

Timestamp	Full Name	City	Zip Code	Are you representing yourself?	What organization or whom do you represent?	Remarks	Optional Attachment
03/20/2023 10:57:46	Kimberly MccBe	Edgewater	21037	Yes	I represent all homeowners on Collinson Lee Lane and motorists driving on Rt. 2 as well as homeowners interested in eco friendly materials.	I am submitting 4 concerns in these remarks 1) Sign and power box hit by car needs repair reported 5 times via email and online. Street sign & power box on corner of Route 2 and Collinson Lee LN were hit by car and needs repair. 2) Collinson Lee LN Signage insufficient. Sign on Collinson is very small and a safety hazard as route 2 traffic is intense and drivers regularly "Nearly Miss" resident's cars turning. We need a bigger sign. Previously reported multiple times to Jessica Haire and online. 3) County sidewalk repair damaged road, sidewalk repaired but road damaged. Permeable pavers as allotted as impervious. They are permeable and eco-friendly. No Incentive to move to permeable materials. Policy needs to reconsidered. Spoke with Jessica Haire since 2020, emailed with Exec. Pittman in 2021. Spoken with Staff and Departments. Please research and contact me for further information. Thank you.	
03/20/2023 7:34:11	Kurt Svendsen	ARNOLD	21012	Yes		Please see attached, which includes testimony submitted for 3/6/2023 meeting but which was not posted online due to technical problem on County side. This is part 1 and 2 of a 5-part series: "FY24 Budget Primer"	YES
03/06/2023 10:25:54	Kurt Svendsen	ARNOLD	21012	Yes		See attached PDF with 1-page written testimony and supporting information.	YES

Mar 6, 2023 County Council Meeting - Budget Primer Part 1 of 5

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As members of the legislative branch of County Government your input into the preliminary policy and assumption setting process that is essential to budgeting, and your ability to understand the budget you are tasked with reviewing, amending, and ultimately approving, are among the most important of your core responsibilities. It is a fundamental "check and balance" in our County's Comprehensive Budget Process. ***This role has a history of not being effectively carried out.***

Furthermore, the citizens' role in the budget process provided for in the County Charter is adhered to ... ***"to the letter."*** Unfortunately, the result is that the ***"intended"*** level of citizen input and ability to truly understand the Budget is non-existent in any real sense. I suggest to you that the citizens know this all too well; it lies at the root of the mistrust and anger that so often erupts and frustrates all involved. The County Council consists of both the majority and minority parties in our entrenched two-party system. As such, it is ***uniquely positioned to be the citizens' champion.***

The County Council has ***complete authority*** over the level of appropriation requested, ***proposed***, and approved for the Legislative Branch. You can and should request and ensure the approval of adequate staffing and funding to ensure this branch of government is able to effectively perform its critical role with respect to budgetary policy and understanding, and to partner with the Executive Branch in truly engaging with Anne Arundel County citizens. This kind of budgetary analysis does not require a CPA and is not a core-competency of an Auditor. The Auditor's staff should continue to play a role in the County Council's budget review, ***but differently skilled staff should direct and manage it.***

I have not identified in this testimony any specific policies or assumptions that the County Council should take the lead on. Nor have I identified the specific data elements that are missing but necessary to achieve a true understanding of the budget. It is virtually impossible to do so in just 2 minutes. I hope you will read the more detailed attachment to this written testimony. I also encourage you to reach out to me, and other citizens that you know are true stakeholders in the wide variety of issues confronting the County. Many of whom have incredible educational backgrounds and work experience that can truly contribute to the quality of your deliberations.

