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Board of Education of Charles County

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April 9, 2009

Maryland State Board of Education
c/o Anthony South, Executive Director
200 West Baltimore Street
Baltimore, Maryland 21201-2595

RE: Request for Waiver of Maintenance of Effort
Requirement submitted by the Board of County
Commissioners of Charles County, Maryland

Dear Members of the State Board:

The Board of Education of Charles County submits the following information and supporting documents in response to the request for a waiver of maintenance of effort by the Charles County Commissioners. We regret that we must oppose the waiver request. The request is neither warranted nor does it meet the requirements as set forth in COMAR 13A.02.05.04 and Section 5-202 of the Education Article, Annotated Code of Maryland.

A waiver would contradict state and national objectives for education and could seriously impede our ability to continue meeting No Child Left Behind accountability requirements. Additionally, a waiver could harm efforts to continue the consistent rise in our students' academic achievement over the past decade.

We strongly urge the Maryland State Board of Education to deny our County's request for a waiver of maintenance of effort.

Sincerely,

Donald M. Wade
Chairman

BOARD OF EDUCATION OF CHARLES COUNTY
RESPONSE TO THE REQUEST FOR WAIVER OF MAINTENANCE OF
EFFORT BY THE COUNTY COMMISSIONERS OF CHARLES COUNTY
REPORT TO THE MARYLAND STATE BOARD OF EDUCATION
April 9, 2009

Executive Summary:

The Charles County Board of Education strongly opposes attempts by the Charles County Commissioners to avoid maintenance of effort requirements that are prescribed by law. In its waiver request dated March 31, 2009, the County Government failed to address or meet the criteria required under COMAR 13A.02.05.04.C.(1) and Section 5-202 of the Education Article, Annotated Code of Maryland. The County offered no preponderance of evidence related to the loss of a major business or industry, an impediment with respect to their tax bases, inflation relative to student population growth, or an inability to raise sufficient revenues.

Charles County is one of the wealthiest counties in the Maryland and nation and has enjoyed significant growth in income and surplus. The outlook presented by bond rating agencies underscores the County's financial strength and flexibility.¹ The County has accumulated an extraordinary fund balance and used it to fund a large number of discretionary capital projects, renovations and equipment purchases. There has been no major loss of business or industry, and the County has significant development and industry projects completed or underway which will yield future employment and tax revenue. The County's tax base is stable and poised for a fast recovery. FY2009 enrollment growth was minimal, requiring the County to allocate an increase of only \$98,200 above the highest local appropriation of \$145 million to meet the maintenance of effort requirement. As the tenth wealthiest Maryland county with the fifth largest unreserved fund balance as a percent of operating revenues, the County has the ability to allocate its fund balance or raise revenues to meet its statutory obligations.²

It is clear that the County's motivation for a \$4.5 million waiver is based on a desire to pass through potential budget cuts being considered by the Maryland General Assembly, and to supplant or offset federal stimulus funding, which is still undetermined and restricted by federal and State guidelines. These motivations are in direct contradiction with national and State objectives for education as set forth by the State Board of Education, State Superintendent of Schools, Legislature, Governor, Secretary of Education and President of the United States.

Therefore, the Charles County Board of Education urges the State Board of Education to deny the waiver request based on the County's relatively strong economic position and failure to prove its inability to comply with the requirements of the law.

¹ Business Publications Business Wire, March 11, 2008 "Fitch rates Charles County, Maryland GOs 'AA+'; Affirms GOs at 'AA+' [Exhibit 1]

² County Unreserved General Fund Balances "Rainy Day" Funds Fiscal 2008, Maryland Association of Counties [Exhibit 2]

The Waiver Request as Presented by Charles County Government:

The Charles County Government's waiver request does not address the requirements of the law with any specificity. We have summarized their arguments below, followed by the Board of Education's responses and conclusions. These points are presented in the sequence of the original waiver request by the County.

1. Charles County government imposed a \$4.35 million cut on the school system in October 2008 "in cooperation with the Board of Education," and that cut should be the new base threshold for FY2010.

Board of Education Response:

On June 28, 2008, the County Government approved the Board of Education budget by category for fiscal year 2009 starting on July 1, 2008. Funding was set at \$145 million.

Based on this funding level, the school system implemented ratified negotiated agreements for wages and benefits, bus contracts were signed, and summer educational programs were completed. Major repairs and renovations were also completed, and textbooks and materials were purchased to start the school year.

In an early October 2008 "Annual State of the County" address, the County Commissioners presented a stable, calm and positive economic outlook for the County.³ Several weeks later the County declared a budget crisis and imposed an immediate \$4.35 million budget cut on the school system. Shortly afterwards at a County-sponsored "Economic Development Summit," experts acknowledged the current recession, but they indicated that Charles County was in a better economic position to recover than most other counties.⁴

The school system had no other choice than to comply with the budget cut made by the Commissioners. In order to accommodate the budget cut, the school system used all of its available fund balance accumulated over 14 years, in addition to taking other steps, including a hiring freeze on 32 unfilled positions. Other reductions were implemented in the areas of transportation, travel, staff development and health insurance OPEB funding.⁵ These cuts required reassignment of staff, increased work load and a reduction of central office and technology support.

The County's assertion that these cuts can be made permanent, and provide a justification for a maintenance of effort waiver, is not relevant to the law. Section

³ Maryland Independent "Officials calm in face of economic jitters" Oct. 10, 2008 [Exhibit 3]

⁴ Maryland Independent "Experts say county will weather recession" Oct. 29, 2008 [Exhibit 4]

⁵ Board of Education of Charles County Agenda Item "FY2009 Budget Reductions" Oct. 27, 2008 [Exhibit 5]

5-202 of the Education Article bases maintenance of effort on the previous year's "highest local appropriation," which in this case is the allocation effective July 1, 2008. Budget cuts made after the fact and on a temporary basis are not rationale for a waiver. These subsequent cuts do not provide or support the burden of proof that the County's fiscal condition significantly impedes its ability to fund the maintenance of effort requirement.

Even with no increase in FY2010 funding, the school system must accommodate cost increases of significant magnitude by cutting and reallocating budget resources internally. Estimated increases for health insurance, transportation, utilities, contracted services, pension obligations, and other major expenses are projected to well exceed \$5.1 million. Union negotiations have been delayed.⁶

The County's supposition that the cost savings measures implemented by the school system should be available for the County's use ignores the fact that the Board of Education must balance its own budget for FY2010 and maintain high quality classroom instruction and programs for students in order to meet State and federal accountability measures.

2. County revenue sources for interest income, income taxes and other sources are down, and the County cannot meet the maintenance of effort requirement.

Board of Education Response:

With respect to the law, a temporary projected decline in revenue is not sufficient rationale to support a waiver. The County has a strong underlying economy, significant reserves, and an ability to levy sufficient tax to meet maintenance of effort obligations. The County's request was clearly made in anticipation of unknown actions by the legislature and expected stimulus funding.

The Board recognizes that the national recession has had implications for municipal revenues. The degree to which they have declined or will stay suppressed is relative to a number of factors including the potential for an economic recovery. These factors vary regionally and nationally. Charles County stands as one of the wealthiest counties in median household income (ranked fourth in the State, 20 percent above the State average) and total wealth (tenth in the State).⁷ The County was listed in a 2008 issue of Forbes magazine as the 20th richest County in the nation as measured by median household income. As of February 2009, the County unemployment rate of 6.0 percent stands well below the national rate of 8.9 percent and the State rate of 7.2 percent.⁸

⁶ Charles County Public Schools FY2010 Proposed Operating Budget-Mandatory Costs [Exhibit 6]

⁷ Charles County Public Schools Exhibit Median Household Income [Exhibit 7]

⁸ Charles County Public Schools Exhibit Unemployment [Exhibit 8]

The employment base is largely tied to federal government and related professional services, which has been insulated to a large degree from the recessionary pressures seen elsewhere.⁹ Congress is considering pay raises of 2.9 percent plus step for civilian federal workers.¹⁰ The County will most likely benefit from increases in income tax revenues related to federal pay raises.

The County cites its anticipated financial position as significantly impeding its ability to fund the maintenance of effort requirement. However, reports by bond rating agencies and information contained in its annual report all present a more positive and stable financial outlook.¹¹ Future projects that are anticipated to increase tax revenue and provide new employment include a power generation plant, technology office park, and housing and land development projects. These projects are expected to help offset current revenue reductions once the economic recovery takes place. Likewise, investment income is not expected to be permanently suppressed.

It would appear that the County may be too conservative in developing financial forecasts for FY2010. The County has a history of underestimating revenues and overestimating expenditures as noted in a report commissioned by the Education Association of Charles County (“Charles County Fiscal Review for FY2009 and FY2010” prepared by R.J. Pellicoro Associates).¹² These forecast errors usually benefit the County in the form of significant additional fund balance. The County’s wealth, employment, labor market, and financial flexibility all point to its ability to meet the obligations of maintenance of effort, making any use of fund balance temporary and reversible.

3. County budget allocations to agencies comprise a majority of its budget, and the County cannot afford state cuts solely using the remaining discretionary amount.

Board of Education Response:

The County has a statutory responsibility to levy an annual tax sufficient to provide a funding level for public education according to the formulas articulated in Section 5-202 of the Education Article. While the law refers specifically to the word “tax,” the true test is whether the funding level for education as implemented can be deemed “sufficient.” The County’s assertion that most of its expenditure budget is fixed is not relevant to the law.

⁹ Charles County Public Schools Exhibit Average Annual Employment and Forbes Magazine “America’s Richest Counties” [Exhibit 9]

¹⁰ USA Today “Federal Workers May Get Bigger Raises” April 3, 2009 [Exhibit 10]

¹¹ Maryland Independent “County stirred by price of bonds” March 26, 2008 [Exhibit 11]

¹² R.J. Pellicoro Associates “Charles County Fiscal Review FY 2009 & FY 2010 Feb. 24, 2009 [Exhibit 12]

The County's own senior staff has presented a number of options in public meetings for resolving budget shortfalls. These have included revenue increases, use of fund balance, streamlining government operations and addressing losses related to unprofitable ventures in enterprise funds. The County Commissioners have rejected the use of fund balance or revenue generating options, although consideration of those options is warranted by the law.

In contrast, the school system cannot generate its own revenues and does not have independent taxing authority. Many of its services are mandated by law, subject to regulation, additional maintenance of effort requirements, supplanting restrictions and federal accountability benchmarks for funding.

