

Overview of the FY 11 Budget and FY 11-16 Operating Plan

January 21, 2010

Core Messages

- We are experiencing a fundamental change in revenue growth.
- Our plans for services, facilities and infrastructure won't work.
- Additional impact of State budget cuts seems likely to be pushed out another year, but remains a significant concern.

If Revenues Don't Grow...

- Other levels of government mandate local spending.
- Costs grow.
- Demand grows.
- Population grows

FY 10 Revenue

Where Will We End This Year?

FY 10 Revenue Projection

FY 10 Budget	\$354.5M
FY 10 Revised Projection	\$344.5M
Change	(\$10.0M)

The Top 9 Revenues

In Millions	FY 10 Budget	FY 10 Proj.	Change
Real Property	\$183.6	\$186.8	\$3.2
Income Tax	104.0	97.0	(7.0)
Recordation	9.0	9.0	0.0
Highway User	4.4	0.5	(3.9)
RR & PU	7.4	7.1	(0.3)
Business	7.1	7.1	0.0
Interest	1.7	1.0	(0.7)
911	1.2	1.2	0.0
Bldg. Permits	0.3	0.4	0.1
Total	\$318.7	\$310.1	(\$8.7)

Falling Like Rocks

In Millions	High	FY 10	\$ Change	% Change
Income	\$107.3	\$97.0	\$10.3	(10%)
Record.	\$22.8	\$9.0	(\$13.8)	(61%)
HUR	\$11.8	\$0.5	(\$11.3)	(96%)
Interest	\$8.6	\$1.0	(\$7.6)	(88%)
Permits	\$1.4	\$0.4	(\$1.0)	(71%)

FY 10 Year-End Projection

Revenue Shortfall	(\$10.0M)
Reserve for Contingency	0.3M
Expenditure Savings	13.5M
Year-End Balance	\$3.8M

FY 11 Revenue

What Will We Have (or Not Have)
Next Year?

FY 11 Revenue Projection

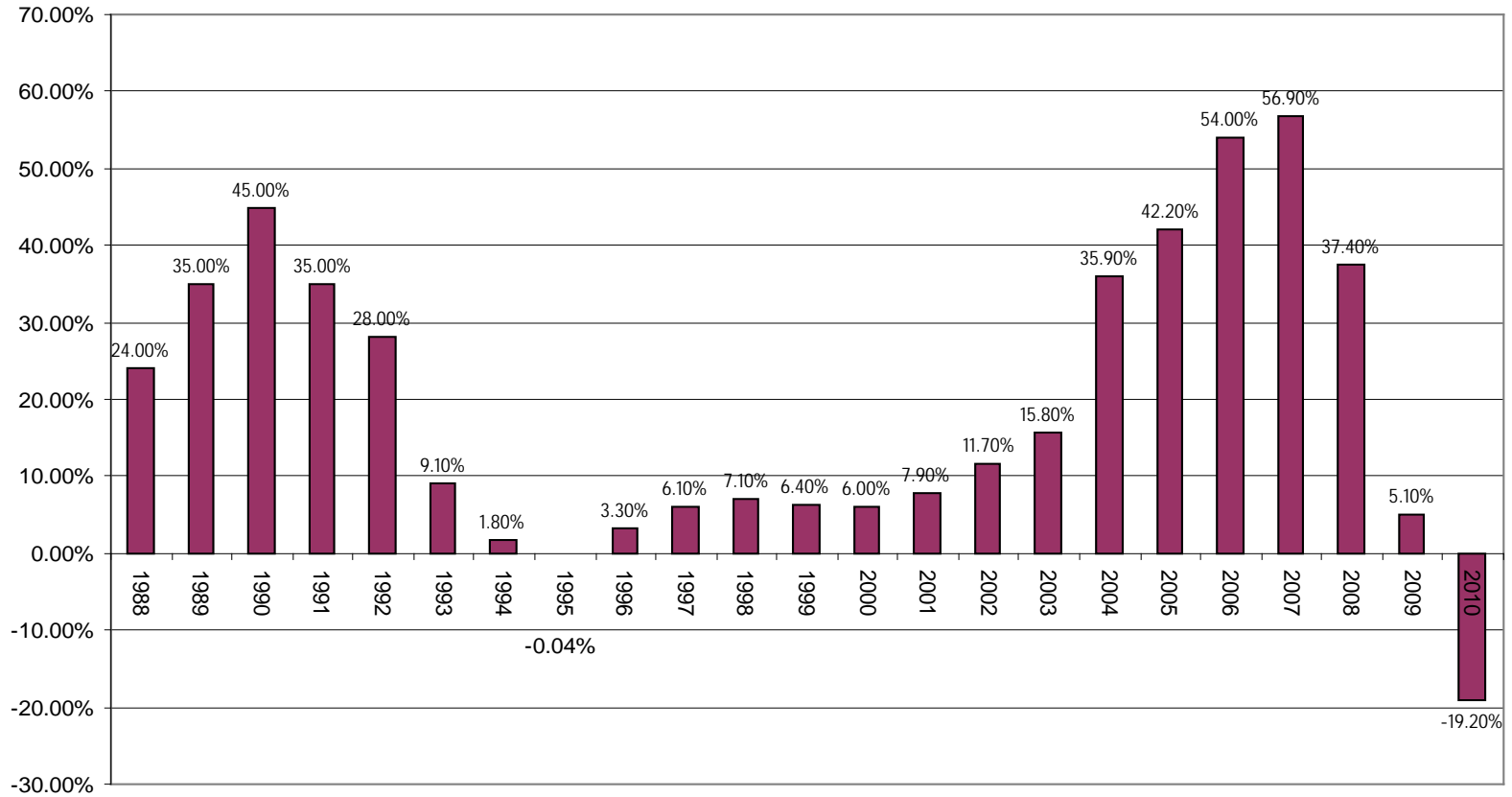
FY 10 Budget	FY 11 Budget	% Change	FY 10 Projection	FY 11 Budget	% Change
\$354.5	\$349.0	(1.6%)	\$344.5	\$349.0	1.3%

