

Minutes of the County Commissioners of Worcester County, Maryland

Budget Work Session

May 20, 2009

Louise L. Gulyas, President
James C. Church, Vice President
Judith O. Boggs
Linda C. Busick
Robert L. Cowger, Jr.
James L. Purnell, Jr.
Virgil L. Shockley

Following a motion by Commissioner Purnell, seconded by Commissioner Church, the Commissioners unanimously voted to meet in closed session at 9:07 a.m. in the Commissioners' Conference Room to discuss legal and personnel matters permitted under the provisions of Section 10-508(a)(1) of the State Government Article of the Annotated Code of Maryland and to perform executive actions. Also present at the closed session were Gerald T. Mason, Chief Administrative Officer; Sonny Bloxom, County Attorney; Kathy Whited, Budget Officer; Kim Moses, Public Information Officer; George Bradley, Director of Human Resources; Harold Higgins, Finance Officer; and Phil Thompson, Assistant Finance Officer. Topics discussed and actions taken included personnel matters related to the FY10 Operating Budget.

The Commissioners met with Human Resources Director George Bradley to briefly review the following: Salary and Benefit recommendations; Cost of Living Adjustment (COLA) and Step Increase recommendations.

The Commissioners approved the following FY10 Salary and Benefit recommendations: Medical and Prescription Drug Insurance Premiums of \$21.50 for individual coverage, \$42.88 for parent/child coverage, \$59.39 for husband/wife coverage, and \$64.66 for family coverage, all of which reflect a minor increase compared to past years; Life Insurance contract renewal with no premium increase and the Long-Term Disability Insurance rate contract for FY09 of \$0.38 per unit; Employee Assistance Program contract renewal with no rate increase; and due to severe budget constraints no step or cost of living adjustment (COLA) for FY10.

In a related matter, Chief Administrative Officer Gerald T. Mason informed the Commissioners that several of the cost cutting recommendations suggested by staff during the Suggestions for Achieving Valuable Efficiency (SAVE) Contest in February 2009 to help reduce government spending have already been implemented and include the following: eliminating the County Employees Picnic and Holiday Open House and longevity bonuses for 2009 and offering early retirement incentives for eligible employees who retire on or before July 1, 2009.

The Commissioners deliberated on the projected revenues and requested expenditures in the FY2009/2010 Operating Budget, which reflects a \$266,308 budget shortfall

With regard to the request to purchase seven new vehicles to replace high mileage vehicles within the Sheriff's Office, Commissioner Shockley directed staff to look into using confiscated funds to purchase one \$36,000 tactical truck rather than funding the vehicle within the FY10 budget.

The Commissioners reviewed and discussed the \$4.2 million or 81.68% variance between budgeted and actual Highway User Taxes. Commissioner Cowger stated that the County cannot justify a \$1.6 million payroll for 43 Roads Division employees when the County only received \$961,111 in Highway User Taxes, since the funds meant to repair the roads are being used to fund salaries. In response to a question by Commissioner Cowger, Mr. Mason stated that though the County will not be paving any roads this year, staff must continue to maintain the existing 520 miles of County roads. Mr. Mason stated that unlike Worcester County, most counties in Maryland subsidize their Roads Divisions. Commissioner Boggs noted that the State must still reconcile a \$200 million shortfall and will likely announce more cuts that could further impact the counties.

Commissioner Boggs distributed a memo she had prepared regarding local, State and federal grants to the Worcester Youth and Family Counseling Services (WYFCS) for FY10.

The Commissioners recessed for five minutes.

The Commissioners reviewed proposed grants to Social Service Groups, Recreation and Culture, and Towns.

Commissioner Boggs noted that in this tough economy, there is a greater demand for services from the Social Services Groups and what little funding the County has to give should be distributed to agencies that help the needy. In response to a question by Commissioner Church, she stated that agencies such as WYFCS that have already received a great deal of grant funding may not need as much assistance from the County as other agencies. Commissioner Gulyas noted that WYFCS depends on County funding to secure a variety of grants that are then used to help the ever-growing number of needy families. She concluded that they should not be penalized by the County for leveraging local funding to secure larger grants. The Commissioners concurred with the recommendation to eliminate grants for Recreation and Culture in the FY10 budget to fund human services. Following some discussion and upon a motion by Commissioner Church, the Commissioners unanimously approved the proposed 10% cut in grant funds to Social Service Groups as presented.

The Commissioners directed staff to increase funding from \$125,000 to \$150,000 for the Step Up internship program within the Economic Development budget that provides internships at NASA Wallops for local high school and college students to prepare them for careers in the fields of science, technology, engineering and math

With regard to Travel Reimbursements, the Commissioners directed staff to provide them with information detailing the mileage reimbursement policy for County board and commission members.

