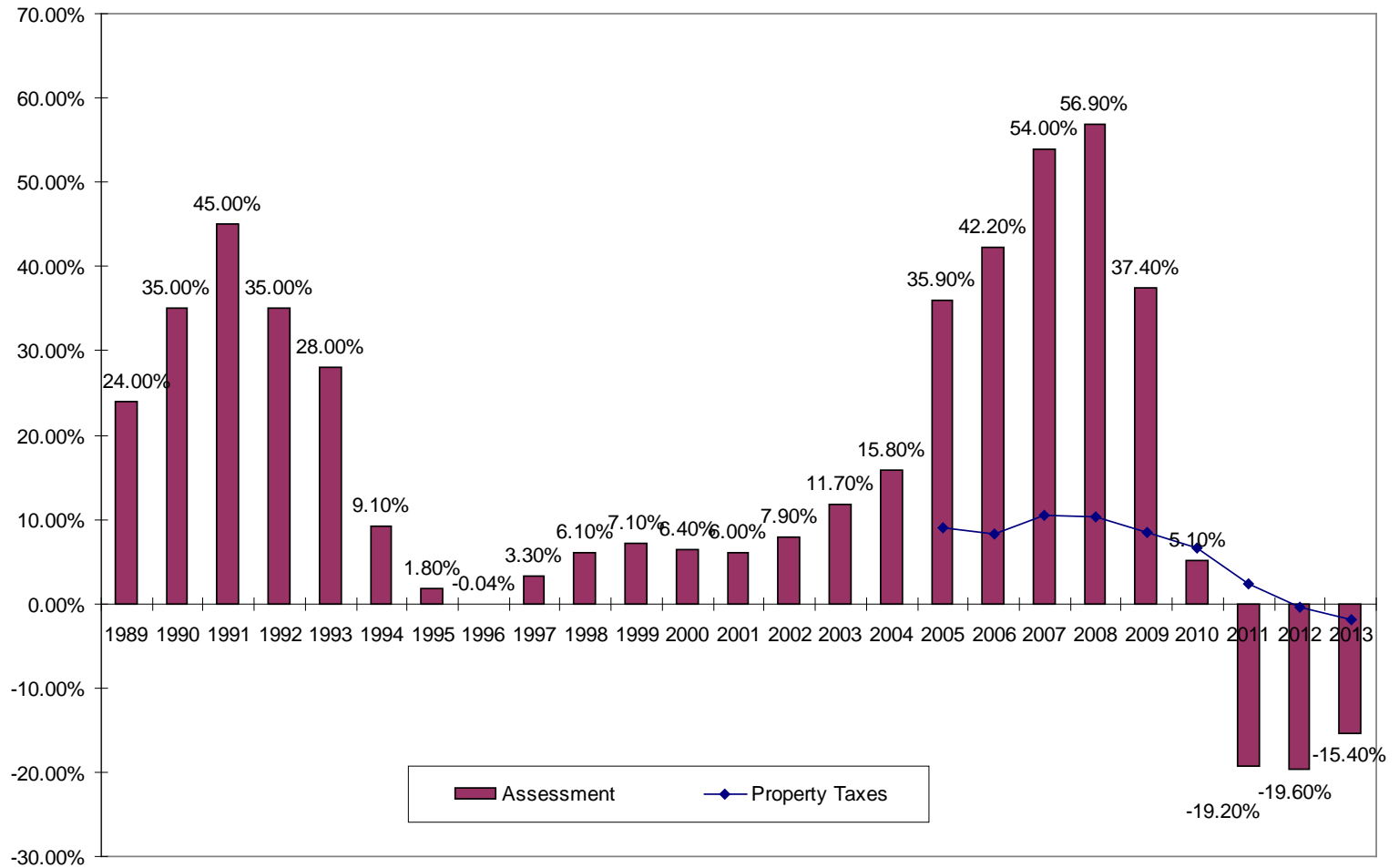
# Revenues FY 09-FY 13

<b>FY 09 Budget</b>	<b>FY 10 Budget</b>	<b>FY 11 Budget</b>	<b>FY 12 Budget</b>	<b>FY 13 Budget</b>	<b>% Change</b>
\$353.0	\$354.5	\$349.0	\$350.3	\$353.7	0.1%

