

Resolution No.: 17-184
Introduced: June 21, 2011
Adopted: June 28, 2011

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Government Operations and Fiscal Policy Committee

SUBJECT: Approval of the County's Tax Supported Fiscal Plan Summary for the FY12-17 Public Services Program

Background

1. Section 302 of the County Charter states in part: *The County Executive shall submit to the Council, not later than March 15 of each year, comprehensive six-year programs for public services and fiscal policy. The six-year programs shall require a vote of at least five Councilmembers for approval or modification. Final Council approval of the six-year programs shall occur at or about the date of budget approval.*
2. Over the last two decades the Council's Government Operations and Fiscal Policy Committee (known until December 2010 as the Management and Fiscal Policy Committee) has collaborated with the Office of Management and Budget and the Department of Finance to develop and refine County fiscal projections. The result has been continuous improvement in how best to display such factors as economic and demographic assumptions, individual agency funds, major known commitments, illustrative expenditure pressures, gaps between projected revenues and expenditures, and productivity improvements. This work has also increased the County's ability to harmonize the fiscal planning methodologies of the four tax supported agencies. Each version of the fiscal projections, or six-year fiscal plan, is a snapshot in time that reflects the best estimate of future revenues and expenditures as of that moment, as well as a specific set of fiscal policy assumptions.
3. On June 29, 2010 the Council approved a policy regarding reserves and other fiscal matters in Resolution No. 16-1415. Action clause 5 states: *The County should adopt a fiscal plan that is structurally balanced, and that limits expenditures and other uses of resources to annually available revenues. The fiscal plan should also separately display reserves at policy levels, including additions to reserves to reach policy level goals.*
4. On June 29, 2010 the Council approved the Tax Supported Fiscal Plan Summary for the FY11-16 Public Services Program in Resolution No. 16-1416.

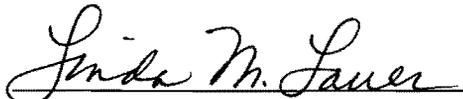
5. The Council introduced the Tax Supported Fiscal Plan Summary for the FY12-17 Public Services Program on June 21, 2011. The Government Operations and Fiscal Policy Committee reviewed the Plan Summary on June 27, 2011.

Action

The County Council for Montgomery County, Maryland approves the Tax Supported Fiscal Plan Summary for the FY12-17 Public Services Program, as outlined on the attached pages. This summary reflects:

- (1) current information on projected revenues and non-agency expenditures for the six-year period, which must be updated as conditions change. To keep abreast of changed conditions the Council regularly reviews reports on economic indicators and revenue estimates prepared by the Finance Department.
- (2) the policy on expanded County reserves established in Resolution No. 16-1415 and the amendments to the Revenue Stabilization Fund law in Bill 36-10, both of which the Council approved on June 29, 2010.
- (3) other specific fiscal assumptions, listed in the summary, that are important goals for inclusion in future budgets.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

Approved FY12-17 Public Services Program

Tax Supported Fiscal Plan Summary

(\$ in Millions)