FY 10 Annual Revenues	FY 11 Annual Revenues	% Change	FY 10 Annual Revenues	FY 11 Annual Revenues	% Change
\$327.7	\$328.6	0.3%	\$317.7	\$328.6	3.4%

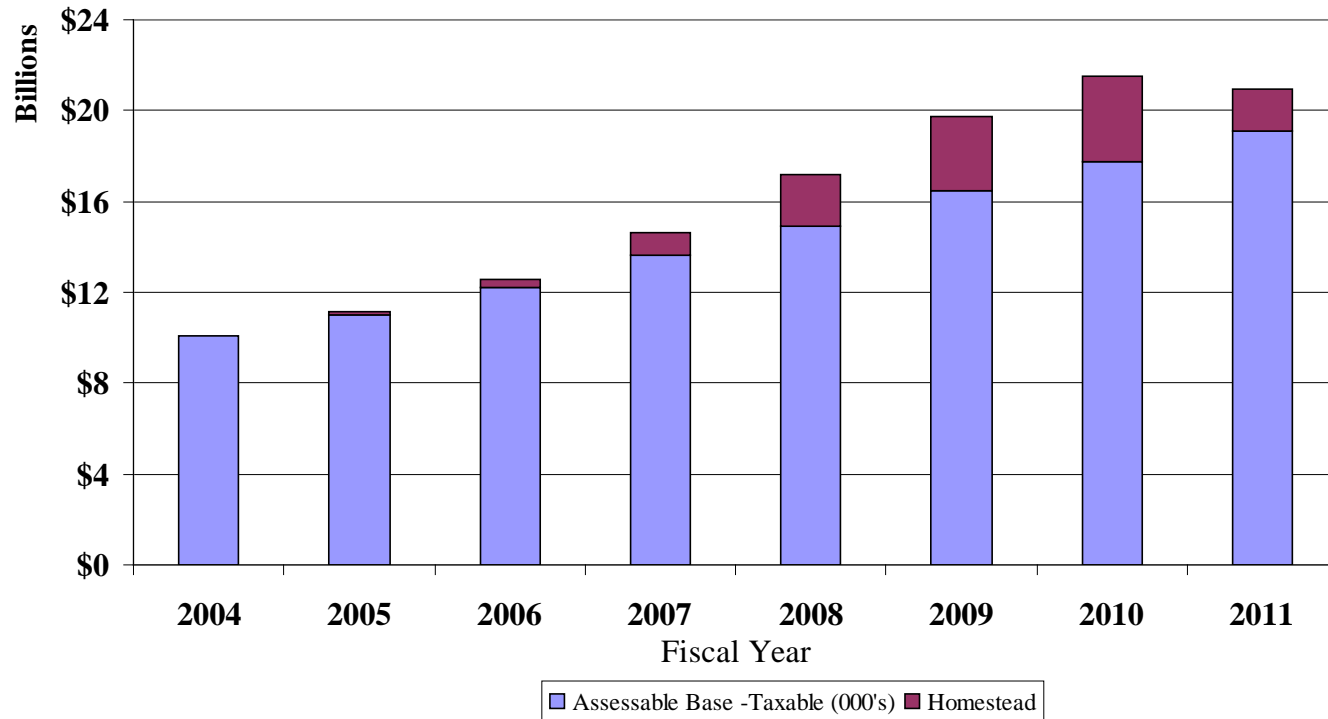
The Top 9 Revenues

In Millions	FY 10 Budget	FY 10 Projected	FY 11 Projection
Real Property	\$183.6	\$186.8	\$191.4
Income Tax	104.0	97.0	102.0
Recordation	9.0	9.0	10.0
Highway User	4.4	0.5	0
RR & PU	7.4	7.1	7.1
Business	7.1	7.1	7.1
Interest	1.7	1.0	1.0
911	1.2	1.2	1.2
Bldg. Permits	0.3	0.4	0.4
Total	\$318.7	\$310.1	\$320.2

