



## ROBERT G. CASSILLY

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Harford County Executive

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April 14, 2023

My first budget as county executive returns Harford County to fiscal responsibility and still maintains essential services for our citizens. In times of economic uncertainty, we must focus on needs versus wants. This budget reduces our structural deficit, makes major investments in public safety, and contributes to full funding for public schools, all without raising tax rates.

Our capital budget is especially impacted by high inflation and warning signs of a national recession. In response, we have slowed the pace of capital projects while preserving our long-term plans to build essential structures.

### **STRUCTURAL DEFICIT IS AN UNSUSTAINABLE BURDEN**

County government spending over the last couple of fiscal years has created a structural deficit. In the current budget year, the county used nearly \$90 million in savings to balance the budget. Of this amount, \$30 million was used for one-time costs, but nearly \$60 million was used for ongoing expenses. This is practically and morally unsustainable. While the current political trend is to pass financial reckoning on to the next office holder, we must begin now to address the deficit, to avoid passing an unsustainable burden onto our children. In my proposed FY 24 budget, the structural deficit has been cut in half.

Reducing our spending is imperative given the substantial uncertainty in our national and the world economies. This uncertainty is evident in the form of rising interest rates, inflationary pressures, and labor strikes. In addition, on the local level, we face increased unfunded state mandates for education, primarily due to the state's \$32 billion Blueprint for Maryland's Future, also known as "Kirwan." State mandates for added police spending are also significant but indirect, in the form of increased personnel, equipment, and space to support processing of body camera footage, conduct additional training, and more. State laws over the past several years have made policing far more expensive.

To reduce deficit spending, most operating budget items have been carried forward from the current budget year without an increase. We use a small fraction of our fund balance for a conditional, phased-in 3% COLA for all county, sheriff's office, state's attorney and judicial system employees. Half of this increase will come in July, with the other half possible in January, depending on economic conditions. This is to help retain our dedicated staff through difficult times. Overall reduction of the structural deficit is accomplished by recovering \$12 million in user fees that would otherwise be paid for with tax dollars.

## PUBLIC SAFETY IS A TOP PRIORITY

**Emergency Services** –There is a sizeable increase of more than 20% in the budget to support fire and EMS. This includes almost \$8 million for 111 new EMS positions (41 paramedics, 60 EMTs, eight shift supervisors, a shift manager, and a training officer). The services to be performed by these additional positions had, until now, been provided by the volunteer fire companies through paid staff provided by the Harford County Volunteer Fire & EMS Foundation. The Foundation had funded those services with payments received through billing of the health care providers for the serviced patients. At the Foundation’s request, Harford County government has assumed this responsibility and will be directly billing the health insurers of those served. Due to a national shortage in EMS workers, the county must pay a very competitive salary and signing bonus to rapidly staff up to meet current EMS demand. The county is also in the process of purchasing and refitting the ambulances from the volunteer companies and outfitting sleeping quarters at the existing volunteer companies to accommodate the new county EMS staff. The increase in the department of emergency services’ budget also includes \$1,258,325 for an additional 17 new dispatchers needed to reduce unacceptable workloads on the 9-1-1 staff. These workloads threatened our ability to properly respond to the thousands of emergency situations our residents face each year. The added staff are also needed to accommodate changes in the state law that preclude the transfer of 9-1-1 calls to dispatchers in the municipalities. Nearly one million dollars is added for contractual services for the additional EMS equipment maintenance, EMS billing, and related support services.

**Sheriff’s Office** - To continue to attract and maintain the best law enforcement personnel, we must offer competitive salaries. The current, FY 23 budget included step increases and COLAs of 7%. For FY 24, in addition to the conditional, phased-in 3% COLA, the budget includes an additional \$4,706,115 for pay-scale enhancements; \$1,048,762 to fund 10 new deputy positions; \$538,514 for additional overtime pay; \$457,440 for 30 additional police vehicle packages; \$697,951 for additional food service expenses in the detention center, and \$953,261 for increased costs required to meet new state-mandated additions to medical and prescription drug services for inmates.

**Harford County Public Schools** - We continue our county’s commitment to a high quality of education for our children. For the past three years, the county fully funded the board of education’s budget request. This funding, along with massive infusions of COVID relief funds, led HCPS to accumulate an unprecedented fund balance of \$92 million in unspent taxpayer money. For the upcoming fiscal year, the state, which has consistently underfunded HCPS, has finally begun to contribute their fair share. When state funding is combined with \$304,852,402 in county funding, plus a portion of the school system’s fund balance, HCPS will be able to fully fund their FY 24 budget. County funding continues to meet the state-required maintenance of effort. An additional \$15 million is set aside in the operating budget for site acquisition to accommodate future enrollment growth. This includes funds to locate the new combination elementary school/Harford Academy (serving special needs students) in the Bel Air area, which will qualify it for state funding. Without state participation, the county would be the sole funder of this project, which is expected to cost a total of \$125 million.