	App. FY11 5-27-10	Est FY11 5-26-11	% Chg. FY11-12 App/Bud	App. FY12 5-26-11	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17
Total Revenues														
1 Property Tax (less PDs)	1,450.1	1,430.0	0.8%	1,462.2	2.5%	1,498.6	3.4%	1,549.7	3.3%	1,601.5	3.6%	1,659.3	4.1%	1,727.6
2 Income Tax	1,080.7	1,043.7	5.3%	1,117.2	6.4%	1,188.6	5.0%	1,248.0	7.2%	1,337.6	6.7%	1,427.5	5.0%	1,498.7
3 Transfer/Recordation Tax	139.9	134.8	2.6%	143.5	4.5%	150.0	7.9%	161.8	-1.2%	159.8	6.6%	170.3	1.4%	172.7
4 Investment Income	3.6	0.7	-55.9%	1.6	69.4%	2.7	92.0%	5.2	37.3%	7.2	22.1%	8.8	17.8%	10.3
5 Other Taxes	313.2	316.4	3.8%	325.3	-33.4%	216.8	2.9%	223.2	2.6%	229.0	2.3%	234.3	2.8%	240.9
6 Other Revenues	811.6	754.7	3.8%	842.2	0.4%	845.9	0.5%	850.1	0.5%	854.6	0.6%	859.5	0.6%	864.8
7 Total Revenues	3,779.2	3,680.3	3.0%	3,892.1	0.3%	3,902.6	3.5%	4,038.0	3.8%	4,189.6	4.1%	4,359.8	3.6%	4,514.9
8														
9 Net Transfers In (Out)	41.7	48.9	-1.1%	41.3	2.7%	42.4	3.0%	43.7	3.2%	45.1	3.4%	46.6	3.6%	48.3
10 Total Revenues and Transfers Available	3,821.0	3,729.2	2.9%	3,933.4	0.3%	3,945.0	3.5%	4,081.7	3.7%	4,234.7	4.1%	4,406.3	3.6%	4,563.2
11														
Non-Operating Budget Use of Revenues														
13 Debt Service	264.0	263.8	12.2%	296.2	8.4%	321.0	6.9%	343.3	5.7%	362.9	6.0%	384.5	5.2%	404.6
14 PAYGO	-	-	n/a	31.0	4.8%	32.5	0.0%	32.5	0.0%	32.5	0.0%	32.5	0.0%	32.5
15 CIP Current Revenue	23.8	25.5	47.2%	35.0	69.0%	59.2	36.9%	81.0	0.9%	81.7	-21.0%	64.6	0.0%	64.6
16 Montgomery College Reserves	-	15.9	(9.0)	67.2%	(2.9)	102.4%	0.1	9.2%	0.1	9.0%	0.1	8.7%	0.1	
17 MNCPPC Reserves	-	5.3	(1.5)	105.9%	0.1	49.5%	0.1	1.7%	0.1	10.5%	0.2	15.6%	0.2	
18 Contribution to General Fund Undesignated Reserves	107.1	20.8	-32.5%	72.3	-98.3%	1.2	-112.6%	(0.2)	3919.7%	5.8	13.5%	6.6	81.1%	12.0
19 Contribution to Revenue Stabilization Reserves	33.9	19.2	-39.8%	20.4	2.7%	21.0	7.3%	22.5	6.9%	24.1	6.0%	25.5	4.6%	26.7
20 Retiree Health Insurance Pre-Funding	-	-	n/a	49.6	195.4%	146.6	11.3%	163.2	5.1%	171.5	-2.8%	166.8	-2.8%	162.0
21 Set Aside for other uses (supplemental appropriations)	0.3	0.3	-20.0%	0.2	10000.0%	20.2	0.0%	20.2	0.0%	20.2	0.0%	20.2	0.0%	20.2
22 Total Other Uses of Resources	429.1	350.7	15.2%	494.3	21.1%	598.8	10.7%	662.7	5.5%	699.0	0.3%	700.9	3.1%	722.8
23 Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	3,391.8	3,378.5	1.4%	3,439.1	-2.7%	3,346.2	2.2%	3,419.0	3.4%	3,535.7	4.8%	3,705.4	3.6%	3,840.4
24														
Agency Uses														
26 Subtotal Agency Uses	3,391.8	3,378.5	1.4%	3,439.1	-2.7%	3,346.2	2.2%	3,419.0	3.4%	3,535.7	4.8%	3,705.4	3.6%	3,840.4
27 Total Uses	3,821.0	3,729.2	2.9%	3,933.4	0.3%	3,945.0	3.5%	4,081.7	3.7%	4,234.7	4.1%	4,406.3	3.6%	4,563.2
28 (Gap)/Available	0.0	0.0		0.000		0.000		0.000		0.000		0.000		0.000
Notes:														
1. FY13-17 property tax revenues are at the Charter Limit assuming a tax credit. All other tax revenues at current rates except as noted below.														
2. FY13 reduction in Other Taxes reflects scheduled sunset of the May 2010 Energy Tax increase.														
3. PAYGO is programmed at policy level of 10% of planned GO Bond borrowing. See Row 14 above.														
4. FY12 revenues reflect redirection of Recordation Tax Premium (\$8.3 million).														
5. FY13-17 Retiree Health Insurance Pre-Funding is reflected according to updated 8-year phase-in schedule. See Row 20 above.														
6. In FY12, the County Council appropriated a total of \$49.6 million for tax supported agency contributions related to Retiree Health Insurance Pre-Funding. This appropriation is reflected in Row 20 above. The sum of Rows 20 and 26 equal total FY12 tax supported operating budget appropriations.														
7. Projected agency rate of growth is constrained to balance the fiscal plan in FY13-17.														
8. Reserves are funded at policy levels including legally required contributions to the Revenue Stabilization Fund.														
9. Unrestricted General Fund Reserve includes reserves of all County Government tax supported funds.														
	App. FY11	Est. FY11	% Chg. FY11-12	App. FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17
29 Beginning Reserves														
30 Unrestricted General Fund	29.7	42.8	48.6%	63.6	113.6%	135.9	0.9%	137.1	-0.1%	136.9	4.3%	142.8	4.6%	149.4