4. *The County has funded the school system in the past above the maintenance of effort level and above the Consumer Price Index, which is sufficient rationale to fund the school system below the maintenance of effort level moving forward.*

Board of Education Response:

Past funding above a prior maintenance of effort level or above a consumer price index measure is not justification for the current wavier request.

The entire premise of the State's Bridge to Excellence legislation was to address the concept of adequacy in education, to promote high quality and high standards, and to recruit, train and retain highly qualified teachers. Funding education above consumer price index levels was an intentional State initiative to address the issue of "adequacy" as developed by the Thornton Commission. The legislature subsequently commissioned an independent study by MGT of America, Inc. (MGT) entitled "Evaluation of the Increased State Aid to Local School Systems through the Bridget to Excellence Act."¹³ Published in December 2008, the study confirmed the direct correlation between additional funding and student achievement. It also noted that increases in local county aid did not match the same level of commitment made through state funding.

As the State adopted and funded Bridge to Excellence as a statewide initiative, the County did not match and maintain relative funding to State levels or increases. Over time, the ratio of County to State funding for the school system fell from 52.0 percent to 48.5 percent.¹⁴ County increases on a compound annual rate were 3.1 percent less than the increases in State funding. A large portion of new County funding was allocated to address the significant costs related to opening four new schools in four years.

¹³ Maryland State Department of Education (MSDE) Bulletin "Maryland's Education System Ranks Number One Overall" Jan. 16, 2009 [Exhibit 13]

¹⁴ Charles County Public Schools Exhibit County Proportions [Exhibit 14]

Maryland was recently recognized in several national reports as the number one school system, and also tops the nation in advanced placement achievement and participation. Both awards are a credit to the goals and funding set forth in Bridge to Excellence. Charles County Public Schools has met Adequate Yearly Progress (AYP) as a system and has never had a school on the state's improvement list. The school system has exceeded the State average in the 20 reporting areas of the Maryland State Assessments (MSA), made significant gains in minority achievement, increased the number of advanced placement course offerings and students in those classes, exceeded State and national averages on the SAT and implemented extensive after-school, summer and Science, Technology, Engineering and Mathematics (STEM) related programs. These accomplishments are noteworthy considering that the school system has undergone large population shifts.

Funding increases over past years were part of a statewide commitment to education enacted by the legislature. Funding below a maintenance of effort level not only impedes but reverses the progress and initiatives of only a few years ago and most certainly is in contradiction to both State and national priorities.

5. *The County has adopted excise taxes to support new school construction.*

Board of Education Response:

The County imposed an excise tax on new housing in order to partially offset debt service for new school construction. This argument is not relevant in context to the maintenance of effort waiver, which addresses funding for the school system's operating budget.

The County adopted an ambitious housing development plan which necessitated local funding for new school construction. None of the funding related to excise tax or developer fees was used to offset the school system's significant operating costs required to open and staff new schools.

A majority of Charles County's schools are over capacity, and the school system has the highest percentage of portable classrooms in the State, measured on a per student basis. The large influx of students related to new housing development has required hiring significant numbers of new staff, and significant purchases of equipment and materials, none of which is funded through the excise tax.

6. The County has eliminated its flexibility by spending or designating most of its fund balance.

Board of Education Response:

The County's recent use or designation of fund balance demonstrates the great degree of flexibility on its part to use fund balances for projects of its own choosing. The County also has this option to meet legally mandated maintenance of effort requirement.

The County enjoyed huge revenue surpluses and accumulated large fund balances over the past several years. In the past five years the County accumulated unreserved surplus has grown from \$15.5 million to \$52.3 million at the start of this fiscal year. It reached a peak at \$70.8 million in FY2007.¹⁵ At the start of FY2009 the County's fund balance ranked among the highest in the state when measured as a percent of its operating revenues.

The County has subsequently internally designated or transferred its fund balance for various specified and unspecified projects. Doing so gives the appearance of reduced flexibility. The County does have the option to reassess and redesignate fund balance to bridge the gaps in its financial estimates. Since these funds are designated by the Commissioners, they can also be undesignated at their direction.

7. Funding at maintenance of effort will have additional negative impacts on the citizens of Charles County already impacted by the economy.

Board of Education Response:

The County has politicized that a tax increase and its potential strain on citizens is a foregone conclusion to meeting the maintenance of effort requirement.¹⁶ The report commissioned by the Education Association of Charles County (Pelicoro Associates) refutes the need for a permanent tax increase and cites other available options.

The school system is the largest employer in the County with more than 3,500 full-time and 1,500 part-time employees. These are also citizens who own or rent homes in the county, pay county income and property taxes, and contribute to the local economy through personal spending. The County Commissioners fail to recognize that a reduction in funding to the school system has significant implications for the local economy.

¹⁵ Charles County Public Schools Exhibit Fund Balance [Exhibit 15]

¹⁶ Charles County Government Press Release "Board of Education Presses for Tax Increase during Recession" April 1, 2009 [Exhibit 16]

Long term economic viability depends on a quality school system. A major goal of the County is to maintain a nationally recognized school system which will help create a qualified workforce to attract economic development. The school system's tremendous success under Bridge to Excellence has addressed this goal.

As affirmed in the MGT study on Bridge to Excellence funding, there is a direct correlation between education funding and achievement. A decline in funding and the resulting reduction in educational system quality will have negative impacts for the County. Imposing cuts which may require terminating school system employees will increase unemployment and potential foreclosures, further erode the local economy and have a detrimental impact on real estate values.

A school system in crisis is certainly not good for economic recovery and future viability of the County. If indeed a tax increase was the only option to be considered by the Commissioners, a relatively small change in tax rates would yield sufficient revenues to meet legal obligations.

8. *The school system will receive stimulus funding through the federal fiscal stabilization act.*

Board of Education Response:

Funding education is a shared responsibility between the State and the County. Counties have considered relative funding from other sources when determining funding above the maintenance of effort level. However, the very essence of the maintenance of effort law is to ensure that counties do not shirk their responsibility relative to the investment made by the State and Federal Government.

The County has taken the position that funding from another agency (State or federal) somehow relieves its own responsibility to fund education. This fact was evidenced when the State enacted Bridge to Excellence, and County funding fell in proportion to the State's investment.

To date, the Maryland State Department of Education has not published any final analysis of State funding to local education agencies. Most of the discretionary stimulus funding recently provided to Maryland appears to replace cuts to education in earlier versions of the FY2010 State budget. It appears that all federal stimulus funding will be subject to maintenance of effort requirements and other restrictions. The County has relied on misinformation and unverified data to formulate their request for a waiver as indicated in their own press release and confirmed by Maryland State Department of Education staff.¹⁷

¹⁷ E-mail from the Maryland State Department of Education [Exhibit 17]

Implications of a Waiver:

An unsubstantiated waiver will set a dangerous precedent and most certainly have a devastating impact on education programs, students, parents, and teachers. The school system has endured several rounds of budget reductions to date which have been addressed with one-time savings and the surrender of its fund balance. Due to the recession, turnover and retirements are minimal, and the school system's ability to restructure without terminating filled positions is unlikely. Many of the after-school and summer educational programs will be curtailed or eliminated. Union negotiations will likely lead to impasse and protracted labor issues.

Charles County Public Schools has made remarkable progress over the past several years and has embraced the accountability requirements of both Bridge to Excellence and No Child Left Behind. Adequate funding of the school system has a direct correlation to achievement as verified by the MGT report.

The State Board of Education must consider the implications a waiver has on funding and precedent. There are unanswered questions regarding the permanency of the funding reductions, the threshold for funding in subsequent years, the impact on secondary maintenance of effort requirements for Special Education and the precedent for future waivers.

Summary Conclusions:

Charles County Government has not articulated a sufficient argument to warrant a waiver of the maintenance of effort law. The County has failed to meet any of the essential requirements under which a waiver should be considered. The County Commissioners have only presented their desire to not take the necessary and appropriate steps to provide minimal funding to education as required by the law.

The Governor and legislature have done their best to develop a budget which would protect the investment in education that was envisioned through the Bridge to Excellence legislation. The Obama Administration has promoted investment in education a national objective. To grant Charles County maintenance of effort waiver contradicts the national and State intent to maintain and support education as a primary objective for economic recovery.

We respectfully urge the State Board to deny the maintenance of effort waiver for Charles County.

Business Publications

Topic: RSS Feed

Fitch Rates Charles County, Maryland GOs 'AA+'; Affirms GOs at 'AA+'

Business Wire , March 11, 2008

- Email
- Print

NEW YORK -- Fitch Ratings assigns an 'AA+' rating to Charles County, Maryland's (the county) estimated \$47 million general obligation (GO) bonds, consisting of \$27 million consolidated public improvement bonds of 2008 (tax-exempt) and \$20 million public improvement bonds of 2008 (taxable). The bonds are scheduled for bids on March 25 and will mature serially from March 1, 2009-2023. Bond proceeds from the tax-exempt offering will be used to finance various capital projects. Bond proceeds from the taxable offering will be used to finance the construction of a stadium complex and a new road project, which will be repaid by a local developer, American Community Properties Trust, per an agreement with the county. In addition, Fitch affirms the 'AA+' rating on the county's approximately \$236 million of outstanding GO bonds. The Rating Outlook is Stable.

The 'AA+' rating reflects Charles County's strong financial performance and moderately low debt burden guided by sound fiscal policies and prudent management. Though the tax base remains predominantly residential, the county's location within the Washington, D.C. metropolitan area has allowed for strong population and tax base growth, which is projected to result in further diversification. The county's largest employer, the Indian Head Naval Surface Warfare Center (NSWC), is also experiencing ancillary private investment which, together with a rigorous county road infrastructure program and other commercial growth, should bode well for greater economic diversification over the long term.

Boasting the longest stretch of non-developed waterfront along the Potomac River, Charles County is a growing suburb of Washington, D.C., and remains a relatively affordable option for professionals working locally or in the greater capital region. Efforts to diversify the economy continue with several major projects underway, adding class A office and industrial/flex space for technology and research and development related opportunities. The county's unemployment rate in December 2007 was a low 2.9%, well below the state and national average levels. Wealth levels in the county are above average, with per capita money income in 2006 equal to 130% and 164% of the state and national average levels, respectively.

