

**FY2021 Budget Presentation Press Conference Transcript**  
**April 1, 2020**

**Jennifer Lyall – Public Information Officer for Cecil County Government:**

Good afternoon. Thank you all for listening in today.

I am Jen Lyall, public information officer for the County.

Each year, the County Executive is required to present his annual proposed budget & capital improvement program for the upcoming fiscal year to the County Council.

Typically, a press conference is held in the Elk Room of the Cecil County Administration Building, where the public and media can attend in-person and participate in the presentation.

Given the current circumstances, and the imperative need to practice safe social distancing, we have been charged to find safer, more creative ways to get our messages across to our citizens.

We appreciate that you understand that need and would still participate through this Facebook LIVE video.

We have invited the media to call-in and at the conclusion of the presentation, the County Executive and his staff will answer questions.

Please welcome, County Executive Alan McCarthy

**Dr. Alan McCarthy – Cecil County Executive:**

Good afternoon. In a minute I will begin my formal comments associated with the proposed Operating & Capital Budgets for next year, 20/21.

But first I want to express my condolences to the family of the elderly gentlemen who passed away yesterday at Union Hospital of complications related to coronavirus.

This a stark reminder of the unprecedented environment, created by the COVID-19 outbreak, in which each of us is living right now.

I would like to acknowledge our medical personnel:

the doctors, nurses and staff attending to the sick in our hospitals, clinics and offices throughout Cecil County and also this region.

Next, I'd like to express my appreciation to our first responders including both those within our Emergency Management Services Departments as well as the men and women of our Volunteer Fire Companies.

Special thanks are extended as well to the men and women of our law enforcement agencies including the Cecil County Sheriff's Office, Municipal Police and the Maryland State Police.

All of these individuals are putting themselves on the line each day to protect and serve our county.

Lastly, my thanks go out to each of you, the citizens of Cecil County, for your attention to detail by following the new rules that govern our behavior which are meant to defeat the presence of the coronavirus.

In fact, this is the only way we will win this war on COVID-19.

Please continue to follow the guidelines provided from our national, state and local leaders.

Protect yourself and your family by continuing to wash your hands, practice safe social distancing and stay home if you are not feeling well.

Look for opportunities to support and assist those less fortunate than ourselves.

Together, we will win.

Moving along, I thank you for viewing the introduction of the Proposed 20/21 Operating & Capital Budgets.

By law, the County Executive must present a budget to the County Council no later than April 1<sup>st</sup> of each year.

The Council, during the next two months, will convene budget hearings to review the budget with County staff and will have until June 15<sup>th</sup> to adopt the proposed budget.

The budget will take effect July 1, 2020.

As many of you know, this is my fourth proposed budget as your County Executive and I must say it is by far the most difficult budget my staff and I have ever put forward to County Council.

My budget message this afternoon will be different. We are in the midst of a crisis none of us has ever experienced before. This proposed budget is necessary to make certain Cecil County is prepared for the many uncertainties of the future.

Two weeks ago, we had a progressive, balanced budget.

Like prior budgets, I was prepared to propose needed increases for some departments and agencies that were in line with the priorities established three years ago.

Then, the unimaginable happened: COVID-19 pandemic...and now things all over the world are different.

In previous budget presentations I would typically start by sharing with you the millions of dollars in requests that I received from departments and agencies back in January that represented their needed levels of funding to provide services to you the citizens of Cecil County.

Services such as increased funding for educating our children, additional staff to take criminals off the street and prosecutors in place to make certain those individuals are brought to justice.

These are just a few examples of the areas that would have been addressed by allocating additional funding to increase the level of service in this County.

Over the last two weeks, my budget objectives changed due to the financial uncertainty of COVID-19. We needed to step back and create a flexible and more conservative budget that will allow Cecil County to meet the County's obligations.

AND continue to use current revenues to meet current expenses without using fund balance of any type.

Unfortunately, preparation of the 20/21 budget is occurring right in the middle of a global pandemic.

Without knowing the full financial impact of the pandemic, it would not be responsible to open up reserves to balance a budget when we are uncertain of the long-term impact caused by COVID-19.

Approximately 40% of our general fund revenues come directly from the collection of income taxes.

With so many folks in our County out of work, we are uncertain on how this will impact the County's future revenues.

I advised the Finance staff to show little to no increase in income tax revenues for FY21 to protect the budget from a possible decline in revenues due to the potential unemployment of so many residents.

As I said, two weeks ago the budget looked very different than it does today.

