

Resolution No.:	<u>18-863</u>
Introduced:	<u>June 20, 2017</u>
Adopted:	<u>June 27, 2017</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Government Operations and Fiscal Policy Committee

SUBJECT: Approval of the County's Tax Supported Fiscal Plan Summary for the FY18-23
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. Starting in 1992, 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 strengthened these policies in Resolution No. 17-312, which retained the fiscal plan language and replaced the earlier resolution.

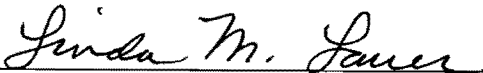
4. Pursuant to these policies, on June 29, 2010 the Council approved the Tax Supported Fiscal Plan Summary for the FY11-16 Public Services Program in Resolution No. 16-1416. On June 28, 2011 the Council approved the Tax Supported Fiscal Plan Summary for the FY12-17 Public Services Program in Resolution 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. On June 17, 2014 the Council approved the Tax Supported Fiscal Plan Summary for the FY15-20 Public Services Program in Resolution No. 17-1137. On June 30, 2015 the Council approved the Tax Supported Fiscal Plan Summary for the FY16-21 Public Services Program in Resolution No. 18-205. On June 28, 2016 the Council approved the Tax Supported Fiscal Plan Summary for the FY17-22 Public Services Program in Resolution No. 18-544.
5. On June 20, 2017 the Council introduced a resolution on the Tax Supported Fiscal Plan Summary for the FY18-23 Public Services Program. On June 22, 2017 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 FY18-23 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 FY18-23 Public Services Program
Tax Supported Fiscal Plan Summary

(\$ in Millions)															
	App. FY17	Est. FY17	% Chg. FY17-18	App. FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23	
	5-26-16		App/App	5-25-17											
	Total Revenues														
1	Property Tax	1,738.7	1,737.6	1.8%	1,770.2	3.1%	1,825.0	3.3%	1,884.4	2.8%	1,936.6	3.0%	1,995.5	3.1%	2,058.0
2	Income Tax	1,487.6	1,486.4	4.7%	1,557.9	4.2%	1,623.3	3.7%	1,683.0	4.0%	1,749.9	4.7%	1,832.6	4.5%	1,914.6
3	Transfer/Recordation Tax	165.8	179.8	2.8%	170.4	2.5%	174.6	2.5%	178.9	2.4%	183.3	3.7%	190.1	4.5%	198.7
4	Other Taxes	278.3	277.9	1.5%	282.5	1.4%	286.4	1.4%	290.5	1.4%	294.6	1.3%	298.5	1.2%	302.2
5	Other Revenues	1,027.7	1,035.3	2.4%	1,052.5	0.1%	1,053.9	-0.3%	1,050.9	0.1%	1,052.2	0.5%	1,057.2	0.4%	1,061.6
6	Total Revenues	4,898.1	4,717.0	2.9%	4,833.6	2.7%	4,963.3	2.6%	5,087.7	2.6%	5,218.5	3.0%	5,373.9	3.0%	5,536.1
7															
8	Net Transfers In (Out)	14.0	12.5	145.0%	34.3	-48.8%	17.6	2.4%	18.0	2.6%	18.4	2.6%	18.9	2.6%	19.4
9	Total Revenues and Transfers Available	4,712.1	4,729.5	3.3%	4,867.8	2.3%	4,980.9	2.5%	5,105.7	2.5%	5,234.9	3.0%	5,392.8	3.0%	5,554.4
10															
11	Non-Operating Budget Use of Revenues														
12	Debt Service	388.2	380.2	3.0%	399.9	5.2%	420.8	4.3%	439.0	4.5%	458.6	2.9%	472.1	3.1%	486.7
13	PAYGO	34.0	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0
14	CIP Current Revenue	45.8	59.1	44.6%	66.2	47.7%	97.7	-23.0%	75.3	12.7%	84.8	-7.6%	78.3	0.0%	78.3
15	Change in Other Reserves	-53.3	-33.8	20.9%	-42.2	101.0%	0.4	-50.3%	0.2	-11.0%	0.2	9.8%	0.2	8.0%	0.2
16	Contribution to General Fund Undesignated Reserves	16.2	29.8	-60.4%	6.4	236.1%	21.5	-69.7%	6.5	-13.4%	5.7	1.9%	5.8	19.9%	6.9
17	Contribution to Revenue Stabilization Reserves	25.6	26.0	8.2%	27.7	5.5%	29.2	-26.4%	21.5	-56.7%	9.3	6.5%	9.9	4.0%	10.3
18	Set Aside for other uses (supplemental appropriations)	0.1	0.0	-100.0%	0.0	n/a	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
19	Total Other Uses of Resources	456.5	495.2	7.8%	492.0	26.8%	623.7	-4.4%	596.5	2.7%	612.5	1.3%	620.3	2.6%	636.5
20	Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	4,256.6	4,234.3	2.8%	4,375.8	-0.4%	4,357.2	3.5%	4,509.2	2.6%	4,622.4	3.2%	4,772.5	3.0%	4,918.0
21															
22	Agency Uses														
23															
24	Montgomery County Public Schools (MCPS)	2,311.6	2,292.1	2.5%	2,368.7										
25	Montgomery College (MC)	261.6	255.2	0.5%	262.8										
26	MNCPPC (w/o Debt Service)	120.6	120.6	4.4%	125.9										
27	MCG	1,561.9	1,566.4	3.6%	1,618.5										
28	Agency Uses	4,256.6	4,234.3	2.8%	4,375.8	-0.4%	4,357.2	3.5%	4,509.2	2.6%	4,622.4	3.2%	4,772.5	3.0%	4,918.0
29	Total Uses	4,712.1	4,729.5	3.3%	4,867.8	2.3%	4,980.9	2.6%	5,105.7	2.6%	5,234.9	3.0%	5,392.8	3.0%	5,554.4
30	(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 \$892 credit. The FY18 weighted property tax rate is 2.51 cents lower than FY17. Other taxes are at current rates.
2. Reserve contributions are consistent with legal requirements and the minimum policy target.
3. PAYGO, debt service, and current revenue reflect the Amended FY17-22 Capital Improvements Program.
4. State Aid, including MCPS and Montgomery College, is not projected to increase from FY18-23.

