

Resolution No.:	17-1137
Introduced:	June 10, 2014
Adopted:	June 17, 2014

**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 FY15-20 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 policies on reserve 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.* On November 29, 2011 the Council clarified and strengthened these policies in Resolution No. 17-312, which retained the fiscal plan language and replaced the earlier resolution.

4. On June 29, 2010, pursuant to these polices, the Council approved the Tax Supported Fiscal Plan Summary for the FY11-16 Public Services Program in Resolution No. 16-1416. On June 28, 2011 the Council approved the Tax Supported Fiscal Plan Summary for the FY12-17 Public Services Program in Resolution No. 17-184. On June 26, 2012 the Council approved the Tax Supported Fiscal Plan Summary for the FY13-18 Public Services Program in Resolution No. 17-479. On June 25, 2013 the Council approved the Tax Supported Fiscal Plan Summary for the FY14-19 Public Services Program in Resolution No. 17-800.
5. On June 10, 2014 the Council introduced a resolution on the Tax Supported Fiscal Plan Summary for the FY15-20 Public Services Program. On June 12, 2014 the Government Operations and Fiscal Policy Committee reviewed the Fiscal Plan Summary.

Action

The County Council for Montgomery County, Maryland approves the Tax Supported Fiscal Plan Summary for the FY15-20 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, revenue estimates, and other fiscal data.
- (2) the policy on expanded County reserves established in Resolution No. 17-312 and the amendments to the Revenue Stabilization Fund law in Bill 36-10, which the Council approved on June 29, 2010.
- (3) other specific fiscal assumptions listed in the summary.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

