

Prince George's County Council

Agenda Item Summary

Meeting Date: 7/23/2008
Reference No.: CB-051-2008
Draft No.: 1
Proposer(s): County Executive
Sponsor(s): Dean
Item Title: An Act concerning Fiscal Year 2008-2009 Current Expense Budget for the purpose of amending certain revenue estimates and certain appropriations in the Annual Budget and Appropriations Ordinance for Fiscal Year 2008-2009

Drafter: Mr. Jonathan Seeman, Director OMB
Resource Personnel:

LEGISLATIVE HISTORY:

Date Presented:		Executive Action:	8/11/2008 S
Committee Referral:	7/1/2008 - PSFM	Effective Date:	9/26/2008
Committee Action:	7/14/2008 - FAV		
Date Introduced:	7/1/2008		
Public Hearing:	7/23/2008 - 10:00 AM		
Council Action (1)	7/23/2008 - ENACTED		
Council Votes:	MB:A, WC:A, SHD:A, TD:A, CE:A, AH:A, TK:-, EO:A, IT:A		
Pass/Fail:	P		
Remarks:			

AFFECTED CODE SECTIONS:

COMMITTEE REPORTS:

Public Safety and Fiscal Management

Date 7/14/2008

Committee vote: Favorable, 4-0, (In favor: Councilmembers Knotts, Campos, Dean and Exum.)

This bill will amend the County's FY09 Approved Operating Budget which was approved through the enactment of CB-28-2008. The amended budget is necessary to address a projected revenue shortfall of \$48 million.

The County Executive stated in his June 30, 2008 letter that the County has continued to experience a decline in revenues after the approval of the FY2009 budget. The projected income tax distribution from the State has declined below the estimated amount and the drastic decrease in the housing market has caused a significant loss of revenue in transfer and recordation taxes.

The County Executive will declare an additional \$3 million in revenues (\$2,000,000 from the Maryland-National Capitol Park and Planning Commission, M-NCPPC) and \$1,000,000 from the Revenue Authority.

The County's contribution to the Board of Education is reduced by \$14,000,000. In order to maintain the approved

budget level appropriated for the Board there is an increase in the Board's fund balance by the equivalent amount.

County agencies' expenditures are reduced by \$6,000,000 through a new cost saving/incentive program and Non-Departmental by \$25,000,000 (\$4.9 in Grants and Transfer Payments, \$50,000 in Non-Departmental Expenses and \$20 million in Contingencies.) The \$20,000,000 was designated as a Contingency line item (spending control measure) by the County Council in the Approved FY2009 Operating Budget.

The total County Agency reductions are accomplished through a net reduction in compensation expenditures of \$919,622, a net increase in Fringe Benefit expenditures of \$109,122, a net reduction in Operating expenditures of \$6,100,000 and a net increase in Recoveries of \$910,500.

The Superintendent of Schools stated that they would like to make reductions in their FY09 budget instead of taking the \$14 million from the fund balance.

The Office of Law has reviewed this bill and finds it to be in proper legislative form with no legal impediments to its enactment.

The adjustments to the County's Approved FY2009 Operating Budget to insure that the expenditures do not exceed the revenues as required by County Charter will have a neutral fiscal impact on the County because of the offsetting revenue and expenditure reductions (net adjustment of \$31,000,000.)

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation will amend the Approved FY 2009 Current Expense Budget in accordance with Section 817 of the Prince George's County Charter which provides that [i]f at any time during the fiscal year, the County Executive shall ascertain that the available revenue for the year may be less than the total appropriations, he shall reconsider the appropriations for all agencies, and may revise them so as to forestall expenditures in excess of the income and fund balances."

June estimates for FY 2009 revenue are \$48,000,000 less than the estimates in the Approved FY 2009 Current Expense Budget. Because we are obligated to maintain the Board of Education appropriation, the Legislation utilizes \$14 million of Board of Education Fund Balance; recognizes \$2 million of additional revenue from the Maryland-National Capital Park and Planning Commission and \$1 million from the Revenue Authority to reduce the budget reduction to \$31,000,000.

CODE INDEX TOPICS:

INCLUSION FILES:

I-CB-51-2008 Exhibits.pdf