Financial management is sound, affecting current operations positively and guiding long-range planning efforts. County fund balances have been consistently strong, exceeding the policy goal of 8% of operating revenue since at least fiscal 1997 even with healthy pay-as-you go capital spending. Fiscal 2007 ended with an unreserved general fund balance of \$70.8 million, equal to 25.8% of spending, which is a significant increase from \$40.7 million or 17.5% of spending in fiscal 2005. Through December 2007, the slowing housing market led to declines of approximately 35% in recordation taxes, although property and income tax receipts were up marginally compared to the first half of fiscal 2007. County officials budgeted \$16.1 million of fund balance in fiscal 2008 for substantial pay-as-you-go capital project funding and a subsidy

Exhibit 8.1
County Unreserved General Fund Balances and "Rainy Day" Funds
 Fiscal 2008
 (\$ in Thousands)

County	General Fund Revenues	(1) Unreserved Undesignated	(2) "Rainy Day" Fund	(3) Unreserved Designated	Total Unreserved and "Rainy Day"	Balance as a % of Revenues	Balance Less Unreserved Designated	Balance as a % of Revenues
Allegany (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%
Total	\$11,849,613.3	\$455,461.6	\$711,032.1	\$582,010.3	\$1,748,504.0	14.8%	\$1,166,493.7	9.8%
State of Maryland (c)	\$21,148,954.0	\$959,412.0	\$684,752.0	\$537,984.0	\$2,182,148.0	10.3%	\$1,644,164.0	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.

Ranks 5th

Officials calm in face of economic jitters

Charles' state 'steady' amid national hysteria

Friday, Oct. 10, 2008

Charles County government is holding steady, according to Commissioner Reuben B. Collins II (D), who made the pronouncement at Thursday's annual State of the County address at the Waldorf Jaycees center.

"The underlying question we're faced with today is the state of the county," Collins said. "The state of the county is steady."

The statement was made to a grimmer than usual gathering of the Charles County Chamber of Commerce, whose members have spent the last few weeks absorbing reports of a flailing national economy and a growing panic in the global securities markets.

Through their opening statements and answers to audience questions, the commissioners sought to reassure business leaders that the county government is hunkering down to endure an economic storm and planning to re-emerge stronger in the future.

Commissioner Gary V. Hodge (D) said the current economic slump presents "short-term challenges and long-term opportunities."

"The problems at the state level flow downhill," Hodge said. "This is the short term tactical problem that we're going to have to deal with. ... We are far better off than most counties to deal with this. ... We have to focus on the future."

One audience member asked if it was wise to be expanding county government in a time of falling tax revenues. Commissioners' President F. Wayne Cooper (D) replied, "We have not had any [program] enhancements in county government in three to four years."

Cooper said that the county's budget has increased from roughly \$200 million to more than \$300 million in the last six years, but that most of the increase has been absorbed by cost increases in salaries, fuel and commodities.

Commissioner Samuel N. Graves Jr. (D) explained that property tax assessments shot up in recent years with the real estate boom, but the increases were throttled down to 7 percent each year by the Homestead Tax Credit. He predicted that the throttled tax rate would not raise enough to come even with falling assessments for another five to six years, giving the county increasing revenues in the meantime.

Hodge said the county needed to continue laying infrastructure for a future resurgence, saying, "The last thing I want to do is let go of our investment in infrastructure. ... When I look at the capital budget, I'm looking into the future."

Hodge also warned that the county cannot abandon its programs for low-income families, saying, "We can't let them fall through the cracks in the next six to 12 months."

The economic outlook also colored the responses of School Superintendent James E. Richmond and Sheriff Rex W. Coffey (D).

Richmond told the audience that the economy has pushed back the construction of a new high school.

new high school.

"It's not likely that we're going to see a new high school in the next three to four years," Richmond said.

Coffey claimed that his office has more officer presence on the streets "than you will see anywhere else," but said he could still use an additional 20 officers to deal with scrap metal thefts and other economy-related crimes.

"The stealing [of scrap metals] that's going on is just absolutely incredible," Coffey said.

He said his staff is also busy serving evictions and summonses related to the economic downturn.

"[The economic downturn] has a huge impact on officers working behind the scenes."

Coffey said that the migration of citizens from Washington, D.C., and Prince George's County has brought in students who do not behave as well as Charles County natives, causing discipline problems for school-stationed officers.

However, Coffey pledged that his officers will continue to hold down the crime rate, saying, "None of us want to see our county go down the toilet."

Experts say county will weather recession

Wednesday, Oct. 29, 2008

Local business owners weren't surprised at the county's 11th annual economic development summit Tuesday when experts said the economy will get worse before it gets better.

But the speakers were optimistic that Charles County and Maryland are better off than most.

News of lesser damage in the region compared to others nationwide, and a likely boom once consumer confidence rises and business morale improves, couldn't leverage the blow they've taken over the past year and expect to take for months to come.

"It's hard to think that as a business owner, a year from now I'm still going to be struggling," said Lorrie Anderson, owner of Country Florist in Waldorf.

"I don't think anything was really shocking. We all know we have to tie a knot and hang on. But another shock was how full it is," said Southern Maryland Business Center owner Darlene Breck, referring to a packed conference room at the Jaycees center in Waldorf.

Despite pessimism among businesspeople, nearly 300 filled the summit, in which the theme, "Trends and Opportunities in Today's Economy," was meant to highlight ways the county can overcome current economic challenges by taking advantage of diversification and other opportunities to grow.

"The national economy will slow further," Anirban Basu, an economist with Sage Policy Group in Baltimore, told attendees. "The economy will be worse than you think in the next six to nine months. But Charles County is surely not in a recession. My message to [small businesses]: survive, because many of your competitors will not ... in the meantime, we're stuck in this equilibrium."

Basu explained how availability of cheap money that began largely after the terrorist attacks of Sept. 11, 2001, resulted in a housing and construction boom that resulted in an overheating, fueling a recession and a credit crisis.



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Staff photo by GRETCHEN PHILLIPS

Community Bank of Tri-County President Mike Middleton speaks at the economic summit Tuesday.

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in overwhelming foreclosures and a credit crisis.

"If they were going to give away the money, the American people were going to take it. They were told, 'If you want to fight terrorists, shop.' When people have too much money how do they spend their last dollar? Not wisely. This is an unusual time. The world is looking for safe havens. This economy has become more global. An incredible amount of wealth has been lost," Basu said.

But in the last few weeks, things have looked up some, despite huge hits recently to the retail and food service industries.

"Where is the consumer in all this? They are 70 percent of the economy. Remarkably, consumer sentiment has been rising, ah-ha! Gas prices," Basu said. "They're thinking, hey, my 401K may be going down but hey, at least my house didn't foreclose, at least not today. But if you're wondering about this holiday shopping season, my guess is that it's going to be miserable."

Basu also touched on the impact of the slumped housing market but noted that Charles and St. Mary's counties are among the top in the state by home sales, though there remains an overstock of homes for sale on the market.

As food and gas prices rose rapidly, Basu noted savings rates among Americans in March were nearly zero and noted a rising unemployment rate, which in Maryland hit 4.6 percent in September. Though it's risen from 3.4 percent in September 2007, Basu and Andy Moser, Maryland assistant secretary for workforce development, said 4.6 percent is still virtually a fully employed workforce.

"All indicators show that Maryland's not invulnerable but it's in pretty good shape," Moser said.

Also at the summit, Maryland Department of Business and Economic Development Secretary David Edgerley spoke about the state's initiatives to invest in financing new businesses and community colleges, and preparing for 60,000 new jobs to come to Fort Meade and Aberdeen with Base Realignment and Closure implementation.

Community Bank of Tri-County President Mike Middleton spoke, with the help of a cartoon slide show, about how community banks remain strong despite financing woes by national corporate institutions affected by the failure of highly complex, bundled mortgage securities on Wall Street.

"Everything is built on the previous transaction" in banking, he said. "Every transaction that you engage in will be more challenging. It's really going to be back to basics. There's way too much fear on Main Street. But we did have way too much greed as well."

**BOARD OF EDUCATION OF CHARLES COUNTY
AGENDA ITEM**

SUBJECT

FY2009 Budget Reductions

OVERVIEW

The Charles County Commissioners recently imposed a \$4,350,000 budget reduction to the Board of Education due to a revenue decline in county recordation tax, investment income and other areas. The Superintendent recommends the following actions to meet the reduction, but still maintain support to staff and students:

- 1) Maintain a hiring freeze on vacant positions for the remainder of the fiscal year. The total number of positions is 32 (27 of which are based at the central office). Workload responsibilities have been transferred to other staff. Estimated budget reduction of \$1.6 million.
- 2) Eliminate fund balance reserves set aside for OPEB (other post employment benefits, such as health insurance). We recognize the importance of providing funding for retiree health benefits in the long term. However, the State of Maryland and the county may defer funding their OPEB obligations this year. The school system took steps last fiscal year to establish and partially fund an OPEB trust. If we have savings available in the health insurance program at the end of the fiscal year, we may recommend replacement funding. Estimated budget reduction of \$1.3 million.
- 3) Eliminate fund balance reserves set aside for the digital classroom. This project is an important component of our technology and instructional vision; however, it appears that the new high school, which will house the digital classroom, may not be completed in the original timeframe. The school system will work hard to find replacement resources for this project if it is ultimately approved. Estimated budget reduction of \$600,000.
- 4) Eliminate fund balance reserves for special projects. This contingency reserve was set aside for unanticipated maintenance or similar projects, which cannot be accommodated in the operating budget. Estimated budget reduction of \$475,000.
- 5) Reduce transportation budget by \$375,000. The budget includes an estimate of \$5.50 per gallon for diesel fuel. The average price, so far this school year, has been under \$4.00 per gallon.

BUDGET IMPLICATIONS

This action reduces the FY2009 operating budget by \$4,350,000. These changes will require some internal job realignments and eliminates available fund balance reserves. However, the budget reductions should have limited impact on the classroom and students.

Permanent (base) reductions will be addressed during FY2010 budget development next year, once final funding is determined.

STAKEHOLDERS INVOLVED

The Board of Education, school system staff and faculty, parents and students.