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FY24 Comprehensive Budget Primer

Preliminary Policies & Assumptions and A Focus on Understanding

Anne Arundel County Government

February – April

Calendar Year 2023

Kurt Svendsen

<https://sites.google.com/view/aacountycitizenshare>

1st of a 5-part series

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FY24 Comprehensive Budget Primer

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- ***Preliminary*** Policies & Assumptions
 - Focus on appropriate (but largely missing) role for Legislative Branch, Citizens and Other Stakeholders
- Keys to ***Understanding*** Core Revenue & Expenditure Elements
 - Focus on the ***details*** within a ***few*** areas (Transparency & Open Data)
- Key Role of ***Funds***
 - Focus on importance of Inter-Fund Transfers
- Keys to Achieving ***Structural*** Balance
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The “Intent”

On the Term “Citizen”

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First, we’ll start with Kettering Foundation’s definition of “citizen”:

By “citizen,” we mean people who share a civic identity. This is the “self” in self-government. It also means participation in the creation and receipt of public goods. This is the “government” in self-government.

This implication is that “citizen” is a word with a meaning that goes far beyond the words that have been proposed as replacements, like “resident”, “community member”, or “customer” and “client”. The crux of the difference between “citizen” and these other words is “rights” versus “responsibilities”. Modern American society has come to place great emphasis on “rights”, but with little emphasis on “responsibilities”, to our detriment.² The proposed replacement terms don’t connote responsibilities and rights.

Keys to *Understanding* Core Revenue Elements

Transparency and Open Data

- Core Revenue Areas (focus on General Fund)
 - Property Tax
 - Revenue **Yield** (taxable base estimates and rate; do not just focus on “rates”)
 - Caps (legal and **policy**)
 - **Fairness** (regressive?)
 - Income Tax
 - Revenue **Yield** (taxable base estimates and rates)
 - Caps (legal and **policy**)
 - **Fairness** (regressive?)
 - Others
 - Identification of assumed “**recurring**” and “**one-time**” portions of each estimate
- Importance of Open Data (examples)
 - Examples of what you can NOT get without the Open Data file

Keys to *Understanding* Core Expenditure Elements

Transparency and Open Data

- Core Expenditure Areas (focus on General Fund)
 - Organizational Dimension
 - Department (“Agency” level of appropriation control)
 - Bureau (“Character” level of appropriation control)
 - **Business Units (key to understanding)**
 - Police Admin Svcs Bureau: Training vs. Communication vs Property Mgmt vs. Animal Control
 - Object of Expenditure Dimension
 - Personal Svcs, Contractual Svcs, etc. (“Object” level of appropriation control)
 - **Sub-items (key to understanding)**
 - Salaries & Wages vs. Overtime vs. Health Insurance vs. Pension Contribution, etc.
 - Others
 - Identification of assumed “*recurring*” and “*one-time*” portions of each estimate
- Importance of Open Data (examples)
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Importance of *Funds* and Inter-Fund Transfers

Keys to Achieving *Structural* Balance

Legal Framework - Comprehensive Budget

- Charter Provisions
- Code Provisions

Mar 6, 2023 County Council Meeting - Budget Primer Part 1 of 5

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March 20, 2023 County Council Meeting - Budget Primer Part 2 of 5

My name is Kurt Svendsen, I live in Arnold. This is the 2nd of a 5-part series called an “FY24 Comprehensive Budget Primer.” Part 1 highlighted the preliminary policies & assumptions that the County Council, as the legislative and policy-setting branch of government, ought to be involved in now; in a proactive as opposed to a reactionary manner under the time crunch of 45 days in May and early June.

As a member of the County Budget Office for over 20 years, about half of that as the highest level non-appointed member of the Budget Office, I can confidently say the legislative branch has not effectively provided an adequate “check and balance” to the executive branch when it comes to the budget. I’ve recommended that the County Council more vigorously invoke its existing authority by adequately staffing and funding an organizational infrastructure that would better support existing staff in their respective areas of core competency as well as other areas including budget & research and community outreach. More importantly, a robust organizational infrastructure will better support the County Council members and their staff. This will position the Legislative Branch to truly partner with the Executive Branch. There are a number of specific areas where County Council direction on budget policy ought to be shared and debated earlier in the development process, and ways for the County Council to provide for early engagement with citizens and all stakeholders.

