



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

June 10, 2020

FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin *JH*
Senior Legislative Budget and Policy Analyst

FROM: Inez N. Claggett *INC*
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Note
CB-030-2020, Supplementary Appropriations, Intradepartmental Transfer of Appropriations,
and Interdepartmental Transfer of Appropriations

CB-030-2020 (*Proposed and presented by:* The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole

AN ACT CONCERNING SUPPLEMENTARY APPROPRIATIONS, INTRADEPARTMENTAL TRANSFER OF APPROPRIATIONS AND INTERDEPARTMENTAL TRANSFER OF APPROPRIATIONS for the purpose of declaring additional revenue and appropriating to the General Fund to provide for costs that were not anticipated and included in the Approved Fiscal Year 2020 Budget and transferring surplus appropriation between various agencies and providing an appropriation adjustment to the Special Revenue Fund.

Fiscal Summary

Direct Impact:

Expenditures: Positive related to the increase in appropriation available for expenditure.

Revenues: Adverse related to the appropriation of Fund Balance for use.

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Indirect Impact:

Positive as a result of the Special Revenue Fund appropriation.

Current Law/Background:

The County Council enacted CB-030-2020, the County budget, known as the Annual Budget and Appropriation Ordinance of Prince George's County for FY 2020 which set forth appropriations to each County agency to be used for annual operations, and identified revenue estimates for the County. Section 814 of the Charter for Prince George's County provides authority for transfers of appropriations between general classifications of expenditures, in excess of \$250,000 aggregate, in the current expense budget within the same agency and within the same fund, and transfer between agencies of the County government and within the same fund and current expense budget, by legislative act of the County Council, upon request of the County Executive.

Discussion/Policy Analysis:

CB-030-2020 seeks to provide additional appropriation authority of \$10,000,000 in General Fund revenue, and \$5,000,000 in Special Revenue Funds to County agencies. This act will increase the FY 2020 General Fund Budget from \$3,631,989,800 to \$3,641,989,800, and the FY 2020 Special Revenue Fund Budget from \$215,146,800 to \$200,146,800.

As a result of the COVID-19 pandemic, the County's economy has been negatively impacted and revenue shortfalls have been identified in anticipated income tax receipts, anticipated licenses and permits revenue, anticipated intergovernmental revenue, anticipated miscellaneous revenue and from outside sources as outlined below in Exhibit A. Therefore, revenue appropriations are proposed to be adjusted to transfer funds from the County's Unassigned Fund Balance (\$42,432,600) to cover the anticipated shortfalls. Funds are also being transferred from the County's Assigned Fund Balance (\$10,000,000) to support the planned additional contribution to the Other Post-Employment Benefits (OPEB) trust fund.

Exhibit A	
PROPOSED REVENUE APPROPRIATION	
Revenue Source	Amount
Income Tax	(33,409,400)
Licenses and Permits	(7,868,600)
Use of Money and Property	9,296,500
Intergovernmental Revenue	(4,487,000)
Miscellaneous	(5,402,500)
Use of Unassigned Funds Balance	42,432,600
Use of Assigned Fund Balance	10,000,000
Outside Sources	(561,600)
Total General Fund Revenue Adjustment	10,000,000

The General Fund supplemental revenue is proposed to be allocated to cover unanticipated and essential costs needed to meet operational requirements as shown in Exhibit B. Specific details and explanations of the unanticipated and essential costs can be found in the County Executive’s cover letter to the proposed Bill.

EXHIBIT B PROPOSED REVENUE APPROPRIATION BY AGENCY							
Agency	Expenditure Source						Total
	Compensation	Operating	Recoveries	Capital Outlay	Fringe Benefits	Other	
Office of the County Executive	-	38,000	-	-	-	-	38,000
Personnel Board	-	20,000	-	-	-	-	20,000
Office of Central Services	-	253,300	-	-	-	-	253,300
Police Department	(2,323,200)	(1,352,100)	-	-	-	-	(3,675,300)
Fire/EMS Department	1,857,100	1,600,100	-	134,500	1,772,300	-	5,364,000
Office of Homeland Security	-	500,000	-	-	-	-	500,000
Department of Permits, Inspection and Enforce	(805,700)	1,068,400	-	-	(262,700)	-	-
Department of Health	(215,500)	304,000	-	15,000	(103,500)	-	-
Non-Departmental* (see Exhibit C)			-			7,500,000	7,500,000
Totals	(1,487,300)	2,431,700	-	149,500	1,406,100	7,500,000	10,000,000

Details of the actions occurring under the proposed Bill within the Non-Departmental agency are provided below in detail.

EXHIBIT C *NON-DEPARTMENTAL EXPENDITURE SOURCE BREAKDOWN	
Allocation	Amount
Debt Service Savings	(2,500,000)
Other Post-Employment Benefits	10,000,000
Total Non-Department Expenses	7,500,000

Additionally, CB-030-2020 will authorize an increase in the appropriation balance of the County’s Special Revenue Fund. \$5,000,000 from the fund balance of the Economic Development Incentive (EDI) Fund (encompassed within the County’s Special Revenue Fund) will be appropriated for use to award loans to small businesses adversely impacted by the COVID-19 pandemic.

Fiscal Impact:

Direct Impact

Enactment of CB-030-2020 will have an adverse fiscal impact on the County in the amount of \$52,432,600 related to the County’s General Fund balance. However, the appropriation of those funds under the Bill is a necessary occurrence to remain in compliance with State Law, which requires a balanced budget. The County will also incur a \$5,000,000 adverse fiscal impact related to the County’s Special Revenue Fund balance.

Indirect Impact

Enactment of CB-030-2020 should not have an adverse indirect fiscal impact on the County related to the General Fund appropriation of Fund Balance. However, a positive indirect fiscal impact may be realized from the appropriation of Special Revenue Funds to support the County's small businesses during the pandemic. These funds will assist with the livelihood of small business operations through the State of Emergency and may keep small businesses from shutting down operations. A continuation of small business operations indirectly contributes to the overall vitality of the County and the anticipation of revenue from sales and use, income tax, personal property, and other business tax sources.

Appropriated in the Current Fiscal Year Budget

No.

Effective Date of Proposed Legislation

The proposed Bill shall be effective forty-five (45) calendar days after it becomes law and be retroactive to June 30, 2020.

If you require additional information, or have questions about this fiscal impact statement, please call me.