RECOMMENDATION/FUNDING DIRECTION

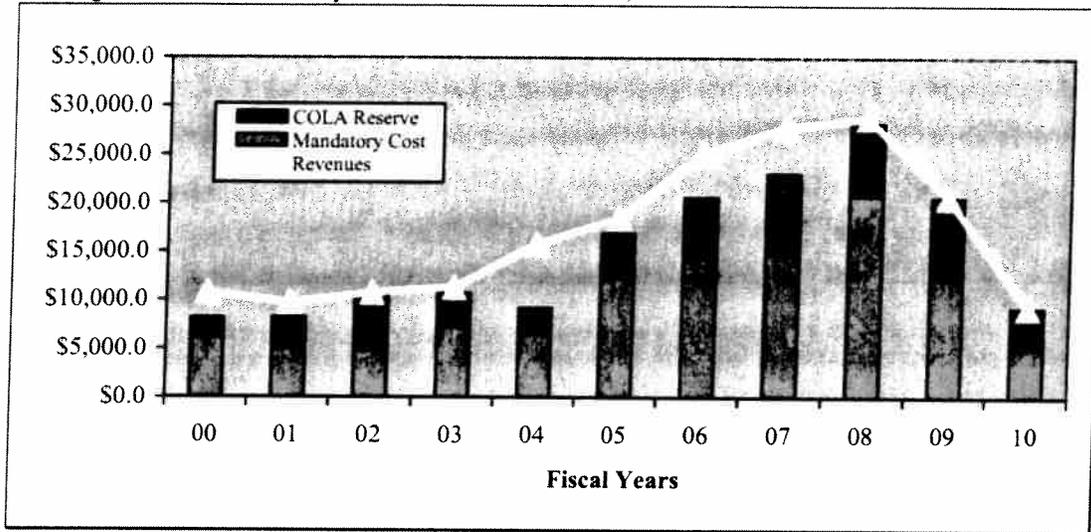
That the Board approves the budget reductions as recommended by the Superintendent. These reductions will be forwarded to the County Commissioners.



MANDATORY COSTS:

Charles County Public Schools consider mandatory costs (cost elements that are vital to the operations of the school system) an essential part of the budget development process. Mandatory costs include contractual requirements, utilities, student transportation and health insurance costs. The following graph depicts funding sources above stated mandatory costs. Revenue sources in excess of mandatory costs support instruction enhancements to the school system.

Funding Sources for Mandatory Costs (Amounts in Thousands \$)



Health Insurance

Health insurance cost represents the employer share (currently 75.0 percent) of the cost of claims. Expenditure increases are attributable to the school system’s health claim experience and rising prices of medical services. The fiscal 2009 base budget is \$24.2 million or 12.5 percent of total salaries and wages. The expenditures are expected to increase by 15.4 percent or \$3.7 million.

Implications of Not Funding:

Not funding this request would require contract concessions to reduce benefits. It could also make the school system less competitive in the job market and less able to hire and retain quality support and instructional personnel.

Utility and Service Contract Increase

This budget will provide funds for the expected increase in utility rates. Requested funds for utilities will increase the utility budget by five percent. Also included are expected increases in service contracts for maintenance, building operations, software and security. Funds would support additional costs to cover refuse disposal pickups at schools, provide after hours and weekend security, fire and HVAC monitoring at all facilities, and back flow prevention testing at all facilities. In addition, funds would support software maintenance obligations for Learning/Content Management System (D2L), Web Filtering (Websense), Web Security: Anti-Spam (Ironport, Proofpoint), and United Streaming.

Implications of Not Funding:

Since these costs are essentially fixed, not funding this initiative may result in tradeoffs with other instructional initiatives.



Transportation Contract

This request provides additional funds to maintain the school system's contracted bus operations for public and private school children. Cost-of-living increases are considered separately. The increased cost in transportation includes the PVA (per vehicle allowance) for 34 retiring school buses (per COMAR), two new buses, two buses for special education, and expenditures related to fleet maintenance. This request is net of fuel cost adjustment provided in the fiscal 2009 base funds.

Implications of Not Funding:

Not funding state transportation mandates would compromise the school system's operations and force a significant reduction in the number of buses on the road, and may result in longer walking distances or transportation times. School buses are retired under state mandate after 12 years of service.

CONTRACT ASSUMPTIONS:

Negotiated Contract Changes – STEP/Scales and Related Fixed Charges

This initiative funds salary step and scale, and related fixed charges pertaining to negotiations with the Education Association of Charles County (EACC) and the American Federation of State, County and Municipal Employees (AFSCME).

Implications of Not Funding:

Not funding this request would impact the majority of the workforce. The school system would become less competitive in the job market, and be unable to hire and retain quality support and instructional personnel.

Certificated (EACC) Contract Cost-of-living adjustments (COLA)

This request for funding is deferred until final state and county funding is determined. The amount would provide a reserve for COLA for employees covered by the Education Association of Charles County (EACC) contract.

Classified (AFSCME) Contract Cost-of-living adjustments (COLA)

This request for funding is deferred until final state and county funding is determined. This includes a reserve for COLA increase for employees covered by the American Federation of State, County and Municipal Employees (AFSCME) contract.

Implications of Not Funding:

Not funding a COLA increase will make the school system less competitive in the job market and less able to hire and retain quality support and instructional personnel.

CHARLES COUNTY PUBLIC SCHOOLS

4/8/2009

State Median Household Income by County 2007

Maryland

67,989

% of State Median
HH Income

Rank

Howard	100,744	1	48.2%
Montgomery *	91,440	2	34.5%
Calvert *	89,159	3	31.1%
Charles *	81,545	4	19.9%
Anne Arundel *	80,158	5	17.9%
Carroll	79,803	6	17.4%
Frederick *	76,802	7	13.0%
Queen Anne's	75,902	8	11.6%
St. Mary's	72,534	9	6.7%
Harford	72,092	10	6.0%
Prince George's *	67,706	11	-0.4%
Cecil	62,489	12	-8.1%
Baltimore	60,828	13	-10.5%
Talbot	56,512	14	-16.9%
Washington	50,257	15	-26.1%
Wicomico *	49,981	16	-26.5%
Worcester *	49,067	17	-27.8%
Caroline	48,387	18	-28.8%
Kent	46,693	19	-31.3%
Dorchester	42,077	20	-38.1%
Garrett	42,041	21	-38.2%
Allegany	37,171	22	-45.3%
Baltimore City, MD	36,894	23	-45.7%
Somerset	35,553	24	-47.7%

***Note: Counties filing for maintenance of waiver effort.**

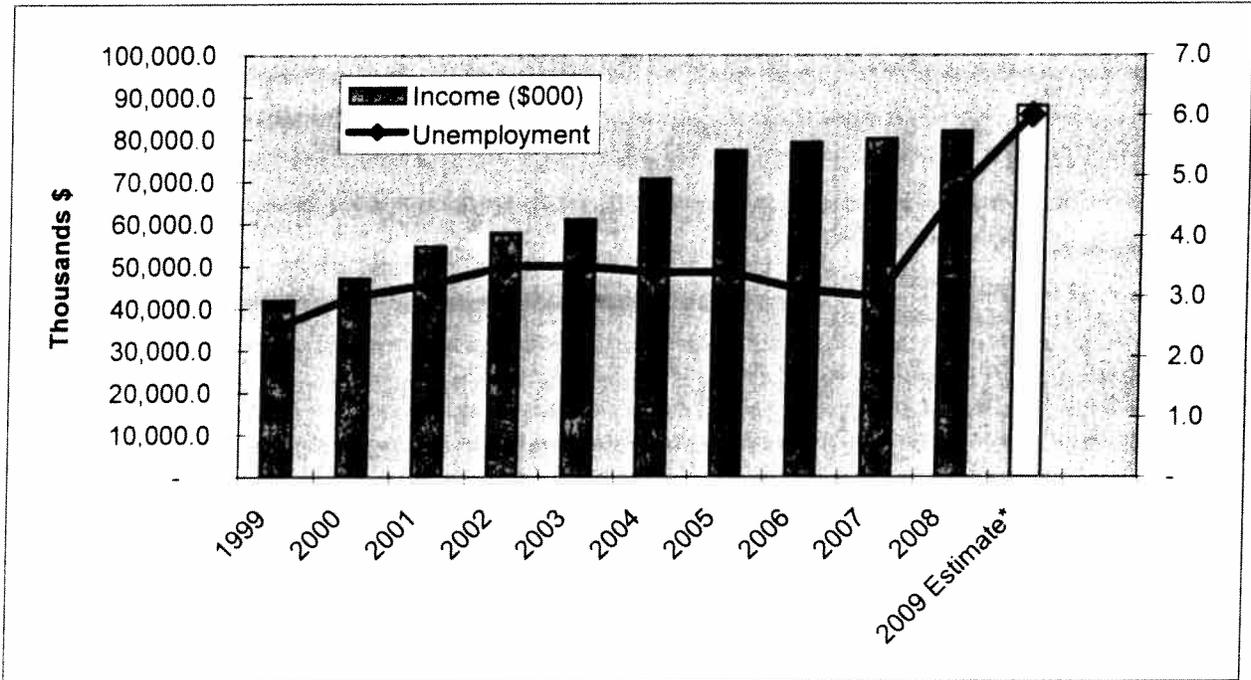
Source U.S. Census Bureau State & County Quick Facts

CHARLES COUNTY PUBLIC SCHOOLS

4/8/2009

	Income (\$000)	Charles County Annual Unemployment	State of Maryland Annual Unemployment	National Unemployment
1998	38,714.6			
1999	41,925.0	2.5	3.6	4.2
2000	47,055.5	3.0	3.6	4.0
2001	54,604.2	3.2	4.1	4.7
2002	57,810.2	3.5	4.5	5.8
2003	61,003.5	3.5	4.5	6.0
2004	70,581.2	3.4	4.3	5.5
2005	77,280.0	3.4	4.1	5.1
2006	79,175.3	3.1	3.8	4.6
2007	80,001.3	3.0	3.5	4.6
2008	81,823.1	4.7	5.5	7.1
2009 Estimate*	87,871.6	6.0	7.2	8.9

Source: Charles County Government Audited Financial Statements.
 U.S. Bureau of Labor Statistics (not seasonally adjusted). Italics equal Preliminary