Part 2 of this 5-part series highlights some keys to understanding the core revenue and expenditure elements of the operating budget (pp. 7-14 of 17). This includes suggestions on how you might go about identifying representative samples of taxpaying households in order to gain a richer and more complete sense of the relative tax burden on different categories within this population. ***This analysis highlights another policy question related to affordable housing that can and should be publicly debated earlier than May 1.*** Providing for early engagement with citizens and stakeholders will allow County Council policy positions to be used as input to the budget development process.

On the expenditure-side, this 2nd part of the series highlights some key data that is purposefully not disclosed in any manner (not even as a detailed supplement). This is important not only to the members of the County Council but also the citizens at large. ***The following two examples demonstrate the fundamental nature of this data without which it is impossible to obtain a true understanding of the budget.***

1. It should not be impossible to determine the planned purposes for the \$52.8 million appropriation authorized for the “Admin Services” Bureau in the Police Department. In other words, it should not be impossible to see that \$3.5 million of that is allocated to the “Animal Care & Control” business unit.
2. Similarly, it should not be impossible to determine the breakdown of the \$32.5 million “piece” of the “Admin Services” Bureau’s appropriation authorized for the “Personal Services” object of expenditure. In other words, it should not be impossible to see that \$2.1 million of that is allocated for “Overtime” and that \$6.0 million is allocated for “Pension” contributions.

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2nd of a 5-part series

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Keys to *Understanding* Core *Revenue* Elements

- Don't allow a focus on tax **rates** to mislead you.
 - What matters to the government is tax **yield**.
 - What matters to the citizen is tax **burden**.
- Tax Yield and Tax Burden are the “flip side” of the same coin.
 - These amounts are driven by both the **taxable base** and the **tax rate**.
- Don't allow a focus on legal **limits** to marginalize you.
 - There's often lots of **policy** options, even within these legal limits.
- Don't forget to ask: “Is it Fair?”
 - Summaries and averages often **obscure important differences**.
 - Exploring **within the distribution** of data (e.g., quintiles) often provides a much richer and more complete perspective, particularly with this subject matter.
- Don't forget to ask: “What Should We Do?”
 - There's often **untapped existing authority** that can be used.

Taxpaying Households – Identifying Representative Samples

Number of owner-occupied housing units, by value groupings
Anne Arundel County; Median Value = \$380,600 (Table ID: DP04)
 U.S. Census Bureau - American Community Survey (ACS): 5-Yr Est. (2017-2021)

Assessed Value (Residential)	(Owner)	
	# of Units	% of Total
Less than \$50,000	3,751	2.3%
\$50,000 < \$100,000	1,509	0.9%
\$100,000 < \$150,000	2,364	1.5%
\$150,000 < \$200,000	6,327	3.9%
\$250,000	34,154	21.0%
\$400,000	67,933	41.7%
\$750,000	39,909	24.5%
\$1,000,000 or Greater	7,079	4.3%
Total	163,026	100.0%



Determining Household Incomes Associated with Home Values
 Using "Ratio of Value to Household Income" Data
 U.S. Census Bureau - American Household Survey (AHS): Maryland 2021

Ratio of Value to HHI	Household Income (HHI)	Est Current Market Value	% of Total Households
"Median" Home Value: \$400,000			
Less than 1.5	\$266,667	\$400,000	9.5%
2.0	\$200,000	\$400,000	10.6%
2.5	\$160,000	\$400,000	11.5%
3.0	\$133,333	\$400,000	12.2%
3.5	\$114,286	\$400,000	in 4.0 ratio
4.0	\$100,000	\$400,000	17.7%
5.0	\$80,000	\$400,000	8.8%
6.0	\$66,667	\$400,000	9.9%
7.0	\$57,143	\$400,000	4.9%
9.0	\$44,444	\$400,000	2.8%
11.0 or more	\$36,364	\$400,000	10.0%

65% of Households fall within this "band" of ratios

Taxpaying Households - Matrix of Representative Samples

Household Income (HHI)		Home Value		
		Low	Middle	High
Ratio	Category	\$250,000	\$400,000	\$750,000
3.5	Median	\$71,000	\$114,000	\$214,000
2.5	High	\$100,000	\$160,000	\$300,000
5.0	Mid-Low	\$50,000	\$80,000	\$150,000
7.0	Low	\$36,000	\$57,000	\$107,000