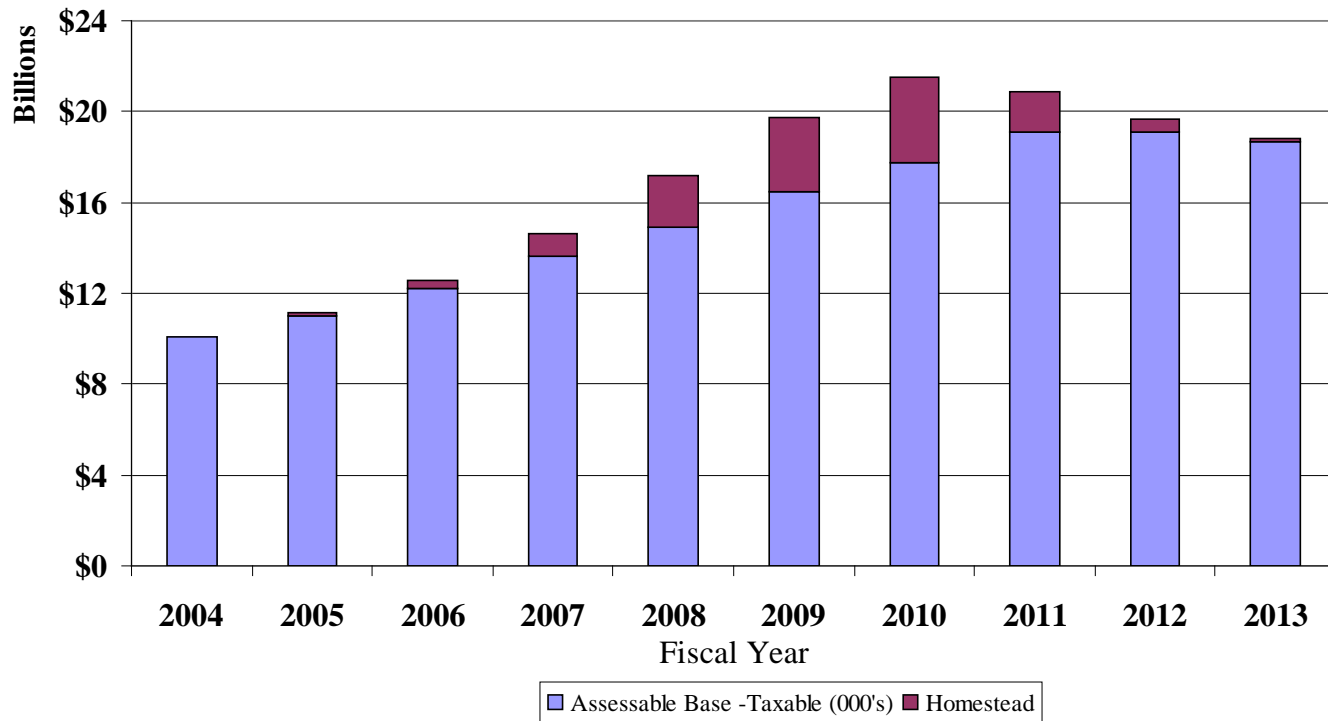
# The Top 8 Revenues

In Millions	FY 12 Budget	FY 12 Projected	FY 13 Projection
Real Property	\$187.6	\$188.0	\$183.7
Income Tax	108.0	110.0	115.0
Recordation	8.0	8.0	8.0
Railroad & Utilities	6.9	6.9	7.1
Business Property	7.1	7.1	6.8
Interest	1.2	1.0	1.0
911	1.2	1.0	1.0
Bldg. Permits	0.4	0.4	0.4
Total	\$320.4	\$322.3	\$323.0

