



**OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850**

Isiah Leggett
County Executive

MEMORANDUM

March 14, 2017

TO: Roger Berliner, President, Montgomery County Council

FROM: Isiah Leggett, County Executive *Isiah Leggett*

SUBJECT: FY18 Recommended Operating Budget and Public Services Program FY18-23

In accordance with the County Charter, I am pleased to transmit to the County Council my FY18 Recommended Operating Budget and FY18-23 Public Services Program.

This budget reflects the concerns and policy issues that I heard County residents express during the many Town Hall Meetings, Budget Forums, On-Line Chats, letters, phone calls, and other community meetings I held over the past year to better understand the hopes, expectations, and needs of the people of our County.

I believe this recommended budget provides for sound fiscal stewardship and is responsive to our broad and diverse population. However, due to the continued constraints in revenues, it cannot provide everything that was requested either by the many residents who provided input, or by the advocacy groups that have helped to move the County forward in so many areas.

Overall this budget responds to our most important shared priorities. It maintains our focus on these priorities as we weather the continued effects of a significant economic downturn, uncertain revenues, and unpredictability at the State and federal level. We have collectively made many difficult decisions over the last several years. Difficult decisions are again required this year in order to keep us on this sustainable path that will benefit our current and future residents. Throughout my tenure, I have focused on the following priorities:

- A Responsive and Accountable County Government;
- Affordable Housing in an Inclusive Community;
- An Effective and Efficient Transportation Network;
- Children Prepared to Live and Learn;
- Healthy and Sustainable Communities;
- Safe Streets and Secure Neighborhoods;

- A Strong and Vibrant Economy; and
- Vital Living for All of Our Residents.

I am recommending a total FY18 Operating Budget of \$5,442,383,986 for Montgomery County Public Schools (MCPS), Montgomery College, County Government, and the Maryland-National Capital Park and Planning Commission (M-NCPPC). Of that total, the recommended tax-supported expenditures are \$4,770,187,112 representing an increase of 2.7 percent from the approved FY17 budget. An additional \$672,196,874 in non-tax supported expenditures is also recommended.

The recommended tax-supported budget for each County Agency is as follows:

Agency	Recommended Budget
Montgomery County Public Schools	\$2,366,621,718
Montgomery College	\$260,556,093
Montgomery County Government (including debt service)	\$2,013,140,272
Maryland-National Capital Park and Planning Commission	\$129,869,029

I recommend you approve the FY18 operating budget for the Washington Suburban Sanitary Commission (WSSC) as proposed - including a 3.5 percent increase to the water and sewer rates paid by the Commission's ratepayers.

The recommended County budget reflects a property tax rate of \$1.00 per \$100 of assessed value, which keeps the property tax rate within the County's Charter Limit. This rate is 2.51 cents below the current rate. This property tax rate follows the significant increase approved by the Council last year and reflects my belief that the needs of a growing population must be balanced against the burden on the County taxpayers.

Last year the Council increased the overall property tax by 3.94 cents or 4.0 percent. This increase exceeded my recommended property tax increase by \$33.7 million and funded additional spending beyond my recommended level. My view is that such a significant tax increase in one year means we should not ask the taxpayers to again pay at a greater rate to fund the FY18 and FY19 budgets.

The budget pressures and revenue issues are likely to continue for the foreseeable future. As I previously cautioned, we must limit any new programs or program expansions to those that best serve our residents and businesses. I am recommending some critically-needed enhancements to education, public safety, and safety net services, including the preservation and creation of the affordable housing. At the same time, I asked County departments to provide cost savings wherever possible. My recommendations assume \$9.0 million in savings to County Government programs, most of which reflect greater efficiencies or recognize lower actual demand on the service. Additionally, the Board of Education has identified over \$20 million in savings to MCPS programs and the College's request reflects \$5.8 million in greater efficiencies or savings. These reductions helped close a \$138 million gap between projected revenues and expenditures that was necessary to sustain critical services in all County agencies.

The uncertainties we are facing at the federal and State levels are a necessary backdrop to your consideration of the FY18 Operating Budget. We must recognize that there could be significant changes at the federal level that could reduce federal spending in the County and federal employment - both of which would negatively impact County revenues.

Until changes are made, it is impossible to know what the actual impact will be, but this uncertainty provides greater justification for staying within the general parameters of my recommended operating budget and recognizing the need for restraint in additional ongoing programs and expenditures. This is also a reason to maintain our effort to reach a reserve level of ten percent of our revenues. Not only is it important for the rating agencies to see that we are meeting our commitment, but it is necessary for planning in an uncertain fiscal environment.

Until last year, MCPS had been funded at or below the level defined as Maintenance of Effort (MOE) since FY09. This meant that, on a per-pupil basis, funding had not increased. In recognition of the longstanding need within MCPS to

address its growing and increasingly diverse population last year, I recommended, and the Council approved, an increase of \$89.3 million above MOE last year. This additional funding has allowed the Board to begin to address the many needs of its 159,000 students. This year, to build on this momentum, I recommend an additional \$25 million in resources above the MOE level of funding, for a total increase of 2.3 percent. Of this \$25 million, \$19 million represents an increase in the local contribution and \$6 million represents the use of additional fund balances or end-of-year transfer.

As the County's general population grows and evolves, there are additional challenges that must also be addressed. Our senior population is increasing. This places additional demands on many County services - home health care services, senior transportation, and the means to allow those who choose to age in place, to do so.

Demand for other services, including police, fire and rescue, libraries, and recreation is also growing. As the long-term impact of the Great Recession has worn on, revenues have not supported the level of services related to this growth. In this budget, I continue to address some of the unmet need. Among other improvements, I am recommending boosting critical public safety resources, expanding library hours, increasing resources to the Department of Recreation for youth and seniors, increasing services for our immigrant community, and meeting many of the County's growing technology needs.

