



COUNTY COUNCIL OF TALBOT COUNTY, MARYLAND

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March 30, 2010

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

Dear Mr. South:

Talbot County Maryland respectfully requests a waiver from the Maintenance of Effort (MOE) requirements for public school funding for Fiscal Year 2011 in the amount of \$235,000 (0.7%). This waiver is requested in accordance with Education Article Section 5-202, Maryland Annotated Code and Title 13.A.02.05.04 of the Code of Maryland Regulations.

In Fiscal Year 2010 Talbot County appropriated \$34,219,073 to the Board of Education for operating expenses. In order to comply with the MOE requirements for Fiscal Year 2011, an additional \$110,469 would be required. While Talbot County would like to level fund the Board of Education for FY2011, it may be necessary to reduce this appropriation by 5%, as has been directed to all other County departments and agencies.

Fiscal Year 2010 has been a very challenging year for Talbot County. In addition to reductions in highway user revenues in excess of \$2.6 million, Talbot County's income tax revenues have dropped by 50% from the FY 2009 actual distributions, and we are in an "over distributed" status for income tax revenues in excess of \$1.1 million. Recordation and transfer taxes and building permit revenues continue to decline. All County departments and agencies reduced their FY2010 Budget requests by 4% - except the Board of Education. Since the start of FY 2010, County departments and agencies have been required to further reduce their expenditures, vacant positions have been frozen and/or eliminated; County employees have taken furlough days - except for the Board of Education.

Talbot County currently has an unreserved General Fund fund balance of \$22,625,265. Of this amount \$10.8 million is set aside as a rainy day fund; the balance of \$11.8 million will be used to cover the shortfall in revenues in FY 2010 and FY 2011.

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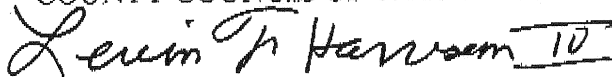
To prepare for FY2011, County Departments and agencies have submitted Budget requests that reflect a 5% reduction in operating expenses - except for the Board of Education. There will be no salary increases for County employees.

Talbot County has a real property tax cap. Revenues are limited to 2%, or CPI-U as of December 31, whichever is less. As we have already noted, income tax and housing related (recordation, transfer taxes and building permit) revenues have been decreasing. Many of our residents have been negatively impacted by the current economy. Talbot County's unemployment rate is 9.6% (January 2010, Maryland Department of Labor, Licensing & Regulation). This rate is higher than the State of Maryland's rate of 8.3% for the same period and represents an unprecedented rate for Talbot County. During this time of economic uncertainty for our residents, we believe that now is not the time to increase taxes, thus creating additional economic challenges for our citizens.

In light of continued State budget cuts, projected revenue shortfalls for both the current and upcoming fiscal years, and the requirement to file a waiver request by April 1 (before the State Budget information is known), Talbot County respectfully requests that a waiver from the Maintenance of Effort requirement for FY 2011 be granted.

Very Truly Yours,

COUNTY COUNCIL OF TALBOT COUNTY



Levin F. Harrison, IV
President

LFH/al

cc: The Honorable Richard F. Colburn
The Honorable Adelaide C. Eckardt
The Honorable Jeannie Haddaway-Riccio
Talbot County Board of Education
Dr. Karen B. Salmon, Superintendent, Talbot County Public Schools