

April 9, 2009

Maryland State Board of Education  
Anthony South, Executive Director  
200 West Baltimore Street  
Baltimore MD 21201

Dear Members of the State Board of Education:

Pursuant to Section 13A.02.05.04 of the Maryland School Laws and Regulations, the Education Association of Charles County (EACC) would like to respond to the request for a waiver of the Maintenance of Effort (MOE) filed by Charles County for Fiscal Year 2010. The total amount of the Maintenance of Effort waiver requested by the county is \$4,447,900 (\$145,093,000 - \$140,645,100). The EACC, which represents almost 2,000 teachers and school administrators in Charles County, strongly opposes this waiver, for the reasons given below.

**1) Charles County bases its request for a waiver on its own projections of revenue and expenditures for FY 2010. However, the county has been historically inaccurate in making financial predictions. On the contrary, the county consistently underestimates revenues and overestimates expenditures, thereby acquiring a substantial surplus or fund balance.**

An analysis of the county financial documents by RJ Pellicoro and Associates, an independent fiscal consultant firm retained by the EACC, reveals the following: "the county has underestimated General Fund revenues for five of the last seven years, by an average of \$17 million. More recently, the average underestimate was \$25 Million for the last 3 years." (see Charles County Fiscal Review, RJ Pellicoro and Associates, page 3, **Exhibit 1**).

With regard to expenditures, the analysis shows that "the county has overestimated expenditures for five of the seven years through FY 2008, peaking at \$18.6 million for FY 2003 and averaging \$7.3 million annually." (Pellicoro, page 20, **Exhibit 1**). Although the report does show the economic downturn in FY 2008 resulted in \$12.9 million less revenue than projected, yet this loss would have been substantially offset by a reduction in predicted expenditures of \$9.4 million, had the county not chosen to "transfer out" \$16.7 million, \$9.7 million more than originally budgeted for Pay-go capital projects. (Pellicoro note 4, page 20, **Exhibit 1**).

Given this history of underestimating revenue and overestimating expenditures, there is no reason to conclude that the county's FY 2010 projections, on which their waiver request is based, will be accurate. In fact, RJ Pellicoro and Associates prediction for FY 2010 contradicts the county's projections and concludes that "the county could provide a 7 percent increase in FY 2010 General Fund Expenditures while retaining the same property tax rate and an Unreserved Undesignated surplus of \$41.4 Million, which can be used to fund expenditures for the years beyond FY 2010." Pellicoro pg 2, **Exhibit 1**

**2) The requested waiver amount (\$4.5 Million) can easily be funded by using part of the county's substantial fund balance.** The county's own documents variously report the total fund balance as \$42 million (on October 7, 2008, **Exhibit 2**) or \$47.2 Million (on March 6, 2009, **Exhibit 3**). The *Overview of Maryland Local Governments/ Finances and Demographic Information* reports that Charles County has an unreserved, undesignated fund balance of \$39.6 million, or 14.1% of revenue, making Charles the fifth highest ranking county in Maryland in terms of fund balance as a percent of total revenue (See **Exhibit 4**). Surely the fund balance can be tapped for the \$4.7 Million needed for Maintenance of Effort.

The county does address fund balance in its waiver request: they state that "much of the County's fund balance is expressly designated for future costs." They then cite shortfalls in the excise taxes needed for school construction and imply that the fund balance is for that purpose. However, maintenance of effort is about operating costs, not school construction, and besides, the county's own Fund Balance delineation from March 6, 2009 (**Exhibit 3**) shows that only \$6.2 Million out of \$47 million is designated for "excise tax school debt service subsidy." The bulk of the fund balance designations are entirely discretionary and, in fact, imprudent in a time of fiscal need. For example:

*Bond Rating Reserve:* The county has designated \$23.7 million of its \$47 Million surplus for "8% reserve to meet financial policy target." Despite requests from EACC, the county has not produced any written policy or regulation requiring that 8% be maintained as surplus. The county has argued that this amount is necessary to retain its AA bond rating; however, as **Exhibit 5** clearly shows, eleven counties in Maryland have the same or higher bond ratings than Charles and yet have a lower percent of revenue as fund balance. In fact, six of these (Anne Arundel, Frederick, Garrett, Harford, Howard, and Montgomery) have under 8% fund balance, and five of those six have better bond ratings than Charles County, one is the same. The 8% reserve is clearly not necessary for, or even relevant to, the county's bond rating.