When people are back to work and when the economy rebounds, I will consider seeking to restore additional funding to address some of our top priorities in both the operating and capital projects.

But until that occurs, the budget proposed today reflects the income tax revenue projection reduced by \$2.3 million dollars from our original projection and the necessary budget cuts to balance the budget without using any fund balance.

It is a necessary step because of the economic uncertainty surrounding this crisis.

The FY21 budget reflects an increase of approximately \$4.5 million dollars over last year, due to an increase in real property tax assessments.

This increase provides enough additional revenue to cover the increase in debt principal payments for FY21, the increase in the cost of health insurance of 8.5%, and increases in public safety operations along with meeting the terms of our collective bargaining agreements.

There are no increases in the real estate and income tax rates for next year.

In addition, I will include a tax credit for our senior citizens who meet residency requirements and/or are veterans of the military.

A County resident 65 years or older living in their primary residence with a home value less than \$400,000 may qualify for a 20% reduction of County tax if they meet the required criteria.

This credit will be renewable for five years. It is my hope this will provide tax-relief to some of our most vulnerable citizens.

Just as there are no tax rate increases, there will be no fee increases for the Solid Waste or Wastewater Enterprise funds for FY21.

The Solid Waste fund has experienced operating income greater than expenses for four years and now has the ability to fund two small capital projects without the need to borrow the funds to do it.

The projects include rehabilitation of a sediment pond and investing in the fiber optic infrastructure to support the security of the site.

The Wastewater Fund has budgeted operating income for the upcoming 20/21 budget year.

We will continue to monitor this fund pending a new rate study that will be completed next year.

September will mark the 10<sup>th</sup> year of the Hollywood Casino at Perryville operating in Cecil County.

Outlined in the legislation passed when the casino opened its doors, the law requires the casino to pay part of its revenues out in impact grants every year to the County and the Town of Perryville.

The County is required to develop a three-year plan that is vetted by a local development council.

This three-year plan received a recommendation of approval in February.

A portion of the approved spending of casino funds in the upcoming budget supports a few one-time projects in the general fund.

There is \$200,000 to match State grant dollars to continue to bring internet service to the parts of our County that are not served.

The coronavirus pandemic has brought to light how important it is that every home have access to the internet.

The casino funds are also planned to fund a \$200,000 update the County's LIDAR maps to enhance our GIS information. But, we know the casino was closed in mid-March due to the COVID-19 outbreak.

To be responsible, those planned projects, along with the other uses of casino funds will not be included in the budget until the revenue stream from the casino returns...as I know it will.

Again, the budget is a plan.

As things change over the next few months, the budget will be monitored very closely to ensure the revenues projected are meeting the expenditures outlined in all areas.

The Capital Improvement Program Budget proposed today is again, a plan for the future. We are committed to completing the projects we have already initiated.

However, new proposed projects may be deferred and will not start until the County is comfortable with the recovering economy and is certain the bond funding needed for those projects will be accessible to the County.

The recent increases to the revenue streams and prudent financial management have prepared us for the emergency we are facing today.

Our County is in a financial position to make certain the services the County has provided in the past will continue into the future.

A reckless budgeting of reserves instead of tightening our belts is not in the best interest of our County.

Now more than ever, the departments within County Government, the Cecil County Public Schools, Cecil College, and the Cecil County Public Library will continue to communicate to be certain we are working together to properly serve the citizens of Cecil County.

I know in time, working together, all of our individual agency needs can and will be met.

I am most appreciative of the support the leadership of each of those agencies has exhibited during these most troubling times.

Together we will manage this uncertainty until this crisis is over.

Our County is so blessed to have an outstanding group of leaders at the helm of our schools, our libraries, our Sheriff's Office, our States Attorney's Office, our Health Officer, our Director of Emergency Services and all of the leaders of County departments.

I am proud to be associated with these fine individuals and to serve as your County Executive.

I also want to take the time to recognize and thank our County employees.

They are the ones on the front line each day...working behind the scenes to be certain the daily functions of County government continue seamlessly despite what is going on in the rest of the world.

In closing, I ask for your support of the 20/21 budget. It has become a cliché, but I cannot say it enough, we are all in this together. Together we will survive and emerge to an even brighter future.

Thank you.

**Jennifer Lyall – Public Information Officer for Cecil County Government:**

So, we'll go ahead and take some questions from the media. You can unmute your phone, but I will call your name.

We will start with Bill Carroll from the Cecil Whig.

*(Silence)*

**Dr. Alan McCarthy – Cecil County Executive:**

Mr. Carroll? I guess he's not there.

