

MEMORANDUM

February 20, 2009

TO: County Council

FROM: Stephen B. Farber, Council Staff Director *SBF*

SUBJECT: Fiscal Updates

OMB Director Joseph Beach, Finance Director Jennifer Barrett, Assistant Chief Administrative Officers Kathleen Boucher and Fariba Kassiri, and their colleagues will be present for the following fiscal updates:

- Second quarterly analysis of FY09 expenditures and revenues
- FY10 Operating Budget preparation: role of Results-Based Budgeting and CountyStat
- The federal stimulus package and its impact on the County

Second quarterly analysis of FY09 expenditures and revenues

The memo from Mr. Beach and Ms. Barrett on ©1-12 outlines County Government expenditures and County revenues for the first half of FY09. For expenditures, the total tax supported surplus is currently projected at \$22.4 million, just \$0.3 million less than the FY09 savings plan target approved by the Council on November 25. The tables on ©3-6 show that except for overages at the Board of Elections (\$992,100), Ethics Commission (\$14,470), and Sheriff's Office (\$105,880), expenditures for all tax supported departments and funds are projected to be at or below budget.

The revenue update for the first half of FY09 on ©8-12 shows that total collections of \$1.468 billion were 6.3 percent above the first half of FY08. But excluding property tax revenue, collections were actually down 6.8 percent. The growth in the General Fund portion of property tax revenue – 16.8 percent – stems from higher taxable assessments, a higher General Fund rate, and a lower offset credit. (Property tax revenue approved for FY09 exceeded the Charter limit by \$118 million.) But income tax collections were down 2.8 percent. Transfer and recordation tax collections were down 20.9 percent. Consumption taxes were up 4.7 percent, but investment income was down 64.3 percent (and is expected to decline further).

In assessing the pressures on expenditures and revenues for the remainder of FY09 and for FY10, the following information is useful:

- In projections released on February 18, the Federal Reserve sharply downgraded its outlook for the national economy this year. The Fed projected a deeper contraction and a national unemployment rate approaching 9 percent by year's end. The majority view was that unemployment would not return to the 5 percent range until 2012 or later.
- The most recent County Fiscal Plan Update, which the Council reviewed on December 2, projected a FY10 budget gap of \$448.9 million, well above the September projection of \$251.2 million. See ©13. The huge increase stemmed chiefly from a downward revision of \$203.4 million in revenues for FY09-10. This revision was associated with the financial system crisis and resulting sharp economic contraction starting last fall.
- Economic indicators since then have not improved. See ©14-15 for a summary of the Finance Department's February 2 report to the MFP Committee. The full report is at http://www.montgomerycountymd.gov/content/council/pdf/agenda/cm/2009/090202/20090202_MFP02.pdf. The Council reviewed this report on February 3.
- The Comptroller's February 17 letter on State revenue collections in January also reflects the continuing economic contraction. He notes that General Fund revenue was down 8.2 percent from January 2008, fourth quarter estimated individual income tax payments were "alarmingly weak," and sales tax performance "continues to disappoint." See ©16-19.
- The State's February distribution of County income tax revenue is another important data point. The distribution, \$292.0 million, was \$3.3 million less than Finance's revised estimate in December. The question now is whether the weak estimated payments cited by the Comptroller and other factors – such as recent County transfer and recordation tax receipts that are even weaker than projected – will lead to a further downward revision of overall County revenue for FY09-10. There will be a full discussion of these issues on February 24.

FY10 operating budget preparation: role of Results-Based Budgeting and CountyStat

On February 2 the MFP Committee reviewed two fiscal initiatives of the Leggett administration, Results-Based Budgeting (RBB) and CountyStat, with Mr. Beach, Ms. Kassiri, and CountyStat Manager Chris Cihlar. Committee members asked them to provide this briefing to the Council. They will discuss the slides on ©20-32.

Linking performance more closely to budget decisions is a goal shared by the Council and the Executive. Committee Chair Trachtenberg requested this review to measure the progress achieved to date on both initiatives and to determine what impact they are having on preparation of the Executive's Recommended Operating Budget for FY10 – that is, how the Executive's decision-making process for the FY10 budget differs from the FY08 or FY09 process.

The slides describe the objectives of RBB and CountyStat, the processes they employ, and steps that CountyStat has taken during its first year of operation. The slides on ©28-31 are of particular note. They outline what CountyStat views as the positive impact it has already achieved in four areas: managing overtime, the Pedestrian Safety Initiative, the Positive Youth Development Initiative, and the Alternative Dispute Resolution process.

The federal stimulus package and its impact on the County

Ms. Boucher and Mr. Beach, together with Intergovernmental Relations Director Melanie Wenger and their colleagues, will provide an update on the federal stimulus package and its impact on the County.

As the legislation worked its way through Congress, the Executive, Council President Andrews, Council Vice President Berliner, and other Councilmembers worked closely with our Senators and Representatives on issues of importance to the County. The memo from Mr. Andrews and Mr. Berliner on ©33 outlines the topics they wish to pursue at this meeting.

Background material from Executive staff, including an update on the County's intensive efforts to ensure a systematic and comprehensive approach to securing stimulus resources, will be available either before the meeting, as an addendum to this packet, or at the meeting itself. These efforts, coordinated by the CAO, involve MCG, MCPS, HOC, WSSC, M-NCPPC, Montgomery College, and the Revenue Authority.

Over the FY09-11 period, the State is expected to receive about \$3.8 billion of the \$787 billion in stimulus resources. See the list on ©34. The State's list of Phase I transit and highway projects totaling \$365.2 million is on ©35. Information released by the Governor on February 20 regarding education resources and related budget issues is on ©36-44. The Governor's office notes that:

The plan announced today includes full funding of GCEI, as well as a restoration of the proposed reductions in supplemental grant and non-public placement funding to local school systems, which will complement nearly \$400 million in direct aid that local systems will receive from the federal government as a result of the American Recovery and Reinvestment Plan. These federal funds will also provide \$329 million towards the projected growth of teacher pension cost, continuing to protect local jurisdictions from this potentially prohibitive cost.

Executive staff will have further details on this and other aspects of the stimulus package, as it affects both the State and the County, on February 24.



OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

Joseph F. Beach
Director

MEMORANDUM

February 17, 2009

TO: Phil Andrews, President, County Council

FROM: Joseph F. Beach, Director,  Office of Management and Budget
Jennifer E. Barrett, Director, Department of Finance 

SUBJECT: FY09 Second Quarterly Analysis

Attached please find the Second Quarterly Analysis for Montgomery County Government. Except for the departments noted below, expenditures are projected to be within budget or in surplus for tax supported departments and funds in FY09. We are projecting a total tax supported expenditure surplus of \$22.4 million, which is slightly less than the approved tax supported savings plan goal of \$22.7 million. We are continuing to monitor department spending and may make revisions to this estimate to reflect more up-to-date information with the release of the Executive's recommended budget on March 16.

Second Quarter Expenditure Results

The Board of Elections is estimating a shortfall of nearly \$1 million because of additional election judges, temporary personnel, and related costs needed to handle the heavy turnout for the November presidential election. In addition, the estimate includes additional State Board of Elections billings related to the special elections held at the end of FY08 and continuing legal costs associated with Council Bill 23-07, Non-Discrimination Gender Identity. The estimate does not include the cost of special elections to be held in District 4 later this year.

The Ethics Commission is estimating a shortfall due to unbudgeted overtime costs related to administering the financial disclosure process.

The Sheriff's Office is estimating a shortfall of almost \$106,000 because lapse is not occurring as assumed in the budget and because of a loss in grant funds.

Office of the Director

Phil Andrews, President, County Council

February 17, 2009

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As in previous years, we have reserved \$15 million in FY09 to cover costs associated with snow and ice removal and other storm-related clean-up. Through January, prior to a final reconciliation of all outstanding bills, these costs have been approximately \$1.8 million over budget. Because these costs are significant and unpredictable, we are maintaining the \$15 million set-aside in our planning assumptions. In addition, we are reserving \$1.3 million associated with the costs of the District 4 special elections.

Second Quarter Revenue Update

Attached is an update on tax revenue collections through the end of the second quarter.

JB:aae

c: Isiah Leggett, County Executive
Timothy L. Firestine, Chief Administrative Officer
Kathleen Boucher, Assistant Chief Administrative Officer
All County Government Department Heads and Merit Directors

Attachments:

Second Quarterly Analysis of Expenditures
Tax Revenue Collections: Through 12/31/09

FY09 2ND QUARTERLY ANALYSIS

Department	Original	Latest *	Estimate	Variance	% Change
	Budget (A)	Budget (B)	(2ndQA) (C)	to Budget (B-C)	to Budget (B-C)/(B)
Tax Supported					
General Fund					
Board of Appeals	619,300	620,440	601,230	19,210	3.1%
Board of Elections	6,954,140	6,957,870	7,949,970	(992,100)	-14.3%
Circuit Court	10,747,630	10,747,630	10,403,550	344,080	3.2%
Commission for Women	1,317,430	1,320,150	1,287,210	32,940	2.5%
Consumer Protection	2,708,490	2,663,420	2,594,710	68,710	2.6%
Correction and Rehabilitation	65,602,820	65,595,320	65,595,320	-	0.0%
County Attorney	5,680,860	5,660,490	5,481,280	179,210	3.2%
County Council	9,580,700	9,484,260	8,967,400	516,860	5.4%
County Executive	6,979,440	6,972,870	6,683,350	289,520	4.2%
Economic Development	8,048,580	8,026,370	7,843,710	182,660	2.3%
Emergency Management and Homeland Security	1,653,690	1,622,820	1,480,110	142,710	8.8%
Environmental Protection	4,401,540	4,333,270	4,118,910	214,360	4.9%
Ethics Commission	264,310	264,310	278,780	(14,470)	-5.5%
Finance	10,727,300	10,614,260	10,233,450	380,810	3.6%
General Services	28,321,280	28,431,490	27,723,460	708,030	2.5%
Health and Human Services	201,256,130	199,871,030	196,850,780	3,020,250	1.5%
Housing and Community Affairs	5,634,370	5,718,650	5,572,580	146,070	2.6%
Human Resources	9,522,970	9,444,010	9,032,200	411,810	4.4%
Human Rights	2,501,500	2,345,300	2,150,940	194,360	8.3%
Inspector General	700,720	701,850	684,330	17,520	2.5%
Intergovernmental Relations	882,770	882,770	860,700	22,070	2.5%
Legislative Oversight	1,370,300	1,374,250	1,314,620	59,630	4.3%
Management and Budget	4,067,640	4,045,910	3,848,920	196,990	4.9%
Merit System Protection Board	155,460	155,460	151,940	3,520	2.3%
Non-Departmental Accounts	115,528,850	121,622,170	112,939,860	8,682,310	7.1%
People's Counsel	250,170	250,170	250,170	-	0.0%
Police	240,313,050	239,746,010	238,366,170	1,379,840	0.6%
Public Information	1,308,720	1,311,220	1,311,220	-	0.0%
Public Libraries		-			
Administration, Outreach, and Support	3,769,380	3,774,660	3,604,150	170,510	4.5%
Library Services to the Public	27,639,510	26,586,460	26,068,600	517,860	1.9%
Collection Management	8,846,640	8,849,140	8,071,480	777,660	8.8%
Regional Services Centers	4,494,100	4,420,610	4,158,600	262,010	5.9%
Sheriff	20,533,520	20,522,420	20,628,300	(105,880)	-0.5%
State's Attorney	12,595,950	12,595,950	12,439,970	155,980	1.2%
Technology Services	33,711,050	33,546,390	32,427,540	1,118,850	3.3%
Transportation	48,747,030	47,831,840	46,680,070	1,151,770	2.4%
Utilities	25,866,880	25,866,880	25,739,990	126,890	0.5%
Zoning and Administrative Hearings	551,910	551,910	528,870	23,040	4.2%
General Fund Total	933,856,130	935,330,030	914,924,440	20,405,590	2.2%