Other major school projects include \$20 million for upgrades to Harford Technical High School, \$17 million for upgrades to Aberdeen Middle School, and \$16 million for planning the combination elementary school/Harford Academy.

As the county struggles to meet the school system’s ever-growing demands for more money, I encourage the school board to seek efficiency. Non-classroom salaries have spiraled such that 24 central office administrators make more than \$170,000 annually. In all, six-figure salaries in central office total nearly \$20 million. Funding should be prioritized for those who work inside our schools, and not for those who work - or telework – outside.

**Harford Community College** – Due to prior funding, HCC has accumulated a \$44 million fund balance. This budget reflects no change in operating funds from the current year, but includes an additional \$16.7 million for the new Chesapeake Welcome Center.

**County Council** – The council’s budget reflects the addition of a new position of legislative drafter. It also includes an increase of approximately \$100,000 for “contractual legal services” for a total budgeted amount of \$289,800 for undefined services for the council.

**State’s Attorney** – The net increase of 1.4% for the state’s attorney includes 13 new positions, a chief of administration, administrative assistant, two legal assistants, and four body-worn camera technicians plus three more to start in January. Two temporary law clerk positions have also been made permanent.

**Public Works** – The budget for DPW is essentially flat from the prior year except for an increase of \$6,100,000 in the amount Harford County pays to Baltimore County to dispose of our garbage, which is shipped to Baltimore County’s transfer station by private trash haulers. An addition of approximately \$8.5 million reflects a shift to DPW of facilities and operations staff that had previously reported to the director of administration and the shift to DPW capital projects division of capital projects positions that had previously been under parks and recreation. These transfers are budget neutral.

**County Executive** - The budget shows a substantial increase due entirely to the elimination of the department of governmental and community relations and transfer of the remaining positions from that department into the executive staff. Apart from those transfers, the county executive’s budget remains the same as the previous year.

**Administration** - The administration budget shows a substantial decrease because of a transfer of facilities and operations staff, previously under the director of administration, to the department of public works. Funds are added to the director of administration’s resource management to staff and support the Southern County Task Force.

**Procurement Department** – The budget shows an increase due primarily to an anticipated increase in fuel costs for county vehicles. That budget is also increased to reflect a transfer to procurement of the property acquisition staff, previously housed under facilities and operations; this change was made to improve transparency, accountability, and efficiency.

**Law Department** – The budget reflects a modest increase in professional salaries necessary to maintain competitive rates needed to attract and retain high quality legal talent. This increase in professional salaries is more than offset by savings of over \$1 million the county spent in prior years for outside attorneys to provide legal services the law department is now performing in house.

**Human Resources** – The budget reflects a 10% increase to cover the rise in market rates for medical services for county employees and related, contractual professional services to support hiring and pay processes. It also includes an additional \$10,000 to cover the costs of the county’s new intern program for high school and college students. The internship program is intended to recruit a diverse group of local graduates into long-term employment to fill the many excellent career opportunities in our county government.

**Economic Development** - The budget for economic development reflects a substantial decrease as the functions, staff, and all expenses related to housing are shifted to a stand-alone department of housing and community development.

**Housing and Community Development** – The budget for this restored department consists primarily of the personnel moved from economic development. The budget includes funding for the new positions of director and deputy director. The director was transferred from her previous position as a deputy in the department of community and economic development.

**Information Technology** – The budget is increased by the addition of a new deputy director position and the rising cost of software maintenance and licenses.

**Treasury** - This budget reflects a decrease in certain itemized costs.

**Harford County Public Library** – Due to prior funding, HCPL has accumulated a \$12 million fund balance. This budget reflects no change from the prior year.

**Parks & Recreation** - The budget reflects no major change from the prior year.

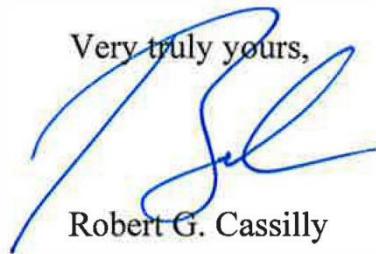
## **CAPITAL BUDGET**

County infrastructure projects include \$23 million for road and bridge maintenance and repairs, \$2 million for trails and linear parks countywide, and \$730,000 for development of a new Perryman Park. Funding continues to be appropriated from federal and state grants to help bring high-speed internet to more than 2,500 rural homes in Harford County.

In closing, I would like to thank my budget staff and county employees for their dedication. I would also like to thank the taxpayers who fund the county budget. I take very seriously my obligation to act as a good steward of your money. In an environment where county executives across the state are raising taxes, I am determined to live within our means. Thank you for the confidence you have placed in me. I am honored to serve you.

Very truly yours,

Robert G. Cassilly

A handwritten signature in blue ink, appearing to read "RGC".