*Capital Improvement Program:* The county has designated \$8 Million of its \$47 million surplus for "capital improvement program – pay as you go projects." Clearly, capital improvements can be deferred when basic operating needs cannot be met.

Other fund balance "designations," such as the health insurance stabilization fund, 350<sup>th</sup> anniversary celebration fund, economic development, etc. are clearly discretionary and can be redirected to fund public education.

**3.) The county's support for public education has diminished since FY 2002 and has been less than the county's own stated commitment:** An email from the county commissioners to teachers in June of 2008 states "We have a long-standing agreement with the Board of Education to fund the school system with 52.4 percent of the County's undedicated revenue. (**Exhibit 6**) " This begs the question of how revenues become "dedicated" (no doubt in the same way fund balance expenses are "designated," above, that is to say, at the discretion of the county commissioners.). In any case, the Pellicoro analysis shows that the actual percentages of county money (General Fund Expenditures and Transfers) devoted to public education were as follows: 43.7% (FY 2005), 44.5% (FY 2006) 45.1% (FY 2007) and 44.8% (FY 2008) and 46.2% (FY 2009). None of these is 52.4%. The county's reduced funding corresponds to the state's increased contribution to education via the Thornton BTE funds, which were never intended to replace local responsibilities. The Pellicoro report points out that "had the county maintained the FY 2002 support level, an additional \$13 million would have been appropriated to the BOE for FY 2009." (Pellicoro page 3, **Exhibit 1** )

**4) Given its comparative wealth, the county can afford to levy new taxes if this is needed in order to fund education at an appropriate level.** Charles County ranked 4th in the state for median household income in 2007, at \$81,545 (source: U.S. Census Data, State and County Quick Facts); An increase of one cent on the property tax rate yields about \$1.7 Million Annually. A two-cent increase would yield \$3.4 million and would cost the owner of a \$250,000 house about \$50/year. But in fact, Charles County's local education funding effort is not on par with its wealth. On page 3 of its MOE waiver request, in touting its local appropriation increase of 8%, Charles County compares itself to Somerset County. But the 8% increase does not take into account the increase in student population, the opening of new schools, or the comparative wealth of the counties. That same report they cite (overview of Maryland Local Governments) notes that "Somerset County has the lowest [tax] capacity due to its low income levels and property assessable base." Despite Charles County's rank of 6th in median household income, it only ranked 16th in pupil expenditure (MSDE Selected Financial Data).

**5.) The county knows that there are other options it can consider to offset losses if it chooses not to raise taxes. In the county's own fiscal presentation given October 20, 2008, (Exhibit 7) the county fiscal staff described several "Actions We Can Take" to make up an anticipated revenue shortfall in FY 2009.** On pages 12 -14 of that document, the county lists several suggestions; none of them involved cutting education funding (although they subsequently did). The suggestions include:

***2) It's raining – use a fair amount of the Rainy Day Fund Balance***

***5) Reduce the OPEB contribution***

***6) Analyze the Capital Budget / Review completed projects for surplus***

**7) Review the Capital Budget / Consider terminating or deferring existing projects**

**9) Consider contracts that generate revenue**

**10) Continue to grow our commercial base”**

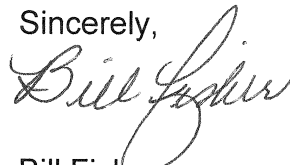
The EACC supports those actions, but for some reason, less than six months after they were broached by fiscal staff, the County has taken all of these options off the table, and is instead pursuing a maintenance of effort waiver.

