

BUDGET MESSAGE FOR FISCAL YEAR 2011

COUNTY EXECUTIVE JOHN R. LEOPOLD

MAY 3, 2010

Mr. Chairman, members of the County Council, Cabinet members, elected officials, honored guests, fellow citizens:

I would like to first take a moment to recognize the men and women from Anne Arundel County who are deployed around the world fighting for our freedom. Hundreds of County citizens have placed themselves in harm's way, and we owe them our sincerest gratitude. We also have a responsibility to take care of them when they return from the battlefields in Iraq and Afghanistan. This budget continues to support a County mental health program created two years ago that provides counseling and treatment for our veterans who suffer from post-traumatic stress disorder or substance abuse problems. I am pleased that legislation we co-sponsored with Councilman Benoit has resulted in the hiring of 70 veterans in County government. Our service men and women are doing their part for their Country, and we want to return the favor. Please join me in giving a round of applause for the members of our Armed Forces.

Mr. Chairman, I am proud to present a budget that, despite acute fiscal challenges, maintains County services and honors my promise not to raise taxes on income or property during my term. Anne Arundel County remains the jurisdiction with the lowest tax burden of all the metropolitan counties and also one of the most competitive jurisdictions in terms of economic opportunity and potential. We are working harder and we are working smarter. We are proving that the important thing is not how much you spend, but how you spend it.

This document is the product of hard work by this Administration every day to plan conservatively and reduce government spending. The Operating Budget I am submitting is \$1.18 billion and the Capital Budget is \$331 million. Over the past two years, while the County has faced the most severe recession in 70 years, this Administration has succeeded in cutting government spending by \$38 million.

After a review of our fiscal planning by the three Wall Street bond rating firms, Standard & Poor's has awarded Anne Arundel County a AAA bond rating for the fourth consecutive year. This is an incredible distinction, because it marks the first period of time in our history when the County has received the highest possible bond rating available. We are committed to maintaining our high ratings by continuing a policy of prudent, targeted investments in the County's future.

School Construction

One of the most important areas of investment in a struggling economy is in our educational facilities. Our Capital plan includes funding for several important school construction projects: \$10 million for expansion of elementary schools to accommodate all-day Kindergarten and pre-Kindergarten programs, and \$8 million to eliminate open space classrooms.

The plan also recommends funding to complete the renovation of Overlook Elementary School and the replacement of Pershing Hill Elementary School. Other projects include the renovation and expansions of Belle Grove Elementary and Folger McKinsey Elementary, as well as the replacement of Germantown Elementary and improvements to Northeast High School. To the parents, students and teachers in the Severna Park feeder system, this Capital Budget program includes funding for the design and construction of Severna Park High School. I have walked the halls of this school with students, parents and staff, and I agree that it is time to improve this facility.

Last week I addressed the Maryland Charter School Conference, and I am pleased to report that the state of charter schools is strong. It is a concept that I supported long before these innovative facilities became commonplace. Our own Chesapeake Science Point charter school is thriving because of the cutting-edge learning structure in place there and support from the school community. For the second consecutive year, this budget contains \$250,000 for renovations at this model school.

I want to thank our General Assembly Delegation and Speaker Mike Busch for their hard work to secure \$26.2 million for school construction this year for Anne Arundel County. They were also strong partners in addressing gangs in schools this year, as well as with our efforts during this term to ban panhandling, address the dangers of fly ash and increase the statute of limitations for environmental violations.

Our employees have shown an incredible willingness to provide the same level of excellent service our citizens expect despite economic challenges. They are determined to serve the public interest and overcome the same obstacles that families across this Nation are facing.

When I say we provided excellent service despite challenges, I am not merely speaking in generalities. This past winter, we experienced record storms that provided a true test of our capabilities. Everyone was frustrated by the enormity of the storms, but they also brought us closer together to achieve a common goal. I want to thank our Public Works crews, managers and customer service representatives, and our residents, for being patient as we worked to get the County moving again.

I want to thank Ron Bowen, our Director of Public Works, not only for managing our response to the storms, but also for responding quickly and professionally to citizen requests for service for repairing sidewalks, potholes and traffic markings. In addition, you have carried out this Administration's environmental vision of repairing damaged

streams and forging strong partnerships with groups such as the Riverkeepers.

It was gratifying to see how everyone responded to the recent snowstorms. Neighbors came out to help their fellow citizens by shoveling, or taking a senior citizen to the store for essentials. One neighborhood even formed a brigade to get a man in need of medical assistance to the hospital, literally carrying him to the ambulance and clearing a path for the vehicle. Our own Public Works crews escorted fire engines and ambulances responding to emergency calls through treacherous roads. We created the Snow Angel program to recognize neighbors helping neighbors and hope this will provide the foundation for a larger organized volunteer force for future weather events.

