



Steve Schuh

County Executive

FY 2018 Budget Address

Remarks as Prepared for Delivery

INTRODUCTION

Good morning.

Mr. Chairman, Mr. Vice-Chairman, and members of the County Council, thank you for having me to your chamber.

I would like to begin by thanking the many citizens of Anne Arundel County who participated in the budget process. Your input has been invaluable as we have assembled this budget. We have incorporated your priorities to the maximum extent possible.

I would also to acknowledge the members of our senior staff who are here today. Thank you all for your efforts.

I would like to extend a special acknowledgement to the County's Budget Officer, John Hammond, and his team. They have been working for months to prepare the budget I will be presenting to you today. Thank you for your efforts.

I feel fortunate to be part of such an outstanding leadership team that works so hard every day to make Anne Arundel County a better place.

Allow me also to acknowledge the elected officials here today.

And finally....I would like to thank my wife Dania and my mother Joan for joining us this morning.

As we stand here today, Anne Arundel County is in a good place... and has strong positive momentum.

We have hit an all-time high for jobs in our County....with more than 270,000 jobs.

Unemployment is at 3.8 percent, well below National and State levels.

Our household median income is nearly 90,000 dollars – the 29th highest of the 3,000 counties in the United States.

At more than 40 billion dollars, our economy is the 4th largest local economy in the State of Maryland.

And our economy is diverse, with

- 21 percent comprised of trade, transportation, and utilities
- 17 percent government
- 16 percent professional services
- And 14 percent leisure and hospitality.

Our proposed budget for fiscal year 2018 is designed to support this positive momentum and to enable Anne Arundel County to achieve its immense potential.

This is an exciting time in our County.

BUDGET BIG PICTURE

We are proposing a 1.5 billion dollar general fund budget for fiscal year 2018. That is nearly 7,400 dollars per family.

This is a moderate growth budget that will allow us to implement both modest, carefully constructed tax cuts and necessary spending increases in education, public safety and quality of life.

Our budget priorities remain consistent with those of prior years'...with more than half of our budget going to Pre-K thru 12 education and nearly 30 percent to public safety.

Each year, the average family pays about 3,700 dollars for public education and about 2,200 dollars for public safety.

FIVE POINT PLAN

As each of you knows, the vision of our Administration is for Anne Arundel County to be the best place to live, work, and start a business in the State of Maryland.

In furtherance of that vision, every employee of county government is working to implement our basic five-point plan for the County, which is:

- To reduce taxes and fees to make it easier to live and start a business.
- To improve our system of public education by accelerating development of smaller, neighborhood schools.
- To improve public safety by investing in basic infrastructure and by increasing public safety staffing levels
- To reform County Government by making it more efficient and customer-friendly.
- And, to improve our quality of life.

TAX AND FEE REDUCTION

Let's begin with taxes and fees.

I'm pleased to announce that, by the end of this fiscal year, we will have provided 64 million dollars in tax and fee relief to date....including the largest income tax cut and the largest fee cut in County history.

And.....we will do our part again this year to bring real tax relief to our citizens.

The budget we are presenting this morning will eliminate 3.3 million dollars in taxes that detract from our citizens' quality of life.

We are proposing the elimination of:

- The movie tax....a nearly one dollar per person nuisance tax that hits our citizens as they enjoy a night out with the family.
- The athletic facility tax....a 36 dollar per year tax that adds to the cost of exercise. We should be encouraging our citizens to embrace a healthy life style....not creating barriers.
- And...the mobile home taxa 300 dollar per year tax that places an unnecessary burden on residents of mobile home communities.

Let me emphasize that these are not tax cuts...they are eliminations of entire categories of tax. We are getting out of the business of nickel and diming our citizens to death.

Beyond those tax eliminations, our budget implements a tax differential program for the city of Highland Beach, the home of Frederick Douglass. For far too long, the citizens of this historic city have been double taxed for municipal services.

Thank you for being here Mayor Sanders and former Mayor Langston.

With regard to property taxes, our budget reflects a nearly 1 percent cut in property tax rates thanks to our property tax revenue cap. This rate cut represents a 5.7 million dollar tax cut to property owners.

Our revenue tax cap is working extremely well in helping our County remain affordable to families.

This will be our fourth straight year of property tax rate cuts. That is great news for property owners...especially retirees on fixed incomes.