**6) Gains in student achievement will be harmed by a reduction in county funding.** The Charles County school system has met or exceeded all standards for AYP imposed by No Child Left Behind (ESEA). Our students continue to excel, ranking above the state and national average on SATs, AP participation, and other measures. The influx of money from the Thornton Bridge to Excellence has enabled teachers to have smaller class sizes, better materials, more current technology, and increased staff development and instructional support. Programs such as Reading Recovery and Summer Academy have allowed teachers to target at-risk students and bring them up to grade level.

The economy will likely recover, but it's much harder for a child who gets behind in school to recover years of quality instruction. Class sizes are already bigger this year, thanks to last year's budget cuts and the \$4.3 million the county took back from the Board in FY 2009. Any further cuts could result in lost staffing, which will negatively impact students. Charles County's "ability to grow commercial business" (suggestion number 10 on page 14 of the county's October 20, 2008 report) and its ability to recover economically depend on having a well educated work force.

For all of the above reasons, the EACC strongly urges the State Board of Education to deny the waiver of the Maintenance of Effort requested by Charles County in FY 2010. Thank you for your consideration.

Sincerely,



Bill Fisher  
President  
EACC

CHARLES COUNTY

FISCAL REVIEW

FY 2009 & FY 2010

Prepared by:

R.J. Pellicoro Associates

November 2008

Revised February 24, 2009

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	(000,000)	
A. June 30, 2008 Surplus General Fund-Undesignated		\$39.6
B. FY 2009 Revenue Over/(Under) County Estimate	\$ (5.1)	
C. FY 2009 Estimated Unexpended Approp.	<u>5.1</u>	<u>-</u>
Forecast 6/30/09 Surplus		\$39.6
D. FY 2010 Revenues (Includes Transfers)	\$332.7	
E. FY 2010 Estimated Expenditures Including a 7 Percent Across-the-Board Increase Over FY 2009 (includes \$2.4 million for Transfer Out)	<u>330.9</u>	<u>1.8</u>
F. Unappropriated Surplus-Available to Fund FY 2011 and Beyond		<u>\$41.4</u>

What this all means is that the County could provide a 7 percent increase in FY 2010 General Fund Expenditures while retaining the same Property Tax Rate and an Unreserved-Undesignated surplus of \$41.4 million which can be used to fund expenditures for years beyond FY 2010.

HIGHLIGHTS

- This analysis concludes that more than adequate funds are available to accommodate a reasonable salary increase for all County employees for fiscal year 2010 without increasing tax rates and without any fund balance allocation.
- The Undesignated General Fund Balance as at June 30, 2008 was \$39.6 million. (Would have been \$9.7 million more if not for year end unbudgeted transfers to other funds).
- Education expenditures as a percentage of total County expenditures have declined from 50.4% in fiscal year 2002 to 46.2% in fiscal year 2009, a reduction of 4.2 percentage points. One percentage point in fiscal year 2009 equates to \$3.1 million. Had the County maintained the FY 2002 support level, an additional \$13.0 million would have been appropriated to the BOE for FY 2009.
- The County has underestimated General Fund Revenues for 5 of the past 7 years through FY 2008 by an annual average of \$17.0 million. More recently, the average underestimate was \$25.1 million for the last 3 years. The severe economic downturn especially housing sales, resulted in FY 2008 actual revenues being less than budget.
- From FY 2002 to FY 2009, Total General Fund Expenditures and Transfers increased by \$142.5 million or 84%, yet the Board of Education only increased by 69%. At the same time, General Government was up 115%; Public Safety - 125%; and Public Works - 92%.
- For the past 4 years, General Fund Revenues without any transfer from Fund Balance exceeded General Fund Expenditures, excluding transfers to Capital Projects.
- The County needs to revisit the Capital Improvement Plan, given the economic downturn and its impact on funding.
- All potential areas of funding need to be on the table and in play, to responsibly and meaningfully address the current crisis.