**Jennifer Lyall – Public Information Officer for Cecil County Government:**

Nancy Schwerzler from Cecil Times, are you there?

**Nancy Schwerzler – Cecil Times:**

Yes, I am.

**Jennifer Lyall – Public Information Officer for Cecil County Government:**

Go ahead.

**Nancy Schwerzler – Cecil Times:**

Okay.

Let me just step back a second. Obviously we've been *(unintelligible)* over the years in the past and this is the first time in Dr. McCarthy's administration that we haven't had detailed numbers in advance. So, to some extent, I guess we are all flying a bit blind, but let me start with a couple of questions about some of the key issues that I think most folks are interested in.

Let me start with the Cecil County Public Schools. Does this budget provide funds to the schools at or above the state mandated maintenance effort level?

**Dr. Alan McCarthy – Cecil County Executive:**

Yes, it does.

**Nancy Schwerzler – Cecil Times:**

How much above MOE?

**Dr. Alan McCarthy – Cecil County Executive:**

\$2 million.

**Nancy Schwerzler – Cecil Times:**

I'm sorry, ten?

**Dr. Alan McCarthy – Cecil County Executive:**

Two. T-W-O.

**Nancy Schwerzler – Cecil Times:**

Okay, sorry, it's kind of hard to hear. So it's \$2 million above the maintenance of effort.

Okay. On the...obviously that is on the operating side, so on the capital side of the schools' budget, for the past several years there has been roughly \$1 million per year for creating a network of turf sports fields at the county high schools. Is that continuing? Is there money in the capital budget for another turf field?

**Dr. Alan McCarthy – Cecil County Executive:**

Yes, ma'am. There is.

**Nancy Schwerzler – Cecil Times:**

Which school?

**Dr. Alan McCarthy – Cecil County Executive:**

I believe it'll be Rising Sun.

**Nancy Schwerzler – Cecil Times:**

Okay and in the past, most of them have been around a million, although I think North East was a little bit more. Is it about a million?

**Dr. Alan McCarthy – Cecil County Executive:**

I can't say that with certainty, but it is approximately a million, give or take.

**Nancy Schwerzler – Cecil Times:**

Okay. The \$2 million above the maintenance of effort, how does that compare with what Dr. Lawson had requested? Obviously his request several months ago was before the virus outbreak, but by way of comparison, how does the \$2 million above MOE compare with the request?

**Dr. Alan McCarthy – Cecil County Executive:**

It's well below it. Well below the request.

**Nancy Schwerzler – Cecil Times:**

Okay. Let me inquire about Emergency Services. The Volunteer Fire Companies put in their request every year for equipment, plus your Administration took the initiative, I guess that was about a year ago, to turn the retirement account from an annual appropriation into an ongoing protected pension fund. What does your budget proposal do to certain EMS issues – First, does it continue payments to the retirement account to keep it as a full independent pension?

**Dr. Alan McCarthy – Cecil County Executive:**

I think I'll defer that question to Mrs. Anderson, our budget manager.

**Rebecca Anderson – Budget Manager, Cecil County Finance:**

Good afternoon, Nancy. There is an additional \$200,000 to continue to put money towards that trust fund and their equipment request is \$125,000 more than last years'. It is a \$575,000 proposed budget for the Volunteer Fire Company equipment.

**Nancy Schwerzler – Cecil Times:**

Okay, if I could slow down a second. So, the equipment request is how much?

**Rebecca Anderson – Budget Manager, Cecil County Finance:**

It's \$500... -

**Nancy Schwerzler – Cecil Times:**

And how much are they getting?

**Rebecca Anderson – Budget Manager, Cecil County Finance:**

It's \$575,000.

**Nancy Schwerzler – Cecil Times:**

Okay. I'm having a little bit of a problem with the connection. The request was \$575,000?

**Rebecca Anderson – Budget Manager, Cecil County Finance:**

No, there request was over a million. The actual proposed budget is \$575,000.

**Nancy Schwerzler – Cecil Times:**

Okay. For the past two budgets, the fire companies have gotten everything they wanted on the equipment request, plus the pension funding, which they actually hadn't requested. So, it was, in the past two budgets it was a "wait and see, let's see how the revenues are" and then about five months into the budget year, all the money was allocated. So, is it anticipated, obviously it is incredibly hard to anticipate what is happening with the economy with the virus, but is it the intent that once again you will grant the full request to the fire companies at some point within the fiscal year?

**Rebecca Anderson – Budget Manager, Cecil County Finance:**

Yes. It is always the County Executive's option to do that when the financial statements are done at the end of the fiscal year and if he would care to do assignments to them, they are always at the top of the list for reconsideration. That is correct.