EDUCATION (CAPITAL)

With respect to education, let's start with the capital budget. Our budget reflects the largest investment in school construction in County history, including:

....nearly 300 million dollars in support of 8 elementary school projects.

We are providing construction funds for two new replacement schools in Jessup and Arnold; renovation funds for High Point, Manor View, and George Cromwell; and design funds for Edgewater, Tyler Heights, and Richard Henry Lee.

Our capital budget also includes development and construction funds for the new Crofton High School – the first all-new high school in the County in 35 years.

To the people of Crofton....promise made, promise kept.

The budget advances our initiative to replace the existing Old Mill school complex with two smaller high schools on separate campuses. This project ends a failed educational experiment in mega-scale, open-classroom school construction from the 1970s.

Once the Old Mill project has been launched, our capital program will align perfectly with the recommendations of the MGT study two years ago.

These high school construction projects are imperative.

Currently, Anne Arundel County has the highest average high school enrollment in the entire State and among the highest average enrollments in the entire Country.

Research shows clearly that smaller, neighborhood schools...where children are known and nurtured...correlate with higher academic outcomes, more after-school opportunities, fewer behavioral problems, and greater job satisfaction among educators.

Other education-related capital projects that will advance this year include:

The new, 32,500 square foot Annapolis library. I am also pleased to announce that we have included funding for a temporary library during the construction process.

And...the new Health Sciences and Biology Building at Anne Arundel Community College. This 100 million dollar plus project will put our nationally recognized community college at the forefront of healthcare education.

EDUCATION (OPERATING)

Turning to the operating side of the education budget...

Going into this year's budget process....we had two major priorities for the Pre-K thru 12 budget:

First, to resolve the school system's health benefits fund crisis and to put the fund onto a sustainable long-term path...and...second...to continue providing regular, predictable STEP increases for our educators.

The fund that the school system uses to pay health benefits is on the brink of insolvency.

Incoming revenues are running short of expenses by 30 million dollars annually. Without corrective action, layoffs or furloughs will be the most likely result.

How did we get here? This crisis is the result of three underlying factors:

- A diversion of funds away from the health benefits fund to school system employee salaries in fiscal year 2015...
- a significant increase in healthcare costs ...
- and...an overly expensive plan configuration that is among the most costly in the State.

What have we done so far to address this crisis?

First, the school leadership has renegotiated its contract with Carefirst, which will save the school system 4 million dollars annually.

Second, the County made a one-time payment of 10 million dollars in the first quarter of fiscal 17 to assure continued payment of health benefits.

Third, we have committed to an additional one-time payment of 5 million dollars in the fourth quarter of fiscal 17. These payments assure that the school system will not have to resort to layoffs or furloughs this year.

However, it is important to note that these two payments are one-time actions that merely buy time...they are not part of any permanent solution.

And fourth, County and school officials met with the State Department of Education in March and proposed a permanent funding strategy that would ensure the long term stability of the health benefits fund. The State approved our proposal on April 24th.

Finally, on the initiative of Councilman Chris Trumbauer, we went to work in March with Superintendent George Arlotto, Board Chair Stacy Korbela, and their leadership teams to identify that permanent solution.

I believe we have developed a solution that will enable us to achieve both our primary goals – stabilizing the health benefits fund AND continuing to provide regular, predictable pay increases to our educators.

But this solution requires shared sacrifice. All parties – the Board of Education, school system employees and the County government must all be part of the solution.

Our proposed solution has four major elements:

- First, an increase in the employee share of health benefits costs from the current level of about 7 or 10 percent (depending upon the plan) to 15 percent. The School Board would pay the other 85 percent of the cost of providing health benefits. This 85/15 split is still an attractive plan for our educators, is consistent with the health plans of other County employees who have had an 85/15 split since 2015, and is in line with other plans around the State.
- Second, we are asking the school system to tighten its belt by redirecting 8 million dollars annually to shore up the health benefits fund.
- Third, the County will contribute 10 million dollars annually to the fund.
- And finally, the recently renegotiated contract with Carefirst will result in savings of 4 million annually to support the fund.

Together, once fully phased in over two years, these actions will aggregate 30 million dollars of increased annual funding to the health benefits plan and will assure that the fund remains solvent for the long run.