"Low" Home Value: \$250,000

Ratio of Value to HHI	Household Income (HHI)	Market Value	Households
Less than 1.5	\$166,667	\$250,000	9.5%
2.0	\$125,000	\$250,000	10.6%
2.5	\$100,000	\$250,000	11.5%
3.0	\$83,333	\$250,000	12.2%
3.5	\$71,429	\$250,000	in 4.0 ratio
4.0	\$62,500	\$250,000	17.7%
5.0	\$50,000	\$250,000	8.8%
6.0	\$41,667	\$250,000	9.9%
7.0	\$35,714	\$250,000	4.9%
9.0	\$27,778	\$250,000	2.8%
11.0 or more	\$22,727	\$250,000	10.0%

65% of Households fall within this "band" of ratios

Property Tax and Income Tax; A Focus on *Burden*

Tax Burden for Sample Taxpaying Households: Anne Arundel County										
Property Tax Amount = Property Tax Rate x (Taxable Assessed Value / \$100)										
			\$0.933		What Should We Do?					
Income Tax Amount = Income Tax Rate x Taxable Income Tier Value										
							2.81%	2.70%	1st \$50K	
								2.81%	> \$50K	
Category	Household Income (HHI)	Est Current Market Value	Property Tax Burden				Income Tax Burden			
			Current Structure		What Should We Do?		Before Graduated Rates		After Graduated Rates	
			Property Tax Amount	As % of HHI	Property Tax Amount	As % of HHI	Income Tax Amount	As % of HHI	Income Tax Amount	As % of HHI
"Median" Home Value: \$400,000										
Low	\$57,000	\$400,000	\$3,732	6.5%	<div style="border: 2px solid red; border-radius: 15px; padding: 10px; background-color: #fff9c4;"> <p>See Proposed Change to: "Homeowners Property Tax Credit"</p> <p>Existing authority allows us to "fix" this.</p> <p>At least have a public debate over this policy.</p> </div>	\$1,602	2.81%	\$1,547	2.71%	
Mid-Low	\$80,000	\$400,000	\$3,732	4.7%		\$2,248	2.81%	\$2,193	2.74%	
Median	\$114,000	\$400,000	\$3,732	3.3%		\$3,203	2.81%	\$3,148	2.76%	
High	\$160,000	\$400,000	\$3,732	2.3%		\$4,496	2.81%	\$4,441	2.78%	
"Low" Home Value: \$250,000										
Low	\$36,000	\$250,000	\$1,840	5.1%		\$1,012	2.81%	\$957	2.66%	
Mid-Low	\$50,000	\$250,000	\$2,333	4.7%		\$1,405	2.81%	\$1,350	2.70%	
Median	\$71,000	\$250,000	\$2,333	3.3%		\$1,995	2.81%	\$1,940	2.73%	
High	\$100,000	\$250,000	\$2,333	2.3%		\$2,810	2.81%	\$2,755	2.76%	
"High" Home Value: \$750,000										
Low	\$107,000	\$750,000	\$6,998	6.5%		\$3,007	2.81%	\$2,952	2.76%	
Mid-Low	\$150,000	\$750,000	\$6,998	4.7%		\$4,215	2.81%	\$4,160	2.77%	
Median	\$214,000	\$750,000	\$6,998	3.3%	\$6,013	2.81%	\$5,958	2.78%		
High	\$300,000	\$750,000	\$6,998	2.3%	\$8,430	2.81%	\$8,375	2.79%		

Property Tax Burden – *A Proposed Change*

Proposed Changes in County's Supplement to "Homeowners Property Tax Credit" Program

- > County limit on amount of taxable assessed value subject to supplemental credit calculation is increased from \$300,000 to \$500,000.
- > The percentages and combined income levels used to determine the limit to the amount of property tax to be paid is adjusted.
 - Compare "Local Tiers" sections below.