GENERAL FUND EXPENDITURES  
 FY 2002 - FY 2010  
 (000,000)

<u>Fiscal Year</u>	<u>County Budget</u> <u>1/</u>	<u>Actual</u> <u>1/</u>	Actual Over (Under) <u>Budget</u>	<u>Annual Increase</u> <u>Amount</u>	<u>%</u>	<u>Per R.J. Pellicoro</u>
2002	\$ 170.7	\$ 166.9	\$ (3.8)			
2003	205.2	186.6	(18.6)	\$ 19.7	12	
2004	194.1	202.9	8.8 <u>2/</u>	16.3	9	
2005	212.7	225.1	12.4 <u>3/</u>	22.2	11	
2006	237.4	234.5	(2.9)	9.4	4	
2007	266.8	262.8	(4.0)	28.3	12	
2008	295.5	286.1 <u>4/</u>	(9.4)	23.3	9	\$294.0
2009	312.1			20.9 Est.	7 Est.	307.0
2010					7 Est.	328.5

- 1/ Excludes annual allocations of operating funds to Capital Improvements Fund, and Other Transfers.
- 2/ Overspent Debt Service budgeted by \$10.6 million.
- 3/ Overspent Debt Service budgeted by \$15.1 million.
- 4/ Excludes \$16.7 million in Transfers Out, \$9.7 million more than original budget! Hence the operating expenditures savings of \$9.4 million was transferred out at year end to other funds at the expense of the General Fund Balance which would have been \$9.7 million higher!

The County has overestimated expenditures for 5 of the 7 years through FY 2008, peaking at \$18.6 million for FY 2003 and averaging \$7.3 million annually. FY 2004 and FY 2005 expenditures exceeded budget due to the County overspending budgeted Debt Service. Absent this practice of overspending budget, the General Fund Balance would have been much higher than its current level. (See Note 4/ above, as well.)

We estimate expenditures of \$307.0 million for fiscal year 2009 and \$328.5 million for fiscal year 2010.

Exhibit 2

# FUND BALANCE ANALYSIS

Unaudited Fund Balance @ 6/30/08: \$54,725,838

FY09 Estimated Net Gain (Loss) (12,162,840)

Estimated Fund Balance @ 6/30/09 \$42,562,998

Reserve or Designated for:

Planned appropriations for Capital Projects (per CIP budget) 8,000,000

Excise Tax Subsidy (difference between tax revenue and debt service) 7,332,936

Inventory Reserve 1,567,800

Health Insurance Rate Stabilization (used to offset health premium rate increase) 1,875,666

Economic Development (balance from merging with old EDC) 615,340

Home Rehab and SELP programs 343,993

Capital Lease Proceeds (balance to be spent from lease agreement) 162,176

Local match for grants (carryover balance from FY08) 116,153

Dog License Fund (used to improve animal control operations) 77,794

FY 08 Fund Balance designations: Camp Merrick 58,700

Mobile Home Funds 51,136

Charles County 350th Anniversary Celebration 42,376

Medicare Subsidy 97,560

FY08 capital outlay (carryover balance from FY08) 0

Total Reserve/Designated Fund Balance \$20,341,629

Estimated Unreserved Fund Balance @ 6/30/09 \$22,221,369

FY2009 Revenue Budget Estimate	297,258	\$300,134,600	
Fund Balance @ 8%	23,781	\$24,010,768	8.0%
Estimated Unreserved Fund Balance @ 6/30/09	21,895	22,221,369	7.4%
Above (Below) the target level of 8%		(\$1,789,399)	

10/07/2008



# FY09 Fund Balance Year-End Estimate

Beginning balance @ 7/1/08..... 54,725,838

**FY09 Year-end Estimates:**

Revenues (excluding the use of Fund Balance)*	297,257,660	
Expenditures	(304,763,380)	
Decrease in Fund Balance	(7,505,720)	

Estimated Ending Balance @ 6/30/09..... **47,220,118**

\* Budgeted a Fund Balance Appropriation of \$3.8 million.