We urge the Teachers Association and all bargaining units to work with us to implement this commonsense, fiscally responsible solution.

Turning toward our second operating objective.... continuing regular, predictable pay increases for our teachers and other school system employees.

Our budget provides 15.6 million dollars in funding for a full step increase on July 1st. These funds include 4.4 million dollars over and above the County's normal share of the cost of a step increase to backfill an unexpected shortfall in State funding.

In addition, we are providing 7.5 million dollars in funds to support a one-time subsidy to school system employees to mitigate the impact of the transition to 85/15.

Overall, we are proposing to increase recurring County spending on Prek thru 12 education by 26 million dollars...an increase of 4.1 percent.

That figure exceeds the State's minimum funding requirement...known as maintenance of effort or MOE...by 19.8 million dollars.

To put that figure into perspective, our proposed increment of nearly 20 million dollars more than MOE is the largest such increment since 2009.

I would also like to point out that our Administration's three budgets have exceeded MOE by a total of 32.5 million dollars.

Combining County funding with State and federal education dollars, we are recommending an overall increase of over 32 million dollars in Prek thru 12 spending to a total of 1.2 billion -- the largest school system budget in County history.

As the old saying goes... "to show me your values....show me your budget" this proposed spending plan demonstrates that no administration in recent memory has put a higher value on education than ours.

These investments could not come at a more pivotal time in our County's history....as we transition over the next six years from an appointed school board to board fully elected by the people of Anne Arundel County. Parents and taxpayers will finally have a direct say in the education of their children.

Rounding out the education operating budget, we are proposing crucial investments in both the Library System and Community College.

Operating support for Anne Arundel Community College will increase by 4 percent to 42 million dollars.

And...we will make a second installment on a three-year commitment to increase the library system's materials budget by 1 million dollars.

PUBLIC SAFETY

With respect to public safety, our capital budget continues to advance historic investments in our public safety infrastructure.

We will begin construction this year on the new, 12 million dollar Central Booking Facility. This facility will improve dramatically the efficiency of our public safety departments and offices by reducing the time police officers and sheriff's deputies spend booking suspects.

In effect, Central Booking will increase the number of police officers and sheriff's deputies on the streets by the equivalent of 35 professionals.

We will also be breaking ground on our new, 18.7 million dollar Police Academy. At last, our County will have a first-class training facility to support the best of the best public safety professionals who give so much every day to keep us safe.

And I'm pleased to announce that this state of the art facility will be named in honor of Butch Troyer...a retired county police officer who heroically prevented a hijacking at Baltimore Washington Thurgood Marshall International Airport.

We are also proposing to purchase 202 public safety vehicles during fiscal year 18. These purchases, combined with vehicle purchases authorized by the Council in prior years, will reduce the average age of our fleet to 3 years...achieving our goal.

During fiscal year 2018 we will continue development of 6 new or refurbished fire stations for a total investment of more than 30 million dollars.

Over the next six years, we will be constructing or refurbishing the Lake Shore, Galesville, Jacobsville, Herald Harbor, Harmans Dorsey, and South Glen Burnie fire stations.

New this year....we are proposing to allocate 1 million dollars to assist the Woodland Beach Volunteer Fire Department in moving its fire house to a better location. This relocation will reduce response times in the Edgewater and Mayo areas....a first step toward addressing public safety concerns along the Maryland Route 214 corridor.

On the operating side, we are seeking to expand the number of public safety personnel by 38 individuals, primarily to address the growing opioid crisis. This expansion includes 14 fire department personnel, 21 police department personnel, 1 Sheriff's Deputy, and 2 individuals in the State's Attorney's office.

With these proposed increases, since fiscal year 2015, we will have expanded our public safety workforce by 95 professionals primarily in the Police and Fire Departments.

In keeping with our commitment to protect citizens from any disaster, we have established a new Office of Emergency Management.

Two years ago...our OEM was buried in another department ...lacked consistent leadership... was not engaged with the County's senior staff... and was not prepared fully for emergencies.

Two years later the Office of Emergency Management is fully staffed up and has an up-to-date emergency management plan...and just last month we were certified as storm ready by the National Oceanic and Atmospheric Administration

I am confident we are ready for any emergency that should arise.