31	Revenue Stabilization Fund	60.4	74.9	25.7%	94.1	21.7%	114.5	18.3%	135.5	16.6%	158.0	15.2%	182.1	14.0%	207.6
32	Total Reserves	90.1	117.7	34.0%	157.7	58.8%	250.4	8.9%	272.6	8.2%	294.9	10.1%	324.8	9.9%	357.0
33															
34	Additions to Reserves														
35	Unrestricted General Fund	107.1	20.8	247.5%	72.3	-98.3%	1.2	-112.6%	-0.2	3919.7%	5.8	13.5%	6.6	81.1%	12.0
36	Revenue Stabilization Fund	33.9	19.2	6.3%	20.4	2.7%	21.0	7.3%	22.5	6.9%	24.1	6.0%	25.5	4.6%	26.7
37	Total Change in Reserves	141.1	40.0	131.7%	92.7	-76.1%	22.2	0.8%	22.4	33.7%	29.9	7.5%	32.1	20.3%	38.7
38															
39	Ending Reserves														
40	Unrestricted General Fund	136.8	63.6	113.6%	135.9	0.9%	137.1	-0.1%	136.9	4.3%	142.8	4.6%	149.4	8.0%	161.4
41	Revenue Stabilization Fund	94.3	94.1	21.7%	114.5	18.3%	135.5	16.6%	158.0	15.2%	182.1	14.0%	207.6	12.9%	234.3
42		231.2	157.7	58.8%	250.4	8.9%	272.6	8.2%	294.9	10.1%	324.8	9.9%	357.0	10.8%	395.6
43	Reserves as a % of Adjusted Governmental Revenues	6.0%	4.1%		6.2%		6.7%		7.0%		7.4%		7.9%		8.4%
44	Agency Reserves														
45	Montgomery College	0.0	15.9	-56.3%	7.0	-42.3%	4.0	1.8%	4.1	1.9%	4.2	2.0%	4.2	2.1%	4.3
46	M-NCPPC	0.0	5.3	-28.8%	3.7	2.4%	3.8	3.5%	4.0	3.4%	4.1	3.7%	4.2	4.1%	4.4
	MCG + Agency Reserves as a % of Adjusted Govt Revenues		4.7%		6.5%		6.9%		7.2%		7.6%		8.0%		8.6%
47	Retiree Health Insurance Pre-Funding														
48	Montgomery County Public Schools (MCPS)	-	-		20.0		78.3		90.6		101.4		98.0		94.2
49	Montgomery College (MC)	-	-		1.0		2.4		2.7		3.1		2.9		2.7
50	MNCPPC	-	-		2.6		6.3		7.1		7.7		7.2		6.8
51	MCG	-	-		26.1		59.6		62.8		59.4		58.7		58.4
52	Subtotal Retiree Health Insurance Pre-Funding	-	-	-	49.6	-	146.6	-	163.2	-	171.5	-	166.8	-	162.0