



Steve Schuh

County Executive

Fiscal Year 2019 Budget Message Remarks as prepared for delivery May 1, 2018

INTRODUCTION

Good morning. Before I begin my presentation, I would like to acknowledge some the dignitaries here today.

I also want to acknowledge a man who has given two and half decades to this County as our Budget Officer. John Hammond has served County Executives of both parties, with dedication, and always with a sense of humor. The budget I am about to present to you is his last, and I would ask everyone here to join me in giving John a round of applause. We will miss Santa Claus and his fire engine!

Mr. Chairman, Mr. Vice Chairman, members of the Council, thank you for giving me this opportunity to present our 2019 budget proposal and to update you on the current condition of Anne Arundel County.

This is my fourth budget address and the final budget message of our first term. Now seems an appropriate time to reflect on what we have accomplished together, and what priorities are included in our Fiscal Year 2019 budget proposal.

As you know our Administration has been guided by our five-point plan designed to help our County become the best place to live, work and start a business in the State of Maryland. That plan has served us well and, as you will hear in a moment, has largely been accomplished.

We have brought 67 million dollars in tax and fee relief to our citizens and businesses. We now have, not one, not two, but three new high schools in development. We have broken ground on critical public safety infrastructure projects. We made County government more efficient and customer friendly. And we are in the midst of the largest waterway clean-up effort in County history.

But like any good business plan, this one has reached the end of its useful life and will be retired at the end of this calendar year. You will be relieved to know that this is the last time I will discuss our five point plan with you...but rest assured I will have a new plan for my second term if the voters choose to send us back.

That being said, let's talk about the near future.

Our proposed budget includes a property tax cut, substantial pay and staffing increases for educators, improvements in school security and police compensation, and record levels of road maintenance.

HISTORY

I celebrated my 50th year in Anne Arundel County just a few months ago.

When I was growing up, Anne Arundel County was still a rural backwater with a small population, a small economy, and very little going on of Statewide or National importance other than our wonderful Naval Academy and historic State House.

All that has now changed.

Anne Arundel County now has a 42 billion dollar economy and a population that will soon surpass that of the City of Baltimore.

Our median household income of \$92,000 is now the fourth highest in the Maryland, up from fifth in 2014, and now ranks 23rd out of 3,000 counties in the United States, up from 26th in 2014. And there is now a lot going on of Statewide and National importance:

- Fort George G. Meade has emerged as the third-largest Army base in the United States.
- The National Security Agency has assumed a position of immense importance to America's national security.
- We are home to one of the largest gaming floors in the United States at Live! Casino and Hotel.
- The City of Annapolis has awoken from 150 years of slumber to become one of the most popular tourist destinations on the East Coast.
- Anne Arundel Community College is now regarded as one of the finest institutions of its kind in the United States.
- And the small, municipal airport that I knew as Friendship has been transformed into BWI Thurgood Marshall International Airport, Maryland's only international airport.

VISION

Obviously, Anne Arundel County has incredible positive momentum. I have believed for some time that, with the right combination of policies and programs, our County could become the policy and economic leader of the State of Maryland.

Our administration wakes up every morning with one overarching goal: to not screw it up...and to pursue policies and programs that will allow the County's positive momentum to continue moving us in the direction of Statewide leadership. And I believe, thanks to the support of the Council, we have done so.

TAXES AND FEES

Let's start with taxes and fees.

We promised the citizens of Anne Arundel County that we would reduce the financial burden that local government places on the citizenry. That promise has been kept.

We have enacted the largest tax cut and the largest fee cut in County history. And, thanks to our property tax revenue cap, we have included three straight years of property tax rate cuts in our prior three budgets. We have also reduced or eliminated entirely nine categories of taxes and fees, most of which disproportionately hit lower-income residents. All told, we have reduced taxes and fees cumulatively by 67 million dollars over the last 3 years.

The budget we are submitting to you today follows through on our mutual commitment to provide well-deserved property tax relief to our first responders. Our budget provides a 2,500 dollar property tax credit to eligible police officers, firefighters, detention officers and sheriff's deputies.