FY09 2ND QUARTERLY ANALYSIS

Department	Original Budget (A)	Latest * Budget (B)	Estimate (2ndQA) (C)	Variance to Budget (B-C)	% Change to Budget (B-C)/(B)
Special Funds					
<u>Bethesda Urban District</u>					
Urban Districts	3,401,600	3,401,600	3,398,270	3,330	0.1%
<u>Silver Spring Urban District</u>					
Urban Districts	2,890,770	2,890,770	2,760,980	129,790	4.5%
<u>Wheaton Urban District</u>					
Urban Districts	1,660,480	1,660,480	1,601,840	58,640	3.5%
<u>Mass Transit</u>					
Transit Services	113,259,360	112,704,590	112,693,220	11,370	0.0%
<u>Fire</u>					
Fire and Rescue Service	191,054,930	193,501,730	192,046,410	1,455,320	0.8%
<u>Recreation</u>					
Recreation	32,457,220	31,886,270	31,487,320	398,950	1.3%
<u>Economic Development Fund</u>					
Economic Development Fund	852,440	1,886,350	1,886,350	-	0.0%
Special Funds Total	345,576,800	347,931,790	345,874,390	2,057,400	0.6%
TAX SUPPORTED TOTAL	1,279,432,930	1,283,261,820	1,260,798,830	22,462,990	1.8%
Non-Tax Supported					
Special Funds					
<u>Grant Fund MCG</u>					
Circuit Court	2,498,730	2,642,030	2,642,030	-	0.0%
County Executive	246,170	423,180	423,180	-	0.0%
Economic Development	2,700,000	2,700,000	2,700,000	-	0.0%
Emergency Management and Homeland Security	-	888,210	888,210	-	0.0%
Fire and Rescue Service	623,430	3,566,260	3,566,260	-	0.0%
Health and Human Services	72,257,020	73,798,690	73,798,690	-	0.0%
Housing and Community Affairs	8,069,110	9,859,510	9,859,510	-	0.0%
Intergovernmental Relations	48,000	48,000	48,000	-	0.0%
Non-Departmental Accounts	10,386,480	(288,520)	(288,520)	-	0.0%
Police	420,570	3,438,210	3,438,210	-	0.0%
Public Libraries	149,600	160,450	160,450	-	0.0%
Recreation	-	133,120	133,120	-	0.0%
Regional Services Center	150,000	150,000	150,000	-	0.0%
Sheriff	685,790	685,790	685,790	-	0.0%
State's Attorney	159,710	267,500	267,500	-	0.0%
Transit Services	4,121,880	4,505,250	4,505,250	-	0.0%
Grant Fund MCG subtotal	102,516,490	102,977,680	102,977,680	-	0.0%
<u>Cable Television</u>					
Cable Television	11,919,730	11,922,900	11,845,030	77,870	0.7%
<u>Montgomery Housing Initiative</u>					
Housing and Community Affairs	28,709,310	28,710,640	28,710,640	-	0.0%
<u>Water Quality Protection Fund</u>					
Environmental Protection	7,011,830	7,011,950	6,971,920	40,030	0.6%
<u>Restricted Donations</u>					
Restricted Donations	-	1,336,930	163,300	1,173,630	87.8%
Special Funds Total	47,640,870	48,982,420	47,690,890	1,291,530	2.6%

FY09 2ND QUARTERLY ANALYSIS

Department	Original Budget (A)	Latest * Budget (B)	Estimate (2ndQA) (C)	Variance to Budget (B-C)	% Change to Budget (B-C)/(B)
Enterprise Funds					
<u>Community Use of Public Facilities</u>					
Community Use of Public Facilities	9,090,970	9,092,570	8,840,670	251,900	2.8%
<u>Bethesda Parking District</u>					
Parking District Services	12,506,180	12,509,070	12,458,560	50,510	0.4%
<u>Montgomery Hills Parking District</u>					
Parking District Services	113,310	113,310	113,310	-	0.0%
<u>Silver Spring Parking District</u>					
Parking District Services	11,001,690	11,004,350	10,883,970	120,380	1.1%
<u>Wheaton Parking District</u>					
Parking District Services	1,230,940	1,232,040	1,212,680	19,360	1.6%
<u>Permitting Services</u>					
Permitting Services	29,628,520	29,657,730	27,751,400	1,906,330	6.4%
<u>Solid Waste Collection</u>					
Solid Waste Services	6,754,530	6,755,900	6,736,660	19,240	0.3%
<u>Solid Waste Disposal</u>					
Solid Waste Services	94,093,840	94,106,590	91,732,350	2,374,240	2.5%
<u>Vacuum Leaf Collection</u>					
Solid Waste Services	5,277,860	5,277,860	5,180,980	96,880	1.8%
<u>Liquor Control</u>					
Liquor Control	39,228,000	39,228,000	37,309,600	1,918,400	4.9%
Enterprise Funds Total	208,925,840	208,977,420	202,220,180	6,757,240	3.2%
NON-TAX SUPPORTED TOTAL	359,083,200	360,937,520	352,888,750	8,048,770	2.2%
TAX and NON-TAX SUPPORTED TOTAL	1,638,516,130	1,644,199,340	1,613,687,580	30,511,760	1.9%

Internal Service Funds

<u>Employee Health Benefit Self Insurance Fund</u>					
Human Resources	162,276,190	162,277,400	162,010,110	267,290	0.2%
<u>Motor Pool Internal Service Fund</u>					
Fleet Management Services	67,674,780	67,757,100	67,200,380	556,720	0.8%
<u>Printing and Mail Internal Service Fund</u>					
Public Works and Transportation	6,583,470	6,583,470	6,343,390	240,080	3.6%
<u>Self Insurance Internal Service Fund</u>					
Finance	43,423,690	43,430,390	43,430,370	20	0.0%
INTERNAL SERVICE FUNDS TOTAL	279,958,130	280,048,360	278,984,250	1,064,110	0.4%

FY09 2ND QUARTERLY ANALYSIS

Department	Original Budget (A)	Latest * Budget (B)	Estimate (2ndQA) (C)	Variance to Budget (B-C)	% Change to Budget (B-C)/(B)
NDA: Tax Supported - General Fund					
MISC. COMMUNITY GRANTS	5,783,460	5,783,460	5,783,460	-	0.0%
NDA - COUNTY LEASES	18,455,210	18,455,210	15,693,620	2,761,590	15.0%
NDA ARTS COUNCIL OF MONTGOMERY	5,315,480	5,315,480	5,315,480	-	0.0%
NDA BOARDS, COMMITTEES AND COMMISSIONS	20,000	20,000	20,000	-	0.0%
NDA CHARTER REVIEW COMMISSION	150	150	150	-	0.0%
NDA CLIMATE CHANGE IMPLEMENTATION	1,561,000	1,561,000	1,400,500	160,500	10.3%
NDA CLOSING COST ASSISTANCE PROGRAM	33,790	33,790	33,790	-	0.0%
NDA COMPENSATION ADJUSTMENT	3,070,590	1,618,620	809,200	809,420	50.0%
NDA CONFERENCE AND VISITOR'S BUREAU	695,450	695,450	695,450	-	0.0%
NDA CONFERENCE CENTER	567,090	567,090	567,090	-	0.0%
NDA CONTRIBUTION TO MOTOR POOL	1,332,650	1,332,650	1,332,650	-	0.0%
NDA CONTRIB TO SELF INS FUND-RISK MGMT	9,809,740	9,809,740	9,673,170	136,570	1.4%
NDA COUNTY ASSOCIATIONS	70,450	70,450	70,450	-	0.0%
NDA DESKTOP COMPUTER MODERNIZATION	7,136,360	7,136,360	6,307,950	828,410	11.6%
NDA GRANTS TO MUNI IN LIEU SHARES TAXES	28,020	28,020	28,020	-	0.0%
NDA GROUP INSURANCE RETIREES	26,039,330	26,039,330	26,039,330	-	0.0%
NDA HISTORICAL ACTIVITIES	355,340	355,340	355,340	-	0.0%
NDA HOMEOWNERS' ASSOCIATION ROADS	337,700	337,700	337,700	-	0.0%
NDA HOUSING OPPORTUNITIES COMMISS.(HOC)	6,140,640	6,140,640	5,987,120	153,520	2.5%
NDA INDEPENDENT AUDIT	394,000	394,000	394,000	-	0.0%
NDA ITPCC	30,000	30,000	30,000	-	0.0%
NDA METRO WASH COUNCIL OF GOVTS	742,720	742,720	742,720	-	0.0%
NDA MONTGOMERY COALITION FOR ADULT ENGLISH LITERACY (MCAEL)	745,000	745,000	745,000	-	0.0%
NDA MUNICIPAL TAX DUPLICATION	7,488,240	7,488,240	7,488,240	-	0.0%
NDA POLICE PRISONER MEDICAL	10,000	10,000	10,000	-	0.0%
NDA PRODUCTIVITY ENHANCEMENTS AND PERSONNEL COST SAVINGS	(13,000,000)	(5,454,710)	(5,454,710)	-	0.0%
NDA PUBLIC TECHNOLOGIES, INC (PTI)	27,500	27,500	27,500	-	0.0%
NDA REBATE-TAKOMA PARK-POLICE PROTECTION	705,570	705,570	705,570	-	0.0%
NDA RETIREE HEALTH BENEFITS TRUST	16,391,930	16,391,930	16,391,930	-	0.0%
NDA ROCKVILLE PARKING DISTRICT	377,500	377,500	377,500	-	0.0%
NDA SPECIAL RETIREMENT CONTRIBUTNS-	3,740	3,740	3,740	-	0.0%
NDA STATE POSITIONS SUPPLEMENT	144,950	144,950	144,950	-	0.0%
NDA STATE RETIREMENT CONTRIBUTION	934,920	934,920	934,920	-	0.0%
NDA -TAKOMA PARK-LIBRARIES TRANSITION	112,630	112,630	112,630	-	0.0%
NDA WORKING FAMILIES INCOME SUPPLEMENT	13,667,700	13,667,700	9,835,400	3,832,300	28.0%
NDA: Tax Supported - General Fund Total	115,528,850	121,622,170	112,939,860	8,682,310	7.1%
NDA: Non-Tax Supported - Grant Fund					
NDA COMPENSATION ADJUSTMENT	361,480	-	-	-	0.0%
NDA FUTURE FEDERAL/STATE/OTHER GRANTS	10,000,000	(313,520)	(313,520)	-	0.0%
NDA HISTORICAL ACTIVITIES	25,000	25,000	25,000	-	0.0%
NDA: Non-Tax Supported - Grant Fund Total	10,386,480	(288,520)	(288,520)	-	0.0%