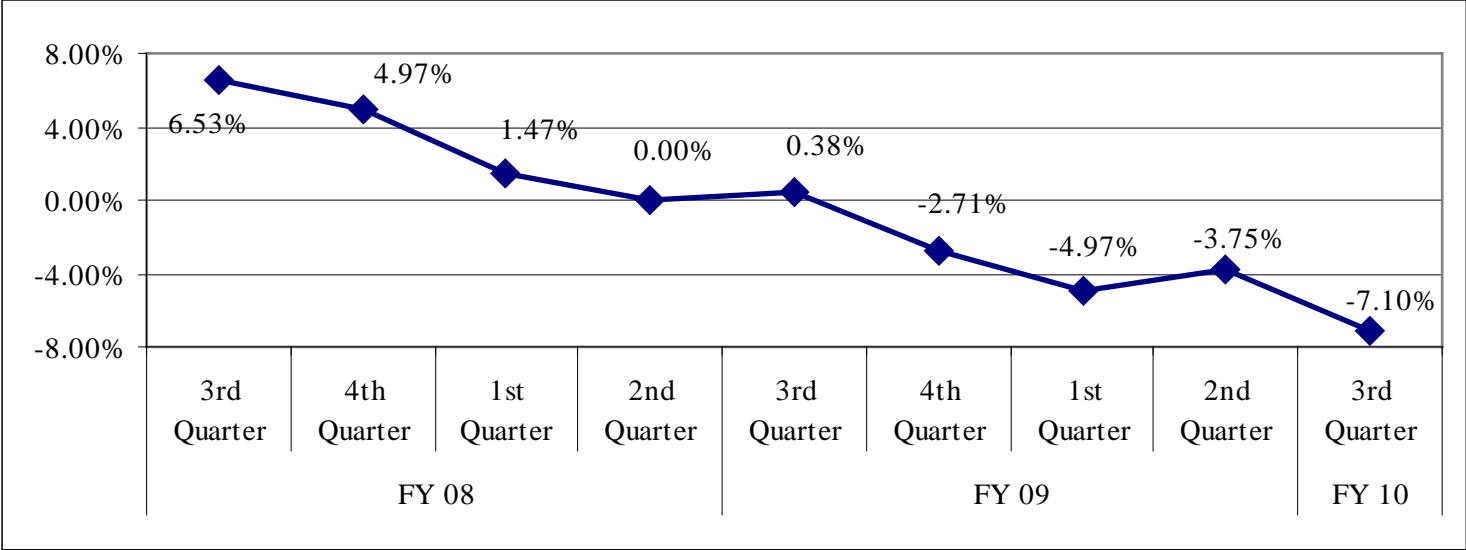
Assessment History