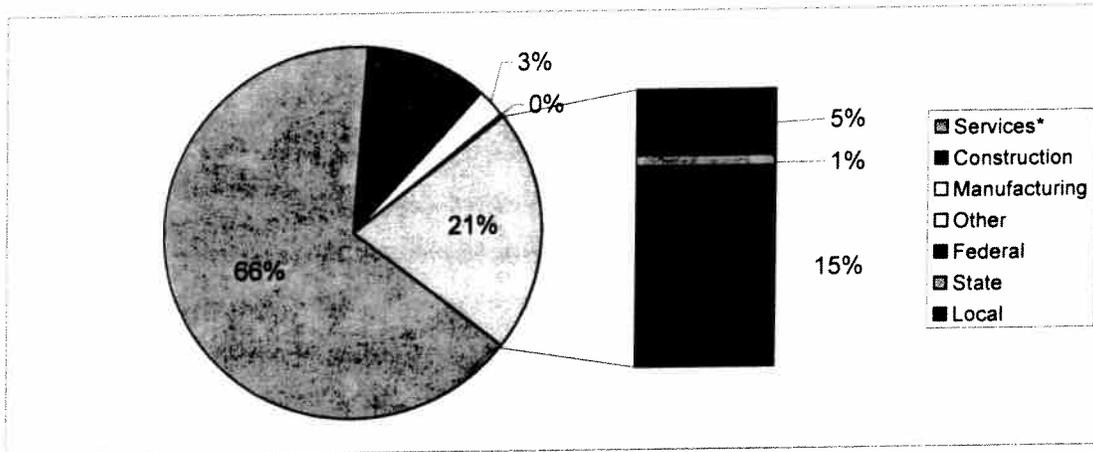


In 2004 the State increased the time frame for when counties received money.
 In 2005 there was a one-time allocation from the State due to prior year legislative action.
 In 2009 the unemployment rate is as of February 2009.
 In 2009 estimate income tax Charles County Commissioners Maintenance of Waiver Request - 2009.

Average Annual Employment

	INDUSTRY				Sub-total	GOVERNMENT			Sub-total	Grand Total
	Services*	Construction	Manufacturing	Other		Federal	State	Local		
2002	24,217	4,094	1,324	136	29,771	2,274	383	5,241	7,898	37,669
2003	25,374	3,719	1,238	106	30,437	2,284	389	5,413	8,086	38,523
2004	26,218	4,005	1,249	130	31,602	2,247	387	5,530	8,164	39,766
2005	27,155	4,013	1,227	121	32,516	2,168	391	5,694	8,253	40,769
2006	27,791	4,240	1,166	130	33,327	2,179	388	6,076	8,643	41,970
2007	27,738	4,411	1,090	115	33,354	2,170	386	6,338	8,894	42,248

Source: Economic Development and Tourism
 Charles County Government Comprehensive Financial Report
 *Includes Trade, Transportation, Utilities, Information, Financial Activities, Professional, Education, Health, Leisure and Hospitality



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20. Charles County, Md.

Median income: \$80,179

In southern Maryland, part of the Washington, D.C., metro area, Charles County has a shade over 120,000 residents, according to the Census Bureau. Resting on two acres of land, this four-bedroom, three-and-a-half-bathroom home in La Plata has a large backyard that leads to a dock on the Potomac River. It is listed for \$1 million through Century 21.



Digital Rules



Homes Of The Billionaires



The World's Billionaires 2009

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STATE PAY CUTS

Twenty States are considering or have enacted layoffs or worker furloughs, including:

- **California.** About 238,000 employees will be furloughed for one or two days a month
- **Maryland.** Furloughs of up to five days ordered for 67,000 employees
- **Ohio.** About 61,000 workers to take 10-day furloughs in each of the next two fiscal years
- **Georgia.** About 25,000 workers to take furloughs of varying lengths, depending on the agency
- **Arizona.** More than 15,000 employees will be furloughed, and 1,293 positions have been cut

Sources: National Conference of State Legislatures and USA TODAY research

WASHINGTON — Despite President Obama's call for federal employees to "do their part" and accept smaller-than-usual pay raises, Congress is considering a budget that could spend an additional \$1.3 billion or more on pay for civilian federal workers.

While some states and private companies are slashing jobs and pay, Congress is advancing a budget that could change a 2% raise proposed by Obama for 1.9 million non-military federal workers to at least 2.9% — which is the amount the president proposed for military employees.

"It feels like this is not a good time to be taking a pay increase," said Leslie Paige of Citizens Against Government Waste, a watchdog group that supports freezing pay for civilian federal workers. "Everyone else in the country is taking huge cuts, losing jobs."

The House and Senate are advancing versions of the budget that do not provide a specific pay raise amount, but call for equal raises for civilian and military workers.

Lawmakers reached parity in the past by increasing civilian raises rather than cutting the president's proposed military pay, which would be politically difficult in a time of war. If civilian pay jumps to 2.9%, it would cost \$1.3 billion, the Office of Management and Budget estimates.

FIND MORE STORIES IN: California | Congress | Barack Obama | New York | Ohio | United States House of Representatives | Senate Armed Services Committee | National Conference of State Legislatures | D-Mich | Office of Management | D-Md | Partnership for Public Service | Leslie Paige of Citizens Against Government Waste | Stier

The budget is non-binding, and the final decision on pay will be made as lawmakers approve specific spending bills. As part of the current budget, Congress scrapped an automatic pay raise for itself that had been scheduled for next fiscal year.

House Majority Leader Steny Hoyer, D-Md., whose district is home to many federal workers, said in a statement e-mailed by his office that he is not necessarily seeking larger pay raises for civilian employees but wants pay increases for uniformed and white-collar workers to be equal.

He said he expects both will receive less than the 3.9% approved for this year.

"Military and civilian personnel ... work side-by-side in carrying out the responsibility of government to protect the nation and provide services to American citizens," Hoyer said in stating his case for equal pay.

Still, pressure is mounting to raise military pay, not reduce it. Sen. Carl Levin, D-Mich., chairman of the Senate Armed Services Committee, said this week there is bipartisan support for a 3.4% raise for the military.

The possibility of federal pay raises comes as a National Conference of State Legislatures survey found 20 states, including New York, California and Ohio, are considering or have enacted layoffs or furloughs to close budget gaps.

Max Stier, head of the Partnership for Public Service, said good pay helps the government recruit quality employees needed at a time of economic crisis.

"We're asking more from our government than we have in a couple of generations," said Stier, whose non-partisan group promotes effective government. "It would be penny-wise and pound-foolish to minimize pay to federal workers when we need so much from them."

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County stirred by price of bonds

Wednesday, March 26, 2008

The housing market may be stalled and the local economy might be sluggish, but Wall Street was bullish on Charles County's government Tuesday.

The county sold \$47 million worth of bonds to cover the construction of local roads, schools, parks and other amenities at lower interest rates than last year.

In the first round of bidding Tuesday morning, Commerce Capital Markets beat out 10 other bidders to purchase the county's \$27 million in nontaxable bonds at a 3.81 percent interest rate, lower than last year's 3.87 percent rate.

In the second round, Morgan Keegan & Co. Inc. beat two other bidders to purchase \$20 million in taxable bonds at 5.05 percent, also lower than last year's 5.41 percent rate.

The county's financial adviser, Sam Ketterman, was reluctant to speculate on how the county would fare in Tuesday's bidding. The bond market is reeling from a crisis of confidence in the subprime mortgage lending sector, sending interest rates oscillating wildly in recent weeks.

Ketterman noted that the state sold its nontaxable bonds this year at a 4.14 percent and added, "We feel very good that the county should do about as well. ... We should receive a rate better than ... I better not say."

Ketterman said that the average interest rate on the bond market is currently hovering around 4.82 percent.

As the bids began appearing for the 11 a.m. nontaxable auction, Fiscal Services Director Debra Hudson's face lit up with joy and surprise.

"They were pretty phenomenal," Hudson said of the bids after the first auction.

She credited the county's use of lower-risk, 10- and 15-year bonds with drawing the large number of low bids. "I was thrilled."

County officials said that the successful auction was also due to the rave reviews given to the county's fiscal management by Wall Street's bond rating industries.

Both Moody's Investor Service and Fitch Ratings maintained the county's AA+ rating. Standard & Poor's also maintained its AA rating for the county, but, in a move that excited county officials, the agency gave the county a "positive outlook," signaling that the agency could raise the county's rating within the next year.

Hudson credited the county's financial team with making an honest, straightforward proposal to the rating agencies last month, outlining the fiscal problems facing the county as well as solutions for those problems.

After both rounds of bidding, Ketterman said, "There is a perception that the county is a well-run, well-managed and an attractive investment."

Commissioner Gary V. Hodge (D) noted that "the value of this evaluation is that it is independent." He said that the agency ratings and low bids are "a standard that verifies what we're doing."

<http://www.comnews.com>

CHARLES COUNTY

FISCAL REVIEW

FY 2009 & FY 2010

Prepared by:

R.J. Pellicoro Associates

November 2008

Revised February 24, 2009

FUND AVAILABILITY
FISCAL YEARS 2009 AND 2010

We have reviewed fund availability for Charles County for fiscal year 2009 and fiscal year 2010 and are of the opinion that again more than adequate funds will be available to fund a significant salary increase, not only for Charles County teachers, but for all County employees. This can be accomplished while retaining the property tax rate in effect during fiscal year 2009; as well as requiring no fund balance allocation.

The following tabulation defines in detail the sources of available funds for fiscal year 2009 and 2010 needs. Most of the revenue sources can be, comparatively speaking, accurately estimated, however, revenues from State grants and Aids, which only account for a minimal portion of General Fund Revenues, are not easily predictable.

Fund Availability - FY 2010

Starting with the June 30, 2008 Estimated Undesignated General Fund Balance, we proceeded to determine:

- a. Fiscal Year 2009 revenues over/(under) County budgeted amounts; and
- b. Fiscal Year 2009 appropriations above probable expenditures.
- c. Fiscal Year 2010 revenue increases assuming normal growth.

For clarification purposes, we have shown below each of these factors as well as their cumulative impact on fiscal year 2010 available funds:

(000,000)

A.	June 30, 2008 Surplus General Fund-Undesignated		\$39
B.	FY 2009 Revenue Over/(Under) County Estimate	\$ (5.1)	
C.	FY 2009 Estimated Unexpended Approp. Forecast 6/30/09 Surplus	<u>5.1</u>	<u> </u> \$39
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> </u> 1
F.	Unappropriated Surplus-Available to Fund FY 2011 and Beyond		<u>\$41</u>

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

THE CURRENT STATE OF THE NATIONAL AND LOCAL ECONOMY AND
ITS IMPACT ON THE REVENUE BASE

The unprecedented current financial crisis facing the Nation has severely impacted the national and local economies, which were already on the decline.