**Quarterly Update on Revenues
Montgomery County
FY 2009**

Reported through:
December 2008

Revenue Update

- **First Half Year Results:**

- Total revenue collections, including investment income and highway user revenue, totaled \$1.468 billion and were 6.3% above the first half of FY08 due to property tax collections. Excluding property tax revenues, collections were \$572.7 million and down 6.8% from the first half of FY08.
- Income tax collections through December stood at \$442.8 million and are 2.8% below collections from the first half of FY08.
- The General Fund (G.F.) portion of property tax collections (including penalties and interest) was \$895.6 million – and 16.8 percent above the first half of FY08. The double-digit growth is a function of three factors: (1) increase in G.F. taxable assessments (↑11.1%), increase in G.F. real property rate (from \$0.627 to \$0.661), and a decrease in the credit (from \$613 to \$579).

- **Transfer and Recordation Taxes:**

- Collections from the transfer tax (excluding condominium conversions) during the first half of FY09 were \$37.2 million, or 16.8% below the same period last year.
- Collections from the recordation tax (excluding the CIP portion and the rate premium) were \$21.3 million, a decrease of 27.2% over last year.

Revenue Update

- **Transfer and Recordation Taxes (continued):**

- The decrease in the transfer and recordation taxes is due to continued decline in housing sales and mortgage activity. Total recordation tax collections decreased 27.2% through December, while collections from mortgage refinancing decreased 47.4%.
- The volume of transfers during the first half of FY09 was down 6.6% compared to last year, and the volume of recordation tax transactions (excluding CIP portion and rate premium) was down 37.6% compared to the first half of fiscal year 2008.
- The combined amount of revenues from the transfer and recordation taxes (excluding condo conversions, CIP portion, and rate premium) was \$58.4 million compared to \$73.9 million for the first six months of last fiscal year (↓20.9%).

Revenue Update

- **Consumption Taxes:**

- Total revenues from the consumption taxes (fuel/energy, hotel/motel, telephone, and admissions) totaled \$50.8 million during the first half of FY09, which are 4.7% above the same period in FY08 and, excluding the telephone tax.
- Fuel/energy tax collections totaled \$30.8 million and 5.1% above the first half of FY08.
- Collections from the telephone tax are \$11.7 million and entirely due to continued stronger than expected growth in wireless phones.
- Collections from the hotel/motel tax were running 3.1% above the same period last year but do not include collections attributed to inauguration festivities.
- Collections from the admissions tax through December were down 16.2 percent compared to the the first half of last year.

Revenue Update

- **Other Revenues:**

- Revenues from the County's pooled investment income were \$8.7 million during the first half of this fiscal year and were 64.3% below the same period last year. However, with the recent rate cuts by the Federal Reserve that have yet to be fully reflected in the County's pooled investment returns, Finance expects a further percent decline through the remainder of the fiscal year.
- Highway user revenues received to date were \$12.0 million and 0.8% below the first half of FY08.

Revenue Summary Sheet

MONTGOMERY COUNTY MAJOR REVENUE COLLECTIONS FISCAL YEAR 2009

<u>TAXES :</u>	<u>REPORTING PERIOD</u>	<u>FY09</u>	<u>FY08</u>	<u>VARIANCE FY09/FY08</u>	<u>PERCENT CHANGE</u>	<u>FY07</u>	<u>VARIANCE FY08 / FY07</u>	<u>PERCENT CHANGE</u>
INCOME	<i>December</i>	\$442,796,038	\$455,574,573	(\$12,778,535)	-2.8%	\$480,309,799	(\$24,735,226)	-5.1%
PROPERTY (General Fund)(1)	<i>December</i>	895,622,790	766,655,623	128,967,167	16.8%	732,173,959	34,481,664	4.7%
TRANSFER (excl. condo conver.)	<i>December</i>	37,152,388	44,664,653	(7,512,265)	-16.8%	54,272,085	(9,607,433)	-17.7%
RECORDATION (excl. School CIP)	<i>December</i>	21,273,001	29,227,502	(7,954,501)	-27.2%	36,311,079	(7,083,578)	-19.5%
FUEL/ENERGY	<i>December</i>	30,795,700	29,296,630	1,499,070	5.1%	29,587,318	(290,689)	-1.0%
HOTEL/MOTEL	<i>December</i>	7,610,252	7,383,936	226,316	3.1%	7,193,301	190,635	2.7%
TELEPHONE	<i>December</i>	11,690,507	11,011,786	678,721	6.2%	10,674,384	337,401	3.2%
ADMISSIONS	<i>December</i>	684,683	817,333	(132,650)	-16.2%	787,019	30,315	3.9%
 <u>MISCELLANEOUS :</u>								
INVESTMENT INCOME	<i>December</i>	\$8,715,409	\$24,392,588	(15,677,179)	-64.3%	\$22,676,180	1,716,408	7.6%
HIGHWAY USER	<i>December</i>	12,011,679	12,112,400	(100,721)	-0.8%	12,905,299	(792,899)	-6.1%
<u>TOTAL</u>		\$1,468,352,446	\$1,381,137,023	\$87,215,423	6.3%	\$1,386,890,425	(\$5,753,402)	-0.4%

NOTES:

(1) Property Tax for General Fund includes adjustment for the income tax offset (rebate)

Fiscal Plan Update

December 2008

Tax Supported Fiscal Plan Summary

(\$ in Millions)					
	App. FY09	Est. FY09	% Chg. FY09-10	% Chg. FY09-10	Rec. FY10
	5-22-08	12-02-08	Rec/Bud	Rec/Est	12-02-08
1 Total Resources					
2 Revenues	3,776.3	3,669.9	-0.4%	2.5%	3,760.7
3 Beginning Reserves Undesignated	142.9	156.3	-115.8%	-114.5%	(22.6)
4 Beginning Reserves Designated	6.2	6.7	-5.2%	-2.3%	6.6
5 Net Transfers In (Out)	33.3	33.3	-20.1%	-20.1%	26.6
6 Total Resources Available	3,958.8	3,866.2	-4.7%	-2.5%	3,771.2
7 Less Other Uses of Resources (Capital, Debt Service, Reserve)	423.6	330.8	12.0%	43.4%	474.3
8 Available to Allocate to Agencies	3,535.2	3,535.4	-6.7%	-6.7%	3,296.9
9 Agency Uses					
10 Montgomery County Public Schools (MCPS)	1,937.0	1,937.0	8.8%	8.8%	2,106.8
11 Montgomery College (MC)	212.4	212.4	8.9%	8.9%	231.2
12 MNCPPC (w/o Debt Service)	106.4	106.4	7.3%	7.3%	114.2
13 MCG	1,279.4	1,279.7	6.3%	6.3%	1,360.3
14 Subtotal Agency Uses	3,535.2	3,535.4	7.8%	7.8%	3,812.6
15 Subtotal Other Uses of Resources (Capital, Debt Service, Reserve)	423.6	330.8	12.0%	43.4%	474.3
16 Total Uses	3,958.8	3,866.2	8.3%	10.9%	4,286.9
<i>Tier 1</i>					
17 (Gap)/Available	-	-			(515.7)
<i>Tier 2</i>					
18 FY09 Savings Plan - All Agencies					32.5
19 Decrease FY09 Potential Supplementals					21.1
20 Decrease FY10 Agency Spending - Fuel Costs					16.3
21 Further State Aid Cuts					TBD
22 Adjust Reserves					(3.2)
23 (Gaps)/Available					(448.9)

Notes:

1. FY09 Estimate reflects preliminary unaudited beginning fund balance.
2. Projected FY10 Agency Uses assume same services rate of growth.
3. FY10 property tax revenues are assumed at the Charter Limit.

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MEMORANDUM

January 29, 2009

TO: Management and Fiscal Policy Committee

FROM: Stephen B. Farber, Council Staff Director *SBF*

SUBJECT: Briefing on Economic Indicators

Finance Director Jennifer Barrett, Treasury Division Chief Rob Hagedoorn, and Chief Economist David Platt will brief the Committee on recent national, regional, and County economic data. They will discuss the graphs and charts on ©1-25 prepared by Mr. Platt.

The **national indicators** reflect the sharp downturn in the real economy and the disorder in financial markets. Real gross domestic product **fell** 0.5 percent in the third quarter of 2008. Average estimates for the fourth quarter of 2008, and for the first and second quarters of 2009, are for further **decreases** of 4.3, 3.3, and 0.8 percent, respectively, compared to the 3.1 percent average **increase** in 2004-2006. Major stock market indices fell last year by more than one third. Unemployment is at 7.2 percent and rising, with layoffs in the housing, financial services, and retail sectors spreading to other sectors as well. Consumer spending and business investment are down sharply. Consumer price increases and housing starts have fallen to near record-low levels.

The leading indicator for the **regional economy** continues to suggest slower growth over the next 6 to 8 months; it has fallen steadily, by 4.0 percent since April 2007 (except for a slight increase in February and September 2008). The coincident indicator, which measures current performance, has fallen 12.0 percent since March 2007. Consumer confidence and the regional stock market show sharp declines. The region continues to generate new jobs, although at a slower rate than in recent years; the Bethesda-Gaithersburg-Frederick area added just 2,400 jobs in the first eleven months of 2008 compared to 2007. The softness in home prices for the region persists and is likely to continue into 2010. The one-year CPI increase as of November 2008, despite sharply higher mid-year food and energy costs, was just 2.5 percent.