As promised in Council Resolution 47-17, the budget also provides a 0.2 cent, 1.5 million dollar property tax rate cut for all taxpayers. This property tax rate cut is the fourth year in a row of property tax rate reductions in Anne Arundel County. These property tax cuts fulfill my commitment to enact a significant tax or fee cut in every year of our administration. The combined effects of these various fiscal actions over the last three years and in the upcoming budget bring the cumulative total tax relief to 110 million dollars. 110 million dollars!

We have demonstrated that government can reduce the tax burden on citizens, while still providing excellent service and improving compensation for our teachers, first responders, and other County employees.

EDUCATION

Turning to education. As you well know, education is by far our largest budget priority in Anne Arundel County, as it should be. We are deeply appreciative of the efforts of our Pre-K through 12 educators, our Community College professors, and our incredible corps of librarians.

We committed to the citizens of Anne Arundel County that we would address head on the problem of overly large schools in the County, especially our high schools, which continue to have the highest average enrollment per school of any jurisdiction in the entire State and among the highest in the Nation.

We said we would address this crisis by redirecting the school construction program toward smaller, neighborhood schools and by moving aggressively to construct new high schools. We have done so, and have launched the largest school construction effort in County history.

In 2017, we broke ground on what will be the County's 13th comprehensive high school, the new Crofton High School, adding the first all-new high school in Anne Arundel County in 36 years.

We are now in the early stages of replacing the current Old Mill mega-high school with two new schools on separate campuses. And we have begun examining locations for an additional high school in West County.

My hope is that we have set the County on a course of building one new high school every three years and of doubling the number of high schools over the next 30 years to reduce average enrollment by half.

To help accomplish that goal, this year we will begin a new school land-purchase program to ensure the County has adequate land to meet the needs of our accelerated school construction program.

We have already completed the purchase of land in Severn to support the second Old Mill, and we have funding in our plan this year to purchase land in Brooklyn Park and in Glen Burnie for potential school sites.

The budget before you also includes the following capital projects to strengthen our pre-k through 12 system: new elementary schools in Jessup and Arnold and the new high school in Crofton. And revitalization projects at Manor View, High Point and George Cromwell, as well as Edgewater, Tyler Heights, and Richard Henry Lee Elementary Schools.

In addition to advancing already committed school projects, our FY2019 capital budget includes 15 million dollars to improve security in the schools to keep our children safe, including: doubling the number of school-based police officers, 4,000 lockable interior doors, 1,500 security cameras, high-tech keyless entry systems, and additional mental health professionals.

We have also included eight million dollars to eliminate the last of the open-space classrooms, which will create a more effective learning environment for our students, ending a failed educational experiment from the 1970s.

The recession of 10 years ago was very hard on our educators, as it was on all County employees and hard-working citizens throughout the Country. I am gratified that we have been able to increase pay for our Pre-K through 12 educators each year for the last 3 years, including a cost of living increase and two-step increases. We have also increased the number of educators by 175. Overall, our education budgets have exceeded the State's minimum funding requirements by 33 million dollars.

You may recall that, during the recession, the County was struggling to meet the State's minimum funding requirements, but I'm proud to report that we have been able to increase total education spending every year of our Administration, from 689 million dollars in FY15 to a record 775 million dollars in FY18.

And along the way, working with the State Board of Education, Superintendent George Arlotto and his senior staff, the Board of Education and Councilman Trumbauer, we engineered a salvage operation of the school system's health benefits fund, which was on its way to insolvency. We appreciate the shared sacrifice of all that have been party to this process.

So far, this operation has cost 43 million dollars. We believe a robust healthcare plan is an important part of total compensation.

In our FY2019 budget proposal, we are proposing two step increases for our educators. One at the beginning of the fiscal year and one at mid-year. These increases reflect the on-going strengthening of our local economy and the great work of these outstanding professionals.

Just as importantly we are providing the funds necessary to begin the multi-year process of decreasing what I believe is an emerging crisis in Anne Arundel County's Pre-K thru 12 system: unacceptable student-teacher ratios.

We now have 120 core classrooms with unacceptable student teacher ratios, including nearly 50 elementary school classrooms with more than 30 students per teacher and 70 middle and high school classrooms with more than 35 students per teacher. These ratios are inconsistent with a quality education.