This community spirit is a phenomenon that has carried our County through some trying times. Due to the sagging housing market, the income derived from our recordation fees and transfer taxes has plummeted—thus undercutting a revenue source that has helped us fund County services. This revenue alone has declined by more than \$70 million over the last four years. But we have not backed down. We have continued to work hard with a focus on the future. We have laid the groundwork for economic recovery.

Over the last four years, we have utilized every tool available to avert layoffs of County employees, and this budget is no different in that regard. We have implemented hiring freezes, purchasing freezes and spending reduction plans. We have significantly cut the use of County vehicles, renegotiated health plans and demanded efficiencies in Capital projects. These measures have saved significant amounts of taxpayer dollars without closing schools or laying off employees.

Employee pay and property tax rate

Eighty percent of the County's Operating Budget is made up of personnel costs. As part of our proposal to address our revenue shortfalls, we will close County offices for five days in conjunction with closings of State government offices. Most County employees will select an additional seven days of leave without pay. These actions amount to nearly a five-percent reduction in salaries achieved through a combination of furlough days, pension contribution increases and/or the suspension of special pay allowances.

I would like to thank all of our unions for their partnership in achieving these savings. Each union worked tirelessly to ensure that their fellow workers continued to have a job in this challenging environment. I thank you all for your shared sacrifice.

I believe in leadership by example. Department Heads have had their wages frozen for the past two years and will receive a five-percent reduction this year. Every County employee will shoulder this burden, and that must include me. Although the law requires a salary increase of \$5,000 for the County Executive, I am returning that money. In addition, I will repay an amount equal to five percent of my salary in the coming year. County employees are dedicated and hardworking, but all of us must share the responsibility to reduce spending in a fiscally responsible manner.

This Administration wants our citizens to make their own decisions with their own money in order to restore the economy to its traditionally strong position. That is why we are focusing on reducing spending rather than asking our citizens to pay more for services. This budget maximizes the funds available under the voter-imposed tax cap as I have always pledged to do, but over the last four years our property tax rate has been reduced from 93 cents per \$100 of assessed value to 88 cents per \$100 of assessed value. We are making do with what the citizens have agreed to pay. We will not ask them to solve our problems for us.

Investments in education and natural resources

While our focus has always been to reduce government spending and improve efficiencies in the delivery of services, this Administration has also made important investments that will benefit our quality of life for years to come. These investments will play an important role in building a better and stronger community.

One key aspect of these investments is the human infrastructure necessary to tap the enormous potential of West County, with its rich supply of jobs in the defense and technology sector. For the fourth straight year, the budget contains funding for the Science, Technology, Engineering and Math program at Anne Arundel Community College. We must ensure that our young people are able to secure high-paying jobs with the National Security Agency, with defense contracting firms such as Northrop Grumman and with future employers such as the cyber command headquarters proposed for Fort Meade.

Today, more than 2,000 students are enrolled in the STEM degree program, and they will be able compete in the global economy. More than 3,400 students are enrolled in STEM classes. This is a great achievement given the program did not exist four years ago. I would like to thank Dr. Smith and her staff for implementing this model program and the County council for supporting our budgetary requests for the STEM program.

We have funded not only the teachers, but also state-of-the-art laboratories for our future workforce to have all of the best equipment and facilities they need to be competitive. This investment will pay off for years to come. This budget includes \$1.1 million for Cyber Center Security labs at the college, and \$848,000 for the Math Lab. Our existing facilities, which include the Engineering Technologies Lab, the Renewable Resources Lab, the Fabrications Area, the Interdisciplinary Student Projects Area and the interactive video network classroom, rival that of any community college in the Country.

Our students are being selected for sought-after internships that position them to enter the workplace with security clearances other new hires do not have. This is an exciting improvement that makes our community college among the best our Nation has to offer. Past investments have been recommended by this Administration and approved by the County Council. I urge you to continue to support building for our future.

We have also invested in land preservation, because there is no calculable dollar amount that can be assigned to the incredible farmland, forests and streams that we are protecting for future generations. The crown jewel of these acquisitions is the South River Greenway, which we hope to complete in this budget. By leveraging state funds with targeted use of County funds, we are on track to preserve the largest tract of forested land in the County. The Greenway features more than 1,000 acres of unspoiled plants, wildlife and cultural history in Crownsville, an area under intense development pressure.

I would like to thank Frank Marzucco, our Director of Recreation and Parks, for his hard work leveraging grants that help pay for land preservation, and his focus on using small, targeted programs to upgrade local parks and make neighborhoods safer. This Department has done so much to improve so many of our amenities in a tough economy. Employees Charles Roeder and Bob Short just recently won a statewide award for their creative efforts to save money. They designed and completed a reception counter constructed in the shape of a skipjack at Jonas Green Park, saving the County the cost of hiring a contractor. This is how we make the extra effort our citizens expect to maximize their tax dollars. Please join me in thanking these gentlemen for their great work.