County economic indicators are similar. Resident employment has stalled and is now declining. The unemployment rate was 3.7 percent in November, well below the State's rate, which rose to 5.8 percent – the highest in 15 years – in December, but above the County's 2.5 percent rate in November 2007. Home sales, which were down 20.5 percent in 2006 and 23.4 percent in 2007, fell another 20.6 percent (est.) in 2008. The average home sale price fell 7.9 percent (est.) in 2008, compared to increases of 4.4 and 3.9 percent in 2006 and 2007. SDAT's most recent residential property assessments, for Group 3, were down 16.3 percent. The value of new residential construction in 2008 was the lowest since 1999. Non-residential construction projects were the lowest since 2005, while the vacancy rate in Class A property, 9.7 percent, has risen to the highest level in nearly four years. **Taken together, these indicators suggest continued weakness, or at best sluggish growth, in County income, property, and transfer and recordation tax revenue.**

The December 2008 report on Howard County economic indicators on ©26-27 includes much comparable information. The December 2008 forecast of the State Board of Revenue Estimates, as summarized on ©25, projects that in 2009 employment will decline by 2.0 percent, personal income will rise by 1.7 percent, and wage and salary income will rise by 1.5 percent. The forecast also estimates that capital gains fell by 45.0 percent in 2008 and will fall another 15.0 percent in 2009.

f:\farber\09mfp\economic indicators 2-2-09.doc



Peter Franchot
Comptroller

February 17, 2009

Honorable Martin O'Malley
Governor of Maryland
State House
Annapolis, Maryland 21401

Honorable Thomas V. "Mike" Miller, Jr.
President, Senate of Maryland
State House
Annapolis, Maryland 21401

Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House
Annapolis, Maryland 21401

Dear Governor, President and Speaker:

General fund revenue collections for January were \$1.245 billion, a decline of 8.2% over January 2008. For the fiscal year to date, general fund receipts are \$6.584 billion, growth of only 0.5% over 2008 (see attached table). Fourth quarter estimated payments for the individual income tax were alarmingly weak, and even with the bar set very low, sales tax performance continues to disappoint. While there are as yet no indications that any other revenue source will finish the year substantially short of the December revenue estimates, the extremely poor performance of fourth quarter estimated payments and the sales tax point to a substantial downward revision of general fund revenues next month.

Individual Income Tax

General fund individual income tax receipts for the month of January declined 12.2% to \$738.7 million, while year to date collections are down 2.2% at \$3.383 billion. Estimated payments fell 25.9% relative to last year, a decline of \$137.9 million. For the fourth quarter (December and January combined), estimated payments fell 18.3%. The decline, attributable to the collapse in the financial markets (as shown by the 42% decline in the Standard and Poor's 500 Index from September through the November 20 trough), is of roughly the same magnitude as in the fourth quarter of 2001 (17%). In that period, however, the decline was exacerbated by the effects of the phased-in 1998 tax cut, while the drop this year is understated due to the increases in the tax rates for tax year 2008. This development is disturbing in and of itself, and the implications for April final payments, which are under study, are perhaps even more problematic.

Individual income tax withholding fell 6.2% to \$1.022 billion bringing year to date growth down to 0.3%. The drop in January withholding is due in part to one fewer deposit day as well as to the likely effects of changes to withholding that were not fully reflected by employers in January of last year. Even accounting for those factors, the stagnant withholding is reflective of the very weak labor market that has developed over the past few months.

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February 17, 2009
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Corporate Income Tax

January is not a significant month for corporate income tax collections. General fund revenues declined 73%, as estimated and final payments decreased 60% and 69% respectively. Year to date, gross receipts have increased 6.8%. After adjusting for the rate increase, however, gross receipts have actually declined about 5.0%. Corporate refunds were \$4.8 million lower than last January. Despite deteriorating economic conditions, reflected to a degree in baseline gross receipts, corporate refunds for the fiscal year through January are almost 20% under last year's record levels. Analysis of corporate income tax collections is ongoing.

Sales Tax

Representing ever-important December retail sales, general fund sales tax receipts for January increased 3.5% to \$370.4 million, bringing year to date revenues to 6.9%. These figures reflect the 20% higher rate, however, and changes to the distribution of sales tax revenues. Adjusted for the rate increase, baseline receipts declined approximately 8% for the month, the fourth consecutive month of decline. Baseline revenues from consumers were down about 7%, a deceleration of one percentage point from the prior month, which was itself about two percentage points worse than the month before that. Construction and capital goods receipts were both down about 15% for the month, while receipts from utilities were the sole source of growth. The December forecast called for a 3.5% decline in the fiscal year 2009 baseline. As baseline revenues have declined roughly 6% for the year, and no turnaround is in sight, sales tax receipts will almost certainly be revised downward—yet again—next month.

Lottery

Unfavorable prize payouts (from the State's perspective) in most lottery games was the theme for lottery collections in January. In the aggregate, sales fell 1.8% to \$136.6 million while revenues slumped 8.3% to \$39.5 million. The Pick 3 and Pick 4 games continued their inauspicious payout ratios with both games posting sales increases but revenue declines, 17.3% in the case of Pick 3. Instant ticket sales decreased 2.3% while revenues fell 5.1%. Racetrax had the most unfavorable sales/revenue ratio, recording a 19.2% increase in sales in conjunction with a 5.5% decline in revenues.

Other Revenues

January is not a significant collection month for either the insurance premium or business franchise taxes, although substantial refunds against the insurance premium tax were paid out last January resulting in negative revenues (a loss of \$8.4 million). This year's collections were \$235,228, a notable improvement. Increases in both estate and inheritance taxes resulted in the 20% increase in death tax revenues, while the 26% growth in alcohol and tobacco taxes remains a result of the increased tobacco tax. Miscellaneous revenues for January reflect adjustments for misreported agency revenues.

As noted above, year to date growth in general fund revenues is 0.5%. The December estimates of the Board of Revenue Estimates called for an increase of 0.9%. January collections of individual income tax estimated payments and the sales tax indicate further deterioration can be expected in those two revenue sources, over 80% of general fund revenues.

Letter to Honorable Martin O'Malley,
Thomas V. "Mike" Miller, Jr., and
Michael E. Busch
February 17, 2009
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I hope this information is helpful. If you have any questions or concerns, please do not hesitate to contact me or David F. Roose, Director of the Bureau of Revenue Estimates.

Sincerely,



Peter Franchot
Comptroller

cc: Treasurer Nancy K. Kopp
Secretary T. Eloise Foster
Senator Ulysses Currie
Senator Allan H. Kittleman
Delegate Norman H. Conway
Delegate Sheila E. Hixson
Delegate Anthony J. O'Donnell
Warren G. Deschenaux
Linda L. Tanton
Len N. Foxwell

State of Maryland General Fund Source Revenue Collections
Fiscal Year 2009 (January)
Summary Report
(\$ in thousands)

	January			Year to Date		
	FY 2009	FY 2008	Growth	FY 2009	FY 2008	Growth
General Fund Receipts						
Individual Income Tax	738,737	840,941	-12.2%	3,382,756	3,459,338	-2.2%
Corporate Income Tax	8,637	31,606	-72.7%	243,538	202,251	20.4%
Sales Tax	370,438	358,075	3.5%	1,916,008	1,791,838	6.9%
Lottery	39,458	43,033	-8.3%	254,825	283,039	-10.0%
Franchise Tax	1,455	4,312	-66.2%	80,785	82,318	-1.9%
Premium Tax	235	(8,401)	-102.8%	131,977	133,094	-0.8%
Death Taxes	18,744	15,639	19.9%	129,087	149,898	-13.9%
Alcohol / Tobacco	34,667	27,557	25.8%	232,838	174,251	33.6%
Court Revenues	11,947	11,409	4.7%	74,477	83,425	-10.7%
Interest	18,312	9,118	100.8%	32,226	55,882	-42.3%
Miscellaneous	2,348	22,261	-89.5%	105,369	137,205	-23.2%
Total	1,244,978	1,355,549	-8.2%	6,583,886	6,552,541	0.5%
Individual Income Tax Detail						
Withholding	1,022,164	1,089,289	-6.2%	5,719,748	5,702,410	0.3%
Estimated	394,848	532,704	-25.9%	1,068,062	1,163,116	-8.2%
Final / Fiduciary	27,487	38,223	-28.1%	223,508	241,116	-7.3%
Gross Receipts	1,444,499	1,660,216	-13.0%	7,011,318	7,106,641	-1.3%
Refunds	(128,663)	(130,180)	-1.2%	(449,478)	(419,255)	7.2%
Net Receipts	1,315,836	1,530,036	-14.0%	6,561,841	6,687,386	-1.9%
Corporate Income Tax Detail						
Estimated	17,270	42,683	-59.5%	391,128	348,029	12.4%
Final	4,382	13,977	-68.6%	108,522	119,852	-9.5%
Gross Receipts	21,651	56,660	-61.8%	499,650	467,881	6.8%
Refunds	(8,870)	(13,691)	-35.2%	(160,902)	(199,990)	-19.5%
Net Receipts	12,781	42,968	-70.3%	338,748	267,891	26.4%
Lottery Sales	136,615	139,063	-1.8%	968,049	968,290	0.0%

The year to date figure for interest does not include accrued fiscal year 2009 interest of \$17.4 million.

Income tax receipts are shown before distributions to the local reserve fund and to/from the refund reserve fund for the individual income tax, and before distributions to the Transportation Trust Fund, Higher Education Investment Fund, and to/from the refund reserve fund for the Corporate Income Tax.

Montgomery County Results-Based Accountability

Council Briefing – February 24, 2009
Presented by CountyStat and OMB



Agenda

- **Overview of Results-Based Accountability Framework**
 - Linking Performance to Budgetary Decisions
 - Interrelationship of Priority Objectives, County Performance, Departmental Performance, and Results-Based Budgeting

- **Focus on Customer Needs and Results**
 - Recent Efforts (Town Hall Meetings and Budget Forums; Resident Survey; MC311; ERP)
 - CountyStat Year-One (Capacity Building; Policy Translation; Data Analytics and Integration)
 - Illustrative Examples of CountyStat Impact
 - Departmental Overtime
 - Pedestrian Safety Initiative
 - Positive Youth Development Initiative
 - Alternative Dispute Resolution Process

- **Results-Based Accountability – Next Steps and Opportunities**



Presentation Purpose

- **Managing performance and delivering results through CountyStat and Results-Based Budgeting**
 - CountyStat seeks to improve performance by creating greater accountability and transparency, providing policy translation to assist with department and topic specific strategic planning and through the application of data analytics into the decision making process.
 - Results-Based Budgeting ensures that resource allocation is based on County priority objectives to make government more responsive, that programs and initiatives are operating effectively and efficiently, and that tax dollars are spent wisely through the use of performance data as a primary basis for review and analysis of budgetary requests.