# Assessment History



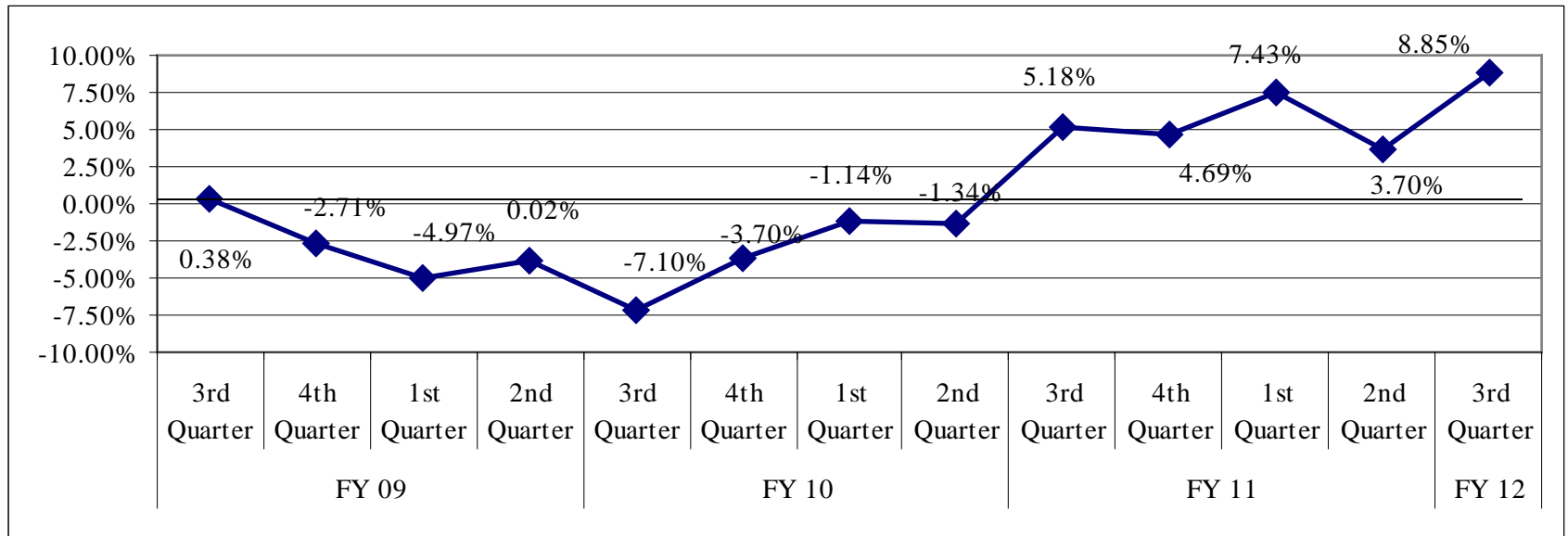
# Homestead's Impact to the Assessable Base



# Total Property Tax

- FY 11 \$205.8M or 2.5%
- FY 12 forecast \$201.9M or (1.9%)
- FY 13 forecast \$197.6M or (2.1%)