The uncertainty regarding the direction of State funding levels of local jurisdictions, which has already dropped sharply for Thornton funding, will cloud the fund availability assessments of those same local jurisdictions.

Local management, which had been riding surges in operating revenues attendant with the housing boom and rising stock market-generated Capital gains will have to revisit Capital Projects and operating expenditures to revise priorities consistent with the sharp slowdown in the growth of revenues.

Previous large transfers of operating revenues to Pay-Go funding of Capital Projects may no longer be justified given the need to first adequately fund ongoing operating needs (basic services).

County elected officials will have to make tough choices regarding timely decisions on tax rates to ensure that the quality of services rendered to citizens are not compromised. It may be necessary and appropriate to tap the Rainy Day Fund for temporary funding.

The impact on the major components of operating revenues are as follows:

A. Property Taxes

This revenue is usually 40-50% of General Fund revenues. Property Tax revenues were originally the product of the County Assessable Base times the Property Tax Rate. This product was reduced in the last decade by the Homestead Tax Credit, which capped the annual individual assessment increase to a legislated maximum (0%-10%).

Hence, Property Tax Revenues will grow at a slower rate if the individual Assessable Base increase falls below the cap. In such an event, the County has the authority to increase the Property Tax Rate to stabilize the growth in revenues. The increased cost to the taxpayer will remain consistent with prior cost increases equal to previous Assessable Base increases.

B. Income Taxes

Income Taxes provide 25% to 35% of General Fund Revenues. This revenue will be affected by the worsened economy through higher unemployment, lower salary increases and capital losses resulting from the plummeting stock market.

Some local jurisdictions can help improve the revenue base by increasing the piggy back income tax rate up to the maximum allowable. This could take the form of a temporary increase, with a fixed expiration date, to help offset the revenue loss from the recessionary economy.

C. Recordation and Transfer Taxes

This revenue accounts for 5-15% of General Fund Revenues.

Recordation Tax Rates range from a low of \$2.20 per \$500 of consideration to \$6.00 per \$500 of consideration. Many local jurisdictions have ample room in rate increases to help mitigate revenue losses from the sharp economic downturn.

Transfer Tax Rates range from .5% to 1.5% of the consideration. Six local jurisdictions do not impose a Transfer Tax.

SCOPE AND APPROACH

Fiscal 2002 through 2009 Budget Review

Our selection process began with the fiscal years 2008 and 2009 County approved budgets which were closely scrutinized and compared with previous years' actual results to develop multi-year historical trends of significant revenue and expenditures categories. We reviewed the FY 2007 County Audit Report which provided more extensive narratives relating to the budget components for possible aids to enhance accurate forecasts using the most current historical data.

We reviewed past approved County budgets and County Audit Reports for purposes of:

- a. identifying those substantive revenue and expenditure categories;
- b. establishing revenue and expenditure trend lines in efforts to assist in forecasting;
- c. determining the accuracy of the County in forecasting revenues and expenditures; and
- d. evaluating the impact of any accounting changes.

At the same time, we reviewed State of Maryland revenue distributions to the various counties as well as other State compiled relevant economic data, such as property tax base evaluations, income tax payments, unemployment statistics, etc.

National economic indicators, such as the Consumer Price Index, retail sales, etc., were analyzed to help determine the potential impact on our forecasts of County revenues and expenditures.

Unfortunately, the County has not compiled adequate performance or productivity data so that County programs cannot be evaluated from a cost/benefit viewpoint. It is recommended that the County initiate efforts to collect the necessary data to enable assessment of County programs. This is essential to assure the allocation of County resources to priority functions on the most equitable basis. Additionally, if the County set up a system to monitor substantive revenue and expenditure categories on a monthly or quarterly basis, and updated projections were prepared, County citizens would be assured that their tax dollars were used effectively and according to their priorities.

OVERVIEW

There has been a dramatic shift over the past twenty years from a County revenue base totally dominated by Property Tax Revenues to a broad revenue base where property taxes in fiscal year 2009 comprise 54% of County General Fund Revenues. Income Tax revenues account for 28%.

In evaluating the reasonableness and impact of current salary increases for County personnel, it is important to view the increases in the proper perspective; namely, the relationship of accumulated salary increases to the inflationary spiral over the same period and the impact on either the County taxpayer or other County expenditures (especially those not of a current operating nature.)

In today's consumer-oriented "truth-in-budgeting" climate, it is essential that large surpluses, and hidden reserves be minimized or eliminated where practical, therefore precluding their use as possible political tools. The County maintains "at least" a 5% "Rainy-Day" Reserve. (Bond Rating Reserve)

Finally, it is imperative that County spending be consistent with approved citizen priorities, and that revenue sources be optimized to ensure that no undue burden is placed on any one group of County citizens.

In this light, we have conducted a review of County revenues for fiscal years 2008 and 2009 to help assess the revenue gap, if any, and to eliminate some of the conjecture involved in forecasting revenues. We have estimated fund availability for fiscal years 2009 and 2010.

On the following pages, we have analyzed the substantive revenue sources and evaluated our forecasts as compared to those of the County.

It is our opinion, based on these analyses, as well as prior years' County forecast results, that funds are available to accommodate reasonable salary increases for County personnel without unduly compromising other County government services or further burdening the County taxpayer.

Adequate planning is mandatory to assure the continued sound fiscal health of Charles County while providing a meaningful quality level of service to County citizens, especially when confronting a recession.



January 16, 2009

| MSDE Home | Newsroom | MDReportcard.org | School Improvement |



**A few words
from State
Superintendent
of Schools
Nancy S.
Grasmick**

Welcome, Friends of Maryland Education!

The Maryland Education Bulletin will now be distributed bi-monthly. Each issue will highlight education issues and events, bring awareness to education programs and initiatives, and laud the accomplishments of those who contribute to the success of public education throughout the State.

The second publication will provide a recap of Maryland State Board of Education news, key stakeholder reporting, and a variety of education issues relative to state and federal legislation.

Maryland State Department of Education's Service-Learning Unit has produced a brochure that compiles a variety of Maryland's Service-Learning Projects. The brochure, *Showcase of Maryland Service-Learning Projects*, features selected works of students representing each local school system. The brochure also identifies which Voluntary State Curriculum Indicators were met, in relation to each project.

MARYLAND'S EDUCATION SYSTEM RANKS NUMBER ONE OVERALL

The Maryland public school system has moved to the head of the class, according to an independent national report released last week.



Governor O'Malley and State Superintendent Grasmick spotlighted the success of Maryland schools during an event last week at Annapolis High School, where a report on the Bridge to Excellence Act was released.



include New York and Virginia.

Maryland Governor Martin O'Malley celebrated the

Education Week, the nation's leading education newspaper, looked at data in six critical categories over the past two years, and found that Maryland's state education system is at the very top of national rankings. Maryland placed at the top of the list in *Education Week's* tally, just ahead of Massachusetts. Other high-scoring systems

Although Maryland may have been the first state to pass a service-learning graduation requirement in 1997, the state is not alone in acknowledging the beneficial impact of service-learning on students' civic knowledge and engagement, academic success, character, and social development.

For additional information on the brochure or the Service-Learning Program, please contact Julie Ayers at 410.767.0357, or visit www.mdservice-learning.org.

* * *

The 2008-2009 Directory of Maryland Public Education is now available online. Simply visit <http://mdedirectory.org> and download your copy today!

Calendar

January 27-28 — State Board Meeting

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ranking.

"This is tremendous news for the State of Maryland," Governor O'Malley said. "It is a tribute to the students, teachers, and parents who, in response to increased investments made by all Marylanders, continue to achieve at unprecedented levels."

Maryland's ranking is based on student performance and State education policies that reflect more than a decade of work on a preK-12 curriculum; state accountability and standards; and work on school readiness, high school reform, and preparation for college and the workplace.

"School reform doesn't happen overnight. It takes a long-term commitment to high standards and collaboration, always keeping in mind the students and the families we serve," said State Superintendent of Schools Nancy S. Grasmick. "The 'Quality Counts' report reaffirms Maryland's status as one of the nation's most desirable places to live, work, and raise a family."

Maryland has had a history of success in *Education Week's* annual review of state education systems; it ranked third in the 2008 "Quality Counts" report. But this is the first time Maryland has ranked first overall.

The publication's detailed analysis of state education systems rated Maryland's program of transitions and alignment—the policies and programs that take students from preschool through college- and work-readiness—as tops in the nation. Maryland scored an A, 96.4 percent.

Maryland also ranked among the nation's leaders in "Chance for Success," which looks at how well graduates achieve beyond high school; and in school finance, a score helped greatly by the Bridge to Excellence Act funding.

The overall grade includes scores from the 2008 "Quality Counts" report in K-12 achievement, ranking

high thanks to a strong showing on the National Assessment of Educational Progress (NAEP), high school graduation rates, and Advanced Placement (AP) performance. Also included are 2008 scores in standards, assessments and accountability; and in teacher quality and preparation.

BRIDGE TO EXCELLENCE ACT HAS PAID OFF FOR SCHOOLS, STATE

Bridge to Excellence, Maryland's visionary program to bring adequacy and equity to elementary and secondary classrooms, has successfully fueled increased student achievement and academic innovation throughout the state, according to a new independent analysis.

Just as important, the report released last week said that the Bridge to Excellence (BTE) funding—worth at least \$1.3 billion in additional dollars to local systems—has started to reduce the gaps in achievement among certain economic and racial subgroups of students.

BTE's critical funding has helped student proficiency levels improve at all grades tested by the State and among all subgroups, according to MGT of America, the national consulting firm that has studied the law's results over the past three years. In its final report, released last week in Annapolis, MGT also found that all race/ethnic groups of elementary and middle school students improved their reading and mathematics proficiency levels on the assessments required by the federal No Child Left Behind (NCLB) law.

State Superintendent of Schools Nancy S. Grasmick presented copies of the report to Maryland Governor Martin O'Malley and Speaker of the House Michael Busch.

"Money matters, but it has to be coupled with

strategic thinking and it has to be coupled with accountability," Dr. Grasmick said. "Just dumping dollars in without that accountability would not work."

