



**Frederick County
Government
Frederick, Maryland**

News Release

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Balanced budget with no cuts in services or staffing...
**COUNTY COMMISSIONERS MOVE FORWARD WITH
FY2015 RECOMMENDED OPERATING BUDGET**

FREDERICK, MD – The Frederick Board of County Commissioners today moved forward with a balanced FY2015 Recommended Operating Budget that closed the \$13 million deficit presented in the Base Budget on December 19, 2013. At that time, the Budget Committee proposed using \$7.5 million in reserves to reduce the unfunded deficit to \$5.5 million, including \$1 million of excess fund balance in the Workers Compensation Fund and \$6.5 million from the Fleet Fund.

Board President Blaine Young commented, “As a result of the hard work of our Budget Committee and our county directors, we are pleased to take the next step in our budget process with the FY2015 Recommended Operating Budget. We have filled a \$13 million hole in next year’s budget, avoided any cuts to services or our employees, and best of all, we are presenting a balanced budget to the citizens of Frederick County. Instead of reducing the deficit by making cuts that would affect our citizens, we went back to our directors and they came up with almost one million dollars in additional savings. Other notable savings resulted from the use of private services after employees retired and savings in equipment replacement and maintenance costs.

“This board also made a commitment to reward our employees for continuing to provide outstanding service to our citizens while doing ‘more with less’ during these years of restructuring and reorganization in county government. That is why we have included a merit and two percent cost-of-living adjustment in the recommended budget. This is the first time in over six years that they will see such an increase without being required to add more to their own pensions.

“At this point, this year’s budget is just a little over two million dollars more than last year’s, including the merit and COLA increase of about \$7 million; approval of five new deputies in the Sheriff’s Office at about \$129,000 per deputy to compensate for reductions in state police coverage in Frederick County, and an increase

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in the Department of Aging budget of about 17 percent. We funded the Senior Needs Assessment and although there is a lot more to do, we're trying to meet some priorities in that area. Also, there are other considerations to assist Frederick Community College by restoring their \$1 million cut and helping them hire full-time professors.

“In addition, while we appreciate the needs of the Board of Education, we must point out that they are funded by federal, state and county dollars. They have made a request of 2.9 percent more for their overall budget from last year, but in reality, they're really asking for a 7.8 percent increase in county funding. Further, their request, including an additional \$17 million in one-time funding, is really more like a 12 percent increase. Consider these requests in light of the fact that this year's budget has increased less than one half of a percent.

“The Board of County Commissioners welcomes feedback on our FY2015 Recommended Operating Budget and we look forward to public comments at the upcoming hearing.”

In presenting the FY2015 Recommended Operating Budget to the board, Budget Officer Regina Howell explained that operating revenues for FY2015 have increased \$1.3 million from the Base Budget. She said that this is partially offset by the elimination of the proposed \$1 million funding from the Workers Compensation Reserve that was transferred to Citizens Care and Rehabilitation Center in FY2014 to cover the write-offs of uncollectible accounts receivables. The most significant adjustments in the recommended budget are in the following areas:

- Sale of Board of Education (BOE) surplus properties that resulted in an increase of one-time revenues of \$2 million.
- Increased income tax estimate by .5%, equating to \$881,800.
- Increased recordation tax estimate by \$512,431.
- Decreased property tax by \$250,000 for expansion of the senior property tax credit.

Expenditures for FY2015 are estimated at \$518.8 million, a \$3.3 million decrease from the Base Budget. There was a decrease of \$7.3 million in on-going operating expenses that were partially offset by \$1.7 million in additional funding requests (appeals) and a one-time \$2 million transfer to the BOE. Highlights include:

- Reduced Debt Service estimate by \$2 million for timing of bond issue.
- Revised Other Post Employment Benefits (OPEB) actuarial contribution resulted in \$1.5 million in savings.
- Revised pension actuarial contribution resulted in \$1.4 million in savings.
- Voluntary departmental reductions resulted in almost \$1 million in savings.
- Retirement incentive and revised reclassification estimate reduced expenses by \$1 million.
- BOE pass-through appropriation for sale proceeds of surplus properties increased expenses by \$2 million (offset in one-time revenue).
- Additional funding requests (appeals) increased expenses by \$1.7 million.

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Almost \$3 million of the reduction in expenses is attributable to the new actuarial calculations for the pension and OPEB liabilities. The county is now benefitting from the changes in eligibility requirements, one-time funding of OPEB above the annual required contribution (ARC) in the FY2013 budget and the additional funding of the pension in the FY2014 budget, along with the higher contribution rates enacted by the board. The use of one-time funds to reduce these long-term liabilities and improve the county's funded ratios attributed to the reduction of the on-going expense called the annual required contribution.

Recommended appeals in the amount of \$1.7 million focused on public safety:

- Due to the reduction of the State Police troopers in Frederick County and increased calls for service, 17 additional deputies have been requested for patrol, criminal investigations and narcotics unit. In addition, three deputy sheriff courthouse positions have been requested contingent on a Maryland State Court of Appeals ruling that may necessitate the courthouse being open seven days a week. At this time, five of the 20 requested sheriff deputy positions have been included in the Recommended Budget at a cost of \$646,670, including associated operating and capital expenses.
- Due to the severe winter weather, Highway Operations requested \$875,000 in one-time funding for pothole repairs of which \$250,000 has been included in this budget. The Budget Office is working with Highway Operations to fund some of these much needed repairs this spring.
- Based on the results of the "Needs Assessment of the Aging Population in Frederick County" study, a case manager position and additional contracted services funding for the department is recommended in the amount \$109,823 to provide access to services that would enhance a senior's ability to age in place.
- Recommended appeals also included in-kind services provided to the BOE. Two of the three licensed practical nurses positions requested for the School Health program are included to assist with critical nursing support to the overburdened registered nurse position in the amount of \$111,804. Also included is funding for pay increases for part-time non-benefitted personnel including School Crossing Guards, School Resource Officer, Developmental Center and an increase in after-school program funding for the Office of Children and Families.

Although Grant-in-Aid is no longer included separately in the budget, there are various memorandums of understanding (MOU) in different funds and departments throughout the budget. The Housing Initiatives Fund includes funding for shelters through the Religious Coalition, Community Action Agency and Advocates for the Homeless. MOUs in the General Fund include FITCI and Forestry Conservation. Currently, MOUs are being proposed for the Mental Health Association, Thurmont Senior Center and Soil Conservation District.

The Proposed Operating Budget is scheduled to be finalized at the April 15 board meeting and released on April 18. The public hearing will be held on May 6 at Oakdale High School at 6:00 p.m.

For additional information, visit www.FrederickCountyMD.gov/budget or contact Budget Officer Regina Howell at 301-600-3191 or via e-mail at rhowell@FrederickCountyMD.gov.