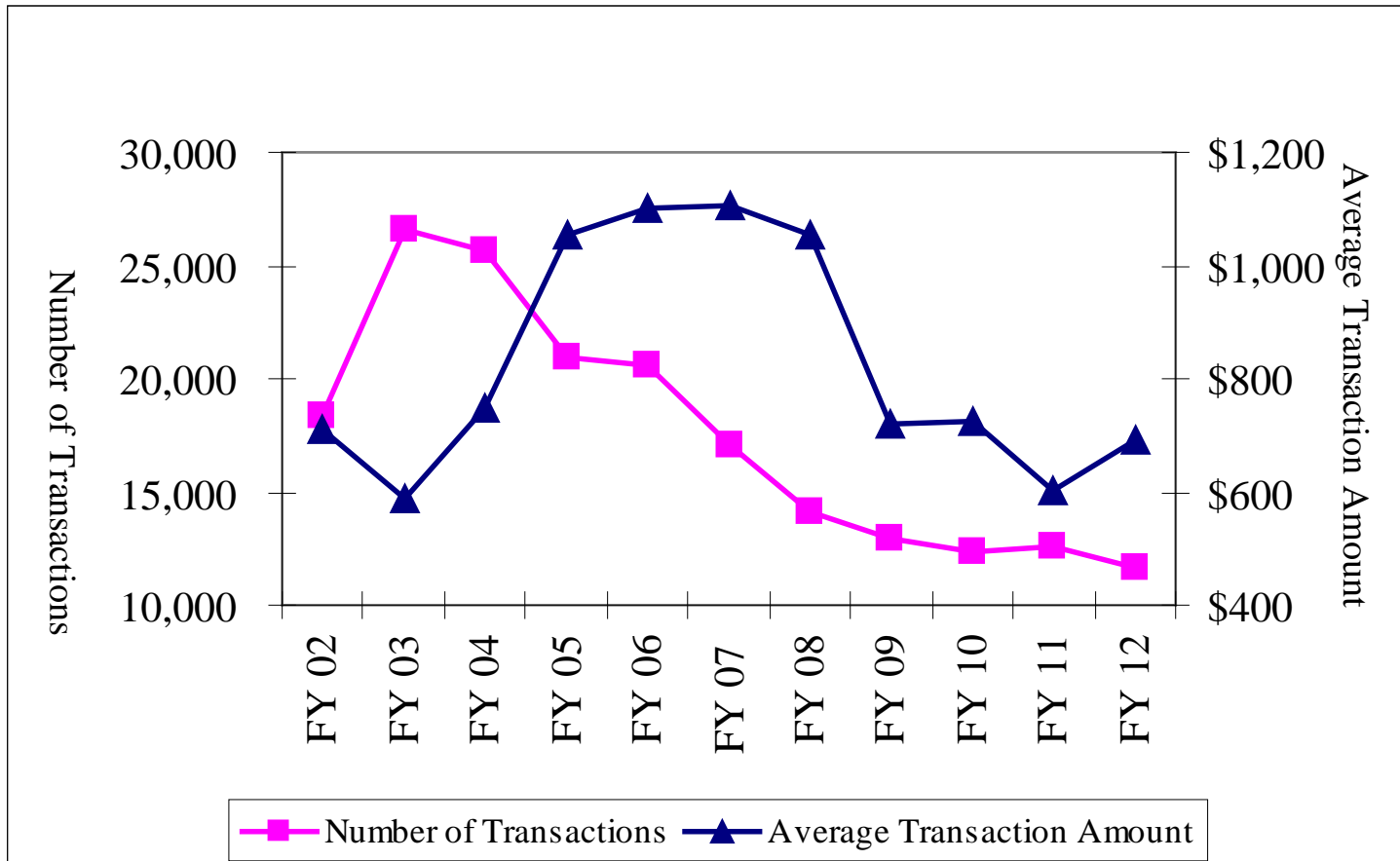
# Income Tax Quarterly Distributions



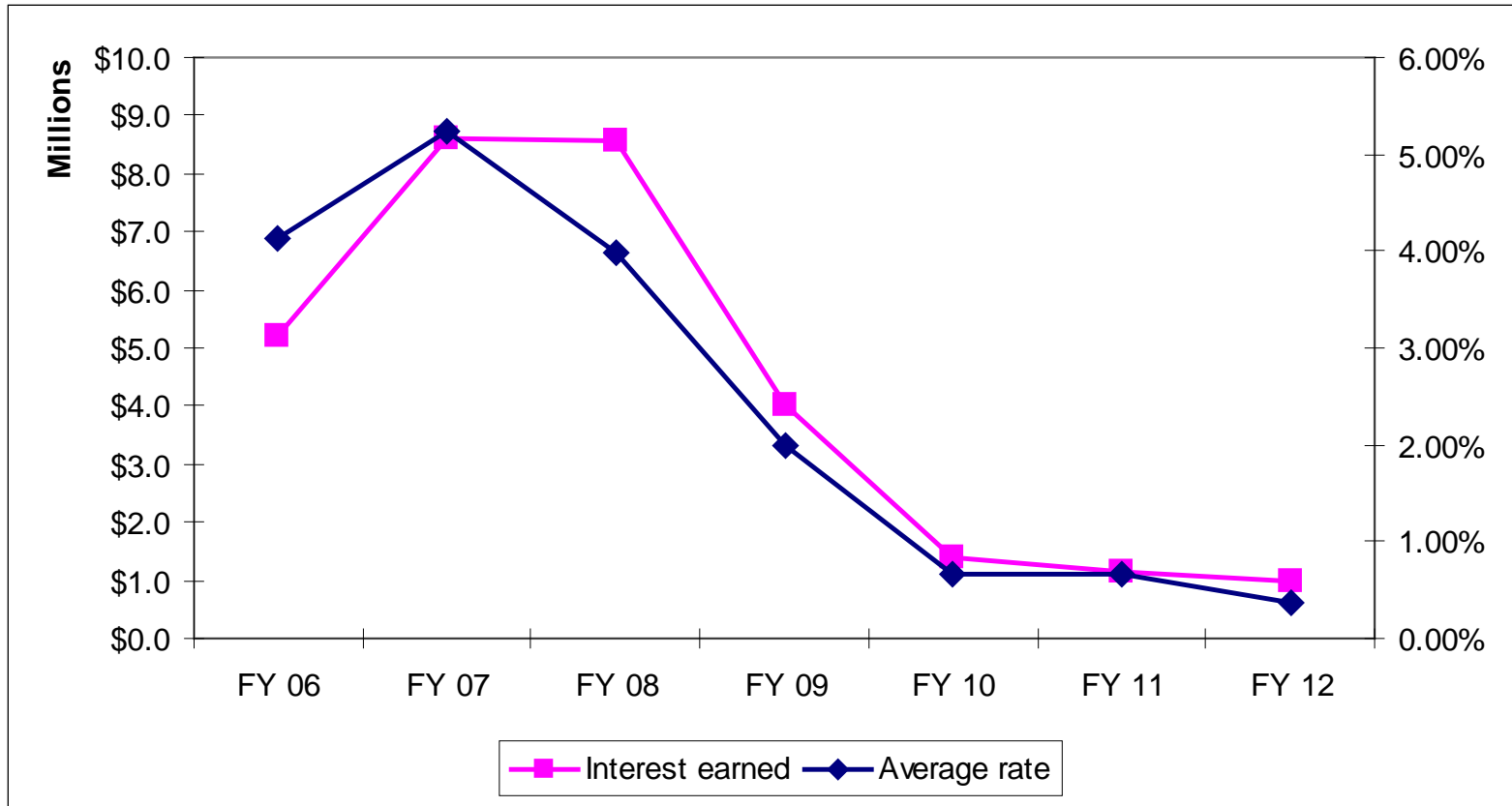
# Income Tax

- FY 11 \$105.6M or 7.4%
- FY 12 forecast \$110.0M or 4.2%
- FY 13 forecast \$115.0M or 6.5%
- 1<sup>st</sup> distribution was up 8.9%
- 2<sup>nd</sup> distribution won't be received until late February

# Recordation Activity



# Interest



So Where Does That Leave Us?

# Op Plan Balances

In millions	FY 13	FY 14	FY 15	FY 16	FY 17
Adopted Balance	\$0.2M	\$0.3M	\$1.7M	\$5.2M	\$8.0M
%	0.1%	0.1%	0.4%	1.3%	1.9%

In millions	FY 13	FY 14	FY 15	FY 16	FY 17
Revised Revenues	(\$4.1M)	(\$10.9M)	(\$12.4M)	(\$14.1M)	(\$14.7M)
%	(1.2%)	(3.1%)	(3.4%)	(3.7%)	(3.8%)

# State Budget

FY 12

# FY 13 State Budget

- The Governor released his budget Wednesday.
  - \$15.3 Billion General Fund Budget
  - \$35.9 Billion Total Budget
- It is difficult to quickly determine the impact of the budget.
- Pension costs are coming our way.
- Direct aid to the County is more or less flat.