Our budget also includes 50 thousand dollars in funding for the State's Attorney's office to implement a Community Alliance Prosecution program on a pilot basis. This innovative program will position representatives of the States Attorney at our police districts to strengthen relationships between law enforcement and neighborhoods.

An important component of our efforts in public safety is to ensure that inmates of our jails leave our custody in better condition than they were in when they entered our custody.

In furtherance of that objective, our Department of Detention Facilities provides extensive programs and services in physical health, mental health, substance abuse, job training and education.

I am pleased to report that our GED program has graduated over 900 individuals since 1998.

I also want to take this opportunity to acknowledge all of our public safety professionals for their tireless efforts to combat heroin in Anne Arundel County.

Unfortunately, the statistics remain frightening. Last year, overdoses and fatalities increased almost two and a half fold from the prior year.

Overdoses so far this year are up 42 percent. But, there is a bright spot...fatalities are down 14 percent so far this year thanks to the outstanding work of our first responders and medical professionals.

Our budget continues to invest in enforcement, treatment, and education to combat opioid abuse. We are doing literally everything we can think of.

But...as the statistics make clear, more needs to be done. And the State of Maryland has stepped up to help us in our efforts.

The Governor announced recently a state of emergency to free up resources and ordered the establishment of Opioid Intervention Teams, or OITs, at the State and County levels.

The State-level OIT will provide overall leadership, and the County-level OIT will succeed our Heroin Action Task Force. As per the Governor's order, we have also established a Senior Policy Group to provide overall direction on policy.

I am pleased to announce that Anne Arundel County was the first jurisdiction to comply fully with the Governor's order. I believe the formation of the OITs is an important next step in the battle against opioid abuse... a battle we must and will win.

GOVERNMENT OPERATIONS AND REFORM

Let's now turn to government operations and reform. I'd like to discuss the County's financial management, various actions to make County government more efficient, our asset management efforts, personnel actions and our partnership with the city of Annapolis.

In terms of financial management, I am pleased to announce that, not only have we eliminated a long standing structural deficit, we have now moved into structural surplus. Our proposed fiscal 18 budget is 6 million dollars in surplus.

We have again secured our AAA and AA bond ratings...thanks to the efforts of our new Controller, Karin McQuade...whose background in the private sector will bring much value to our County.

And... we will set aside 4 million dollars in our rainy day fund...bringing the total amount to 66 million dollars...approaching our goal of 5 percent of revenues and the most in County history.

In terms of government efficiency, we are committed to making government more cost effective, timely in its work, and customer friendly...and we are succeeding.

Early last month...we launched 311...a one stop shop for government non-emergency services. By calling or clicking...citizens can report a pot-hole or find a lost pet.

I want to commend the Office of Information Technology for its successful completion of this important project.

We have formed a Commission on Government Innovation and Effectiveness, chaired by local businessman Bill Westervelt and administered by former West County Chamber CEO Claire Louder, to examine every nook and cranny of County Government and to recommend how we can be better, smarter, and more effective at what we do.

Bill and Claire are here today...please join me in thanking them for their efforts.

Our efforts to reform our land use departments are taking hold.....

- On the permitting side, the percentage of single family home building permits issued within 30 days has increase to 44 percent, up from 32 percent three years ago.
- Single family home grading permits issued within 90 days has increased to 31 percent, up from only 19 percent.
- Same day deck permits are now at 70 percent, up from only 31.
- And same day commercial tenant permits are up to 22 percent, up from 9 percent 3 years ago.

On the planning side, we are also seeing dramatic improvements in review times for development projects.

- Residential sketch and final plan review times have been shortened by 65 and 60 percent respectively,
- And preliminary and final site development plan review times are down 44 and 34 percent, respectively.

Our procurement processes are also showing significant improvement. The average turnaround time for procurement of goods and services has fallen to 113 days... a reduction of 14 percent in the last year

With regard to management of the County's assets, upon taking office, we learned that the County did not have a centralized database of its property holdings. We didn't know what we owned.

Central Services undertook a comprehensive review of all of the County's holdings. For the first time ever....we now know what we own, what we need, and what we don't need.

Out of the County's 2,100 properties, we have so far identified 38 properties that serve no public purpose and are in the pipeline to be surplusd.

As I mentioned earlier, we have achieved our objective of bringing the average age of our public safety vehicle fleet down to 3 years.