Our budget proposal includes funding for 50 additional teachers to reduce student teacher ratios as part of a two-year plan to eliminate all 120 of these overcrowded classrooms. Once we have resolved this immediate crisis, we will endeavor to eliminate all core classrooms with more than 30 teachers to one student.

We are also expanding Dr. Arlotto's Triple E initiative to the Annapolis Cluster. This program provides additional electives for our elementary school population, and provides more planning time for teachers.

Additionally, we are proud to announce we are collaborating with the school system to open up the third early education center in the County. This initiative will afford our South County residents with access to high-quality Pre-K opportunities and programs.

As the school system budget increases, all boats rise with the tide. We are especially pleased to fund the Monarch Academy expansion and to increase per pupil funding for all of our charter and contract schools.

Finally, we have provided one-time dollars to both the Children's Guild and to the Chesapeake Lighthouse Foundation to help support their missions.

All together, we are very excited about the FY2019 budget because we have the resources to provide 782 million dollars to Pre-K through 12 education, and we now are exceeding State minimums for the fourth year in a row.

Tax relief to citizens and quality education for our school children are not mutually exclusive. This budget proves that we can do both and make our education system the best in the State of Maryland.

The second leg of our educational system is Anne Arundel Community College. We are so proud of our nationally recognized community college. The College recognizes the critical importance of health and biological sciences professions to the future of our County, State and Country.

Accordingly, our budget provides funding for the largest construction project in the history of the Community College the 116 million-dollar Health Sciences & Biology Building.

We are also proud of our library system, which serves 250,000 citizens every year and is an indispensable component of our educational system. We have worked hard to advance the mission of Anne Arundel County Public Libraries over the past three years by developing a new library in Annapolis that will be the flagship of the entire system, developing a new library in Riviera Beach in Pasadena, and by increasing the library system materials budget by 1 million dollars.

The budget before you continues to advance these critical development projects and includes the final installment of our three year commitment to increase the system's materials budget to record levels.

I am pleased to report that the increase in available materials has resulted in an 8 percent increase in circulation over the last three years.

Summing up, these key investments are making our County's educational institutions the envy of Maryland.

PUBLIC SAFETY

Public safety is the third element of our five point plan. I am deeply gratified at the progress we have made to improve public safety in Anne Arundel County over the last 3 and a half years.

With your support, we have initiated an unprecedented effort to improve our public safety infrastructure.

In 2017, we broke ground on a replacement Police Academy that will serve as a state-of-the-art training facility for public safety professionals throughout the region.

In 2018, we broke ground on the new Central Booking facility, which will dramatically alter law enforcement in Anne Arundel County and will in effect put 35 additional public safety professionals on the street rather than being tied up in administration and transport.

We have purchased 450 new Public Safety vehicles and brought the average age of our fleet down to three years, which was our target. We have funded four major fire station projects, including the new Lake Shore Fire station, which will open for service this month. And we have started development or redevelopment of three new fire stations at Galesville, Jacobsville, and Herald Harbor.

On the operating side we have added 80 new positions in public safety over the last three years as part of our effort to protect the public. And we have increased compensation levels of our First Responders each year for the past three years.

In terms of new infrastructure projects this year our capital budget calls for installation of a new water supply tank in South County and EMS substations in Mayo and in Heritage Harbour that will help ensure better, more efficient response times.

Our operating budget proposal for fiscal 2019 includes funding for 38 new public safety professionals, including 10 new firefighters, a down payment on our goal of staffing the department to 970.

We are also including 20 new sworn officers in our Police Department. With these new police positions and with the full-time equivalent staffing effect of the new Central Booking facility, we will have achieved our goal of increasing the number of sworn police officer positions in the County to 800.

However, our experience over the last 3 years has made it clear that, despite our budgetary commitment to increasing the number of positions in the Police Department we have not been successful in actually filling the positions with flesh and blood human beings. We have come to the conclusion that current levels of compensation are inadequate to attract the talent we need to fill the positions we have created.

Accordingly, our budget request for FY2019 includes a two-year, 15 percent increase in Police Department salaries. We believe this adjustment is necessary to fill the seats that you, the Council, has authorized over the last three years. Under our plan, starting police salaries will increase from 46,850 dollars to 51,500 dollars. In addition, we are proposing to establish a starting bonus program to attract new police recruits. This program will provide a one-time, 5,000 dollar bonus to every first-year recruit. These actions, combined with the 2,500 dollar public safety property tax credit, will enable us to reach full staffing levels in the Police Department.