Results Accountability - Status

Work in Progress

- Montgomery County is transitioning into a results-based accountability system that creates direct linkages between County priority objectives, performance, and decision making.
- Iterative process that requires continuous changes in corporate culture; development of reliable, useful, and relevant performance data; and refinements in processes, systems, and techniques.

Activities and Accomplishments

- Departmental performance plans and all their Headline Performance Measures reviewed, revised and completed.
- New "Dashboard" reporting system on departments' Headline Performance Measures and Sub-Measures completed and will go online very shortly.
- Indicators, after an inter-agency development process, completed and benchmarked against comparable counties. The Indicators will go online shortly.
- Special topic reviews completed and ongoing: Overtime; Positive Youth Development; Affordable Housing, Pedestrian Safety.
- New Performance Sub-Measures submitted with FY10 Budget.
- Training provided on Results Based budgeting, headline measures, and program measures to budget staff and Management Leadership Service during FY08 and FY09.
- Budget Manual, processes, system, and publication revised to reflect focus on results accountability.



Linking Performance to Budget Decisions - Benefits

1. Departments use historical and projected performance data and other reliable and relevant evidentiary data to justify budgetary allocations expenditures through the demonstration of performance results.
2. Provides a better basis for decision making and administration of budgets including additional investments or budgetary reductions since these decisions would be based on alignment with priority objectives and performance data.
3. Enhances opportunities for cross departmental/agency coordination and resource allocation decision since the corresponding impact of resource changes on performance can be evaluated in a timely and objective manner.

Departments tailor budget requests to align with County priority objectives, maintain or improve performance goals, comply with legal mandates, and other relevant guidance.



Montgomery County's Eight Priority Objectives

- **A Responsive and Accountable County Government**
- **Affordable Housing in an Inclusive Community**
- **An Effective and Efficient Transportation Network**
- **A Strong and Vibrant Economy**
- **Children Prepared to Live and Learn**
- **Healthy and Sustainable Communities**
- **Safe Streets and Secure Neighborhoods**
- **Vital Living for All our Residents**

The Eight Priority Objectives were developed by a group of 100 community representatives during the 2006 County Executive Leggett Transition

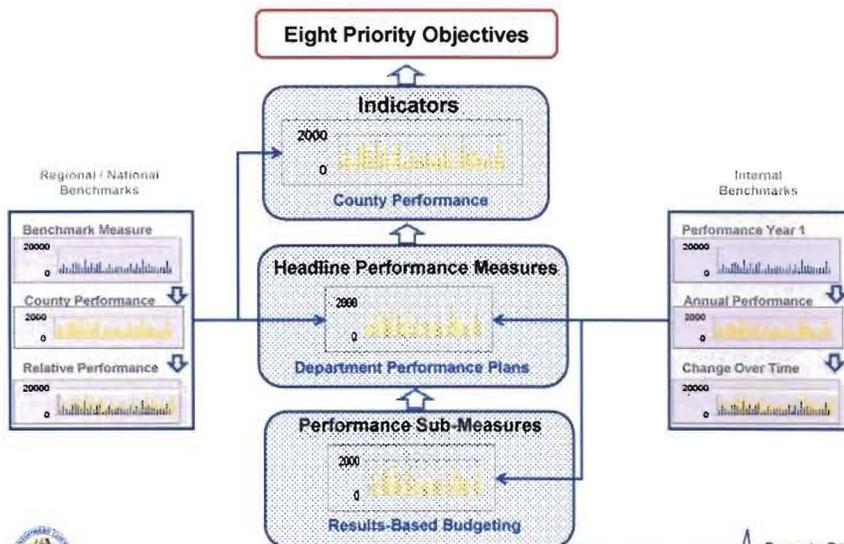


Measuring and Quantifying the County's Progress in Each of the Eight Priority Objectives

- **Indicators:** Sets of data that represent a high-level barometer of County performance and reflect the quality-of-life in Montgomery County. Indicators are influenced by multiple departments and subject to external factors often beyond the control of County government.
 - Level of Analysis: National/Regional
- **Headline Performance Measures:** Outcome-based measures that monitor results achieved by County departments.
 - Level of Analysis: National/Regional and Internal
- **Performance Sub-Measures:** Measures that link budget items to departmental Headline Performance Measures and monitor results achieved at programmatic level.
 - Level of Analysis: Internal



Interrelationship of Priority Objectives, County Performance, Departmental Performance, and Results-Based Budgeting



Interrelationship of Priority Objectives , County Performance, Departmental Performance, and Results-Based Budgeting - Illustrative Example: MCFRS

County Priority Objectives: All programmatic decisions within MCFRS address one or more of the high-level Eight County Priority Objectives and ensures they are working toward common goals that deliver results.

Safe Streets And Secure Neighborhoods

Indicator (County Performance): Although MCFRS can not be held accountable for all of the variables that go into the following a performance indicator, the performance of the MCFRS has a direct effect on the County's overall ability to mitigate fire-related damage.

Annual net change in loss of life, number of injuries, property damage, and financial loss due to structural fires

Headline Measures (MCFRS Performance): These headline measures each contribute to the ability of MCFRS to impact a portion of the above indicator on fire-related damages in the County.

Response Time to Structural Fires

Percent of Residents Rating Fire Prevention Effective

Percentage of Structural Fires Contained to the Room of Origin

Sub-Measures (Results Based Budgeting): These Performance Sub-Measures (illustrative) are related to program budget elements in the MCFRS budget. Changes in the individual budgetary resources within each program impacts Performance Sub-Measures, Headline Performance Measures, County Indicators, and ultimately County Priority Objectives

Under Construction

Under Construction

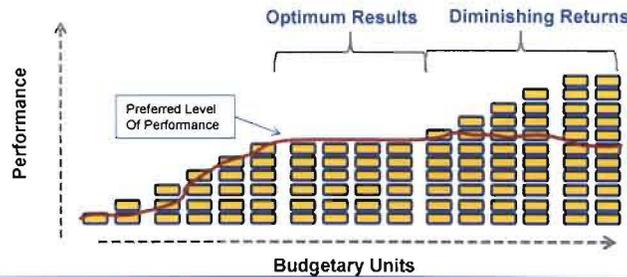
Under Construction



CountyStat

Linking "Preferred/Acceptable Level of Performance" to Optimum level of "Returns on Investment": Defining Optimum Results and Diminishing Returns

Cost benefit analysis of changes in budgetary resources on performance provides information on potential overspending in instances that have minimal impact on performance.



Policy makers determine the level of acceptable performance with input from departments on the cost benefit of aligning budgetary resources to optimize the use of County resources.



CountyStat

Linking Department's Performance to Budgetary Analysis and Decision Making - Process Elements

- Departments identify and prioritize key budgetary resources that impact departmental performance.
- Departments identify Performance Sub-Measures (based on existing program budget categories) that link to Headline Performance Measures and County Indicators.
- Departments project the impact of budgetary resource changes on the ability to meet performance measure goals.
- Departments tailor budget requests to align with County priority objectives, maintain or improve performance goals, comply with legal mandates, fiscal limitations, and other relevant guidance.



Additional Information - Understanding the Linkage Between Performance and Budget

- Increases or decreases in budget do not necessarily correlate to changes in departmental or County-wide performance
- Complex interrelationships exist between budgetary resources and performance.
 1. Performance often requires multiple budgetary resources working in congruence.
 2. Budgets are not static, yet performance goals often remain constant.
 3. All budgetary resources do not have the same impact on performance.
 4. Difficult to isolate and measure the impact of resource changes on performance due to confounding factors (e.g. economy, population changes)
 5. Complexities of tracking and measuring government service delivery process.
 6. Development of accurate and useful performance measures is a time consuming and challenging process.

Non Performance related considerations are important factors in the budget process (Equity, Legal Mandates, Collective Bargaining, etc.) and can not always be expressed in quantifiable terms for a cost benefit calculation.



Focus on Customer Needs and Results

- **Town Hall Meetings and Budget Forums**
Provide a forum for free and candid dialogue and input from residents on County service and resource priorities.
- **Resident Survey**
Residents provided feedback on what is working well and what is not, and communicated their priorities for community planning and resource. The survey results are being monitored thru departments performance plans.
- **ERP (Enterprise Resources Planning System)**
The County is modernizing its Core Business Systems to improve efficiency, effectiveness and responsiveness. The ERP will provide a significant upgrade to the County's financial, procurement, human resources and budgeting systems, will streamline business processes, and will produce enhanced reports for data-driven decision making – all key to improving customer results.
- **MC311 (Constituent Relationships Management System)**
The County is developing a centralized 311 Call Center and Constituent Relationship Management system (CRM). The public will ultimately be able to call one number to access County government services. At the same time, the County will be able to improve its ability to ensure that every caller gets a timely response.



CountyStat Year-One Focus on Customer Needs & Results Capacity Building

- **County Internal Survey**
CountyStat focuses departments on their internal capacity building efforts through its administration, management and analysis of the annual Internal County Survey. This survey provides County employees the opportunity to evaluate the quality of services departments offer internally. CountyStat assists in the improvement process by conducting data analytics, and providing departments with the opportunity to seek out best practices and improve their performance.
- **CountyStat Rotational Fellowship Program**
CountyStat introduced an opportunity for selected Montgomery County government employees to spend half of their work time, over a twelve week period, in the CountyStat office. This Rotational Fellowship helps participants to improve their data gathering, analysis, and presentation-building skills, with a focus on the appropriate development and display of data and narrative.
- **Departmental Internal Overtime Tracking**
CountyStat developed a module that allows the County departments to track their expenditures and report on overtime utilization. One analyst from each of the four participating departments was trained on how to query and analyze data in the payroll system.

Capacity building is the process of enabling departments to strengthen and internalize their data analysis capabilities through ongoing training and mentorship.



CountyStat Year-One Focus on Customer Needs & Results Policy Translation

- **Montgomery County Performance Dashboard**

CountyStat is developing the Montgomery County Performance Dashboard. This will serve as a valuable tool for policymakers and residents enabling them to monitor County performance over time to ensure the needs and priorities of residents are consistently met by County policies. <http://portal-dev.mcgov.org/CountyStats/>

- **County Indicator Project**

CountyStat is developing a set of high-level community indicators, which will be used to gauge the County's overall performance and reflect the quality-of-life in Montgomery County. This process will further translate the County's policies and priority objectives into operational realities. [V:\CountyStat\Indicators_Finalized_1-16-09_v8.pdf](#)

- **Cross Agency Initiative Support**

CountyStat supports the articulation of policy for each of the County Cross-Agency Initiatives by providing facilitation services that ensure programs are functioning in concert, as intended and are having a measurable impact on the policies advocated by the County.

Policy translation is the process of assisting departments in the conversion of policy concepts into operational realities.