As Is - Existing

<u>System Assumptions</u>		<u>State Tiers</u>			<u>Local Tiers</u>		
Tax Rate (per \$100):	\$0.933	Tier	Amount	%	Tier	Amount	%
State Limits		1st	\$8,000	0.0%	1st	\$4,000	0.00%
Taxable Assessed Value:	\$300,000 calc amt	2nd	\$4,000	4.0%	2nd	\$4,000	0.00%
Combined Income:	\$60,000 eligibility	3rd	\$4,000	6.5%	3rd	\$4,000	0.00%
County Limits		4th	\$44,000	9.0%	4th	\$4,000	3.00%
Taxable Assessed Value:	\$350,000 calc amt	5th			5th	\$4,000	7.00%
Combined Income:	\$60,000 eligibility	6th			6th	\$40,000	9.00%

What If - Proposal

<u>System Assumptions</u>		<u>State Tiers</u>			<u>Local Tiers</u>		
Tax Rate (per \$100):	\$0.953 *	Tier	Amount	%	Tier	Amount	%
State Limits		1st	\$8,000	0.0%	1st	\$25,000	0.0%
Taxable Assessed Value:	\$300,000 calc amt	2nd	\$4,000	4.0%	2nd	\$25,000	3.5%
Combined Income:	\$60,000 eligibility	3rd	\$4,000	6.5%	3rd	\$10,000	4.0%
County Limits		4th	\$44,000	9.0%			
Taxable Assessed Value:	\$500,000 calc amt						
Combined Income:	\$60,000 eligibility						

* Less than a two cent increase is required to make this proposal "revenue neutral."

Property Tax and Income Tax; A Focus on *Fairness*

Tax Burden for Sample Taxpaying Households: Anne Arundel County												
Property Tax Amount = Property Tax Rate x (Taxable Assessed Value / \$100)												
\$0.933												
Proposal: Amend Homeowner Property Tax Credit (revenue neutral: \$0.953)												
Income Tax Amount = Income Tax Rate x Taxable Income Tier Value												
										2.81%	2.70%	Tier
											2.81%	1st \$50K
												> \$50K
Category	Household Income (HHI)	Est Current Market Value	Property Tax Burden				Income Tax Burden					
			Current Structure		As Proposed		Before Graduated Rates		After Graduated Rates			
			Property Tax Amount	As % of HHI	Property Tax Amount	As % of HHI	Income Tax Amount	As % of HHI	Income Tax Amount	As % of HHI		
"Median" Home Value: \$400,000												
Low	\$57,000	\$400,000	\$3,732	6.5%	\$1,155	2.0%	\$1,602	2.81%	\$1,547	2.71%		
Mid-Low	\$80,000	\$400,000	\$3,732	4.7%	\$3,812	4.8%	\$2,248	2.81%	\$2,193	2.74%		
Median	\$114,000	\$400,000	\$3,732	3.3%	\$3,812	3.3%	\$3,203	2.81%	\$3,148	2.76%		
High	\$160,000	\$400,000	\$3,732	2.3%	\$3,812	2.4%	\$4,496	2.81%	\$4,441	2.78%		
"Low" Home Value: \$250,000												
Low	\$36,000	\$250,000	\$1,840	5.1%	\$875	2.4%	\$1,012	2.81%	\$957	2.66%		
Mid-Low	\$50,000	\$250,000	\$2,333	4.7%	\$875	1.8%	\$1,405	2.81%	\$1,350	2.70%		
Median	\$71,000	\$250,000	\$2,333	3.3%	\$2,383	3.4%	\$1,995	2.81%	\$1,940	2.73%		
High	\$100,000	\$250,000	\$2,333	2.3%	\$2,383	2.4%	\$2,810	2.81%	\$2,755	2.76%		
"High" Home Value: \$750,000												
Low	\$107,000	\$750,000	\$6,998	6.5%	\$7,148	6.7%	\$3,007	2.81%	\$2,952	2.76%		
Mid-Low	\$150,000	\$750,000	\$6,998	4.7%	\$7,148	4.8%	\$4,215	2.81%	\$4,160	2.77%		
Median	\$214,000	\$750,000	\$6,998	3.3%	\$7,148	3.3%	\$6,013	2.81%	\$5,958	2.78%		
High	\$300,000	\$750,000	\$6,998	2.3%	\$7,148	2.4%	\$8,430	2.81%	\$8,375	2.79%		

