Resolution No: 16-18
Introduced: December 5, 2006
Adopted: December 12, 2006

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

SUBJECT: Spending Affordability Guidelines for the FY08 Operating Budget

Background

1. Charter section 305 and Chapter 20 of the Montgomery County Code require the Council to set spending affordability guidelines for the operating budget.

2. The guidelines must specify:

   a. A ceiling on property tax revenues, which are used to fund the aggregate operating budget. Property tax revenues include property taxes on existing real property, on construction of new real property, on personal property, on property taxes estimated to be paid in FY08 which were due in prior years, and penalties and interest.

   b. A ceiling on the aggregate operating budget. The aggregate operating budget is the total appropriation from current operating revenues for the next fiscal year, including appropriations for capital projects, but excluding appropriations for: enterprise funds, the Washington Suburban Sanitary Commission, specific grants for which the spending is contingent on the grants, and expenditures equal to the estimated tuition and tuition-related charges at Montgomery College.

   c. The spending allocations for the County Government, the Board of Education, Montgomery College, the Maryland-National Capital Park and Planning Commission, debt service and current revenue funding of capital projects. As noted above, the College's allocation excludes expenditures equal to the estimated tuition and tuition-related charges.

3. The legislation lists a number of economic and financial factors which will be considered in adopting the guidelines, requires a public hearing before the Council adopts guidelines, and requires that the Council adopt guidelines no later than the third Tuesday in December for the fiscal year starting the next July 1.

4. The Council's Management and Fiscal Policy Committee met on November 27, 2006 to recommend guidelines for the public hearing, which the Council held on December 5, 2006. For the public hearing, the Council considered the guidelines shown below, in millions of dollars.

a) The ceiling on property tax revenues, at the staff estimate of the Charter limit, achieved entirely by reducing the property tax rate:

Total	$1,209.6
Less Parking Districts tax	11.7
All other	$1,197.9

b) The ceiling on the aggregate operating budget and the agency allocations:

MCPS	$1,765.1
Montgomery College	126.5
County Government	1,202.3
MNCPPC	91.1
Prefund retiree health costs-GASB 45, first year phase in	31.9
County Debt Service	245.6
MNCPPC Debt Service	4.4
Current Revenue, PAYGO	41.4
Current Revenue, specific projects	52.7
Unallocated Resources	0.0
AGGREGATE OPERATING BUDGET	$3,561.0

5. Although not a guideline, the components of reserve at the end of FY08 for the tax-supported funds are:

Revenue Stabilization Fund	$121.1
Designated reserve	4.0
Undesignated reserve	98.3
Total reserve	$223.4

6. The Council's Management and Fiscal Policy Committee met on December 11, 2006 to recommend guidelines for the Council to approve on December 12.

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Action

The County Council approves the following resolution:

1. The spending affordability guidelines for the FY08 Operating Budget in millions of dollars are:

a) The ceiling on property tax revenues, at the staff estimate of the Charter limit, achieved entirely by reducing the property tax rate:

Total	$1,209.6
Less Parking Districts tax	11.7
All other	$1,197.9

b) The ceiling on the aggregate operating budget and the agency allocations:

MCPS	$1,787.7
Montgomery College	126.5
County Government	1,190.8
MNCPPC	90.3
Prefund retiree health costs-GASB 45, first year phase in	31.9
County Debt Service	245.6
MNCPPC Debt Service	4.4
Current Revenue, PAYGO	41.4
Current Revenue, specific projects	52.7
Unallocated Resources	0.0
AGGREGATE OPERATING BUDGET	$3,571.3

2. Although not a guideline, the components of reserve at the end of FY08 for the tax-supported funds are:

Revenue Stabilization Fund	$121.1
Designated reserve	4.0
Undesignated reserve	99.0
Total reserve	$224.1

This is a correct copy of Council action.

Linda M. Lauer

Linda M. Lauer, Clerk of the Council