

County Council of Howard County, Maryland

2020 Legislative Session

Legislative Day No. 9

Resolution No. ~~100~~-2020

Introduced by: David Yungmann

A RESOLUTION proposing to amend the Howard County Charter by amending Section 603 "Submission and contents of the County budget" by altering certain dates for the County Executive to submit to the Council the proposed current expense budget, the operating expense program for certain fiscal years, parts of the budget message, the proposed capital budget, and the capital program for certain fiscal years; altering the contents of the current expense budget and the capital budget and capital program; requiring the Executive to submit certain revenue information to the Council on or before a certain date; and submitting this amendment to the voters of Howard County for their adoption or rejection in accordance with Article X of the Howard County Charter and Article XI-A of the Maryland Constitution.

Introduced and read first time on June 1, 2020.

By order Diane Schwartz Jones, Administrator to the County Council

Council

Read for a second time and a public hearing held on June 15, 2020.

By order Diane Schwartz Jones, Administrator to the County Council

Council

This Resolution was read the third time and was Adopted, Adopted with amendments, Failed, or Withdrawn by the County Council on July 6, 2020.

Certified by Diane Schwartz Jones, Administrator to the County Council

NOTE: [[text in brackets]] indicates deletions from existing language; TEXT IN SMALL CAPITALS indicates additions to existing language. Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment.

1           **BE IT RESOLVED** by the County Council of Howard County, Maryland, that County  
2 Charter Section 603 “Submission and contents of the County budget” is, upon approval of the  
3 voters of Howard County, amended to read as follows:

4  
5                                   **Article VI. – Budgetary and Fiscal Procedures**

6                                   **Section 603. – Submission and contents of the County budget.**

7  
8 Section 603. – Submission and contents of the County budget.

9       (A) Not later than ~~[[seventy days]]~~ MARCH 1 prior to the end of the fiscal year, the  
10 Executive shall submit to the Council the proposed current expense budget for the  
11 ensuing fiscal year, the operating expense program for the fiscal year covered by the  
12 current expense budget and the next succeeding five fiscal years, and that part of the  
13 budget message pertaining to the current expense budget. And not later than ~~[[ninety~~  
14 ~~days]]~~ MARCH 1 prior to the end of the fiscal year, the Executive shall submit to the  
15 Council the proposed capital budget, the capital program for the fiscal year covered by  
16 the capital budget and the next succeeding five fiscal years, and that part of the budget  
17 message pertaining to the capital budget program.

18 ~~[[a]]~~ (B) *Contents of the current expense budget.* The proposed current expense budget  
19 shall contain not less than the following:

- 20       (1) A statement of ACTUAL REVENUE RECEIVED THROUGH JANUARY 31 OF THE  
21 CURRENT FISCAL YEAR AND all revenue estimated to be received by the County  
22 during the ensuing fiscal year, classified so as to show the receipts by funds and  
23 sources of income;
- 24       (2) A statement of debt service requirements for the ensuing fiscal year;
- 25       (3) A statement of the estimated cash surplus, if any, available for expenditure  
26 during the ensuing fiscal year, and any estimated deficit in any fund required to  
27 be made up in the ensuing fiscal year;
- 28       (4) An estimate of the several amounts, including any arbitrator's award made  
29 pursuant to section 217, which the executive deems necessary for conducting the

1 business of the County to be financed from and not to exceed estimated revenue  
2 for the ensuing fiscal year;

3 (5) A statement of the bonded and other indebtedness of the County government  
4 and its agencies, including self-liquidating and special taxing district debt;

5 (6) A statement of the proposed contingency reserves which shall not exceed three  
6 per centum of the general fund and of any other fund;

7 (7) A comparative statement of the receipts and expenditures for the last completed  
8 fiscal year, a comparative statement of authorized expenditures and revenues and  
9 estimated expenditures and revenues for the currently ending fiscal year, and the  
10 expenditures recommended by the Executive for the ensuing fiscal year for each  
11 program or project which shall be classified by agency, character and object;

12 (8) A contingency reserve, which shall not exceed three per centum of the general  
13 fund; and

14 (9) Any other material which the Executive may deem advisable or the Council may  
15 require.

