

MEMORANDUM

April 16, 2012

TO: Health and Human Services Committee

FROM: Vivian Yao, Legislative Analyst *VY*

SUBJECT: **Worksession – FY13 Non-Departmental Account, Takoma Park Library Annual Payment**

The County Executive's recommendation for the Takoma Park Library Annual Payment Non-Department Account is attached on ©1.

Budget Summary

FY09 Budget	\$112,630
FY10 Budget	\$132,830
FY11 Budget	\$100,950
FY12 Budget	\$95,900
FY13 CE Rec	\$151,320

The Takoma Park Library Annual Payment is required under County Code Section 2-53 (©2). The amount to be paid is (1) derived by formula based on the City's assessable base multiplied by the County's ad valorem tax rate on real and personal property attributable to the net County library appropriation or (2) a lower amount approved in the annual operating budget or a Council resolution. **Section 2-53 was amended in 2010 to include the second provision, which allows for the lower payment as determined by the Council. This provision is scheduled to sunset by the end of FY12.**

For the last two fiscal years, the approved annual payment was not derived by formula. For FY11, the Council approved a \$31,880 reduction from the previous year, which represented the same percent reduction recommended by the Executive for the Montgomery County Public Libraries. For FY12, the Council approved a 5% reduction to the FY11 NDA.

The FY13 NDA is based on the formula amount

Information on the proposed FY13 Takoma Park Library budget is attached on ©3-4. The FY13 budget for the Takoma Park Library proposed by the City Manager is \$1,011,406, which is essentially level funded (a decrease of \$479) from the adopted FY12 budget; but is approximately 5.1% from the projected FY12 expenditure level. The County's contribution through this NDA at the Executive's recommended level would be 14.9% of the Library's total budget.

Council staff recommends approval of the County Executive's proposed funding.

State Property Tax Services

This NDA reimburses the State for three programs that support the property tax billing administration conducted by the Department of Finance: the Montgomery County's Homeowners Credit Supplement, the Homestead Credit Certification Program, and the County's share of the cost of conducting property tax assessments by the State Department of Assessments and Taxation (SDAT).

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	5,339,430	0.00
FY13 CE Recommended	5,339,430	0.00

State Retirement Contribution

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the State Retirement System until 1965.) The County contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.
- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	1,081,690	0.00
Increase Cost: Amortized amount owed to the State Retirement based on actuarial cost to the plan	53,900	0.00
FY13 CE Recommended	1,135,590	0.00

Takoma Park Library Annual Payment

The annual amount provided in this NDA is a function of County expenditures for the Montgomery County Public Libraries (as a share of property tax-funded spending) and the City of Takoma Park's assessable base. The payment is authorized by Section 2-53 of the Montgomery County Code.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	95,900	0.00
Increase Cost: Formula Increase	55,420	0.00
FY13 CE Recommended	151,320	0.00

Takoma Park Police Rebate

The County provides financial support to the City of Takoma Park for police protection services in accordance with provisions of the County Code. This provision was enacted in 1949 and provides a payment to the City for protective services for the County residents of the City of Takoma Park. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with "full value assessment" levied on real property.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	922,170	0.00
Increase Cost: Formula increase	27,690	0.00
FY13 CE Recommended	949,860	0.00

Working Families Income Supplement

This NDA provides funds to supplement the State's Refundable Earned Income Tax Credit (EITC). The intent of the Working Families Income Supplement is to provide financial assistance to low-income working families in Montgomery County. The County, through the NDA, reimburses the State for the cost of the refund and related administrative expenses.

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MONTGOMERY COUNTY CODE

Sec. 2-53. Annual payment of county library tax to certain municipalities.

(a) If the governing body of any municipality in the County which supports or operates a free public library on December 31, 1997 does not transfer that library into the County system, the Director of Finance must pay annually to the governing body of that municipality for library purposes, as soon after the beginning of each fiscal year as possible:

(1) an amount which would be realized if that portion of the general County ad valorem tax rate on real and personal property attributable to the appropriation for the Department of Public Libraries for that fiscal year were levied against the assessed value, on the preceding County date of finality, of the real and personal property in that municipality; or

(2) a lower amount approved in the annual operating budget or a Council resolution.