Three years ago, we said we would make historic investments in every agency of public safety, and we have kept that promise.

GOVERNMENT REFORM

The fourth element of our five point plan was to improve government operations. We have made substantial progress in making government more efficient, customer friendly and quicker in its work.

We have invested 50 million dollars in new technology, and implemented a cutting-edge 311 program that allows citizens to reach County Government more easily and to enable the County to address any issues of concern.

Approval times for permits have fallen dramatically. By way of example, when our team took office in 2014, only 31 percent of deck permits were issued on the same day. I am happy to report that today that number is 73 percent.

The County is also implementing new payment options for real estate taxes, personal property taxes, and water and sewer bills. We look forward to providing our citizens and customers with more, faster, simplified and secure payment options.

We have also introduced a series of land-use reforms that impose a moratorium on up-zoning, tighten up the processes for granting variances and modifications, accelerate the general development planning process, and establish a mandatory small area planning process.

Thanks to your stewardship the budget is structurally balanced for the third time in a row and is in fact in structural surplus. We have increased the rainy day fund to an all-time high of 66 million dollars. And we have again obtained a Triple A bond rating from Standard and Poors and a Double A One bond rating from Moody's.

Over the last three years we have implemented far reaching reforms that touch on every aspect of County government. We have reorganized, reinvented, and cut the red tape that had stifled creativity and excellent customer service.

Right now, Anne Arundel County government is running better than ever before.

QUALITY OF LIFE

The last component of our five point plan is quality of life. Quality of life encompasses a broad range of policies and priorities that affect the citizens of our County in a very personal way every single day.

As residents of Anne Arundel County, which has more miles of shoreline than any other jurisdiction in Maryland, our efforts to improve quality of life must begin with improving the health of the waterways.

In recognition of that fact, we have launched the largest waterway cleanup effort in the history of Anne Arundel County. In just the last three years, we have initiated over 170 new projects and completed over 100 water quality projects at a total cost of over 84 million dollars. These investments have also bolstered our existing stormwater infrastructure, resulting in the repair or replacement of over 450 storm drains and culverts, a tenfold increase in our implementation rate compared to prior funding levels.

These projects, combined with the concerted efforts of the Federal and State governments and private sector organizations over the past decade, are showing tremendous results. The Chesapeake Bay Foundation rating of the Bay is now 34, the highest since the 1940s. Our rivers are healthier than they have been in decades.

Our 2019 budget proposal calls for continuing historic investments in waterway cleanup aggregating nearly 190 million dollars in over 130 different projects throughout the County over the next six years.

To further enhance our waterways our budget calls for five million dollars in dredging projects, including Rockhold Creek, a vital waterway and center of commerce in South County.

Our quality of life is also affected by the quality of our roads.

Historically, Anne Arundel County has never spent enough money to maintain its roads. In other words, since the inception of charter government in the 1960s, every time the County has built a new road, that road immediately began a long-term process of deterioration.

Three years ago, with your support, we increased road maintenance funding by 9 million dollars to 26 million dollars. This was the first time the County has ever committed the funds required for stasis, to stabilize the system and to prevent further deterioration.

This year's budget proposal takes the historic next step of increasing the maintenance budget from stasis to 30 million dollars, which will allow us to actually improve the road system over time.

Critical road projects in our budget proposal include: Loch Haven and Maryland Route 214, a critical intersection along the Mayo peninsula. We will also be improving Edwin Raynor

Boulevard, Riva Road, Odenton Road and West Ordinance Road this spring, along with other roads across our County.

Quality of life is also a function of our recreational infrastructure. Three years ago, we launched a major effort to enhance the recreational amenities of our County. Since then, we have:

- Opened or begun development of three new trailered boat ramps as part of our long-term effort to open a boat ramp on the north and south shore of every major river the County.
- Opened eight new canoe and kayak launches
- Opened beaches for public swimming for the first time in decades
- Resurfaced nearly eight miles of bike lanes as part of our effort to build out a fully interconnected and safe network of bike trails throughout the County
- We have also invested 4.5 million dollars to improve our regional and neighborhood parks.