16 ~~[(b)]~~ (c) *Contents of the capital budget and capital program.* The proposed capital  
17 budget and capital program shall be so arranged as to set forth clearly the plan of  
18 proposed capital projects to be undertaken in the ensuing fiscal year and in each of the  
19 next five fiscal include a statement of ACTUAL REVENUE RECEIVED THROUGH JANUARY  
20 31 OF THE CURRENT FISCAL YEAR FROM ALL BORROWING AND FROM OTHER SOURCES  
21 FOR CAPITAL PROJECTS AND the revenues anticipated during the ensuing fiscal year  
22 from all borrowing and from other sources for capital projects. The capital budget shall  
23 include a description of each proposed capital project to be undertaken in the ensuing  
24 fiscal year, including those previously authorized. The capital budget shall include a  
25 general County contingency reserve capital project.

26 ~~[(c)]~~ (D) *Contents of the budget message.* The budget message shall contain supporting  
27 summary tables and shall explain the proposed current expense budget and capital  
28 program both in fiscal terms and in terms of work to be done. It shall outline the  
29 proposed financial policies of the County for the ensuing fiscal year and describe the

1 important features of the current expense budget. It shall indicate any major changes  
2 in fiscal policies and in expenditures, appropriations and revenues as compared with  
3 the fiscal year currently ending, and shall set FORTH the reasons for such changes. As  
4 to the capital program, the message shall include an explanation of changes made by  
5 the Executive in the program presented by the Office of Planning and Zoning. The  
6 message shall also include such other material as the Executive may deem necessary.

7 (E) NOT LATER THAN APRIL 15 PRIOR TO THE END OF THE FISCAL YEAR, THE EXECUTIVE  
8 SHALL SUBMIT TO THE COUNCIL:

9 (1) A STATEMENT OF THE ACTUAL REVENUE RECEIVED THROUGH MARCH 31 AND  
10 UPDATED PROJECTED FISCAL YEAR END REVENUE RECEIPTS; AND

11 (2) A STATEMENT OF THE ACTUAL REVENUE RECEIVED THROUGH MARCH 31 FROM  
12 ALL BORROWING AND FROM OTHER SOURCES FOR CAPITAL PROJECTS AND UPDATED  
13 PROJECTED FISCAL YEAR END RECEIPTS.

14

15 **AND BE IT FURTHER RESOLVED** by the County Council of Howard County,  
16 Maryland, that at the next general election to be held in Maryland, the proposed  
17 amendment to the Howard County Charter shall be submitted to the voters of Howard County  
18 for their adoption or rejection in accordance with the provisions of the Article X of the Howard  
19 County Charter and Article XI-A of the Maryland Constitution, and if adopted by the majority  
20 of the voters, shall stand adopted from and after the 30th day following the general election.

21

22 **AND BE IT FURTHER RESOLVED** by the County Council of Howard County,  
23 Maryland, that this Resolution, having been approved by two-thirds of the members of the  
24 Howard County Council, stands adopted this \_\_\_ day of \_\_\_\_\_, 2020 in accordance  
25 with provisions of Article X of the Howard County Charter.

Amendment 1 to Council Resolution No. 100-2020

BY: David Yungmann

Legislative Day No. 10

Date: July 6, 2020

Amendment No. 1

*(This amendment requires that the operating budget be submitted to the Council within a specified timeframe, requires that the operation and capital budgets contain specified information, and requires that additional information related to the capital expenditures and encumbrances be submitted to the Council.)*

1 On page 1, in line 9, strike "MARCH 1" and substitute "EIGHTY DAYS".

2  
3 Also on page 1, in line 14, strike "prior to the end of the fiscal year".