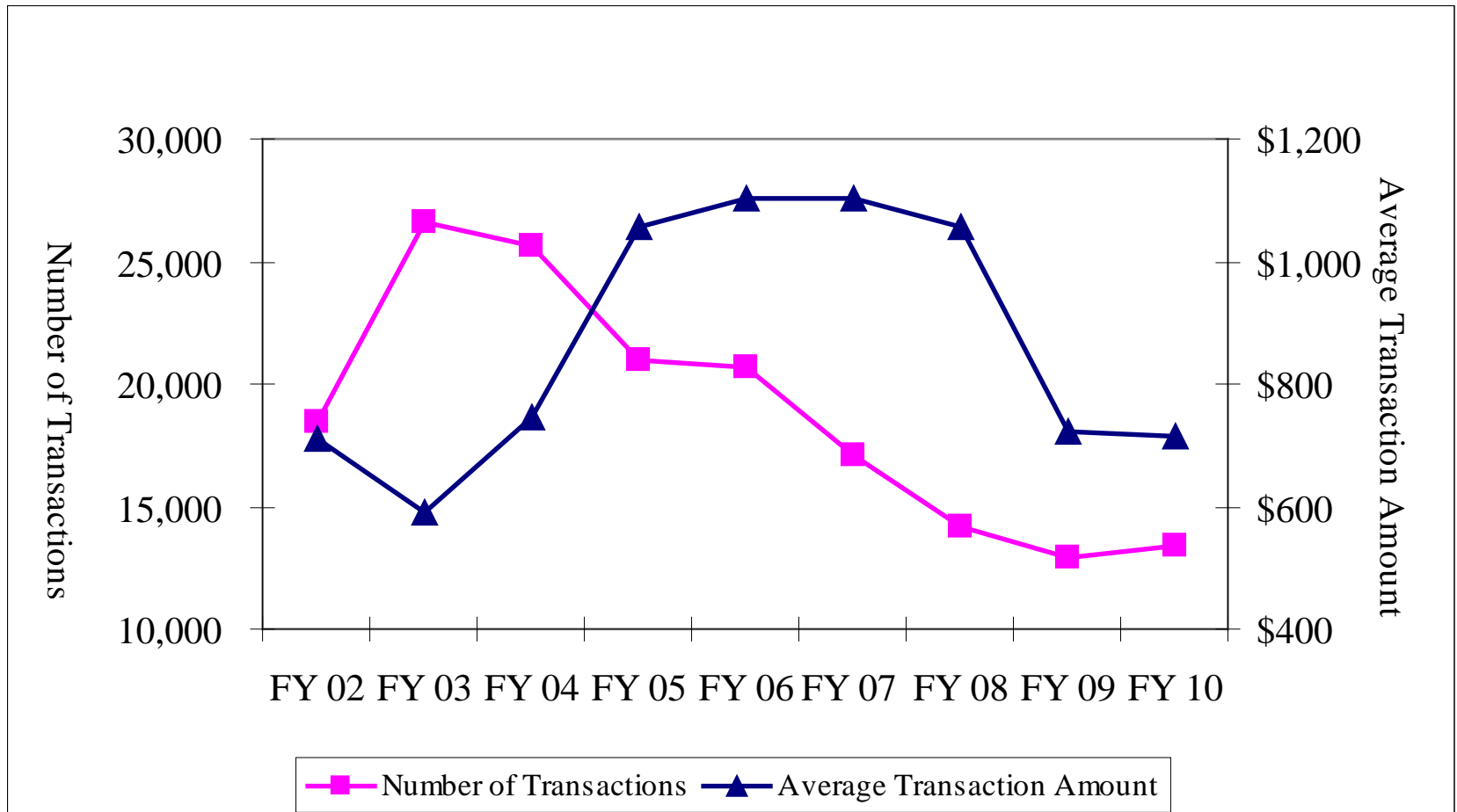
Homestead's Impact to the Assessable Base