BTE's enhanced funding, combined with the law's requirement that school systems assess their programs and the State's enhanced oversight role, has laid the framework for a culture that improves classroom work, according to MGT. The report reviews both the results of the program and at the ideas used by local systems that produced the improving academic work.

"In the years following the implementation of BTE, local school systems demonstrated substantial improvements in the percentage of their student populations who were proficient in reading and mathematics," the report says.

Jerry Ciesla, a Senior Partner at MGT and principal investigator on the Maryland project, said the Bridge to Excellence program was groundbreaking in many respects.

"Maryland is the envy of every state," Dr. Ciesla said. "The additional funding to local school systems truly made a difference."

MGT found that the largest percentage of additional funds went to recruit and retain qualified educators, widely viewed as the most critical school-based factor to improving student achievement. Other instructional items, such as supplies, textbooks, and other teaching materials, also received additional dollars from BTE.

As part of its research, MGT conducted the largest-ever survey of Maryland public school teachers and principals. Survey responses in 2008 from 16,432 educators in 1,201 schools across the state confirmed earlier findings, which revealed a number of factors that contribute to improved educational achievement. These include more strategic and team planning, better utilization of data, organizing

schools into professional learning communities, and improved professional development for educators.

The Maryland General Assembly in 2002 approved the BTE Act, which continues to bring an additional \$1.3 billion to public schools. The Act, which set into law many of the recommendations of the Thornton Commission, also required a study of the program's effectiveness, leading to the MGT research.

The complete report is available online at MGT Evaluation Final Report 2008.

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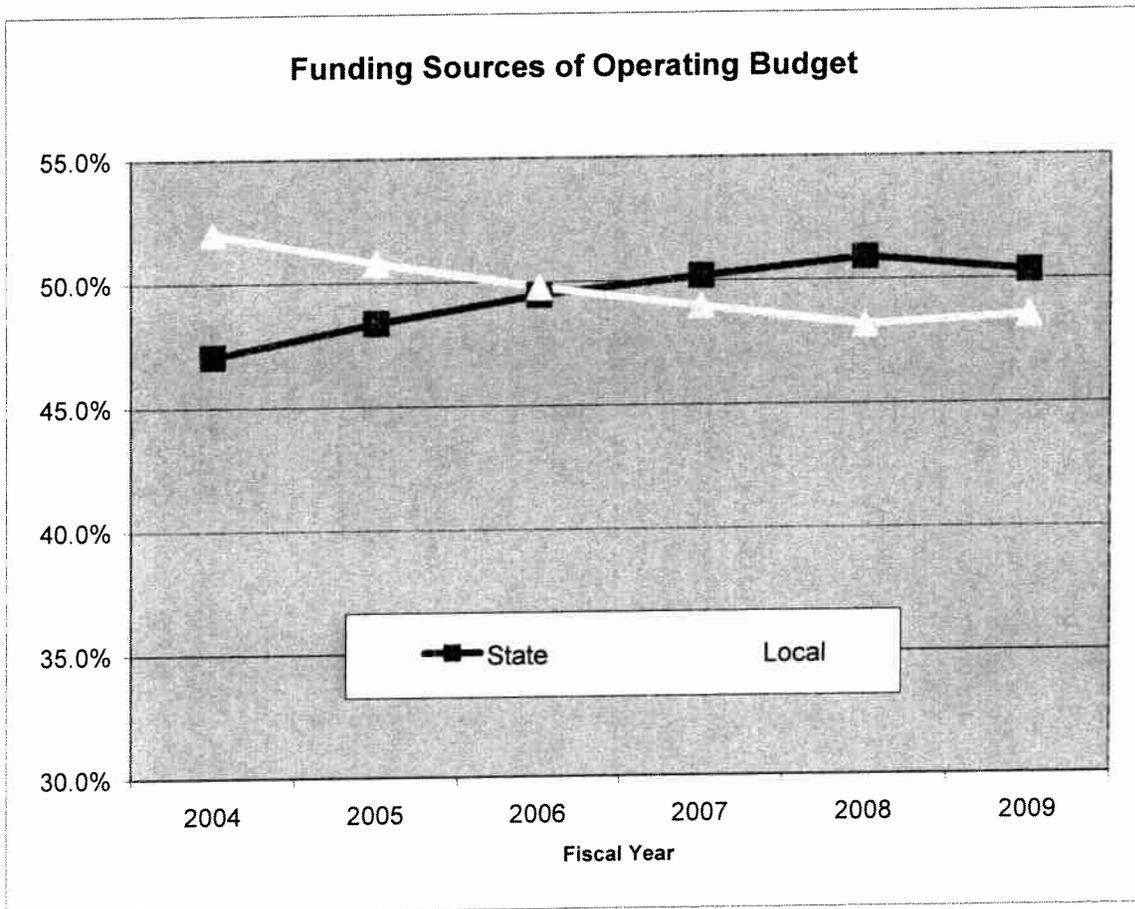
MSDE Videos: <http://www.MarylandPublicSchools.org/MSDE/newsroom/videos>

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CHARLES COUNTY PUBLIC SCHOOLS

4/8/2009

Fiscal Year				BOE Proportions			
	Local	State	Other*	Total	Local	State	Other
2004	94,623,200	85,613,700	1,733,100	181,970,000	52.0%	47.0%	1.0%
2005	101,794,000	96,925,300	1,733,100	200,452,400	50.8%	48.4%	0.9%
2006	112,217,000	111,533,300	1,733,100	225,483,400	49.8%	49.5%	0.8%
2007	124,006,000	127,095,700	2,216,200	253,317,900	49.0%	50.2%	0.9%
2008	135,856,000	143,567,100	2,666,200	282,089,300	48.2%	50.9%	0.9%
2009	145,316,000	150,723,300	3,466,300	299,505,600	48.5%	50.3%	1.2%

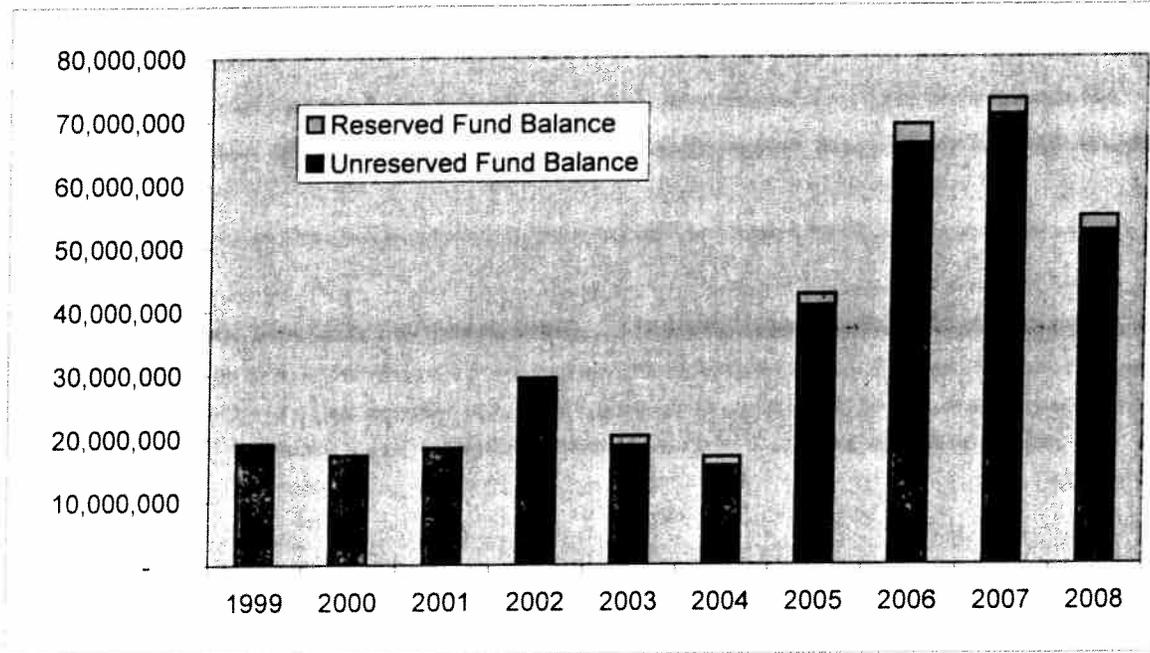


CHARLES COUNTY PUBLIC SCHOOLS

4/8/2009

	Total Fund Balance	Unreserved Fund Balance	Reserved Fund Balance	Total County Revenues	% of Total Revenues
1998	17,643,079	17,543,079	100,000	133,029,500	13.3%
1999	19,190,089	19,090,089	100,000	139,847,900	13.7%
2000	17,353,816	17,288,014	65,802	150,950,900	11.5%
2001	18,423,004	18,300,710	122,294	171,845,100	10.7%
2002	29,436,864	29,326,676	110,188	181,733,800	16.2%
2003	20,294,260	18,677,242	1,617,018	192,460,300	10.5%
2004	16,966,927	15,545,693	1,421,234	200,042,300	8.5%
2005	42,561,146	40,681,412	1,879,734	243,614,100	17.5%
2006	69,349,940	66,201,505	3,148,435	275,984,300	25.1%
2007	73,359,129	70,845,770	2,513,359	278,269,500	26.4%
2008	54,725,700	52,384,223	2,341,477	284,106,800	19.3%
2009 Estimate	47,220,118	43,105,781	4,114,337	313,391,800	15.1%

Source: Charles County Government approved budgets and financial audits



News Release



From the Office of the:

CHARLES COUNTY COMMISSIONERS

For Immediate Release

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CCG Web site
www.charlescounty.org

Board of Education Presses for Tax Increase during Recession

The Charles County Board of Education issued a press release yesterday asking the Charles County Commissioners to raise taxes instead of requesting a waiver of the Maintenance of Effort (MOE) requirement for public school funding.

According to a press release, Donald Wade, Chairman of the School Board, said that State law requires the County to raise property taxes to fully fund the school system.

The Commissioners requested a waiver of the State's MOE requirement in anticipation of deep funding cuts by the State of Maryland that could have significant impact on the County's budget.

The County's request is based on the Maryland General Assembly's consideration of additional cuts in State funding for counties, and the current expectation that State and local revenues will continue to decline during the recession through the remainder of this fiscal year and in fiscal year 2010, which begins on July 1. The potential State cuts, along with declining local revenues, may impair the County's ability to support local operations of State agencies, such as Social Services and the Health Department, as well as local County government services.

