

## Board of County Commissioners

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## Carroll County Government

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### FOR IMMEDIATE RELEASE

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## COUNTY BUDGET OVERVIEW PRESENTED

Tuesday, January 24, 2012 – As the Board of County Commissioners begins the budget process for Fiscal Year 2013, Ted Zaleski, Director of Management and Budget, presented the Board with an overview of county's financial picture. He described how, based on income received and expenses incurred so far, the county will close Fiscal Year 2012, what the potential implications of the Governor's Proposed Budget might be on Carroll County, and what the revenue and expenditure projections are for 2013.

Mr. Zaleski said that there are signs of an economic recovery, but it has been slow and not strong enough to have a significant positive impact on the County Budget.

With regard to revenue:

- Revenue projection for Fiscal Year 12 is \$2 million higher than originally budgeted, but is not as great as expected and much of it is non-recurring.
- Property tax revenue, which is the largest contributor to the County Budget, is down 2% this year.
- Only income tax revenues are higher than expected this year.
- Revenue projections for Fiscal Year 13 from all sources are expected to increase slightly, approximately \$700,000 which is \$4 million below estimated projections.
- The County's 6-year Operating Plan will need to be adjusted for Fiscal Years 13 and beyond as a result of the new lower revenue projections.

With regard to State Budget Proposal:

- The Governor proposes transferring \$239 million in pension obligations to the counties and the City of Baltimore to cover teacher, library and community college employee pensions. This represents approximately \$7 million in additional education expenses to Carroll County that may have to be absorbed in the education budget.

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- Additional laws will be passed requiring Carroll County to bear this burden rather than the individual employers (i.e. the public schools, library or community college).

In response to Mr. Zaleski's review of the proposed state budget's impact, Commissioner Howard said that it was clear that the "Governor is incapable of balancing his own budget."

With regard to operating expenditures:

- The current 6-year Operating Plan had a projected increase in expenditures of approximately 3%.
- Carroll County Public Schools is the largest single recipient of county funding.
- The Commissioners funded schools \$1 million above the state maintenance of effort requirement during Fiscal Year 12.
- The additional \$7 million cost of teacher pensions transferred to the county requires that the county carefully review every expenditure.
- County bonded debt is expected to be lower than projected.

Other issues that Mr. Zaleski asked the Board to consider as they begin the budget process include:

- Some costs will continue to grow whether revenues increase or not.
- Demand for services doesn't stop growing simply because revenues are tight.
- Although in years past there may have been obvious things to remove from the Capital Budget to alleviate pressure on the Operating Budget, those items are becoming harder to find.

Mr. Zaleski finished by reviewing the budget process which begins in early March with the staff's Recommended Budget, then in April the Commissioners' Proposed Budget, the public hearing in early May and culminating in the Budget's adoption in late May.

In discussion after Mr. Zaleski's presentation, Commissioner Frazier stated that "no matter how you slice the pension proposal, it is the Governor cutting education funding in Carroll County and across the state. Every jurisdiction should be concerned by this proposal."

Commissioner Rothschild also mentioned that although the Governor may have cut some state funding the total proposed budget increases spending by \$1 billion dollars over last year's budget. And that many of the fees and taxes proposed by the Governor will be born by the counties and the private sector through massive tax increases, including an increase of the sales tax to 7%; and increases in gas taxes and vehicle registration taxes.

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