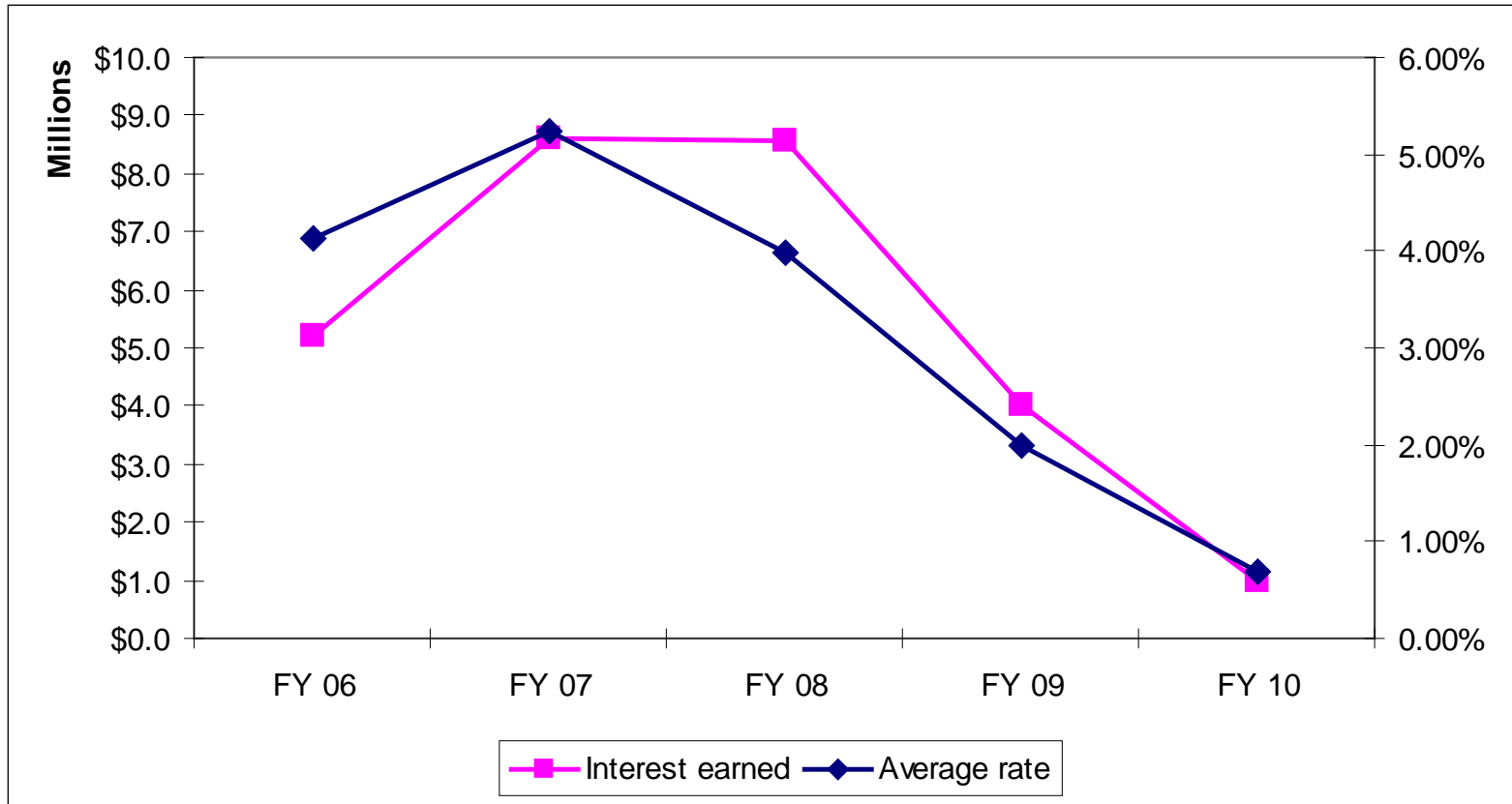
Income Tax Quarterly Distributions



Recordation Activity



Interest



So Where Does That Leave Us?