With regard to Grants to Towns, Commissioner Boggs opposed the proposed cut of grant funds to Berlin, Ocean Pines, Pocomoke and Snow Hill of 11%, as the grant to Ocean City had

been cut by only 8.9%. Commissioner Gulyas stated that the additional money Ocean City is to receive is needed for tourism.

Finance Officer Harold Higgins reviewed the proposed transfer of \$51,043,784 on June 30, 2009 to the trust account being established for Other Post Employments Benefits (OPEB) for County and Board of Education employees. Mr. Higgins stated that once the trust is in place, retiree medical insurance funding will be paid from the OPEB trust instead of the General Fund. In response to a question by Commissioner Shockley, Mr. Mason stated that funds are not available within the enterprise accounts to reimburse the General Fund for OPEB expenses for the past three years for Solid Waste and Water and Wastewater employees. Commissioner Boggs noted that Water and Wastewater rates are already scheduled to increase by \$10 per year to fund future OPEB payments for these employees.

The Commissioners answered questions from the press, after which they adjourned for lunch.

After lunch, the Commissioners reconvened in open session.

The Commissioners resumed deliberations on projected revenues and requested expenditures in the FY2009/2010 Operating Budget.

In response to a question by Commissioner Shockley, Mr. Mason advised that eliminating three part-time grass cutter positions within Recreation and Parks would save the County \$49,668. A motion by Commissioner Shockley to eliminate the three part-time positions failed for lack of a second.

The Commissioners reviewed and discussed staff's recommendation to fund the Board of Education (BOE) at the Maintenance of Effort (MOE) level of \$71,954,064 and recurring funds for Technology and Capital Outlay of \$687,386 for total BOE funding of \$72,614,611. Mr. Mason reiterated that the Commissioners had previously agreed to fund the BOE at the MOE level. However, the Commissioners can choose where to allocate funds within 13 separate categories. Commissioner Boggs stated that the \$548,691 taken from Textbooks and Classroom Materials and \$16,756 from Other Instructional Costs to fund Instructional Salaries should be put back. Commissioners Gulyas concurred, stating that was the message conveyed to the Commissioners by parents during the public hearing on the FY10 Operating Budget. In response to a question by Commissioner Boggs, Mr. Mason stated that the BOE has agreed not to fill 10 vacant positions, and will likely have another 25 to 30 plus individuals who choose to retire, quit or move at the end of the school year. Commissioner Shockley advised that for two years in a row the Commissioners have requested but never received a report outlining the number of retired employees who are rehired by the BOE on a contractual basis, and he again requested the BOE to provide that information prior to voting on the requested BOE budget. Commissioner Boggs requested the Commissioners postpone taking action with regard the requested BOE budget until questions regarding contractual employees can be answered.

Commissioner Cowger stated that the County has cut \$15 million in services in the FY10 Budget without plugging in any employee cuts, furloughs, or layoffs to account for the decrease in workloads. He stated that if the Commissioners do not take steps to downsize government

now that following the next election they will be forced to make the largest tax increase the County has ever witnessed, a move that they cannot justify to the taxpayers. He stated that if the Commissioners do not downsize government by layoffs now as part of the budget it will not be done at all. He stated that the Commissioners must do more than just look at balancing the budget, they must make real employee cuts to develop a sustainable budget in the years to come. Commissioner Shockley stated that the Commissioners were only able to fund the BOE at the MOE level because of the cuts made by County employees. He stated that funding the MOE level budget was the right thing to do, but that the Commissioners must be fair to their employees too. Commissioner Boggs concurred, stating that the Commissioners have perpetuated obvious inequities, since County departments have been cut by as much as 28% and the BOE has refused to cut anything. Commissioner Busick stated that she supports funding the BOE at the MOE level, particularly as this funding will likely remain flat over the next several years. Commissioner Gulyas stated that the people of the County have made it abundantly clear that they support funding the BOE at the MOE level, and would even be willing to see their taxes raised to assure that funding is provided. In response to a request by Commissioner Cowger, Mr. Mason agreed that staff would work to develop a proposal for downsizing government to reflect the decline in revenues for the Commissioners to consider at their next budget work session on May 26, 2009.

Following much discussion and upon a motion by Commissioner Church, the Commissioners voted 4-3, with Commissioners Busick, Church, Cowger and Purnell voting in favor and Commissioners Boggs, Gulyas and Shockley voting in opposition, to fund the BOE at the MOE level and to revisit the BOE budget during their next budget work session on May 26, 2009 to determine whether to reallocate funds from Instructional Salaries to Textbooks and Classroom Supplies.

The board adjourned to meet again on June 2, 2009.