It is now time to turn our full attention to our non-public safety vehicle fleet. Due to years of under-investment, the average age of the fleet reached an unacceptably high age of 12.5 years in FY 16. Our goal is to bring the average age of the non-public safety vehicle fleet down to 8 years. Fiscal 18 will be our second installment on this long term initiative. We are making progress and are now down to 11 years.

Turning to various personnel actions, outside of public safety, our budget keeps overall employee headcount relatively flat.

The budget also reflects the establishment of a new Office of Transportation, to be led by Ramond Robinson. Ramond's primary mission will be to ensure that Anne Arundel County citizens are able to get to Anne Arundel County jobs.

As you can see....Ramond is a happy guy.

I am pleased to announce that all County employees will receive cost of living and merit increases in compensation.

We will centralize all background checks so that our various front-line departments, particularly public safety, are not distracted from their primary missions by having to conduct background checks.

Inspections and Permits has been restructured for better deployment of staff.

And, at long last, we are digitizing all personnel authorization action forms or PAAs.

No more carbon paper! [HOLD UP FORM] I didn't even know carbon paper existed any more. Hiring is now just a mouse click away.

I want to thank Charmaine Williams in the Office of Personnel for pulling off this miracle.

A well-functioning county government reflects and reaches out to the communities it serves. As part of our efforts, we have added two new members to our team.

Minority Recruiting Director Derek Matthews and Compliance Officer Angela Davis.

Angela is the County's first ever Compliance Officer.

Derek is focusing on improving recruitment practices in our public safety departments....and Angela will work to ensure internal disputes are handled with care....and with transparency.

And finally, the biggest personnel news of the year is the recently announced retirement of Planning and Zoning Officer Larry Tom. Larry has served the County with distinction for 11 years. Please join me in a round of applause for Larry Tom.

Thank you for your outstanding work and for your service to Anne Arundel County.

Finally, we continue to build upon our strong partnership with the City of Annapolis....improving services and better utilizing taxpayer dollars in both jurisdictions.

Thank you for joining us today Mayor Pantelides.

We are increasing our investment in the City's transportation system by 18 percent to 750 thousand dollars. This contribution is proportional to the miles that the city bus system travels in the County.

This fall...the County will administer the City's elections.... saving the City over 100,000 dollars.

And we will continue a joint oyster restoration project....partnering in restoring the Bay's natural filtration system.

QUALITY OF LIFE

The fifth and last element of our five point plan is quality of life. This is a broad category of initiatives that includes cleanup of the waterways; enhancements of recreational amenities, roads, and utilities; and improvements in our health and social safety-net services.

Waterway cleanup is a major focus of our administration. Our capital budget calls for 233 million dollars over the next six years to support more than 300 waterway cleanup projects throughout the County. This is the largest investment in waterway cleanup in County history.

These efforts, along with those of prior years, are having measurable effects. The Chesapeake Bay Foundation rating has risen to 34, up from 32 in 2014 and up from only 23 in 1983.

The South River Federation report card recently gave the South River a score of 60 percent, up from 56 percent. And we just learned Friday that the acreage of underwater Bay grasses has reach its highest level since 1982.

We are also focused on improving our County's recreational amenities. The fiscal 2018 budget includes several major recreation infrastructure projects... including planning dollars for the tennis facility in Millersville. We have designed this facility to assure adequate tree buffers and environmental safeguards.

We will also invest 50,000 in grant dollars to upgrade the pool facility at Woods Community Center in Severna Park as part of our broader strategy of making sure that every citizen has access to a publicly accessible pool.

We will invest 5 million dollars to upgrade the dilapidated Eisenhower golf course in Crownsville...making it a sustainable, better managed asset that will attract golfers from across the region.

We will advance our efforts to build out a fully connected system of bike trails. We are proposing to invest 36 million dollars over the next 6 years in this program.

And we will accelerate our efforts to provide water access to all of our citizens by opening TWO new boat ramps this year ... one in Shady Side and the other in Solley Cove.

With each of these projects....public input is crucial. Every initiative needs be undertaken in a manner that respects the affected communities.

That is why our budget funds a scaled down improvement plan for the park at Beverly Triton Beach. Based on community input, we have eliminated a large, manmade swimming beach; added funding for a new guardhouse and for shoreline restoration; removed the proposed Frisbee golf area; and reduced the number of parking spaces by more than 30 percent.