CountyStat Year-One Focus on Customer Needs & Results Data Analysis and Integration

- **Geospatial Information Systems (GIS) Integration**

CountyStat utilizes GIS data analysis to analyze the effectiveness of various topics such as the pedestrian safety initiative, the speed camera program, and impact of foreclosures on the County.

- **Specific Department Needs (Example Libraries Customer Survey)**

CountyStat provides an internal data analysis capability that departments can leverage in order to conduct analysis that normally would exceed their internal capacity. For example, CountyStat analyzed survey data obtained by Public Libraries and saved the County the expense of hiring outside consultants.

- **County Benchmarking Project**

CountyStat is further integrating data analytics into the decision making process and seeking best practices by comparing Montgomery County performance to other jurisdictions through its ongoing efforts to benchmark program and County performance at a regional and a national level.

Data Analytics and Integration is the process of using data to inform program decisions and engraining the use of data into the decision making process



Example
CountyStat Impact : Managing Overtime

- **Tracked overtime use in all four departments through quarterly meetings**
 - Examined long-term trends in overtime use
 - Investigated effect of specific overtime-generating events
 - Identified individuals earning significant amounts of overtime relative to their annual base salary
 - Monitored overtime hours and cost
 - Monitored annual and sick leave hours
 - Measured whether overtime hours are disproportionately claimed by higher-paid employees

All four departments (largest user of overtime) have shown declines in overtime hours and cost from calendar year 2007 to calendar year 2008.

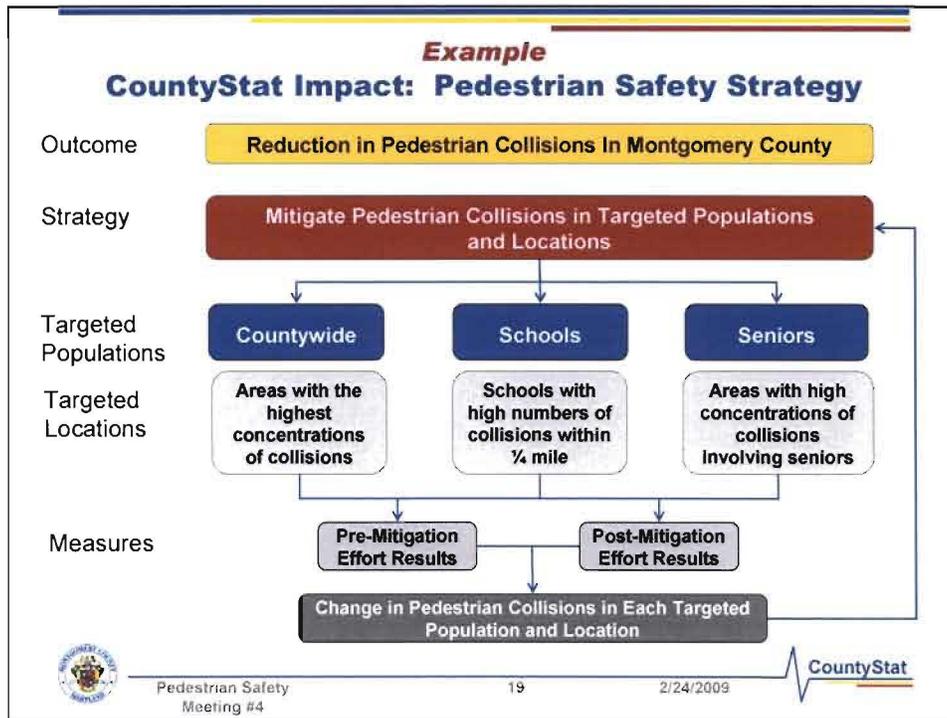


Example
CountyStat Impact : Managing Overtime

- **Even with cost of living adjustments, all four departments showed declines in overtime cost**
 - The CY07 number of overtime hours would have cost \$42,728,628 in CY08 assuming a 4.5% COLA
 - Actual CY08 costs represent a savings of \$7,168,000 from this adjusted amount

	CY07		CY08		Difference (CY08-CY07)	
	Hours	\$	Hours	\$	Hours	\$
MCFRS	382,385	\$17,649,352	288,948	\$14,074,314	-93,437	-\$3,575,038
MCPD	238,131	\$11,138,637	200,494	\$9,894,367	-37,637	-\$1,244,270
DOCR	104,391	\$4,068,445	93,850	\$3,972,138	-10,541	-\$96,307
DOT	235,920	\$8,032,206	223,254	\$7,619,648	-12,666	-\$412,558
Total	960,827	\$40,888,640	806,546	\$35,560,467	-154,281	-\$5,328,173





- Example**
CountyStat Impact: Pedestrian Safety Strategy
- Focused assessment of pedestrian safety activities on reductions in pedestrian collisions
 - Demonstrated permitting inspectors in Silver Spring and Bethesda would not be effective in reducing number of pedestrian/automobile collisions allowing \$175,000 + annual expense to be retargeted
 - Demonstrated that the Safe Routes to School program is a successful and cost effective strategy for lowering pedestrian collisions thus making this program a priority of the initiative
 - Created analytic tool to allow DOT personnel to quickly analyze collisions at high incidence intersections which resulted in:
 - The Retargeting of high incidence area program using collision data
 - An effective mechanism for providing quick analysis of priority intersections
 - Used target populations results of geospatial analysis to evaluate programs and identify
 - High incidence areas
 - Safe Routes to School
 - Major lighting projects
 - Areas of particular risk for senior citizens
- CountyStat helped to develop a targeted approach to pedestrian safety, from development of goals to identification of target populations
- 

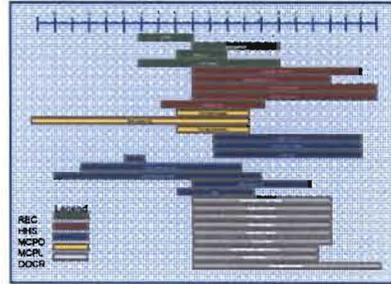

Example

CountyStat Impact: Positive Youth Development Initiative (PYDI)

Developed a six step process with PYDI stakeholders to inventory existing PYDI programming to prioritize efforts and determine appropriate budgetary decisions

- Step 1: Define and identify key aspects of positive youth development across departments.
- Step 2: Articulate an organizational approach and work plan that allows for clear linkage between overall policies and operational realities.
- Step 3: Identify which existing programs should fall under the PYDI.
- Step 4: Construct measures to demonstrate performance of programs associated with positive youth development.
- Step 5: Collect and report existing data for analysis.
- Step 6: Create future budgetary decisions on basis of performance findings.

CountyStat Analysis of PYDI Programming Offerings by Time of Day



Example

CountyStat Impact: PYDI Progress

- Restructured programming to ensure that all programs align across departments and maintain continuity of services in target locations and for target ages.
- Drafted and maintained a comprehensive listing of youth programs and services, which serves as the basis for measuring program performance.
- Articulated a comprehensive series of performance measures that gauge the effectiveness of prevention, intervention, and suppression programming.
- Documented the recommendations of the Community-based Collaboratives in order to align programmatic resources to individual community needs.
- Prioritized resource funding for current budget submission as the foundation for maximizing resources during times of financial constraint.

CountyStat will continue to facilitate interactions between PYDI stakeholders and perform data analytics on an ongoing basis



Example

CountyStat Impact: Alternative Dispute Resolution (ADR)

- Department of Correction and Rehabilitation (DOCR) identified problem of having to pay overtime to backfill positions while officers were on administrative leave pending ADR hearings
 - DOCR was essentially paying 2.5 x their regular cost to cover the position (regular salary for the officer on leave plus 1.5 x salary for the overtime to backfill)
- Built a map of the ADR process and identified communication deficiencies in that process
 - Office of Human Resources (OHR) was informed of developments late in the process and did not receive special notice that someone was on leave
 - Snail mail was being used in many steps to pass information between parties
- Constructed the timelines associated with six DOCR employees that were on administrative leave during the ADR process
- Guided DOCR and OHR personnel to explore ways of reducing the amount of time the ADR process took in these cases



Example

CountyStat Impact: Alternative Dispute Resolution (ADR)

- “Days saved” are the total time saved across all six cases.
 - 388 days in the original timelines
 - 234 days in the proposed timelines
- “Dollars saved” represent overtime costs that would have been saved in these six cases.

Time and cost savings from process improvements

Process Step	Days Saved	Dollars Saved
Investigation	24	\$7,000
Statement of Charges	30	\$9,000
ADR Request to OHR	23	\$7,000
ADR	60	\$18,000
Final Action	17	\$5,000
Total Days on Leave	154	\$46,000

Process Improvements

- Hold investigations to 21 days long
- Hold writing and delivery of statement of charges (SOC) to 10 working days
- Hold employee response time to 10 working days
- Schedule these cases for 10 working days after SOC delivered.
- Hold NODA/final action to 3 weeks

Process improvements identified are being rolled out to other Departments through an OHR-developed online submission and tracking tool.



Results-Based Accountability - Next Steps & Opportunities

- **Refine and Expand Performance Sub-Measures**
 - linkage between programs, headline measures, indicators
 - Amount of budget "covered" by Performance Sub-Measures
- **Continue to use performance information developed in CountyStat reviews in budget analysis and decision making**
- **Develop budget and performance measure process in coordination with departments**
- **Continue training and collaboration**
- **Coordinate with design and implementation of ERP and MC311**
 - Program Budget Structure
 - Performance tracking modules
 - MC311 information on community needs and government responsiveness





MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

MEMORANDUM

February 17, 2009

TO: Isiah Leggett, County Executive

FROM: Phil Andrews, President
County Council

Roger Berliner, Vice President
County Council

SUBJECT: Information regarding Federal economic stimulus funding

As Congress has now reached an agreement on the scope of the stimulus package to be sent to the President today, we would request a briefing by your CAO and staff on the implications of this package for the County at our next Council session on Tuesday, February 24.

There can be little question that this measure is good news for our county and its residents. Tens of millions of dollars, if not more, will come to the county over the course of the next two years for vital infrastructure improvements, safety net support, education, and energy/environmental programs.