In contrast to the County, the Charles County Board of Education is slated to receive additional aid this year. In addition to appropriations of State and County funds to support the schools, this year local boards of education will receive more than \$1 billion in special funding from the federal economic stimulus package (American Recovery and Reinvestment Act). According to State sources, the Charles County Board of Education's share of this new funding amounts to \$18.5 million over the next two years.

Considering the economic challenges facing all Charles County citizens and businesses during this national recession, the Charles County Commissioners are unanimously opposed to any tax increases.

Commissioner President Wayne Cooper noted that last week, fifteen Maryland counties were pursuing a waiver of the Maintenance of Effort requirement, including Calvert County. "The Maryland Association of Counties has encouraged all counties to seek State legislation for a State-wide waiver," added Cooper.

-MORE-

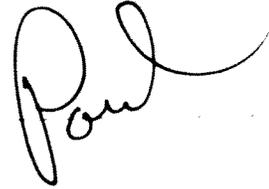
Commissioner Gary V. Hodge commented that “we are under an obligation to adopt a balanced budget. Decisions at the State level, which we have no control over, will flow down to the counties. We have no alternative as County Commissioners but to adopt a balanced budget.”

“There is an opportunity in the process for the public to be heard,” said Commissioner Reuben B. Collins, II. “A public hearing is required by the State before action can be taken.”

The County’s projections for FY 2010 indicate that local revenue will be 1.4 percent less than in the current FY 2009 adopted budget, due to lower income from most of the County’s revenue sources.

The Commissioners have already taken steps to reduce spending and save money in several key areas. Next year’s budget will not include employee cost of living increases, or step increases in pay, and will continue a hiring freeze on current and future vacancies. The Commissioners are also considering a furlough, which would result in a 4 percent decrease in salaries, as well as exploring the option of refunding portions of the County’s bond debt to save interest costs. In addition, substantial cuts have been made in the capital construction program in an effort to trim every possible budget line item.

The County Commissioners believe that the waiver request is essential to meeting the County’s basic responsibilities to protect the health, safety and welfare of all the citizens of Charles County.



Ratti, Donna (CCPS)

From: Steve Brooks [steve.brooks@msde.state.md.us]
Sent: Friday, April 03, 2009 6:07 PM
To: MD Superintendents
Cc: Nancy Grasmick; Ronald Peiffer; John Smeallie
Subject: Info Promised from Today's Meeting
Attachments: Talking Points - Budget - 04-03-09.pdf; Early ARRA Estimates.pdf

To the Superintendents of Schools,

Per our discussion this morning I am providing the following documents:

- My talking points from today regarding the recent actions on the Budget and BRFA bills.
- The early county by county estimates of ARRA funding (this is the document that was mentioned that may currently be circulating that was based on very early estimates of the ARRA Stimulus package and is outdated and incorrect).

By Monday or Tuesday I should have the listing of grants with Maintenance of Effort requirements.

Have a great weekend!

Steve

Information on what's been going on in Annapolis recently with our budget
(recent action)

	House	Senate
<u>Budget Bill Items (amount differences indicate Conf Committee items)</u>		
• Chess Program	-229,500	-229,500
• NorthBay (moves to SAI)	-163,000	-150,000
• School Improvement	-4,752,600	-4,752,600
• Principal Fellowship	-159,745	-159,745
• Science / Math Prog	-1,000,000	-1,000,000
• Head Start	-3,000,000	(contingent)
○ Senate cut contingent based upon avail of FF for use in summer programs		
• Other Programs		
○ Child Care Subsidy	-1,900,000	-1,900,000

Budget Reconciliation and Financing Act Items

- Supplemental Grant (FY 2010) no cut no cut
 - Adjusted from original \$43.3m contingent cut, thanks to ARRA plan
- Nonpublic Placements 70/30 70/30
 - Contingent cut -16.1m -16.1m
 - Adjusted from 50/50 original \$48.3m cut prior to ARRA plan
- Teacher Quality Incentives -5,325,000 -5,325,000
- Wealth Error (FY 2010 impact from FY 2009 amounts)
 - Montgomery Co. +24.2m +24.2m
 - moved from FY 2009 Defic Approp to FY 2010
 - 17 LEAs Overstatement -30.8m -30.8m
 - FY 2010 impact – 8 LEAS overstatement of \$4.7m to be cut in FY 2011
- Aging Schools: 2010: \$0, 2011: \$6.1m, 2012: \$10.4m, 2013: resume inflation
- Other Senate Changes (will be conf committee items)
 - Freeze BTE Per Pupil for 2011 and 2012
 - Change Supplemental to 1/2% in 2011 and flat hold harmless in 2012
 - Transportation Formula - no CPI increase in 2011 and 2012
 - Other mandated increases
 - outside of noted items exempts Governor from mandated increases in 2011 and 2012
 - Foundation program \$50,550,154 (represents increase in GCEI aid from 60% to 100%) restricted to school construction program
 - Extends Deadline for MOE waiver requests from April 1 to May 1
 - State Board to respond by June 1
 - New language appears to allow resubmission

Supplemental #1

- ARRA Stabilization Funds \$295.9m
 - I'll explain in a moment when we discuss the ARRA
- FY 09 GCEI – enacts the expected \$37.9m cut
 - Other adjustments in increases slightly more than offset this reduction

**Estimated County Allocation of Proposed Funds for Education
Total Allocation over Federal FY 2009 and**

Local Unit	FY 2009 Allocation	FY 2009 Percent of Total	FY 2009 Estimate	FY 2009 Estimate
Allegany	2,552,317	1.4%	5,071,467	5,071,467
Anne Arundel	10,051,478	5.6%	19,972,339	19,972,339
Baltimore City	63,484,440	35.7%	126,143,913	126,143,913
Baltimore	20,154,163	11.3%	40,046,427	40,046,427
Calvert	1,191,974	0.7%	2,368,459	2,368,459
Caroline	957,158	0.5%	1,901,878	1,901,878
Carroll	1,262,258	0.7%	2,508,113	2,508,113
Cecil	2,281,032	1.3%	4,532,422	4,532,422
Charles	2,728,828	1.5%	5,422,195	5,422,195
Dorchester	1,397,072	0.8%	2,775,989	2,775,989
Frederick	3,164,849	1.8%	6,288,174	6,288,174
Garrett	1,276,952	0.7%	2,537,310	2,537,310
Harford	4,240,487	2.4%	8,425,870	8,425,870
Howard	2,046,800	1.1%	4,068,770	4,068,770
Kent	955,710	0.5%	904,511	904,511
Montgomery	20,858,113	11.6%	39,876,836	39,876,836
Prince George's	25,945,021	14.2%	53,739,392	53,739,392
Queen Anne's	388,636	0.2%	1,358,508	1,358,508
St. Mary's	2,112,083	1.2%	4,238,248	4,238,248
Somerset	1,210,684	0.7%	2,405,638	2,405,638
Talbot	684,915	0.4%	1,369,914	1,369,914
Washington	3,654,736	2.1%	7,278,874	7,278,874
Wicomico	3,677,931	2.2%	7,185,488	7,185,488
Worcester	1,475,430	0.8%	2,931,187	2,931,187
Unallocated				
Total	178,072,103		353,830,195	353,830,195

*Based on information published by House Appropriations Committee. The zeroes for Howard

Does not include estimated \$91,000,000 in school construction monies
and \$13,653,000 in Education Technology monies

2010

Fiscal Stablization (61%)	Title 1*	Special Ed	Total
10,142,934	1,687,600	2,664,600	14,495,134
39,944,678	7,220,200	19,571,700	66,736,578
252,287,825	65,337,800	33,297,200	350,922,825
80,092,853	15,908,200	29,090,600	125,091,653
4,736,917	760,600	3,673,400	9,170,917
3,803,756	661,000	1,410,100	5,874,856
5,016,226	0	6,565,500	11,681,726
9,084,845	1,788,000	4,202,300	15,075,145
10,844,391	1,755,400	5,959,200	18,558,991
5,551,979	855,800	1,351,200	7,758,979
12,576,348	2,086,200	8,868,800	23,531,348
5,074,621	757,400	1,324,600	7,156,621
16,851,739	3,258,000	10,023,800	30,133,539
8,133,540	0	11,020,600	19,154,140
1,809,021	288,800	567,800	2,665,621
79,753,672	15,412,800	35,224,900	130,391,372
107,478,784	25,000,000	38,850,700	171,329,484
2,717,015	1,420,000	1,783,400	4,914,615
8,476,497	845,000	932,100	10,264,397
4,817,771	1,614,600	2,735,700	10,561,571
8,638,225	444,200	1,231,800	10,314,225
14,537,411	2,610,000	5,376,200	22,630,141
16,410,338	2,710,200	3,872,900	22,074,038
3,899,774	913,800	1,705,700	6,519,274
	4,913,000		24,915,000
60,660,390	7,485,800	230,174,100	1,115,320,230

and there appear to be errors.

DO NOT USE ORIGINAL INFO

Ratti, Donna (CCPS)

From: Steve Brooks [steve.brooks@msde.state.md.us]
Sent: Tuesday, April 07, 2009 12:04 PM
To: MD Superintendents; Carl Roberts
Cc: Nancy Grasmick; John Smeallie; Ronald Peiffer
Subject: Listing of Federal Grants with MOE Provisions

To the Superintendents of Schools:

Per your request on Friday I am providing the following listing of federal grants flowing through MSDE with Maintenance of Effort (MOE) provisions*:

- Title I - A - (and ARRA) Grants to Local Education Agencies
- Title II - A - Improving Teacher Quality
- Title II - B - Math & Science (supplement vs. supplant requirement)
- Title II - D - Enhancing Education Through Technology
- Title III - Language Instruction for Limited English Proficient and Immigrant Students

- IDEA Pt B (and ARRA) - State Grants
- IDEA Pt B - 619 (and ARRA) – Preschool Grants
- IDEA Pt C (and ARRA) – Infants & Toddlers overall local requirement (not just LEAs)

- Adult Ed and Family Literacy Act (AEFLA)

- Carl D. Perkins Career and Technical Education Improvement Act

*Note, this listing was compiled to provide information on the types of grants containing MOE regulations. The specific regulations vary considerably between grants. Additionally, while we have made efforts to ensure its completeness, given the timing there may be omissions. This does not substitute for program guidance and regulation.

I hope you find it helpful.

Steve Brooks