**Nonspendable:**

> Inventory Reserve (Auditor's Requirement)	\$1,567,800	0.5%
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**Spendable:**

**Restricted for:**

> Capital Lease Proceeds	\$162,176	
> Dog License Fund	9,064	
<b>Total</b>	<b>\$171,240</b>	<b>0.1%</b>

**Limited to:**

> Capital Improvement Program - Pay-as-you-go Projects	\$8,000,000	
> Economic Development	615,340	
> Camp Merrick Sewage Treatment Plant	147,700	
> Kamp-A-Kom-Plish Septic System	24,031	
<b>Total</b>	<b>\$8,787,071</b>	<b>3.0%</b>

**Assigned to:**

> Excise Tax School Debt Service Subsidy	\$6,263,036	
> Health Insurance Rate Stabilization	1,875,666	
> Home Rehabilitation and SELP programs	343,993	
> Local match for grants (FY08 balance of unspent match)	116,153	
> Medicare Subsidy	97,560	
> Mobile Home Funds	51,136	
> 350th Anniversary Celebration	42,376	
> Regional Tourism	9,137	
<b>Total</b>	<b>\$8,799,057</b>	<b>3.0%</b>

**Limited to:**

> 8% reserve to meet Financial Policy Target	\$23,780,613	8.0%
FY2009 Revenue Budget Estimate = \$297,257,660		

**Unassigned:**

	\$4,114,337	1.4%
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**47,220,118**



Exhibit 8-1  
 County Unreserved General Fund Balances and "Rainy Day" Funds  
 Fiscal 2008  
 (\$ in Thousands)

Exhibit 4

County	General Fund		"Rainy Day" Fund		Total Unreserved and "Rainy Day" Revenues	Balance as a % of Unreserved Revenues	Balance Less Unreserved Revenues	Balance as a % of Unreserved Revenues
	Revenues	Undesignated	Revenues	Designated				
Alleghany (b)	\$75,430.4	\$1,744.5	\$7,500.0	\$2,647.9	\$11,892.4	15.8%	\$9,244.5	12.3%
Anne Arundel (c)	1,114,095.3	11,780.0	47,818.4	42,667.2	102,265.6	9.2%	59,598.4	5.3%
Baltimore City (c)	1,311,436.0	13,450.0	92,510.0	20,179.0	126,139.0	9.6%	105,960.0	8.1%
Baltimore (b)	1,622,733.0	118,530.0	82,943.0	56,457.0	257,930.0	15.9%	201,473.0	12.4%
Calvert (b)	206,457.2	17,710.0	21,582.1	16,357.0	55,649.1	27.0%	39,292.1	19.0%
Caroline	42,164.5	2,721.9	0.0	0.0	2,721.9	6.5%	2,721.9	6.5%
Carroll (b)	308,314.8	14,858.8	17,350.0	13,647.1	45,855.9	14.9%	32,208.8	10.4%
Cecil (c)	155,175.8	7,629.8	12,091.6	18,350.8	38,072.1	24.5%	19,721.4	12.7%
Charles	280,135.2	39,568.8	0.0	12,815.4	52,384.2	18.7%	39,568.8	14.1%
Dorchester (d) **	54,518.8	2,270.2	3,003.2	1,893.4	7,166.8	13.1%	5,273.3	9.7%
Frederick (a)	426,983.8	0.0	20,973.4	46,788.6	67,761.9	15.9%	20,973.4	4.9%
Garrett **	72,689.7	3,589.4	0.0	24,472.8	28,062.3	38.6%	3,589.4	4.9%
Harford (b)	412,286.3	7,275.1	24,366.3	37,656.7	69,298.1	16.8%	31,641.4	7.7%
Howard (c)	770,498.5	5,643.6	45,095.4	42,277.9	93,017.0	12.1%	50,739.1	6.6%
Kent (c)	41,523.5	4,650.7	0.0	236.6	4,887.3	11.8%	4,650.7	11.2%
Montgomery (d)	2,607,087.8	83,580.6	119,647.6	80,767.1	283,995.3	10.9%	203,228.2	7.8%
Prince George's (c)	1,457,593.8	65,020.3	133,396.9	88,481.0	286,898.2	19.7%	198,417.3	13.6%
Queen Anne's (c) **	96,884.6	2,724.9	7,144.0	1,248.0	11,116.9	11.5%	9,868.9	10.2%
St. Mary's (b)	177,419.1	11,088.4	13,015.8	11,842.2	35,946.4	20.3%	24,104.2	13.6%
Somerset	32,188.5	547.3	0.0	10,200.0	10,747.3	33.4%	547.3	1.7%
Talbot	81,278.7	25,439.9	0.0	15,353.6	40,793.5	50.2%	25,439.9	31.3%
Washington (b) **	204,378.4	0.0	34,785.2	492.6	35,277.8	17.3%	34,785.2	17.0%
Wicomico (b)	122,648.4	15,137.5	9,939.1	9,187.0	34,263.6	27.9%	25,076.6	20.4%
Worcester (d) **	175,691.0	500.0	17,870.0	27,991.5	46,361.5	26.4%	18,370.0	10.5%
<b>Total</b>	<b>\$11,849,613.3</b>	<b>\$455,461.6</b>	<b>\$711,032.1</b>	<b>\$582,010.3</b>	<b>\$1,748,504.0</b>	<b>14.8%</b>	<b>\$1,166,493.7</b>	<b>9.8%</b>
State of Maryland (c)	\$21,148,954.0	\$959,412.0	\$684,752.0	\$537,984.0	\$2,182,148.0	10.3%	\$1,644,184.0	7.8%