We need to collectively understand, as best we can at this point in time, a range of issues, including, but not limited to:

- Which county programs will benefit from this package of measures;
- To what extent are the funds encumbered by "non-supplant" requirements, and what does that mean in a context in which we are facing a \$500 million dollar deficit;
- How much of these funds go to the County by formula;
- How much of these funds go to the state and are distributed at the state's discretion;
- How much of these funds will be distributed on the basis of a competition among jurisdictions;
- Does the County have the resources committed to ensuring that we are in a position to apply for those funds that are discretionary, and that we identify our best projects/proposals?

cc: Councilmembers

STELLA B. WERNER COUNCIL OFFICE BUILDING • 100 MARYLAND AVENUE • ROCKVILLE, MARYLAND 20850
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Impact of House Federal Recovery and Reinvestment Act on Maryland
Conference Committee Agreement by Federal and State Fiscal Year
(\$ in Millions)

<u>Program</u>	<u>FFY 09</u>	<u>FFY10</u>	<u>FFY11</u>	<u>SFY 09</u>	<u>SFY10</u>	<u>SFY11</u>	<u>Total</u>
Potentially Helpful to the General Fund							
Fiscal Stabilization - Education	360.6	360.6	0.0	0.0	273.3	447.9	721.2
Fiscal Stabilization - Discretionary	80.2	80.2	0.0	0.0	80.2	80.2	160.5
Medicaid	<u>560.2</u>	<u>595.5</u>	<u>156.2</u>	<u>413.7</u>	<u>585.8</u>	<u>312.4</u>	<u>1,311.9</u>
Subtotal	1,001.0	1,036.3	156.2	413.7	939.3	840.5	2,193.5
Education							
Special Education	104.0	104.0	0.0	26.0	104.0	78.0	208.0
Title 1	89.8	89.8	0.0	22.5	89.8	67.4	179.7
Education Technology	<u>4.2</u>	<u>4.2</u>	<u>0.0</u>	<u>1.0</u>	<u>4.2</u>	<u>3.1</u>	<u>8.3</u>
Subtotal	198.0	198.0	0.0	49.5	198.0	148.5	396.0
Other Relief							
Weatherization	32.8	32.8	0.0	8.2	32.8	24.6	65.6
State Energy Programs	28.7	28.7	0.0	7.2	28.7	21.5	57.5
Foster Care	12.9	12.9	0.0	3.2	12.9	9.7	25.9
Preventive Health BG/Immunization	2.0	2.0	0.0	0.5	2.0	1.5	4.0
Homelessness Prevention	11.3	11.3	0.0	2.8	11.3	8.4	22.5
Emergency Food and Shelter	1.4	1.4	0.0	0.3	1.4	1.0	2.7
Head Start	3.9	3.9	0.0	1.0	3.9	3.0	7.9
Child Care Development Block Grant	12.0	12.0	0.0	3.0	12.0	9.0	24.0
Elderly Nutrition	1.1	1.1	0.0	0.3	1.1	0.8	2.2
Vocational Rehabilitation	3.3	3.3	0.0	0.8	3.3	2.5	6.6
Workforce Inv./Dislocated Workers	17.6	17.6	0.0	4.4	17.6	13.2	35.3
Community Services Block Grant	6.9	6.9	0.0	1.7	6.9	5.1	13.7
UI State Admin Grants	4.6	4.6	0.0	1.2	4.6	3.5	9.2
Byrne Grants/Public Safety Grants	<u>24.7</u>	<u>24.7</u>	<u>0.0</u>	<u>6.2</u>	<u>24.7</u>	<u>18.5</u>	<u>49.4</u>
Subtotal	163.3	163.3	0.0	40.8	163.3	122.4	326.5
Infrastructure							
Highways	224.2	224.2	0.0	56.1	224.2	168.2	448.5
Transit Capital	129.4	129.4	0.0	32.3	129.4	97.0	258.8
HOME Investment Partnerships Prog.	12.3	12.3	0.0	3.1	12.3	9.3	24.7
Public Housing	24.2	24.2	0.0	6.1	24.2	18.2	48.4
Clean Water	48.1	48.1	0.0	12.0	48.1	36.1	96.3
Drinking Water	<u>13.5</u>	<u>13.5</u>	<u>0.0</u>	<u>3.4</u>	<u>13.5</u>	<u>10.1</u>	<u>27.0</u>
Subtotal	451.8	451.8	0.0	113.0	451.8	338.9	903.7
Total	1,814.1	1,849.5	156.2	617.0	1,752.4	1,450.4	3,819.8

**American Recovery and Reinvestment Act
Summary of Phase I Transit and Highway Projects
February 2009**

TRANSIT

<u>Jurisdiction</u>	<u>Description</u>	<u>Cost (\$M)</u>	<u>Estimated Jobs</u>
Baltimore Region	Purchase of 100 Hybrid Buses and equipment	65.6	1561
Baltimore Region	Light Rail System Renewal And Improvements	5.3	126
AA County	MARC BWI Station Renovation	3.0	71
Prince George's Co.	MARC Laurel Station Rehabilitation (as outlined during visit by Vice President Biden)	2.9	69
Baltimore County	MARC Martin Yard Improvements	0.4	8
Baltimore City	MARC Penn Station Improvements (Canopies, windows)	4.0	95
Baltimore City/Co	Metro Fastener and Bolt Replacement	3.1	74
Baltimore City/Co	Metro Public Address System	6.1	145
Baltimore City/Co	Metro Station Restoration	5.0	119
Baltimore City	Metro Tunnel and Underground Station Repairs	4.5	107
Baltimore City/Co	Metro Bridge and Elevated Structure Rehabilitation	4.8	114
Baltimore City/Co	Metro Rail Truck Overhaul	20.3	483
Annapolis, AA Co., How Co., Mont Co., Prince George's Co.	Local Transit Vehicles/Facilities Urban	5.0	119
Alleg. Co., Ch Co., Fred Co., Harf Co., Wico Co., Wash Co.	Local Transit Vehicles/Facilities Small Urban	5.0	119
All Counties	Local Transit Vehicles/Facilities Rural	6.8	162
TOTAL AMOUNT OF PHASE I TRANSIT PROJECTS		141.8	3372
HIGHWAYS			
Prince George's How Co., Upper Shore	Environmental	0.7	20
Statewide	Safety	50.8	1458
Statewide	Resurfacing	146.2	4196
Prince George's	Bridge Rehabilitation	3.4	98
Baltimore City	Revitalization	21.9	629
Cecil Co.	Congestion Management	0.4	11
TOTAL AMOUNT OF PHASE I HIGHWAY PROJECTS		223.4	6412
TOTAL AMOUNT OF PHASE 1 RECOVERY ACT PROJECTS		365.2	9784

**Governor O'Malley's Announcement on K-12 Education Funding
and the American Recovery and Reinvestment Act of 2009
February 20, 2009**

Today's announcement by Governor O'Malley and legislative leaders will:

- in FY 2009, 2010 and 2011, fully fund all major State K-12 education formulae:
 - Thornton funding;
 - GCEI;
 - Supplemental Grants;
 - Non-Public Placements; and
 - Teacher Retirement payments.

These investments are in addition to \$388 million in federal assistance provided directly to local school systems for IDEA (special education) and Title I;

- avoid lay-offs of 700 valuable State employees, restore funding for community colleges, freeze in-State college tuition for the 4th consecutive year, and fund shortfalls in safety net programs and critical public safety needs; and
- carry out the intent of President Obama and the Congress of the United States to create and preserve jobs, and maintain critical State services.

Questions about the federal action and today's announcement

1 – What is the American Recovery and Reinvestment Act of 2009 (ARRA)?

The ARRA is a \$789.5 billion initiative developed by President Obama and Congress. The ARRA provides tax cuts and funding in a number of areas designed to stimulate the country's economy.

2 – What are the purposes of the ARRA?

Some of the purposes of the ARRA are to:

- "preserve and create jobs and promote economic recovery";
- "assist those most impacted by the recession"; and
- "stabilize State and local government budgets, in order to minimize and avoid reductions in essential services...."

3 – What does the ARRA mean for Maryland?

It is estimated that over the next two years Maryland will receive \$3.8 billion. This total includes:

- \$1.3 billion from an enhanced federal match in the Medicaid program;
- \$721 million for K-12 education; and
- \$160 million to help fund essential State services like public safety and education.

4 - What is the State Fiscal Stabilization Fund?

The State Fiscal Stabilization Fund (SFSF) is a major component of the (ARRA), providing \$53.6 billion to States. Each state must use approximately 82% of the money from the SFSF (in Maryland, \$721 million) to provide funds “through the State’s primary elementary and secondary funding formulae” to:

-- “restore, in each of fiscal years 2009, 2010, and 2011, the level of State support provided through such formulae to the greater of the fiscal year 2008 or fiscal year 2009 level”; and

-- “allow existing State formulae increases to support elementary and secondary education for fiscal years 2010 and 2011 to be implemented and allow funding for phasing in State equity and adequacy adjustments”.

The remainder of SFSF funds (in Maryland, \$160 million) can be used “for public safety and other government services, which may include assistance for elementary and secondary education and public institutions of higher education....”

5 – What did the Governor announce on Wednesday, February 18, 2009?

Governor O’Malley recently announced that Maryland has identified uses for Phase I of federal infrastructure money, allocating \$365 million for highway and transit infrastructure across the State, helping to save and create approximately 10,000 jobs. Consistent with requirements in the ARRA, Governor O’Malley identified transportation projects – including resurfacing, bridge repairs, and intersection improvements – that will be ready within 120 days. The full investment of transportation-related infrastructure, \$610 million, is estimated to save and create approximately 17,500 jobs.

6 – How is Governor O’Malley proposing to use ARRA funds and State general funds to protect Maryland’s record level of K-12 education funding?

Governor O’Malley and the General Assembly have invested record levels of funding in K-12 education, even in these very difficult fiscal times. That investment has helped Maryland public schools achieve recognition by Education Week as the #1 public school system in the country. Even in this economic climate, Maryland must protect and enhance the quality of our public school systems.

Governor O’Malley is announcing a plan that fully restores education funding in every jurisdiction in Maryland to the level anticipated for FY 2010 and 2011 before the national economic downturn by:

- Fully funding the phase-in of the Geographic Cost of Education Index in FY 2009, 2010 and 2011;
- Restoring and fully funding the original Supplemental Grant formula established in the 2007 Special Session;

- Guaranteeing full funding of Thornton-related education aid in FY 2010 and 2011, including the Thornton “inflater” that begins again in FY 2011;
- Fully funding the increase in the State formula for paying the cost of teacher retirement benefits, ensuring that this responsibility will not be passed on to local governments and local school systems in FY 2010 and 2011;
- Restoring funding for non-public placements in FY 2010 and 2011 by maintaining the current State share at 80%, instead of the 50% share proposed in the budget.

7 – How does Governor O’Malley propose using the remaining portion of the SFSF and State general funds to preserve essential State services?

Consistent with the goal of the ARRA to preserve and create jobs and the federal directive to use SFSF to fund essential State services like public safety and education, Governor O’Malley is proposing to:

- Avoid having to lay-off approximately 700 valuable State employees;
- Avoid additional cuts to community colleges in FY 2009, and provide 5% increases in community college funding in FY 2010 and 2011;
- Fund the 4th consecutive year of a freeze on in-State tuition rates at our public universities, consistent with the goal of the ARRA to “mitigate the need to raise tuition and fees for in-State students”;
- Restore \$50 million in funding for critical public safety, health and human services needs.