County Council Approved FY15-20 Public Services Program

Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App FY14	Est FY14	% Chg. FY14-15	App. FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20
Total Revenues	5-23-13		App/App	5-22-14										
1 Property Tax (less PDs)	1,504.9	1,506.9	2.3%	1,538.9	2.5%	1,577.2	2.8%	1,621.1	2.8%	1,666.2	3.2%	1,720.1	3.0%	1,771.5
2 Income Tax	1,299.2	1,365.9	3.2%	1,340.6	9.9%	1,473.5	5.4%	1,553.5	5.4%	1,636.9	4.5%	1,710.6	3.2%	1,765.7
3 Transfer/Recordation Tax	142.3	151.4	12.9%	160.7	5.5%	169.6	6.4%	180.4	7.3%	193.6	7.7%	208.5	5.5%	220.0
4 Investment Income	0.2	0.3	130.7%	0.5	153.4%	1.3	49.4%	2.0	43.6%	2.8	39.5%	4.0	29.9%	5.2
5 Other Taxes	276.6	288.4	0.4%	277.7	1.4%	281.6	1.6%	286.0	1.6%	290.6	1.7%	295.6	1.8%	300.9
6 Other Revenues	932.0	934.3	2.6%	955.8	-1.4%	942.7	0.4%	948.6	0.4%	950.8	0.4%	954.8	0.4%	958.7
7 Total Revenues	4,155.3	4,247.3	2.9%	4,274.3	4.0%	4,445.9	3.2%	4,589.7	3.3%	4,740.9	3.2%	4,893.6	2.6%	5,021.9
8														
9 Net Transfers In (Out)	38.4	37.7	12.8%	43.3	-21.5%	34.0	2.5%	34.8	2.6%	35.8	2.4%	36.6	2.3%	37.5
10 Total Revenues and Transfers Available	4,193.7	4,285.0	3.0%	4,317.6	3.8%	4,479.9	3.2%	4,624.6	3.3%	4,776.6	3.2%	4,930.2	2.6%	5,059.4
11														
12 Non-Operating Budget Use of Revenues														
13 Debt Service	313.3	305.5	9.8%	344.1	7.3%	369.4	5.7%	390.4	1.4%	395.8	3.9%	411.3	3.6%	426.2
14 PAYGO	29.5	29.5	1.5%	30.0	8.3%	32.5	0.8%	32.7	1.5%	33.2	0.0%	33.2	0.0%	33.2
15 CP Current Revenue	54.2	56.2	-9.0%	49.4	49.3%	73.7	-6.9%	68.6	5.1%	72.1	8.3%	78.0	-0.1%	78.0
16 Change in Montgomery College Reserves	-8.3	-4.3	8.6%	-7.6	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
17 Change in MNCPPC Reserves	-4.7	-4.3	2.8%	-4.6	102.6%	0.1	0.3%	0.1	2.0%	0.1	18.6%	0.1	-4.6%	0.1
18 Change in MCPS Reserves	-27.0	-11.0	-41.5%	-38.2	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
19 Change in MCG Special Fund Reserves	-6.6	-18.0	123.9%	1.6	-100.1%	0.0	2014.9%	0.0	-36.4%	0.0	5.1%	0.0	-0.7%	0.0
20 Contribution to General Fund Undesignated Reserves	-60.2	2.6	-53.1%	-92.2	99.4%	-0.5	2014.9%	10.1	-36.4%	6.4	5.1%	6.7	-0.7%	6.7
21 Contribution to Revenue Stabilization Reserves	21.8	22.3	3.8%	22.6	3.7%	23.5	2.7%	24.1	3.1%	24.8	3.1%	25.6	2.6%	26.3
22 Retiree Health Insurance Pre-Funding	138.0	138.0	-7.4%	127.8	-3.5%	123.4	-0.4%	122.9	0.0%	123.0	-4.3%	117.6	-4.4%	112.5
23 Set Aside for other uses (supplemental appropriations)	0.1	-3.5	76.4%	0.1	15900.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
24 Total Other Uses of Resources	450.2	513.0	-3.8%	433.1	48.2%	642.0	4.2%	669.0	1.0%	675.5	2.6%	692.8	1.5%	703.0
25 Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	3,743.4	3,772.1	3.8%	3,884.5	-1.2%	3,837.9	3.1%	3,955.6	3.7%	4,101.2	3.3%	4,237.5	2.8%	4,356.4
26														
27 Agency Uses														
28														
29 Montgomery County Public Schools (MCPS)	2,084.3	2,069.8	2.6%	2,138.1										
30 Montgomery College (MC)	228.5	221.0	7.0%	244.5										
31 MNCPPC (w/o Debt Service)	104.7	104.7	6.9%	111.9										
32 MCG	1,325.9	1,376.6	4.8%	1,390.0										
33 Agency Uses	3,743.4	3,772.1	3.8%	3,884.5	-1.2%	3,837.9	3.1%	3,955.6	3.7%	4,101.2	3.3%	4,237.5	2.8%	4,356.4
34 Total Uses	4,193.7	4,285.0	3.0%	4,317.6	3.8%	4,479.9	3.2%	4,624.6	3.3%	4,776.6	3.2%	4,930.2	2.6%	5,059.4
35 (Gap)/Available	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0

Assumptions:

1. Property taxes are at the Charter Limit with a \$692 credit. The Charter Limit is assumed in FY16-20.
2. May 2010 fuel/energy tax revenue increase is reduced by 27 percent in FY15-20.
3. Reserve contributions are at the policy level.
4. PAYGO, debt service, and current revenue reflect the Approved FY15-20 Capital Improvements Program.
5. Retiree health insurance Annual Required Contribution for pre-funding is fully funded in FY15-20. The reduction in funding between FY14 and FY15 reflects savings achieved through the planned implementation of the Employer Group Waiver Program (EGWP) for all four operating agencies effective January 1, 2015.
6. State Aid, including MCPS and Montgomery College, is not projected to increase in FY16-20.