Source: County Audit Reports, Fiscal 2008; additional information concerning rainy day funds obtained from county finance offices

Notes: Although these balances represent available resources at June 30, 2007, the county may have appropriated a portion of these amounts for the next year's budget.

1) Represents the portion of the fund balance that is unreserved and undesignated for utilization in a future period.

2) Rainy Day Funds represent amounts set aside in the event of an economic downturn. Counties label these funds a variety of names, including revenue stabilization, contingency funds, and cash reserves.

3) Represents the portion of the fund balance that is unreserved but designated for utilization in a future period. Such designations represent only tentative plans or intent.

The following categories describe where the rainy day fund is reported in the county comprehensive annual financial report. In instances where the rainy day fund is reported in either the unreserved undesignated or unreserved designated, the rainy day amount was removed from columns (1) or (3) above.

- a) Unreserved Undesignated
  - b) Unreserved Designated
  - c) Reserved
  - d) Special Revenue Fund
- \*\*Unaudited information. The audited financial statements were not available.

Charles Ranks 5TH

Exhibit 9.4  
 Maryland County Debt  
 Bond Ratings – November 2007

Exhibit #5

County	Standard & Poor's	<i>% Fund</i> Bq1.	Moody's	Fitch
Allegany	A-		Baa1	-
Anne Arundel	AAA	5.3	Aa1	AA+
Baltimore City	AA-		Aa3	A+
Baltimore	AAA	12.4	Aaa	AAA
Calvert	AA		Aa2	AA+
Caroline	A		A2	-
Carroll	AA	10.4	Aa2	AA+
Cecil	AA-		Aa3	-
Charles	AA	14.1	Aa2	AA+
Dorchester	A		A2	-
Frederick	AA	4.9	Aa2	AA+
Garrett <sup>1</sup>	AAA	4.9	Aaa	-
Harford	AA+	7.7	Aa1	AA+
Howard	AAA	6.6	Aaa	AAA
Kent	-		A	-
Montgomery	AAA	7.6	Aaa	AAA
Prince George's	AA+	13.6	Aa1	AA+
Queen Anne's	-		A1	AA
St. Mary's	AA	13.6	Aa3	AA
Somerset	-		-	-
Talbot	-		Aa3	AA+
Washington	AA-		Aa3	AA-
Wicomico	A+		A2	A+
Worcester	-		Aa3	AA-

<sup>1</sup> MBIA insured for specific projects; not county rating.  
 Note: (-) means not rated.  
 Source: Maryland Association of Counties