4  
5 Also on page 1, in line 20, after "RECEIVED" insert "AND EXPENSES", strike "OF JANUARY 31" and  
6 substitute "THE LAST CALENDAR DAY OF FEBRUARY".

7  
8 Also on page 1, in line 21, before "AND" insert ", ESTIMATED REVENUE AND EXPENSES FOR THE CURRENT  
9 FISCAL YEAR,".

10  
11 On page 2, strike beginning with "ACTUAL" in line 19, down through and including "AND" in line 21.

12  
13 Also on page 2, in line 22 after the period, insert "THE PROPOSED CAPITAL BUDGET AND CAPITAL  
14 PROGRAM SHALL ALSO INCLUDE THE EXPENDITURES AND ENCUMBRANCES AS OF JANUARY 31 OF THE  
15 CURRENT YEAR AND AN ESTIMATE OF EXPENDITURES AND ENCUMBRANCES THROUGH THE END OF THE  
16 FISCAL YEAR,".

17  
18 On page 3, strike lines 7 through 13 in their entirety and substitute:

19 "(E) NOT LATER THAN MAY 1, THE EXECUTIVE SHALL SUBMIT TO THE COUNTY COUNCIL THE CAPITAL  
20 EXPENDITURES AND ENCUMBRANCES AS OF MARCH 31 OF THE CURRENT FISCAL YEAR AND A REVISED  
21 ESTIMATE OF EXPENDITURES AND ENCUMBRANCES THROUGH THE END OF THE CURRENT FISCAL YEAR,".

ADOPTED \_\_\_\_\_

FAILED July 6, 2020

SIGNATURE Deane H. Jones

Amendment 1 to Council Resolution No. 100-2020

BY: David Yungmann

Legislative Day No. 10

Date: July 6, 2020

Amendment No. 1

*(This amendment requires that the operating budget be submitted to the Council within a specified timeframe, requires that the operation and capital budgets contain specified information, and requires that additional information related to the capital expenditures and encumbrances be submitted to the Council.)*

1 On page 1, in line 9, strike "MARCH 1" and substitute "EIGHTY DAYS".

2  
3 Also on page 1, in line 14, strike "prior to the end of the fiscal year".

4  
5 Also on page 1, in line 20, after "RECEIVED" insert "AND EXPENSES", strike "OF JANUARY 31" and  
6 substitute "THE LAST CALENDAR DAY OF FEBRUARY".

7  
8 Also on page 1, in line 21, before "AND" insert ", ESTIMATED REVENUE AND EXPENSES FOR THE CURRENT  
9 FISCAL YEAR.".

10  
11 On page 2, strike beginning with "ACTUAL" in line 19, down through and including "AND" in line 21.

12  
13 Also on page 2, in line 22 after the period, insert "THE PROPOSED CAPITAL BUDGET AND CAPITAL  
14 PROGRAM SHALL ALSO INCLUDE THE EXPENDITURES AND ENCUMBRANCES AS OF JANUARY 31 OF THE  
15 CURRENT YEAR AND AN ESTIMATE OF EXPENDITURES AND ENCUMBRANCES THROUGH THE END OF THE  
16 FISCAL YEAR.".

17  
18 On page 3, strike lines 7 through 13 in their entirety and substitute:

19 "(E) NOT LATER THAN MAY 1, THE EXECUTIVE SHALL SUBMIT TO THE COUNTY COUNCIL THE CAPITAL  
20 EXPENDITURES AND ENCUMBRANCES AS OF MARCH 31 OF THE CURRENT FISCAL YEAR AND A REVISED  
21 ESTIMATE OF EXPENDITURES AND ENCUMBRANCES THROUGH THE END OF THE CURRENT FISCAL YEAR.".

**Office of the County Auditor  
Auditor's Analysis**

**Council Resolution No. 100-2020**

Introduced: June 1, 2020

Auditor: Owen Clark

---

Fiscal Impact:

Our office anticipates this resolution will have a minimal fiscal impact on the County.