Keys to *Understanding* Core Expenditure Elements

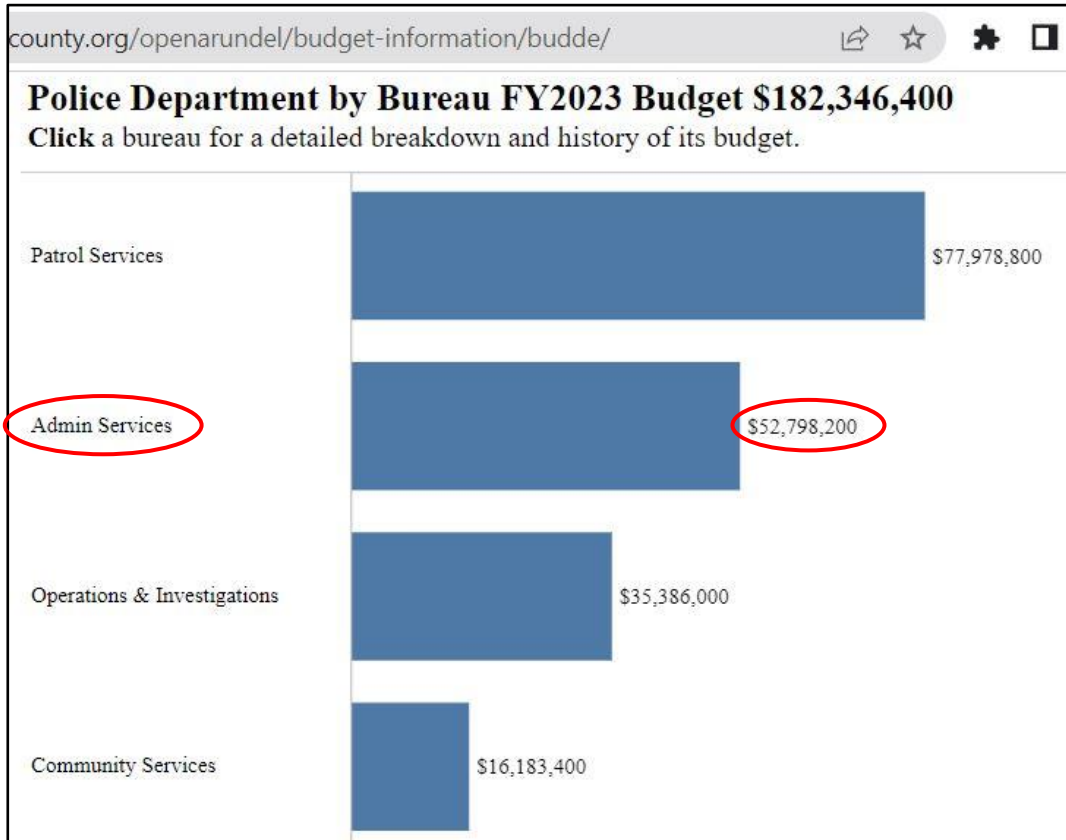
Transparency and Open Data

- Core Expenditure Areas (focus on General Fund)
 - Organizational Dimension
 - Department (“Agency” level of appropriation control)
 - Bureau (“Character” level of appropriation control)
 - **Business Units (key to understanding)**
 - Police Admin Svcs Bureau: Training vs. Communication vs Property Mgmt vs. Animal Control
 - Object of Expenditure Dimension
 - Personal Svcs, Contractual Svcs, etc. (“Object” level of appropriation control)
 - **Sub-items (key to understanding)**
 - Salaries & Wages vs. Overtime vs. Health Insurance vs. Pension Contribution, etc.
 - Others
 - Identification of assumed “*recurring*” and “*one-time*” portions of each estimate
- Importance of Open Data (examples)
 - Examples of what you can NOT get without the Open Data file