For the purposes of this subsection, the amount of the appropriation for the Department of Public Libraries in any fiscal year includes the estimated amount of the payment to that municipality in that fiscal year. The amount of payment to any municipality must not exceed in any given fiscal year the amount of revenue derived from taxes levied by that municipality for library purposes for the preceding fiscal year.

(b) If the governing body of a library supported by a municipality indicates a desire to transfer all or part of the library facilities owned by it into the County public library system, the Director of Public Libraries must negotiate for that transfer as provided in this Article. (Mont. Co. Code 1965, § 2-59; 1999 L.M.C., ch. 11, § 1; 2010 L.M.C., ch. 23, § 1.)

Editor's note—2010 L.M.C., ch. 23, § 3, states: The amendments inserted in Section 2-53 in Section 1 expire after June 30, 2012.

Library

Department Summary

Dept. Expenditures by Division	Actual FY11	Adopted FY12	Estimated FY12	Proposed FY13
Library	872,137	939,807	896,141	951,399
Computer Learning Center	61,422	72,078	66,383	60,007
Department Total	933,559	1,011,885	962,524	1,011,406

Dept. Expenditures by Type	Actual FY11	Adopted FY12	Estimated FY12	Proposed FY13
Wages	584,788	595,498	591,400	600,686
Fringe Benefits	201,472	235,908	213,485	227,364
Overtime	286	500	500	500
Employee Recognition	150	300	200	450
Personnel Subtotal	786,696	832,206	805,585	829,000
Supplies	101,248	120,981	112,766	136,105
Services and Charges	39,338	48,013	34,188	35,301
Miscellaneous	6,277	10,685	9,985	11,000
Department Total	933,559	1,011,885	962,524	1,011,406

Source of Funds	Actual FY11	Adopted FY12	Estimated FY12	Proposed FY13
Library Aid from County	100,950	95,900	95,900	151,320
Library Fines and Fees	29,236	40,880	30,240	34,825
Subtotal	130,186	136,780	126,140	186,145
General Fund	803,373	875,105	836,384	825,261
Department Total	933,559	1,011,885	962,524	1,011,406

Staffing Summary by Division (FTEs)	Actual FY11	Adopted FY12	Estimated FY12	Proposed FY13
Library	7.88	7.88	7.88	7.88
Computer Learning Center	0.90	0.90	0.90	0.90
Department Total FTEs	8.78	8.78	8.78	8.78

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Library

Department Summary

Department Overview:

The Takoma Park Library's mission is to respond to the literary, educational, and informational needs of a diverse community. It does so by providing and promoting up-to-date resources, collections, and referrals that match community interests, promote literacy and learning, nurture a love of books and stories, and present a broad range of views within an inviting and safe environment. The Library also operates the City's Computer Learning Center.

These functions are accounted for in two divisions. They are Library and Computer Learning Center.

Adopted to Estimated Actual FY12:

- Departmental expenditures are expected to be \$49,361 lower than budget.
- The variance is attributable to lower than anticipated costs in all expenditure categories.

FY13 Budget Highlights:

- Departmental expenditures are \$479 lower compared to budgeted expenditures for FY12.
- Departmental FTEs remain unchanged.
- Approximately 82 percent of departmental expenditures are personnel related.

- Personnel costs are down by \$3,206 compared to budgeted expenditures for FY12 due to a reduction in fringe benefit costs.
- Approximately 13 percent of departmental expenditures are supplies. This category includes the cost of books, periodicals, digital and print reference materials, media, furniture, and computer and office supplies, including all materials needed for processing and circulation.
- Services and charges represent about three percent of departmental expenditures. They include contractual costs and support for circulation and cataloging records and functions.

