



CECIL COUNTY, MARYLAND

DEPARTMENT OF FINANCE

FISCAL IMPACT NOTE

SUMMARY OF LEGISLATION

SPONSOR: Council President at the request of the County Executive

RESOLUTION NO. 32-2021

Supplemental Appropriation- Fund Balance - Board of Education- Maintenance of Effort

SYNOPSIS: A resolution to amend the Annual Budget and Appropriation Ordinance for Cecil County, Maryland for the fiscal year ending June 30, 2022, in order to provide the Board of Education Operating Budget within the General Fund, expenditure appropriation authority to authorize \$2,159,160 to be added to the FY2022 Board of Education allocation to comply with the required maintenance of effort (MOE) level for FY2022.

FISCAL IMPACT SUMMARY: The additional operating budget required to fund the Board of Education at the required Maintenance of Effort will have a negative net fiscal impact to the County for Fiscal 2022. Unassigned fund balance will be utilized to fund the additional expenditure for FY2022.

FISCAL ANALYSIS:

For the County to comply with Chapter 36 of the Acts of 2020 (HB1300), amended by Chapter 55 of the Acts of 2021 (HB1372), the County is obligated by the Maryland State Department of Education (MSDE) to increase the operating budget of the Board of Education by \$2,159,160 in order to satisfy MOE requirements. This is a result of the General Assembly changing the student count to be used to calculate FY22 MOE from the count on 9/30/2020 to the pre-pandemic count on 9/30/2019. Additionally, the legislation mandated per pupil funding in each County to be more than or equal to the State average. This legislation was put into law after the initial budget was submitted, and the county received the final calculation via email on Thursday, May 20.

If the County were to not comply with the Bills passed by the 2021 General Assembly, the Board of Education would lose the scheduled increase in State education aid that it is scheduled to receive. Once MOE has not been funded by a County, the State Board of Education has the power to notify the State Comptroller, (5-213 of the Education Article), and the Comptroller shall intercept local income tax revenue from the County, in the amount by which the County failed to meet the MOE and distribute the withheld funds directly to the Board of Education.

In preparation for the possibility the General Assembly would change the requirements, the County Executive did not allow the assignments of the prior Administration to proceed forward to ensure there was sufficient

funding available. The FY2020 assignments will revert to fund balance when the FY2021 is closed to replenish the County's total fund balance.

The FY2020 Annual Financial Report listed the following assignments that were not approved by County Executive Hornberger, nor were they introduced to Council to approve additional expenditure authority:

<u>Assigned</u>		
CCPS - Admin Service Ctr - Boiler upgrade/cable	810,000	(funded by CCPS/County FY2022)
VFC Vehicle Budget	250,000	(funded two not four ambulances)
CCSO - Retrofit Evidence & Armory Space	535,000	(moved to the FY2022 CIP)
Bailiff Road Bridge Rehab CE0071	325,000	(moved to the FY2022 CIP)
Elk Neck over Spur Bridge Painting CE0028	175,000	(moved to the FY2022 CIP)
Roads Infrastructure Maintenance	64,160	(did not fund in FY2021)
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	<u>\$ 2,159,160</u>	

Although the County Executive has the power to assign fund balance, the Council, per Charter, must approve additions to the approved budget.