The budget before you builds on these efforts to enhance our recreational amenities and includes funding for: a new cartop launch at Locust Point, a new concession stand at Fort Smallwood Park, and improvements to trails and the amphitheater at Downs Park.

We are also funding the construction of three new turf fields at Chesapeake High School, Brooklyn Park Middle, and Marley Middle Schools. I want to thank Speaker Mike Busch and Minority Leader Nic Kipke for their efforts to help us secure matching State funds for these projects.

But quality of life involves more than just recreational infrastructure. We must always bear in mind that, despite the immense prosperity of Anne Arundel County, there are people among us who are suffering from challenges

like homelessness, food insecurity, lack of job skills, substandard housing, mental illness, government dependency, and worst of all, drug addiction.

Over the last 3 years, we have made a concerted effort to address each of these challenges. We have:

- connected 2,300 people to jobs through our Workforce Development Corporation...
- invested more than 450,000 dollars to help support victims of domestic violence...
- created two additional positions to reach out to those who are homeless and to assist them in obtaining permanent housing...
- increased the budget for the Family Self-Sufficiency Program in our public housing communities by 200,000 dollars annually to help the residents of those communities obtain the skills they need to become independent of government assistance.

I am pleased to report that thanks to these efforts and to our strong local economy, the number of people dependent upon cash assistance welfare has fallen by 24 percent, and the number of people on food stamps has fallen by 22 percent since 2014.

But those numbers are just numbers. What they really mean is that thousands of people have taken responsibility for their own lives, ended their dependency on government, and regained their pride and self-respect.

Our fiscal 2019 budget proposal calls for additional investments to address these societal challenges:

- a 225,000 dollar grant to the YWCA to combat domestic violence...
- 85,000 dollars in grants to address food insecurity...
- 200,000 dollars to support the Family Self-Sufficiency Program.

But what is your quality of life if you are addicted to heroin? Heroin and synthetic opiates are wreaking havoc on our County, State, and Country.

I want to thank the County Council for the priority it has placed on funding the various initiatives that our Administration has pursued to address this crisis. We have implemented nearly 40 different programs and operational initiatives at a cumulative cost to the County of more than 50 million dollars over the past three years.

Despite the immensity of the resources we have deployed in this effort, in 2017 we experienced over 1,000 overdoses and 154 fatalities. In effect that's 3 overdoses a day and 2.5 fatalities per week. But there is hope.

The number of overdoses overall is down 10 percent so far this year. Nearly 700 people suffering from addiction have presented themselves to one of our police or fire stations to ask for help as part of our Safe Stations program. And our Not My Child educational program has been presented to more than 120 audiences reaching citizens across Anne Arundel County and beyond. More than 3,000 people have seen or attended our presentations.

I do believe we are at the beginning, of the beginning, of the end of this nightmare.

Our fiscal 2019 budget continues to advance our efforts to eradicate opiate addiction from our community. We are proposing:

- a two million dollar grant to Baltimore Washington Medical Center to assist their efforts in expanding the number of drug treatment beds in the County.
- a 250,000 dollar grant to Samaritan House to support their opioid addiction treatment efforts.
- and 659,000 dollars in funding for our Crisis Response Program.

These quality of life efforts waterway clean up, recreational amenities, and extending a helping hand to people with challenges are making life better for our citizens.

CONCLUSION

Let me conclude by pulling it all together.

Overall, we are requesting that the Council authorize an operating budget of 1.59 billion dollars. Our spending plan directs almost 51 percent of this budget to pre-k through 12 education and 56 percent to all education, including the Community College and library system. Public Safety will account for 19 percent of spending next year under our proposal.

We are requesting a capital budget program of 1.57 billion dollars. Fifty percent of this budget is devoted to pre-k through 12 system construction projects and 58 percent to education broadly defined. Public safety will account for 5 percent of all capital spending.

I am proud of all that we have accomplished together over the last three and a half years. We set out with an ambitious agenda with five key promises.

Ladies and gentlemen we have kept our word.

I believe this budget will bring that five point plan to closure and will help make Anne Arundel County the best place to live, work and start a business in Maryland.

Thank you and God bless.