8 – Are there other sources of K-12 education aid available to local school systems?

The ARRA also provides Title I and IDEA (special education) aid directly to local school systems. In Maryland, this amounts to approximately \$180 million for Title I and \$208 million for IDEA – a total of \$388 million in additional funding for our schools.

This means that local school systems will have their base State education formula funding fully restored – and receive an additional \$388 million over the next two years.

9 – What happens in 2012, when federal funding runs out? Should Maryland be making these investments with these funds?

President Obama and Congress passed the ARRA for very specific reasons. We are experiencing a unique, severe economic downturn. The ARRA is intended to preserve and create employment for 3.5 million Americans, and to stimulate our State and national economy to help pull us out of this downturn. The ARRA is also intended to preserve critical State services at a time when States across the country are experiencing shortfalls. Failure to do so will prolong our recovery, and cause a shortage of State services during a time when more and more Maryland families need assistance.

Since the beginning of the O'Malley-Brown Administration, anticipated spending has been reduced by approximately \$3 billion. This includes \$2.2 billion in cuts before the FY 2010 budget was introduced. In preparing the FY 2010 budget, Governor O'Malley reduced planned spending by over \$1 billion. It is important to note that:

- For the first time in the history of the Spending Affordability process, the ingoing budget showed negative growth – minus 1.57%.
- The FY 2010 budget introduced by the Governor is less than last year's budget.

Maryland continues to be recognized as a well-managed State. Just yesterday (February 19th), the 3 major rating agencies (Moody's, Fitch and Standard & Poor's) **affirmed Maryland's AAA bond rating**, keeping Maryland as one of only 7 States to receive that rating. The rating agencies touted Maryland's fiscal management practices:

- Maryland's AAA rating "reflects its sound financial operations" (Fitch);
- Maryland has "taken prompt and repeated action to preserve operating balance to date" (Fitch);
- Maryland has "strong debt management," its "financial operations are conservative" and the State has taken "broad actions . . . to maintain balance." (Fitch);
- Maryland's AAA/Stable rating reflects "a long history of prudent fiscal management, including making difficult decisions to restore structural budget balance when necessary" and "low debt burden" (Standard & Poor's);
- Standard & Poor's considers "Maryland's management practices 'strong' [which] indicates that practices are strong, well embedded, and likely sustainable."; and
- Maryland "has made continuing efforts to institutionalize sound financial management practices." (Standard & Poor's)

Governor O'Malley and the General Assembly have made the difficult decisions necessary to keep Maryland strong. We will continue to prudently manage the State's resources – this year, next year, in 2012 and beyond.

10 – How do we know that ARRA funds will be well-spent by the State, and by the local school systems?

The ARRA contains several provisions designed to promote transparency and accountability. Governors are required to detail how funds are allocated, and how many jobs are created and preserved through the ARRA. States are required to develop accountability systems for tracking the use of ARRA funds.

Maryland is nationally recognized for our accountability system – the StateStat Program (<http://www.statestat.maryland.gov/>). The program was one of just four from around the country recently recognized by the Pew Center for the States (http://www.pewcenteronthestates.org/uploadedFiles/GPP_Budget_revised_web_NEW.pdf) for being a best practice promoting accountability and effective service delivery, even during these challenging economic times. The Pew Center described Maryland as being

one of the 4 States in the nation “that are leaders in measuring the performance of government programs.” The Pew Center noted that “by using those measurements to drive smart budget cuts and new spending [Maryland, Virginia, Utah and Indiana] are creating the foundation for a better economic and fiscal future.”

Through the StateStat process, Maryland State agencies will be required to regularly report data on their use of ARRA funds and the corresponding jobs created. To ensure transparency, spending and job creation reports will be posted on the StateStat website in the coming weeks. Additionally, an interactive mapping function will allow citizens to see the location of ARRA funded infrastructure projects.

ATTACH

Summary of funds to Maryland from stimulus
County chart
Press material

Revised Education Funding Plan Fully Funds All State Aid Formulas

Counties will Also Receive Almost \$200 million of Direct Federal Aid in FY 10

GOVERNOR'S PLAN

FY 2010 Revised - GCEI,
Supplemental Grant, and Non-
Public Placements Restored

Local Unit	Original FY 10 Budget Proposal		to Full Funding		TOTAL STATE INVESTMENT		Total State and Federal Investment		
	Direct	Total Aid	Direct Aid	Total Aid	%	Total	Additional Direct Federal Aid*	Total State & Federal Aid	Total Funding Improvement
			\$	\$					
Allegany	86,109,361	94,130,831	776,660	776,660	86,886,021	94,907,491	2,587,452	97,494,943	3,364,112
Anne Arundel	273,394,605	336,023,334	9,980,567	9,980,567	283,375,172	346,003,901	12,784,475	358,788,376	22,765,042
Baltimore City	811,390,703	885,170,447	30,015,055	30,015,055	841,405,758	915,185,502	53,899,302	969,084,804	83,914,358
Baltimore	508,142,798	594,141,507	9,544,488	9,544,488	517,687,286	603,685,995	23,093,248	626,779,243	32,637,736
Calvert	85,254,601	100,417,716	1,989,694	1,989,694	87,244,295	102,407,410	2,224,935	104,632,345	4,214,629
Caroline	42,112,806	46,562,801	899,883	899,883	43,012,689	47,462,684	1,208,016	48,670,700	2,107,899
Carroll	139,046,011	162,451,044	3,772,850	3,772,850	142,818,861	166,223,893	3,213,968	169,437,861	6,986,818
Cecil	97,673,962	110,925,090	1,177,192	1,177,192	98,851,154	112,102,281	3,326,287	115,428,569	4,503,479
Charles	149,321,398	170,866,851	2,926,023	2,926,023	152,247,421	173,792,874	4,565,932	178,358,806	7,491,955
Dorchester	29,882,306	33,822,975	736,536	736,536	30,618,841	34,559,510	1,216,307	35,775,817	1,952,843
Frederick	201,466,539	234,483,734	5,267,943	5,267,943	206,734,482	239,751,677	5,505,358	245,257,036	10,773,302
Garrett	24,776,496	28,635,240	636,735	636,735	25,413,231	29,271,974	1,169,499	30,441,474	1,806,234
Harford	207,328,656	238,906,903	2,883,374	2,883,374	210,212,029	241,790,277	6,143,808	247,934,085	9,027,182
Howard	196,215,678	247,773,267	4,718,461	4,718,461	200,934,139	252,491,728	5,066,440	257,558,168	9,784,901
Kent	10,014,894	12,136,474	350,145	350,145	10,365,039	12,486,619	509,929	12,996,549	860,075
Montgomery	449,413,441	599,394,598	26,773,499	26,773,499	476,186,940	626,168,096	23,370,641	649,538,737	50,144,140
Prince George's	871,833,381	985,732,109	41,488,838	41,488,838	913,322,219	1,027,220,947	30,862,329	1,058,083,276	72,351,167
Queen Anne's	30,765,136	36,543,397	521,497	521,497	31,286,633	37,064,894	1,086,466	38,151,360	1,607,963
St. Mary's	92,455,391	105,486,628	2,403,014	2,403,014	94,858,405	107,889,642	2,754,968	110,644,610	5,157,982
Somerset	23,680,500	26,424,327	0	0	23,680,500	26,424,327	1,336,106	27,760,433	1,336,106
Talbot	10,915,359	14,225,144	10,077	10,077	10,925,436	14,235,221	770,126	15,005,347	780,203
Washington	142,431,349	159,012,057	623,435	623,435	143,054,784	159,635,491	4,248,359	163,883,850	4,871,794
Wicomico	116,079,433	128,396,313	82,059	82,059	116,161,491	128,478,371	3,774,649	132,253,020	3,856,708
Worcester	17,390,518	24,509,111	0	0	17,390,518	24,509,111	1,531,168	26,040,279	1,531,168
Unallocated	23,361,295	23,361,295	4,303,575	4,303,575	27,664,870	27,664,870	-	27,664,870	4,303,575
Total	4,640,456,616	5,399,533,189	151,881,597	151,881,598	4,792,338,214	5,551,414,788	196,249,769	5,747,664,557	348,131,367

*Over two years, local education agencies will receive about \$393 million of federal funding through Title I, Special Education, and Education Technology grants. This amount reflects the FY 2010 share.

(14)

Fully Funding Maryland Schools

Numbers in Millions

	FY 09	FY 10	FY 11	Total
Available Education Revenue - Fiscal Stabilization				721
Fully Fund Education Programs with Federal Dollars				
Restore GCEI to 100% Funded in FY 10 & FY 11		88	88	176
Restore and Fully Fund Supplemental Grant		15	15	30
Fully Fund Growth in Teachers Retirement		137	192	329
Fully Fund Thornton Growth in FY 10 and FY 11*	0	56	130	186
	0	296	425	721
Additional State Investments in Education				
Restore Non-public Placements to 80% State Share for FY 10 & FY 11**		48	48	96
Make Counties Whole for FY 2009 GCEI Cut	38			38
	38	48	48	134

*Remaining FY 11 growth of \$9 million will be funded with General Funds per original FY 11 budget plan.

**State share will drop to 50% in FY 2012.

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Using Discretionary Dollars

Numbers in Millions

	FY 10	FY 11	Total
Tuition Freeze for FY 10	17	17	34
Community Colleges 5% Annual Growth	12	23	35
Restore 700 Planned Layoffs	30	32	62
MSP Trooper Class/DPSCS Restorations	15	15	30
Total	74	87	161

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Impact of American Recovery and Reinvestment Act

	FY '09	FY '10	FY '11
Fiscal Outlook			
Closing Fund Balance - Budget as Submitted	424	46	-713
Likely Revenue Writedown/Slots	-300	-300	-200
<u>Change in Fund Balance Available from Prior Year</u>		-300	-46
Closing Balance	124	-554	-959
Legislative Reductions			
		50	50
Restorations			
Medicaid Deficiency	-50	-30	-30
Energy Assistance Deficiency	-21	-21	-21
Community Colleges - 5% Growth		-12	-23
No Layoffs		-30	-32
Local Aid: Health (\$10 M)/Community Colleges (\$8 M)	-18	-18	-18
<u>Adequately Fund DPSCS/DJS/DHMH/MSP/DHR</u>		-50	-52
	-89	-161	-176
American Recovery and Reinvestment Act			
Enhanced Medicaid Match	420	560	300
Fiscal Stabilization - Discretionary		80	80
Education Stimulus Plan	-38	145	362
<u>Less Stimulus Already Assumed in Budget</u>		-350	-350
	382	435	392
Revised Closing Fund Balance	417	63	-630