Source:  
Overview of Maryland Local Governments  
Finances and Demographic Information  
 Department of Legislative Services  
 Office of Policy Analysis  
 Annapolis, Maryland  
 January 2009

**MacDonald, Meg [MD]**

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**From:** Joyce Schmidt [SchmidtJ@charlescounty.org]  
**Sent:** Friday, June 27, 2008 12:26 PM  
**To:** Sandra Hamke; Carrie; Hal or Nancy Delaplane; Autumn Britt; Anastasia Griffin; Amy James; Anna Rodriguez; April Thompson; Angela Wenzinger; Alice Yutzy; Bonnie Brown; Bruce Coward; Benjamin Harrington; Barbara Woods-Miazza; Thorsen, Beth [MD]; Carol Ann Smith; Catherine Bostwick; Christina Cockerham; Christine Dutrow; Cynthia Early; Carol Fisher; Connie Gebhardt; Connie Harris; Cynthia Harrison; Charlene Haynie; Charles Jamieson; Christine Latham; Crystal Miller; Cynthia Lyles; Conchita Stewart; Carolyn Vaughn; Diedra Barnett; David Craig; Darlene Denny; Didi (Jean) Huber; Dorothy Jefferson; Dennis Murphy; Darlene Kahl; Daniel Kaple; Deborah Kern; Debra Lantz; Diane Merki; Don Peavy; Denise Pratt; David Rooney; Deen Stewart; Dale Ward; Deana Wheeler; Donna Wolfram; Ellen Davila; Erin Frere; Elisebeth Hunsaker; Brown, Liz [MD]; Erin Roark; Erin Wittenbach; Heather Davie; Heidi McKenney; Helen Stratton-Eardley; David Itsa; Jori Beck; Jack Belle; Jennifer Boastfield; Jennifer Bullard; Joyce Campbell; Judith Chandler; Jacob Coon; Jennifer Deschane; Jacob Elmslie; Jessica Gyurscik; Juanita Hepler; Jana Heyl; James Campbell; Jennifer Kelley; John Kraft; Jeffrey Lambert; Johnathan Liston; Joseph McMahan; James Moore; Jay Parochetti; Jane Pilkerton; Jenny Pleva; Jacquelyn Williams; Nicholas Adam; Kevin Clancy; Kathleen D'Alberto-Klusek; Kimberly Dutko; Karen Fowler; Kathleen Davis; Kathleen Halliday; Kathryn Hunt; Kimberly King; Kim Powell; Kathryn Rummage; Kathren Stapleson; Karen Steele; Kevin Wenger; Adams, Larry [MD]; Linda Colton; Louis D'Ambrosio; Leslie Eget; Linda Einhorn; Linda Forrest; Lauren Goldsmith; Linda Mclaughlin; Lisa McGowan; Leslie Schroeck; Mildred Alexander-Moses; Michelle Bowers; Mary Boyd; Mark Brashears; Marilou Cooper; Margaret Donahue; Mary Gardiner; Michael Gill; Marjorie Golden; Maraila Idjagboro; Marvin Jones; Michael Langton; Michelle Lee; Mary McPherson; Moniera Meyer; Michelle Revells; Mary Beth Ritchie; Margaret Whiting; Nina Capuano; Niya Costley; Nancy Ewing; Nichole Garner; Nina Hargis; Okasana Mouchyn-Dobbs; Olivia Willis; Phil Bohne; Pamela Chapman; Patricia Hoffman; Pauline Krebbeks; Patricia Simpson; Phillip Jones; Rhonda Cupolo; Rebecca Irwin; Robin Riddick; Rosemary Venable; Racheal Wilding; Sheri Bowser; Stephanie Boyer; Susan Harris; Stephen Fitzgerald; Sarah Gobe; Sean Heyl; Susan Lukas; Sarah Williams; Samantha Maxey; Sabrina Mc Cabe; Stephanie Moss; Susan Rye; Sarah Simoncini; Shawn Starcher; Shelly Thorpe; Sallie Wilson; Tammy Barnes; Toni Bateman; Teresa Buckmaster; Toni Ethington; Toni Kim; Victoria Bishop; Valarie Chase; Victoria Demarco-Logue; Vicki Jenkins; Wade Nadolsky; Wanda Noel; William Simmons; Zondra Gilliam; Cynthia Hangarter; Carl Pascarella; Robert Halliday; Robert Harlan; Richard Callahan; Marie Alsbergas; Susan Kuczera; Corrie Ballard; Beth Stordeur; Jeanette Kaufmann; Fisher, Bill [MD]; MacDonald, Meg [MD]; Barbara Buchanan; Bill and Amy Hones; Laura Metz