The staffing and resources required to comply with this resolution's revised submission date and reporting requirements already exist within the County.

Noted below is the Administration's fiscal impact of this legislation, which our office believes is overstated. We do not agree that additional hiring of staff will be required, nor do we agree that certain inputs are not available or could not be rescheduled to earlier dates.

We have noted that Montgomery County relies on similar information and releases their Operating Budget on March 15 and Capital Budget on January 15. This change would require the Budget Office to establish a budget timeline that begins earlier in the year and is equal in duration to the current practice.

Purpose:

The purpose of this legislation is to amend Section 603 of the County Charter to require the County Executive's proposed operating and capital budget submission to the Council by March 1 along with the following new reporting requirements:

- A statement of actual revenue received through January 31 of the current fiscal year.
- A statement of actual revenue received through January 31 of the current fiscal year from all borrowing and from other sources for capital projects.
- An update of these statements to Council by April 15 with data through March 31.

Other Comments:

This resolution's non-fiscal impacts will require an amended budget planning timeline and coordination with departments, component units, the planning board, and the Spending Affordability Advisory Committee.

However, the Administration has estimated a potential fiscal impact ranging from \$300,000 (for 2.5 new budget analysts) to \$1.2 million (for 10 new budget analysts). Their estimate assumes:

- The budget timeline can only be condensed rather than started at an earlier date because certain critical inputs<sup>i</sup> will not yet be available.

- The condensed timeline will require hiring 2.5 to 10 new budget analysts, based on the assumed productivity of each analyst, to handle the required workload.

**NOTE:** Please see our office's compilation of concerns noted by the Administration, as well as our responses to their concerns, in Exhibit A.

Charter amendments must be approved by a two-thirds Council vote and are then submitted to the voters of Howard County for their adoption or rejection.

Any amendment to the Charter must be published in at least one newspaper of general circulation within the County for five successive weeks prior to the election.

The next general election in Maryland is scheduled for Tuesday, November 3, 2020.

**Exhibit A**

The Administration has indicated various concerns related to moving the existing budget cycle to an earlier date. Please see the below table that summarizes information provided by the Administration, as well as our office's response.

<b>Topic of Concern</b>	<b>Budget Office's Analysis</b>	<b>Auditor Response</b>
Moving up the budget preparation 'kick-off'	The first property assessable base projection for the upcoming fiscal year and the first quarter income tax distribution are both received by early December. This information is critical in preparing a preliminary revenue estimates which serve as a basis to develop the guidance provided to agencies as they prepare their budget requests.	Departments currently prepare their budget requests based upon providing a maintenance of effort or certain percentage increase or decrease from their prior year approved budget. We see no reason the 'kick off' of Departmental budget efforts could not be moved to an earlier date and evaluated in aggregate alongside the new data received in December.
Moving up the budget preparation 'kick-off'	The current timeline provides agencies with at least 4 months of actual current year spending activity to help them analyze how they will likely complete the year and to also better assess the needs they will have in the upcoming budget year.	Departments could still utilize their recent expenditure trends and engage vendors on prospective price increases if they started developing their budget request earlier. Also, Departments are engaged in multi-year Departmental planning with the Administration which should facilitate their ability to determine budgetary needs.
Availability of State Revenue Forecasts	In early April, Budget revises initial revenue projections based on YTD collections, including the 2nd quarter income tax distribution received from the State Comptroller's Office and the revised property assessable base received from the State Department of Assessments around the end of March.	It's not unusual for more fiscal data to become available after a budget is submitted to the Council. This year there was additional guidance provided by the State's Bureau of Estimates on May 14 that covered FY 2021 General Fund Revenue projections which did not require any amendment from the Administration. The County could still amend the proposed budget for dramatic changes.
Availability of Debt Service Projections	Debt service projections are based on the projected amount of bond sale and interest rate assumptions and opportunities to refund existing debt. Our assumptions become more reliable the closer we are to the actual bond sale date.	The bond sale could be moved to an earlier date if desired. Over the last ten years the County has issued bonds in February, March, April, May, and December.