Op Plan Balances

In millions	FY 11	FY 12	FY 13	FY 14	FY 15
Adopted Balance	\$1.2	\$2.0	\$5.7	\$4.4	\$6.7
%	0.3%	0.5%	1.4%	1.0%	1.4%

In millions	FY 11	FY 12	FY 13	FY 14	FY 15
With New Revenues	(\$27.4)	(\$29.1)	(\$38.4)	(\$50.7)	(\$59.6)
%	(7.9%)	(7.9%)	(10.1%)	(12.9%)	(14.6%)

Op Plan Balances

In millions	FY 11	FY 12	FY 13	FY 14	FY 15
Scenario	(\$3.8)	(\$5.5)	(\$13.0)	(\$22.4)	(\$30.4)
%	(1.1%)	(1.5%)	(3.4%)	(5.7%)	(7.4%)

State Budget

FY 11

FY 11 State Budget

- Began reducing FY 10 revenues in July
- \$2-3B deficit
- The Governor released his budget yesterday.
 - \$13.2 Billion General Fund Budget is smaller than FY 07
- General approach of carrying FY 10 local cuts into FY 11

Governor's Budget

How Does He Fill the Gap?

New Federal stimulus funds	\$0.9B
Continued FY 10 cuts	0.7B
Revenue shifts	0.9B
Unspent Federal stimulus funds	0.4B
Estimated gap	\$2.9B

Governor's Budget Highlights

- Smaller than FY 07
- Local funding generally flat from FY 10 after mid-year cuts
- “Local Aid” up 1.2% including retirement
- “Local Aid” down 0.3% without retirement
- 88% of “Local Aid” is to K-12
- GCEI funded

Governor's Budget Highlights

- \$250 million for school construction
- \$7.5 million grant for libraries
- \$15.3 million of POS
- \$25.9 million for ag pres

What Does it Mean at Home?

Impact in Carroll County

Impact in Carroll County

- Starting point is after the mid-year State cuts
- CCPL – Flat
- CCC – Flat
- CCPS – Flat or (\$500,000)
- Health Department – Flat
- Retirement - \$2.5M

Impact to the Commissioners' FY 11 Budget

- Starting point is after the mid-year State cuts
- HUR – Flat
- Police Aid – Flat
- State inmate reimbursement – Flat

What, Me Worry?

Some things to think about

People are Talking

- “[Senator] Pipkin said he would like to see a discussion of how the state picks up \$800 million to \$1 billion in teacher's pension costs while counties set teacher's salaries.” Maryland Gazette
- “It might be useless for the counties to resist what he sees as an inevitable loss of state money.”
Dan Nataf quoted in the Gazette
- “Senate President Thomas V. Mike Miller said he’d prefer that local governments shoulder a larger share of the cost-cutting. He said cuts are “all on the back of the state,” which, he said, “is not quite fair.” Baltimore Sun

40% Solution

In millions	County/ Towns	College	Schools	Library	Health	Retirement	Total
FY 06	\$17.1	\$5.6	\$111.9	\$0.8	\$2.1	\$13.0	\$150.5
FY 10 Adj.	\$2.3	\$7.6	\$140.9	\$1.0	\$1.2	\$24.7	\$177.7
\$ Change	(\$14.8)	\$2.0	\$29.0	\$0.2	(\$0.9)	\$11.7	\$27.2
% Change	(86.5%)	35.7%	25.9%	25.0%	(42.9%)	90.0%	18.1%

Four Ways the State Can Hurt Us

- Cuts to revenue
- Cuts to reimbursements
- Cuts to agencies we jointly fund
- Pass on costs

Revenue

- HUR
- Police Aid
- Fire Aid
- 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