County Council Approved FY18-23 Public Services Program
Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App. FY17	Est. FY17	% Chg. FY17-18	App. FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23
Beginning Reserves														
Unrestricted General Fund	119.3	113.0	19.7%	142.8	4.5%	149.2	14.4%	170.7	3.8%	177.3	3.2%	182.9	3.1%	188.7
Revenue Stabilization Fund	254.7	254.4	10.1%	280.4	9.9%	308.1	9.5%	337.3	6.4%	358.8	2.6%	368.1	2.7%	378.0
Total Reserves	374.1	367.4	13.1%	423.2	8.1%	457.3	11.1%	508.0	5.5%	536.0	2.8%	551.0	2.8%	566.7
Additions to Reserves														
Unrestricted General Fund	16.2	29.8	-60.4%	6.4	236.1%	21.5	-69.7%	6.5	-13.4%	5.7	1.9%	5.8	19.9%	6.9
Revenue Stabilization Fund	25.6	26.0	8.2%	27.7	5.5%	29.2	-26.4%	21.5	-56.7%	9.3	6.5%	9.9	4.0%	10.3
Total Change in Reserves	41.8	55.8	-18.4%	34.1	48.8%	50.7	-44.8%	28.0	-46.7%	14.9	4.7%	15.7	9.9%	17.2
Ending Reserves														
Unrestricted General Fund	135.5	142.8	10.1%	149.2	14.4%	170.7	3.8%	177.3	3.2%	182.9	3.1%	188.7	3.7%	195.6
Revenue Stabilization Fund	280.3	280.4	9.9%	308.1	9.5%	337.3	6.4%	358.8	2.6%	368.1	2.7%	378.0	2.7%	388.3
Total Reserves	415.8	423.2	10.0%	457.3	11.1%	508.0	5.5%	536.0	2.8%	551.0	2.8%	566.7	3.0%	583.9
Reserves as a % of Adjusted Governmental Revenues	8.4%	8.5%		8.9%		9.7%		10.0%		10.0%		10.0%		10.0%
Other Reserves														
Montgomery College	4.5	7.3	3.5%	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6
M-NCPPC	5.1	8.1	-2.2%	5.0	6.0%	5.3	3.2%	5.5	2.8%	5.6	3.0%	5.8	3.1%	6.0
MCPS	0.0	22.8	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
MCG Special Funds	2.0	14.4	-61.9%	0.7	14.4%	0.9	3.8%	0.9	3.2%	0.9	3.1%	0.9	3.7%	1.0
MCG + Agency Reserves as a % of Adjusted Govt Revenues	8.8%	9.6%		9.1%		8.9%		10.2%		10.2%		10.2%		10.2%
Retiree Health Insurance Pre-Funding														
Montgomery County Public Schools (MCPS)	63.1	63.1		74.2		78.4		86.7		96.8		103.7		105.0
Montgomery College (MC)	1.6	1.6		2.6		2.8		3.0		3.1		3.3		3.3
MNCPPC	1.8	1.8		2.1		1.8		1.7		1.5		1.4		1.4
MCG	43.5	43.5		43.4		43.6		47.0		50.2		53.4		51.9
Subtotal Retiree Health Insurance Pre-Funding	109.9	109.9		122.2		127.6		140.4		151.6		161.9		161.7
Adjusted Governmental Revenues														
Total Tax Supported Revenues	4,696.1	4,717.0	2.9%	4,833.5	2.7%	4,983.3	2.5%	5,087.7	2.5%	5,216.5	3.0%	5,373.9	3.0%	5,535.1
Capital Projects Fund	130.7	130.7	34.6%	176.0	0.5%	176.8	-16.3%	148.1	4.1%	154.1	4.2%	160.6	0.0%	160.6
Grants	115.8	115.8	1.4%	117.4	2.3%	120.1	2.4%	122.9	2.6%	126.0	2.5%	129.1	2.5%	132.3
Total Adjusted Governmental Revenues	4,944.7	4,963.6	3.7%	5,128.9	2.6%	5,280.4	1.9%	5,358.7	2.6%	5,496.5	3.0%	5,663.6	2.9%	5,828.0