As I said before, education is our most important investment. This budget provides \$621.1 million to support Anne Arundel County public schools, and \$109 million for Capital projects in Fiscal 2011. Our schools have had many successes this year. Annapolis High School Principal Don Lilley was named High School Principal of the Year by the National Association of Secondary School Principals.

Just three short years ago, due to low school performance, Superintendent Maxwell had all Annapolis High employees re-apply for their jobs. Don Lilley was retained as principal and his leadership has helped dramatically raise test scores and achievement at Annapolis High School over the last two years. Please join me in recognizing Principal Don Lilley.

School construction projects such as Nantucket Elementary School in Crofton have set a new standard for technology. Our teachers have benefited from competitive salaries over the last four years and our students are performing better in Reading and Math. Despite these accomplishments, I still urge the school system to focus spending on the classroom. It is imperative in this budget climate to avoid spending in administrative categories at the expense of our classrooms.

Public Safety

Our Police Department has used new management methods to maximize resources. Chief James Teare has completely reorganized his department to target law enforcement in areas with the highest criminal activity. He created our Community Relations Division using the model of constituent service to fight crime. With citizen participation, we installed hundreds of streetlights in areas identified by neighbors, because well-lit, well-maintained communities are safer communities.

We can certainly credit the Department for three consecutive years of overall crime reduction, because it has operated more efficiently and effectively by forming a strong bond with the community. Our officers have responded admirably to neighborhood nuisances such as crack houses and drug dealers by working with citizens, and helped the community of Crofton come together in the goal of fighting youth violence through communication. Our police officers went a step further in taking their expertise to the Maryland General Assembly to enact tougher legislation on gangs and other public safety issues supported by this Administration. I want to thank our Police Department, our Fire Department and our Department of Detention Facilities personnel for their dedication to maintaining a safer community.

Our Department of Detention Facilities, under Director Terry Kokolis, and our Fire Department, under Chief Bob Ray, have through innovative ideas improved public safety while also saving taxpayer dollars. We maintained a streamlined pre-trial program to keep our inmate count at manageable levels while also providing effective screening for immigration status. The Fire Department has initiated a fitness program that has significantly reduced injuries and liability for the County and also reduced participation at special events in favor of staffing by volunteers to cut costs.

We have built a foundation of trust with our constituents to keep our promises and deliver the services they expect. This foundation is something we can build on, with more opportunities on the horizon such as cyber command, other businesses locating around Fort Meade, and of course the realization of the Odenton Town Center.

Signs of economic recovery

In just the past year, 1,643 new jobs were created in Anne Arundel County, with \$32.4 million in Capital investments, over 803,000 square feet of new construction, 51 new companies and 28 relocations to our jurisdiction. This is just the tip of the iceberg for the next few years. Our future holds great things.

Unemployment figures have shown some signs of improvement recently, and we expect this trend to continue. In the meantime, our workforce development corporation has played a vital role in assisting displaced employees and expanding job training. I recently helped open the seventh one-stop career center in the County, which helps unemployed and underemployed workers secure needed training.

Our responsibility as a government is to grow the economy while also stepping in to provide a safety net for our citizens who have been hit by this difficult economy. I believe that a job is the best social program. This budget contains a \$70,000 increase to the Anne Arundel County workforce development corporation to fund additional training and outreach for our citizens.

Part of our \$1 million recommendation for our community grants program is a first-time grant of \$10,000 for the boys and girls club of Annapolis. A proposal from Reggie Broddie of that organization caught my attention because it focuses on providing job

training for at-risk youth. Thank you, Reggie, for your efforts to educate our young people.

Nationally, the gross domestic product measurements began a positive trend, increasing 2.2 percent in the third quarter of 2009, and 5.6 percent in the fourth quarter of 2009. Commercial and residential permits in Anne Arundel County showed a positive trend for January and February of 2010.

While our County has by no means been immune from job losses and other effects of the economy, we have added more than 14,000 jobs since I took office. Businesses have invested almost \$1 billion in construction of more than 7.4 million square feet of new space over the same period, and more than 400 businesses have located or relocated in Anne Arundel County.

This trend will continue more rapidly as the construction of the three BRAC organizations at Fort Meade are completed next year and contractors begin to relocate or expand in order to do business with them. During the fourth quarter of 2009, 16 Anne Arundel County defense related companies expanded their cyber security divisions in anticipation of the Cyber Security Command at NSA. Our Economic Development Corporation under Bob Hannon is doing a great job of overseeing multiple complex and business endeavors in our County.

Mr. Chairman, this budget is a modest document that maintains fiscal discipline while improving on our strengths through common sense governing. With commitment and leadership, we will steer our way out of this recessionary storm.

Thank you for listening.