**Nancy Schwerzler – Cecil Times:**

The Sheriff's Office, any new deputy positions or correctional officer positions?

**Dr. Alan McCarthy – Cecil County Executive:**

No, there is not at this present time.



**Nancy Schwerzler – Cecil Times:**

Had additional deputy or correctional officer positions been requested?

**Dr. Alan McCarthy – Cecil County Executive:**

Yes, they have.

**Nancy Schwerzler – Cecil Times:**

Do you know how many positions were sought?

**Dr. Alan McCarthy – Cecil County Executive:**

They wanted three new positions filled.

**Nancy Schwerzler – Cecil Times:**

Were they law enforcement, correction or administrative stay?

**Dr. Alan McCarthy – Cecil County Executive:**

Law enforcement.

**Nancy Schwerzler – Cecil Times:**

Let me go back a little bit to some of the broader economic questions and especially with dealing with the virus. In last year's county budget process, the county took into account the fact that the state Board of Revenue Estimates twice scaled back the state's estimate of revenues and was therefore giving guidance to the counties. They predicted that primarily income tax revenues would decline by \$269 million and the county scaled back their own revenue forecast. Now, as it turned out, the state was wrong and revenues were substantially above that. But now, just a few weeks ago, the state Board of Revenues Estimates refused to offer any guidance to the counties or change their numbers other than to say that due to the COVID-19 pandemic, you know, we could possibly be facing a prolong recession. But there was no guidance given to the counties on what to do. Has there been any private guidance or are you anticipating at some point there will be additional guidance from the state to really help the counties as they try to plot their budget course going forward?

**Dr. Alan McCarthy – Cecil County Executive:**

I'm certainly hoping so. The only thing I can say specifically is that last week we had 665 applications for unemployment and nationally I think it was over 3,250,000 applications for unemployment. We have not heard anything specifically from the state concerning revenues going forward.

**Nancy Schwerzler – Cecil Times:**

Okay. Governor Hogan, that's maybe why he didn't feel the need to change the state revenue estimates, but in the recently concluded or suspended General Assembly session, the Governor got an emergency legislation of \$10 million from the General Assembly to deal with the COVID virus and also got emergency legislation authorizing him to tap the state's rainy day fund by up to \$50 million. At this point, you are saying you don't want the county to tap the rainy day fund, which your Administration has increased from 7.5% to 10% of overall operating budget. Do you anticipate that at some point you may have to go into the budget reassignment fund or the rainy day fund, as this virus crisis goes forward?

**Dr. Alan McCarthy – Cecil County Executive:**

Depending on how bad this COVID pandemic occurs, we basically have considered that, but I am hoping that we will not have to do it. But, if necessary, we will.

**Jennifer Lyall – Public Information Officer for Cecil County Government:**

I'm going to interrupt right there for a second. Is there anyone else from the media on the line who would like to ask a question?

**Doug Donley – Cecil TV:**

Doug Donley's here and I have a question.

**Jennifer Lyall – Public Information Officer for Cecil County Government:**

Please, go ahead.

**Doug Donley – Cecil TV:**

Two programs were recently announced - the Small Business Emergency Micro Grant Program and the Cecil Catalyst Loan Program Modification, do they come out of county funds or is that somehow derived from the state? How do they fit into this FY2021 budget?

**Dr. Alan McCarthy – Cecil County Executive:**

Those are county funds. They've been allocated years ago for this specific purpose.

In addition to...?

**Rebecca Anderson – Budget Manager, Cecil County Finance:**

The Cecil Catalyst Program is funding that we receive from the federal government that is a revolving loan fund that has perimeters in which to spend. The Micro Grant program is \$200,000 allocated from the video lottery casino funds for Cecil County that are allocated to Economic Development that they have decided to use in this manner to deal with the COVID crisis on small businesses.

**Doug Donley – Cecil TV:**

Okay, thank you.

**Jennifer Lyall – Public Information Officer for Cecil County Government:**

Thank you so much, Doug. We will take one more question and then we are going to wrap it up. Anyone else?

Okay. The recorded video of today's press conference will be, and the transcript, will be on the county's website in just a little while. Please give us time to get that up there before you start asking for it. We appreciate that you were logged in and signed in with us with the media today and we look forward to hearing from you. If anyone from the media does have a question, you can e-mail me directly and we will get those questions answered.

Thanks.

*(End of tape)*

Transcribed: April 1, 2020

By: Rebekah Corle