# Governor's Budget: How Does He Fill The Gap?

Projected shortfall	\$1.1B
Cuts	610M
Redirection of revenues	104M
New revenue	311M
Payroll tax cut	78M
Total	\$1.1B

# Cuts – Detail

Total Cuts	\$610M
Retirement Costs	239M
Medicaid	211M
DS with Bond Premiums	55M
Local Aid	29M
Health Insurance	21M
Facilities	6M
Positions	3M

# What Does it Mean at Home?

Impact in Carroll County

# Impact in Carroll County

- Total Aid to Local Government (including pension shift) – (\$5.6M) or (3.1%)
- Total Aid to Local Government (excluding pension shift) – (\$255,000) or (0.2%)

# Impact in Carroll County

- CCPS – (\$600,000)
- CCC – Flat
- CCPL – (\$70,000)
- Health Department – (\$60,000)

# Expenditure Impact to Commissioners' FY 13 Budget

- Assessment costs – Remain at approximately \$1M annually
- Retirement costs – A new cost of approximately \$7M

# Revenue Impact to Commissioners' FY 13 Budget

- Recordation change
  - State estimate of \$1.2M
- Income tax changes
  - State estimate of \$3.3M
  - 18 month estimate
- HUR – Increased by \$500K to approximately \$1M
- Police Aid – Roughly flat

# What, Me Worry?

Some things to think about

# People are Talking

- “You know, the governor gives some to the counties, he takes some away. He makes the counties happy; he makes them sad. Not everybody can be happy in these very difficult times.”  
-Senate President Mike Miller
- “I'm glad he's coming around to our plan (moving pension costs to local government)”  
- Senator David Brinkley
- “After resisting a teacher pension shift for years, O’Malley said his thinking had “evolved” on the issue, and that he had become convinced that the state is too far removed from the decision-making process by local school boards that set teacher salaries and therefore increase the pension costs paid by the state..”  
-Governor Martin O’Malley in the Washington Post

# How Can the State Hurt Us?

Let me count the ways.

# Four Ways the State Can Hurt Us

- Cuts to revenue
- Cuts to reimbursements
- Cuts to agencies we jointly fund
- Shifted costs

# Revenue

- State-shared revenue
  - HUR
  - Police Aid
  - Fire Aid
- Our revenue
  - 911
  - Income tax

# Reimbursements

- State inmates
- Juvenile masters
- Attorneys for DSS

# Jointly Funded Agencies

- School system
- Community College
- Library
- Health Department
- Non-Profits

# Pass on Costs

- Homeowners Tax Credit
- Courts
- Assessments
- Pensions
- Who knows what else

# Operating Expenditures

# Carroll County Public Schools

# Public Schools

- FY 09 - \$160.7M
- FY 10 - \$167.0
- FY 11 - \$164.9M
- FY 12 - \$163.5M
- FY 13 Plan - \$168.4 or 3%
  - Superintendent's proposal is based on \$168.4M.
- FY 13 MOE - \$161.0

# Public Schools

- Projected loss of \$0.7M in State funding due to enrollment decline/increase in assessable wealth calculation
- Special education, No Child Left Behind, Bridge to Excellence, and Race to the Top

# Public Safety

# Circuit Court

- FY 09 - \$2.0M
- FY 12 - \$1.9M
- FY 13 Plan - \$1.9M or 3%
- FTE in FY 09 - 40.8 GF/8.9 Grants
- FTE in FY 12 - 39.8 GF/9.6 Grants
- Constitutional Office

# State's Attorney

- FY 09 - \$2.3M
- FY 12 - \$2.4M
- FY 13 Plan - \$2.5M or 3%
- FTE in FY 09 - 42.5 GF/13.0 Grants
- FTE in FY 12 - 42.5 GF/12.0 Grants
- Constitutional Office

# Sheriff/Detention Center

- FY 09 - \$11.6M
- FY 12 - \$12.4M
- FY 13 Plan - \$13.5M or 8.9%
- FTE in FY 09 - 208.5 GF/3.5 Grants
- FTE in FY 12 - 231.5 GF/2.5 Grants
- Constitutional Office

# Volunteer Emergency Services

- FY 09 - \$10.0M
- FY 12 - \$10.2M
- FY 13 Plan - \$10.5M or 3%
- Emergency Medical Services (EMS) plan
- Fund-raising
- Volunteers