**Subject:** Response from Charles County Commissioners  
**Attachments:** Word for Windows 97

A response from the Charles County Commissioners to your e-mail on funding for education and Charles County's FY2009 budget:

Joyce A. Schmidt  
 Chief of Staff  
 P. O. Box 2150  
 La Plata, Maryland 20646  
 301-645-0550  
[schmidtj@charlescounty.org](mailto:schmidtj@charlescounty.org)

We wanted you to know that we read your e-mail message and carefully considered your comments during our deliberations on the Charles County budget for FY 2009, which begins on July 1<sup>st</sup>. Contrary to what you may have read in the newspaper or heard from other sources, the Charles County Commissioners do not decide how much money is allocated for teacher salaries or annual raises in the annual school budget. That decision is solely the responsibility of the elected Charles County Board of Education.

\* We have a long-standing agreement with the Board of Education to fund the school system with 52.4 percent of the County's undedicated revenue. In our adopted FY 2009 budget, we are providing almost \$9.5 million in additional funds for Charles County's public schools. In FY 2008 we appropriated \$135,535,000 in operating funds for our schools, and in FY 2009 we have appropriated \$144,995,000. From these funds, combined with the money provided by the State and other sources, the Board of Education funds your individual financial packages.

Statements that Charles County's funding for education is declining are completely false. We have not cut education funding. On the contrary, the Charles County Commissioners have steadily increased funding for education at the K-12 level. According to the Maryland General Assembly's Department of Legislative Services, between FY 2002 and FY 2008, Charles County's appropriations to the Board of Education have increased an average of 8.2 percent annually, the highest rate of growth in the State. Our FY 2009 budget increase for education, in a very difficult budget year, continues this trend. Counting the FY 2009 increase of \$9.5 million, the Charles County Commissioners will have increased funding for our schools by more than \$54 million in six years.

# CHARLES COUNTY GOVERNMENT BUDGET PRESENTATION Quarter Ended September 30th, 2008

presented by: Department of Fiscal & Administrative Services

Deborah E. Hudson, Director  
David Eicholtz, Chief of Budget

## Actions We Can Take

- (2) It's raining – use a fair amount of the Rainy Day Fund Balance
- (3) Explore Alternative Work Schedules  
Potential labor cost reduction  
Department of Human Resources currently researching
- (4) Selective hiring freeze  
Allow County Administrator discretion  
Limit freeze to the General Fund
- (5) Reduce the OPEB contribution  
FY09 budget = \$1 million  
Proposed savings.....\$850,000

## Actions We Can Take (continued)

- (6) Analyze the Capital Budget  
Review completed projects for surplus  
Transfer back to the General Fund  
Proposed savings.....\$734,000  
Chapman's Landing, North Point, District I Substation Renovation
- (7) Review the Capital Budget  
Consider terminating or deferring existing projects  
Savings to be determined
- (8) Move to 20-year term bond issues  
Potential savings for FY2010 of .....\$316,000

## Actions We Can Take (continued)

- (9) Consider contracts that generate revenue  
Vending machines  
Vendor discounts/rebates (Office Depot)  
Paying vendors via credit cards (rebate)
- (10) Continue to grow our commercial base  
EDD involvement  
Commercial development requires less in public services  
Provides additional revenue for overall services