County Council Approved FY15-20 Public Services Program

Tax Supported Fiscal Plan Summary

(\$ in Millions)															
	App. FY14	Est FY14	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	
36	Beginning Reserves														
37	Unrestricted General Fund	204.1	238.9	18.3%	241.5	-38.2%	149.3	-0.4%	148.8	6.8%	158.9	4.0%	165.3	4.1%	172.0
38	Revenue Stabilization Fund	189.0	184.9	9.6%	207.2	10.9%	229.8	10.2%	253.3	9.5%	277.4	9.0%	302.2	8.5%	327.9
39	Total Reserves	393.1	423.8	14.1%	448.7	-15.5%	379.1	6.1%	402.1	8.5%	436.3	7.2%	467.5	6.9%	499.9
40															
41	Additions to Reserves														
42	Unrestricted General Fund	-60.2	2.6	-53.1%	-92.2	99.4%	-0.5	2014.9%	10.1	-36.4%	6.4	5.1%	6.7	-0.7%	6.7
43	Revenue Stabilization Fund	21.8	22.3	3.8%	22.6	3.7%	23.5	2.7%	24.1	3.1%	24.8	3.1%	25.6	2.6%	26.3
44	Total Change in Reserves	-38.4	24.9	-81.1%	-69.6	133.0%	22.9	49.0%	34.2	-8.6%	31.3	3.5%	32.4	1.9%	33.0
45															
46	Ending Reserves														
47	Unrestricted General Fund	143.9	241.5	3.8%	149.3	-0.4%	148.8	6.8%	158.9	4.0%	165.3	4.1%	172.0	3.9%	178.7
48	Revenue Stabilization Fund	210.8	207.2	9.0%	229.8	10.2%	253.3	9.5%	277.4	9.0%	302.2	8.5%	327.9	8.0%	354.1
49	Total Reserves	354.7	448.7	6.9%	379.1	6.1%	402.1	8.5%	436.3	7.2%	467.5	6.9%	499.9	6.6%	532.9
50	Reserves as a % of Adjusted Governmental Revenues	8.1%	10.1%		8.4%		8.6%		9.1%		9.4%		9.8%		10.2%
51	Other Reserves														
52	Montgomery College	4.8	12.2	-3.6%	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6
53	M-NCPPC	4.3	8.7	-3.9%	4.1	2.9%	4.2	2.8%	4.3	2.8%	4.5	3.2%	4.6	2.9%	4.7
54	MCPS	14.7	38.2	-99.5%	0.1	0.0%	0.1	0.0%	0.1	0.0%	0.1	0.0%	0.1	0.0%	0.1
55	MCG Special Funds	1.9	(1.0)	-68.0%	0.6	-0.4%	0.6	6.8%	0.7	4.0%	0.7	4.1%	0.7	3.9%	0.7
56	MCG + Agency Reserves as a % of Adjusted Govt Revenues	8.7%	11.4%		8.6%		8.8%		9.3%		9.6%		10.0%		10.3%
57	Retiree Health Insurance Pre-Funding														
58	Montgomery County Public Schools (MCPS)	83.7	83.7		85.5		82.8		85.1		87.2		84.6		81.9
59	Montgomery College (MC)	2.4	2.4		2.0		2.0		2.0		2.0		1.9		1.9
60	MNCPPC	3.0	3.0		1.8		1.5		1.0		0.7		0.3		0.0
61	MCG	48.9	48.9		38.6		37.0		34.9		33.1		30.8		28.6
62	Subtotal Retiree Health Insurance Pre-Funding	138.0	138.0		127.8		123.4		122.9		123.0		117.6		112.5
63	Adjusted Governmental Revenues														
64	Total Tax Supported Revenues	4,155.3	4,247.3	2.9%	4,274.3	4.0%	4,445.9	3.2%	4,589.7	3.3%	4,740.9	3.2%	4,893.6	2.6%	5,021.9
65	Capital Projects Fund	99.3	99.3	24.3%	123.4	1.9%	125.7	-19.8%	100.8	-5.8%	94.9	-4.4%	90.8	3.9%	94.3
66	Grants	108.2	108.2	7.8%	116.6	2.2%	119.2	2.5%	122.2	2.6%	125.4	2.4%	128.5	2.3%	131.4
67	Total Adjusted Governmental Revenues	4,362.7	4,454.7	3.5%	4,514.3	3.9%	4,690.8	2.6%	4,812.8	3.1%	4,961.2	3.1%	5,112.8	2.6%	5,247.6