Education - Other

# Carroll Community College

- FY 09 - \$6.6M
- FY 12 - \$6.9M
- FY 13 Plan - \$7.1M or 3%
- Enrollment
- Tuition increase
- State funding
- We own and maintain the buildings

# CC Public Library

- FY 09 - \$7.7M
- FY 12 - \$7.5M
- FY 13 Plan - \$7.7M or 3%
- State funding
- We own and maintain the buildings

# Public Works

# Public Works

- FY 09 - \$28.0M
- FY 12 - \$24.7M
- FY 13 Plan - \$26.2M
- FTE in FY 09 – 273.3
- FTE in FY 12 – 230.1

# Citizen Services

# Citizen Services

- FY 09 - \$1.4M
- FY 12 - \$0.9M
- FY 13 Plan - \$1.0M or 3%
- FTE in FY 09 - 27.1 GF/29.1 Grants
- FTE in FY 12 - 21.8 GF/28.4 Grants

# Non-Profits

- FY 09 - \$4.1M
- FY 12 - \$3.8M
- FY 13 Plan \$3.9M or 3%
- State funding and grants
- Fundraising

# Non-Profits

- Access Carroll
- ARC
- Family and Children's Services
- Human Services Programs (HSP)
- Junction
- Long-Term Treatment Facility
- Mosaic Community Services
- Rape Crisis Intervention Services
- Target
- Youth Services Bureau (YSB)

# Rec and Parks

- FY 09 - \$2.8M
- FY 12 - \$2.4M
- FY 13 Plan - \$2.5M or 3%
- FTE in FY 09 – 58.1 GF/0.8 Grants
- FTE in FY 12 – 47.1 GF/0.5 Grants

# Other Commissioner Departments

# Comptroller

- FY 09 - \$2.1M
- FY 12 - \$2.9M
- FY 13 Plan - \$3.0M or 3%
- FTE in FY 09 - 34.6
- FTE in FY 12 - 32.4
- Costs of assessments showed up in FY 12

# Economic Development

- FY 09 - \$5.1M
- FY 12 - \$3.5M
- FY 13 Plan - \$3.5M or 1%
- FTE in FY 09 - 14.3 GF/8.4 Grants
- FTE in FY 12 - 11.7 GF/5.9 Grants
- Includes \$2.5M for infrastructure and training grants to attract businesses and promote expansion of existing businesses

# Technology Services

- FY 09 - \$3.3M
- FY 12 - \$3.6M
- FY 13 Plan - \$3.4M or (7.8%)
- FTE in FY 09 - 30.8
- FTE in FY 12 - 30.8

# A Couple of Other State Agencies

# Board of Elections

- FY 09 – \$0.7M
- FY 12 – \$0.7M
- FY 13 Plan – \$0.7M or 3%
- Varies with the number of elections

# Health Department

- FY 09 - \$3.4M
- FY 12 - \$3.3M
- FY 13 Plan - \$3.4M or 3%

A Few Others

# Bonded Debt Service

- FY 09 - \$33.9M
- FY 12 - \$39.6M
- FY 13 Plan - \$38.3M

# Intergovernmental Transfers

- FY 09 - \$2.5M
- FY 12 - \$2.7M
- FY 13 Plan - \$2.7M
- Revenue sharing with the towns

# Reserve for Contingencies

- FY 09 - \$10.0M
- FY 12 - \$3.4M
- FY 13 Plan - \$3.6M
- Target of 1.0%

What, Me Worry?

Part 2

# Things That Are Still On My Mind

- Legislative actions in this Session
- The State's plan is still unbalanced
- Future impacts of State budgets
- Teacher pensions
- Other cost shifts

# Things That Are Still On My Mind

- The economy
- The housing market
- The job market
- Maintaining our infrastructure