Core Expenditure Area – *Organizational Dimension*

Budget Book & BuDDE Tool

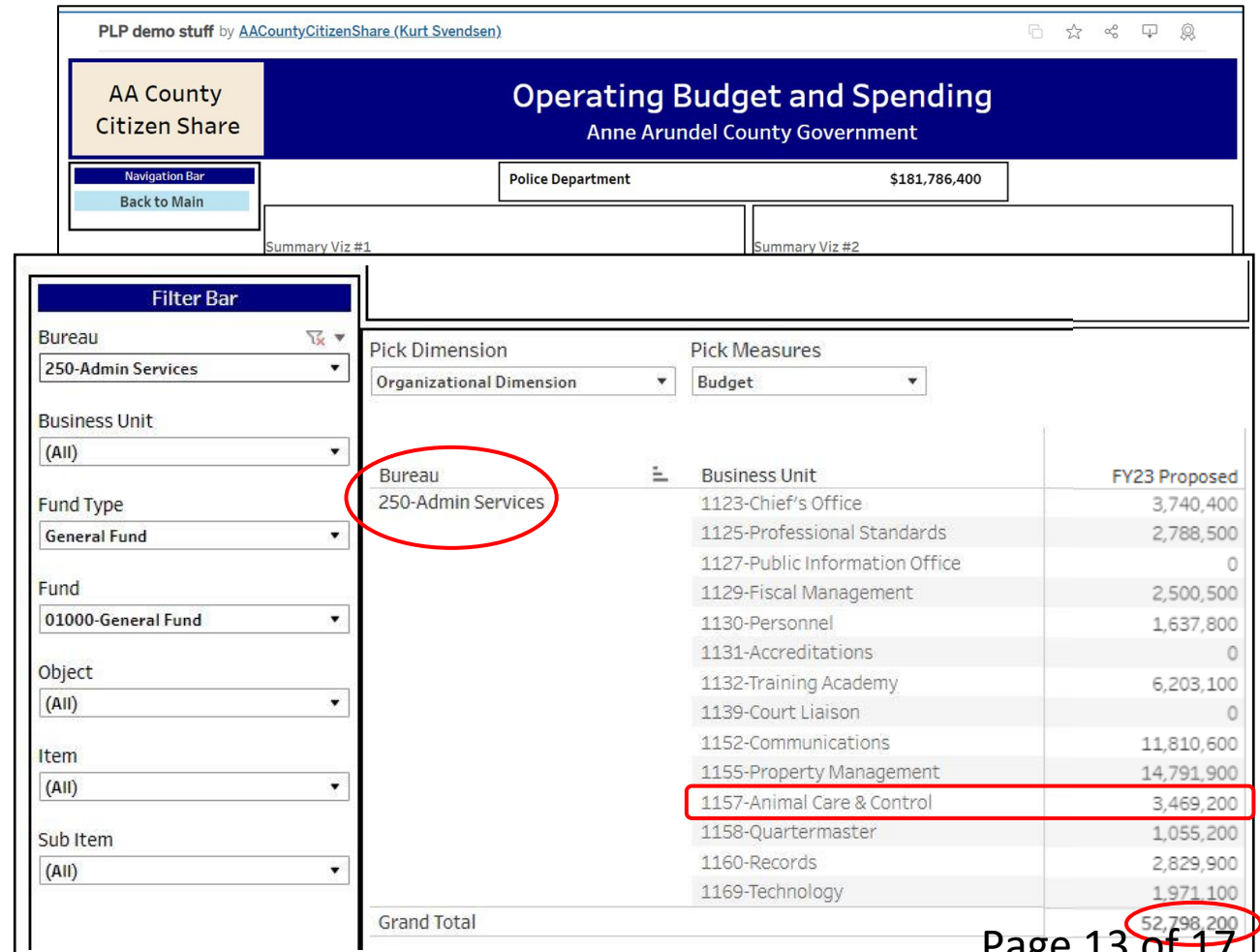
No “Business Unit” data (key to understanding)



