

**COUNTY COUNCIL OF CECIL COUNTY, MARYLAND
LEGISLATIVE SESSION DAY 2021-12
RESOLUTION NO. 32-2021**

Title of Resolution: Requested to Expedite - 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 in order to comply with the required maintenance of effort (MOE) level for FY2022.

Introduced by: Council President on behalf of the County Executive

Introduced and ordered posted: June 15, 2021 and Requested to be Expedited

Approval to Expedite June 15, 2021

Scheduled for consideration: ~~July 6, 2021~~ June 15, 2021

By: James Massey
Council Manager

Notice and title of Resolution having been posted by June 15, 2021 at the County Administration Building, 200 Chesapeake Blvd, Elkton and consideration by the Council having been scheduled on ~~July 6, 2021~~ JUNE 15, 2021.

By: James Massey
Council Manager

Explanation: CAPITAL LETTERS INDICATE LANGUAGE ADDED TO EXISTING DOCUMENT
~~Strike through~~ indicates language deleted from existing document
Underlining indicates language added to document by amendment.
~~Double Strike through~~ indicates language stricken from document by amendment.

Requested to Expedite - Supplemental Appropriation – Fund Balance – Board of Education – Maintenance of Effort

1 **WHEREAS**, in accordance with Section 505 of the Cecil County Charter, on April 1, 2021, the County
2 Executive submitted a proposed budget to the County Council for Fiscal Year 2022; and

3 **WHEREAS**, in accordance with Section 506 of the Cecil County Charter, the County Council held
4 public hearings on the proposed budget submitted by the County Executive for Fiscal Year 2022; and

5 **WHEREAS**, in accordance with Section 507(b) of the Cecil County Charter, on June 1, 2021, the
6 Budget for Cecil County was adopted for Fiscal Year 2022; and

7 **WHEREAS**, the County Executive is revising the Fiscal Year 2022 revenue estimate for Cecil County
8 to increase use of the Unassigned Fund Balance for the Board of Education by \$2,159,160 in order for the
9 County to comply with Chapter 36 of the Acts of 2020 (HB1300), as amended by Chapter 55 of the Acts of
10 2021 (HB1372). HB 1300 changes the student count from full-time equivalent (FTE) Enrollment to
11 Enrollment Count, which represents the greater of the current year FTE or the average of the three prior
12 years FTE enrollment. There are changes to the calculation of MOE for FY2022 per the HB1372. HB1372
13 amends the language to exclude the FTE enrollment count from September 30, 2020, from the calculation
14 of the MOE. Additionally, HB1372 changes the wealth per pupil calculation (per pupil funding) for the
15 education effort calculation for FY2022 to equal the State average. The education effort calculation results
16 in an MOE per pupil increase for Cecil County Public Schools. Therefore, the allocation expenditure budget
17 for FY2022 must be increased by \$2,159,160 to comply with the MOE requirement; and

18 **WHEREAS**, such appropriation is necessary to provide \$2,159,160 of the County Executive’s FY2022
19 unassigned fund balance for the General Fund for expenditures.

20 **NOW THEREFORE, BE IT HEREBY RESOLVED BY THE COUNTY COUNCIL OF CECIL COUNTY,**
21 **MARYLAND**, that the Annual Budget and Appropriation Ordinance for Cecil County, Maryland, for Fiscal
22 Year 2022 is hereby amended for the supplemental appropriation; and by amending the Current Budget to
23 appropriate the Board of Education Operating Budget, within the General Fund, expenditure appropriation
24 authority to authorize \$2,159,160 to be added to the FY2022 Board of Education allocation in order to
25 comply with the required maintenance of effort level for FY2022.

26 **AND BE IT FURTHER RESOLVED BY THE COUNTY COUNCIL OF CECIL COUNTY, MARYLAND**, that this
27 Resolution shall take effect on the date of its passage by the County Council of Cecil County, Maryland.

INTRODUCED: June 15, 2021

ADOPTED: ~~July 6, 2021~~ June 15, 2021



President of the Council

ATTEST:


Council Manager



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)
	-	
	<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.