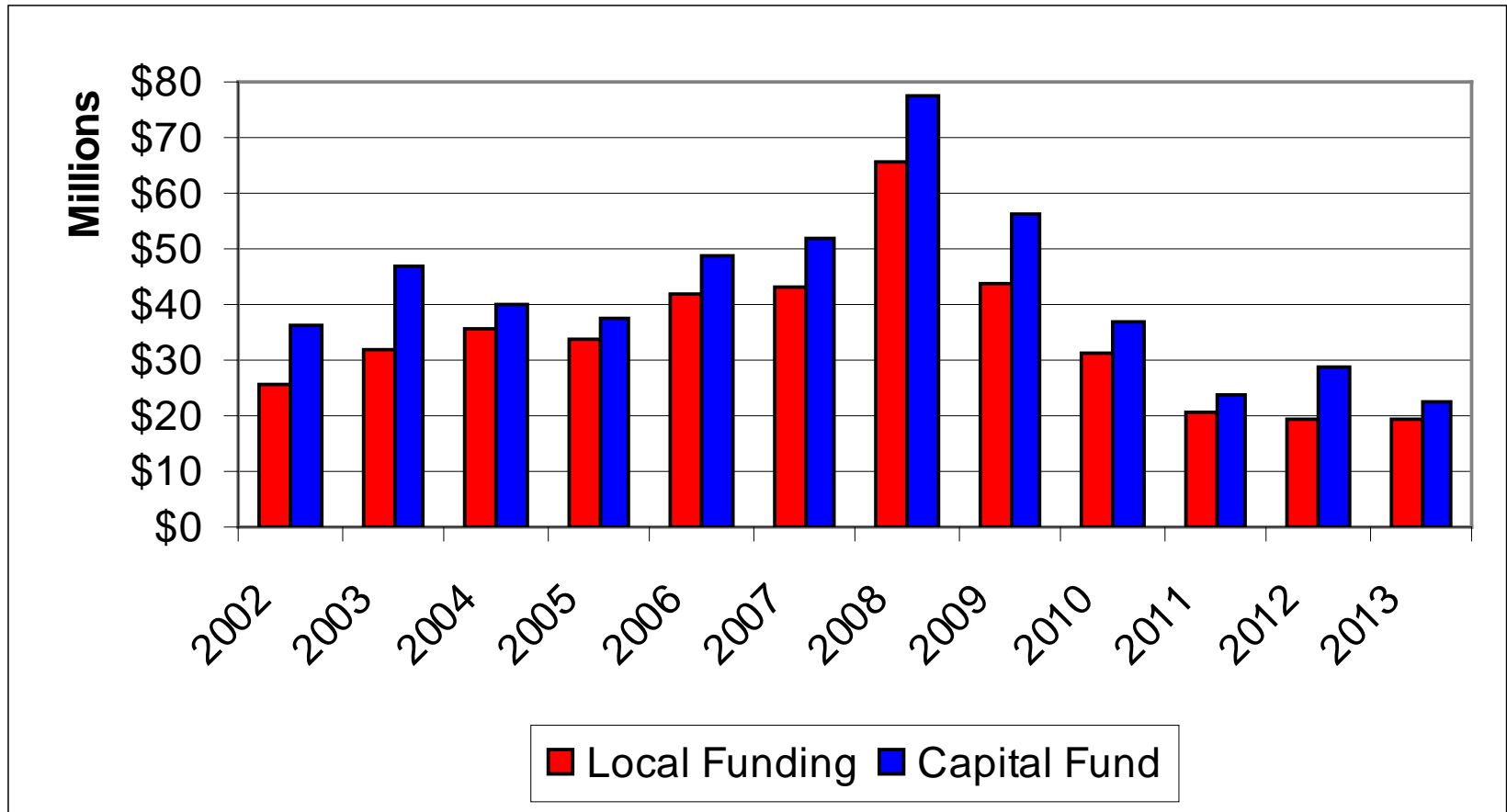
# Things That Are Still On My Mind

- Water
- EMS plan
- Cost of fuel, utilities, asphalt, medical care, etc.
- How will our governmental partners react to continuing budget pressures?

# Things That Are Still On My Mind

- Managing expectations
- Detention Center population
- Storms
- Gypsy moths

# Capital Adjusted for Inflation



# The Rest of the Process

- Early March – Recommended Budget
- March – Agency hearings
- April – Commissioners' Proposed Budget
- April – Public information sessions
- Early May – Public Hearing
- Late May – Budget adoption