2nd of a 5-part series

AA County Citizen Share Dashboard

Using complete data file underlying Proposed Budget

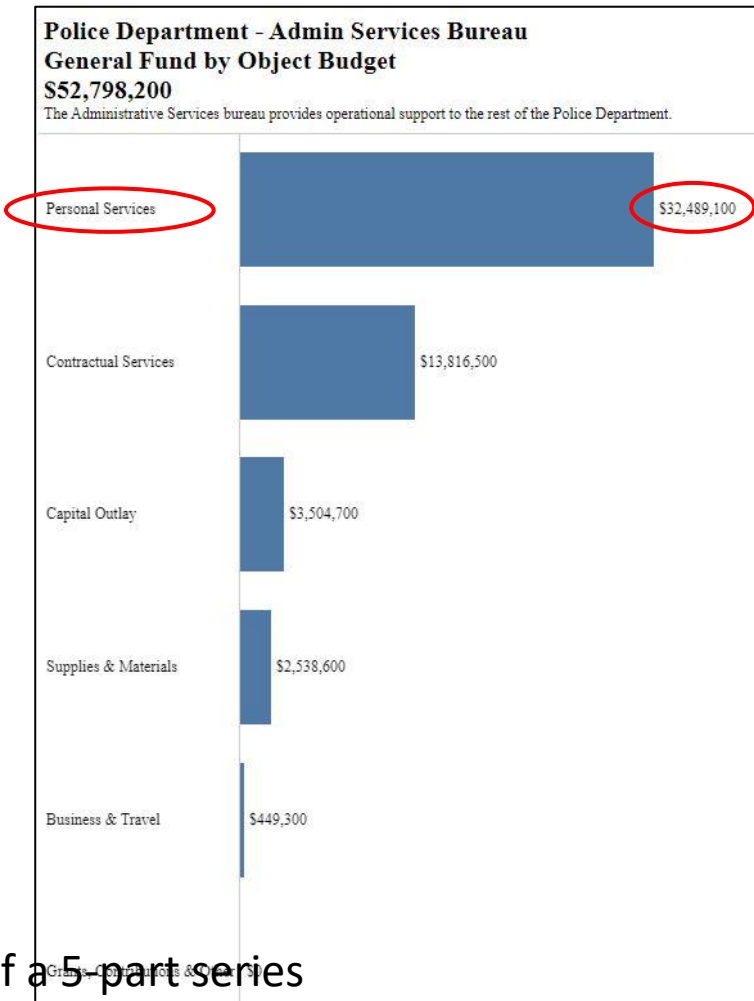


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Core Expenditure Area – *Object of Expenditure Dimension*

Budget Book & BuDDE Tool

No “Sub-Item” data (key to understanding)



2nd of a 5 part series

AA County Citizen Share Dashboard

Using complete data file underlying Proposed Budget

Filter Bar			
Bureau	Pick Dimension		Pick Measures
250-Admin Services	Object Dimension	Budget	
Business Unit			
(All)			
Fund Type	Object	Item	Sub Item
General Fund	7001-Personal Services	7010-Salaries & Wages	7010-Salaries & Wages
Fund			FY23 Proposed
01000-General Fund			1,368,200
Object			
7001-Personal Services		7011-Salaries and Wages	19,465,300
Item			
(All)		7013-Special Pays	796,000
Sub Item			
(All)		7015-Temporary pay	811,600
		7016-Contractual - Pay	304,000
		7018-Furlough Cost Reductio	0
		7019-Turnover	-2,761,000
		7040-Overtime	2,138,000
		7050-Benefits	
		7051-Pension	5,984,100
		7052-401A Defined Contribut	53,100
		7055-Insurance	3,097,200
		7060-FICA	129,000
		7061-FICA	1,027,300
		7090-Other	
		7093-Uniform Cleaning	76,300
		Grand Total	32,489,100

Importance of *Funds* and Inter-Fund Transfers

Keys to Achieving *Structural* Balance

Legal Framework - Comprehensive Budget

- Charter Provisions
- Code Provisions