- Pensions
- Assessments
- Courts
- Homeowners Tax Credit

Commissioners' Actions

Actions in the FY 10 Adopted Budget

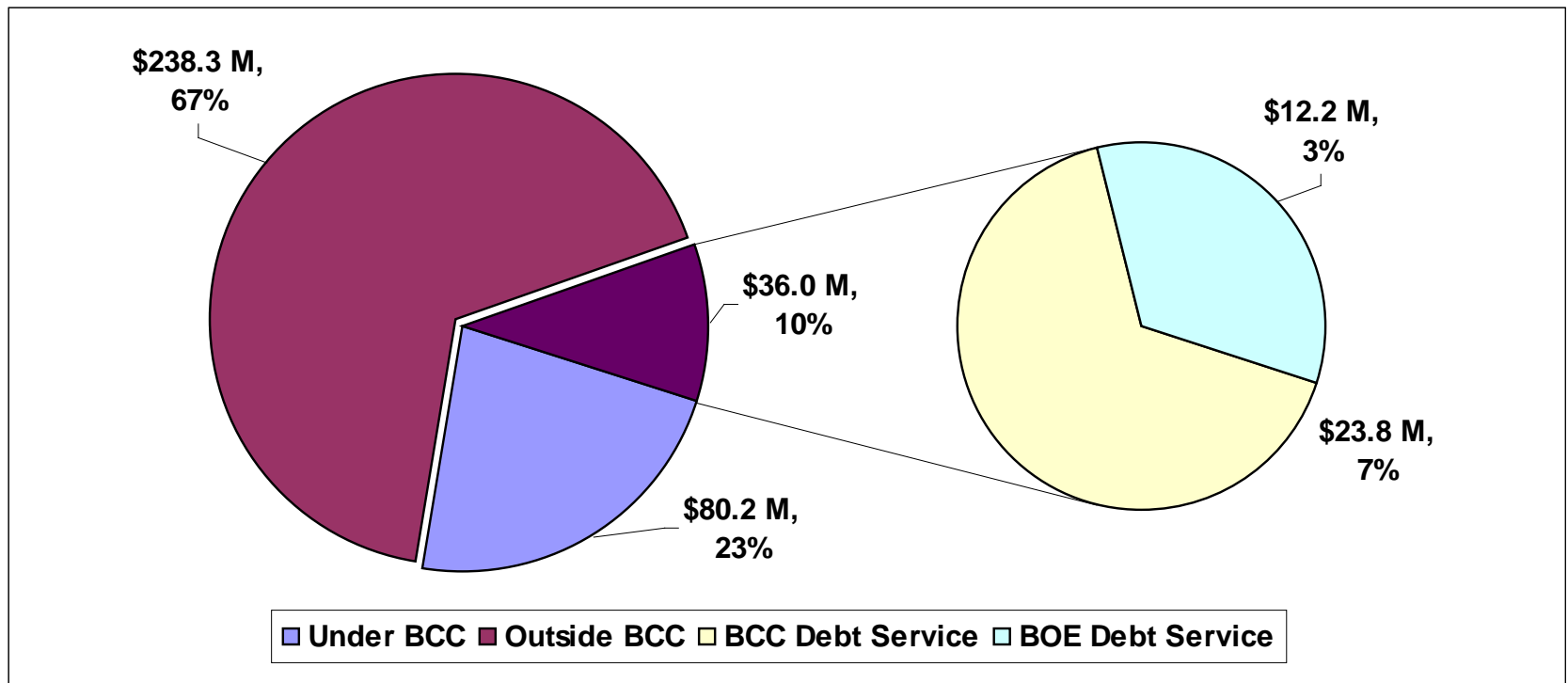
- \$1.5M or less than ½% increase
- 75% of all budgets flat or smaller
- 14.0 positions eliminated

Mid-Year FY 10 Actions

- Hiring freeze extended from FY 09
- Retirement incentives, layoffs and open positions eliminated bring the total number of positions eliminated in the last year to more than 90
- Canceled one year of road sealing and \$5M of capital projects

Balancing the Plan Can't Just
be About County Government

Control Over the FY 10 Budget



Other Agencies Will Have to be Impacted

- The Commissioners don't control enough of the expenditures to balance the Plan internally.
- Decisions on funding to other agencies will make it necessary for them to consider actions like the ones the Commissioners have already taken.

Op Plan Balances

In millions	FY 11	FY 12	FY 13	FY 14	FY 15
Scenario	(\$3.8)	(\$5.5)	(\$13.0)	(\$22.4)	(\$30.4)
%	(1.1%)	(1.5%)	(3.4%)	(5.7%)	(7.4%)