Availability of Spending Affordability Advisory Report	This report is not available until March 1 and includes critical data, such as County revenue projections, that is considered when preparing the budget.	Prince George's County requires their report to be published by January 1 of each year. We see no reason why this effort could not be moved up to an earlier date.
Availability of Personnel Information	Personnel information that is critical to preparing the budget will not be ready early enough to support the budget preparation cycle being moved to an earlier date.	Currently personnel information used to develop the budget request is from October. During this past budget cycle, the Administration provided personnel vacancy data in early May which differed from the original personnel data. We see no reason why this effort could not be moved to an earlier date.
Consulting fees to build new reporting	We would need to bring a consultant to modify the budget book layout in many tables/exhibits to accommodate the extra field that will be required to display the YTD information requested. We have not reached out to a consultant to price this change which is why we did not include an exact amount. As noted in our response, this information is already available in the financial system.	The Budget Office has expert programming staff available who have made reporting changes in the past. Therefore, we believe the existing staff can make these routine modifications. Also, the additional reporting could be provided as a supplement or appendix to the proposed budget.

---

<sup>1</sup> Source: "(The Administration) cannot simply move up the start of the budget process to accommodate the timeline changes proposed in this resolution due to the fact critical data (state revenue forecast, county SAAC revenue forecast, personnel and bond information, etc.) will not be available earlier." – Holly Sun, Director of Budget (e-mail on June 9, 2020)

**Office of the County Auditor  
Auditor's Analysis**

**Amendment 1**  
**Council Resolution No. 100-2020**  
Amendment Proposed by: David Yungmann  
Introduced: June 1, 2020  
Auditor: Owen Clark/Michael Martin

---

Fiscal Impact:

There will be no fiscal impact as a result of this amendment.

Purpose:

This amendment consists of changes in the time allotted for budget information to be presented to the County Council as well as specifying the types of information to be provided.

The Executive Proposed Operating Budget shall be submitted to the Council not later than eighty days prior to the end of the fiscal year. This moves the due date from March 1 as originally proposed to April 12 and is ten days earlier than what is currently stated in the Charter.

Changes in current expense budget reporting include a statement of expenses incurred through February and estimates on revenue and expenditures for the current fiscal year.

Changes in capital budget reporting involve:

- Removing the requirement for revenue reporting;
- Including expenditures and encumbrances as of January 31 of the current year;
- Including estimates of expenditures and encumbrances through the end of the fiscal year;  
and
- Reporting to Council by May 1 the expenditures and encumbrances incurred as of March 31 and through the end of the current fiscal year.

Other Comments:

None.

**Sayers, Margery**

---

**From:** Angie Boyter <angie.boyter@gmail.com>  
**Sent:** Sunday, June 21, 2020 12:06 PM  
**To:** CouncilMail  
**Subject:** CR100-2020

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

I would urge you not to approve this resolution as written, although there are some good ideas here and an opportunity to clarify the charter language.

First, I URGE you NOT to change terms like, "ninety days before the end of the year" to "March", because if the county ever changes its fiscal year it will require cumbersome changes to the Charter in sections like this.

Second, requiring that the county executive tell how current-year revenues are proceeding when submitting the budget is a good idea, but the section where this is specified needs clarifying. The use of the word "ensuing" could be confusing. I believe the "ensuing" year is the upcoming budget year, but it could be interpreted to mean the parts of the year that have not yet taken place. The language needs to be made clearer, because I think the recommendation would be that the executive submit: 1. revenues received so far this year, and 2. revenues estimated for the rest of the current year with the budget submission for the following year.

With these clarifications, this is not a bad idea.

Angie Boyter