Road maintenance and construction are critical to our citizens' quality of life. Our budget proposes to invest 26 million dollars in roads, continuing the expanded program that the Council authorized initially in fiscal 16.

And we are seeing results. As funding has increased, we have effectively DOUBLED the number of roads resurfaced each year.

Nothing will mess up your quality of life more than a sewage spill.

I am pleased to report that, thanks to our team at the Department of Public Works, Anne Arundel County continues to have the fewest gallons of spills of any major jurisdiction in Maryland.

If you don't have your health, you don't have anything. Our budget calls for a significant expansion of mental health and crisis response services.

The dedicated men and women of our Crisis Response Team act as bridge to a better for life for those in the throes of addiction....and every citizen should be aware of the good work these professionals do to get people the help they need.

We are also proposing a major expansion of our mosquito control program to knock down the population of Zika and other disease-carrying mosquitos. This expansion will eliminate completely the backlog of 150 communities that have been on the waiting list for these services for many years.

And, we are launching our Rodent Action Team initiative as a pilot in North County to eliminate rats from the community.

This novel, 900 thousand dollar initiative represents an all-out assault on rats in North County. The program includes free inspections of every home and business in Brooklyn Park, free eradication services, and 2 free industrial-strength trash cans for every home.

When we talk about quality of life, we are not just talking about waterway cleanup and recreational amenities for those of means. We must also be mindful of the quality of life of those who are less fortunate.

Anne Arundel County offers many social safety-net programs, including subsidized public housing, cash assistance, food stamps, homeless services and workforce training.

These programs can be a helping hand that leads to self-sufficiency and self-respect, or they can be a trap that leads to a life of dependency and hopelessness.

Our administration's priority is to uplift people who need public assistance and to help them gain the skills they need to become free of government dependence.

I want to commend the Housing Commission of Anne Arundel County for its efforts to help people acquire the skills they need to leave public housing and to become independent through the Family Self Sufficiency Program, which provides educational job training and financial literacy services to residents of our public housing communities.

Last year, we provided general funds for this program for the first time. We are again proposing 215,000 dollars for this worthy program.

This program is showing real results....for real people. We have one its participants here today – Ms. Shaya Thomas.

Ms. Thomas is a single mother of three who resides in Freetown Village. She currently works as a Hospice Aide providing in home care to the terminally ill in our County. Thanks to the Family Self-Sufficiency Program, she plans to settle on her first home later this month and leave public housing and is encouraging other families in Freetown Village to do the same.

Ms. Thomas is an example of the type of tenacity, determination, and resolve that is an inspiration to all.

Thank you for being here.

Assuring that children are properly cared for is an important responsibility of our Department of Social Services. Foster care has been proven to be less conducive to assuring appropriate care than at-home family supports and outright adoption.

I am pleased to report that, since calendar year 2013, placements into foster care have fallen 25 percent...with corresponding increases in adoptions and successful in-home support efforts.

Similarly, we are working hard to help people become independent of food stamps and cash assistance. I am pleased to report that food stamp enrollment has fallen by 7 percent since 2014 and that cash assistance enrollment has fallen by 18 percent since 2013.

Homelessness affects hundreds of people in our community. Our efforts to combat homelessness are also demonstrating progress...our Homeless Street Outreach program was launched in October....and has already moved 57 chronically homeless individuals to permanent housing. 15 individuals also obtained mental health services.

Our administration is committed to maintaining a strong social safety net for those who are less fortunate and who need a helping hand. But we believe strongly...that the best social program is a job. We are working hard to help people obtain the job skills they need and to connect them to employers through our Workforce Development Corporation. WDC has served nearly 2,000 people so far this fiscal year.

When it comes to quality of life, we must acknowledge the incredible work by our team of Constituent Services Officers, led by Director Nancy Schrum.

This Fantastic Four has resolved more than 5,300 constituent inquiries of every imaginable sort and responds to each and every one, usually with a satisfactory outcome for the constituent.

Thank all of you for your efforts.

CONCLUSION

To conclude, Anne Arundel County is in a good place, and I believe the right strategy is well underway to enable our County to reach its full potential and to be the best place to live, work and start a business in Maryland.

Thank you and God bless.