While pressures on our resources are growing, we continue to experience volatility in several of our largest revenue sources due to a number of factors. The outcome of the Wynne case has resulted in a loss of revenue estimated to be \$30 million annually, with retroactive payments of an additional \$27 million annually starting in the second half of FY19 through the first half of FY24. Property tax growth, which is limited by the County Charter to inflation, is significantly constrained because of low inflation. Property taxes, which account for more than one-third of tax-supported revenues, are projected to grow only 1.6 percent. Together, income taxes and property taxes account for more than two-thirds of the County's tax-supported revenues, and they are significantly constrained.

Overview

This budget continues my commitment to prudent fiscal policies that we mutually agreed are critical to sound fiscal management. I increased our reserve levels to cushion the taxpayer against any future unanticipated economic setbacks. I also included in the recommended budget the required level of funding for retiree health benefits, continuing our commitment to plan for future liabilities. The funding level for retiree health benefits that I recommend is the minimum funding level that we must contribute to maintain our mutual commitment to the bond rating agencies.

At the same time, as detailed in the following pages, I focused the increased revenue on our shared priorities - priorities that address the important needs of our growing community. I increased funding for public education at all levels beyond what is required by State Maintenance of Effort laws, increased the size of our police force, expanded our Positive Youth Development programs, increased funding for programs critical to our growing senior population, boosted funding for our library system, and continued to address the needs of our most vulnerable residents. I am also providing the necessary funding for continued and strategic economic growth through both the newly formed Montgomery County Economic Development Corporation and the WorkSource Montgomery organization. Additionally, I funded ongoing commitments in the Economic Development Fund and bolstered the MOVE program to include expansion opportunities.

Recognizing that government works best in partnership with the community, I have increased funding for the many worthy community organizations that provide services to our residents in ways government cannot. These organizations leverage private resources and are often able to provide critical services in a more culturally appropriate and effective manner. I also continued funding for the Council community grants that you and your colleagues supported in the past.

Economic Context and Fiscal Consequences

Responsible fiscal practices are not only essential but are the foundation for ensuring that government can serve our over one million residents, our businesses, and our employees, both in the short term and in the long run. I also established cost containment strategies and productivity improvements that dramatically slowed the rate of growth in the operating budget and saved County taxpayers hundreds of millions of dollars. In partnership with the Council, I reestablished responsible reserve and other fiscal policies that will help carry this County into the future with improved, sustainable fiscal health.

A Sustainable Budget that Meets our Residents' Needs

My FY18 Recommended Operating Budget:

- Funds Montgomery County Public Schools above the required Maintenance of Effort level and provides a 2.3 percent increase in funding from FY17;
- Funds Montgomery College above the required Maintenance of Effort level for the sixth year in a row, bringing the combined increase in County Government support to the College since 2013 to nearly 44 percent, and a 71 percent increase in per-student funding;
- Provides a 3 percent increase in tax supported funding for the Maryland-National Capital Park and Planning Commission;
- Continues my emphasis on public safety by adding new officers in Montgomery Village and other fast-growing areas of the County. I also continue our important School Resource Officer program. I added officers to create a Community Engagement Division, which can perform the critically important outreach to prevent criminal activity;
- Continues expansion of the enhanced Advanced Life Support (ALS) service in our Fire and Rescue Service, providing a more responsive and efficient means of responding to the growing number of EMS calls;
- Boosts services in two of my major initiatives serving potentially at-risk populations - Positive Youth Development and Vital Living for Seniors - and continues to fund programs that protect the most vulnerable among us;
- Increases funding for the preservation and creation of affordable housing, bringing the total spending for new or preserved affordable housing during my administration to over \$900 million, and projected to reach \$1 billion by FY19;
- Increases public service hours at three library branches and brings total increase in library funding to 60 percent since FY12;
- Provides resources to continue County efforts supporting the Great Seneca Science Corridor, the White Oak Science Gateway, and the White Flint Plan, as well as the transition to transit-oriented development around the Shady Grove Metro. These efforts will help create at least 100,000 new, quality jobs in Montgomery County and thousands of additional housing units;
- Provides funding for transit solutions to congestion in several corridors, spurring further job growth;
- Provides capital and operating funding for ultraMontgomery, a high-speed fiber network that will connect people with opportunities and drive economic growth by linking our business, academic and federal institutions and transit-oriented smart-growth communities;
- Funds the Collective Bargaining Agreements that I reached with each of the three bargaining units within County Government, as well as Montgomery County Volunteer Fire-Rescue Association;
- Fully funds County reserves at the policy level of \$457.1 million - 8.9 percent of total revenues, continuing our shared commitment to keep Montgomery County's finances sustainable;
- Funds PAYGO in the Capital Improvements Program (CIP) at \$34 million, 10 percent of the amount of General Obligation Bonds to be issued in FY18;
- Funds \$127.9 million to meet retiree health benefit obligations - continuing to meet the obligations outlined when I took office in 2006;
- Retains the energy tax at the level approved by the Council for FY17, preserving an important, stable and broad-based revenue source that includes federal institutions based in the County that otherwise pay no taxes in exchange for County services.

This recommended budget continues the prudent course we mutually set. Given the continued budget uncertainty at the State and federal levels, and the potential impact any reductions can have on the local economy, we must remain cautious in our spending. We cannot return to the unsustainable spending of those years prior to my election as County Executive. This budget keeps faith with the people who pay the bills - our County taxpayers - by matching our critical needs with available revenues.

Education

Throughout my years as County Executive, funding our educational system has remained a top priority. As a teacher, a grandfather with children in our public schools, and as someone who would not be where I am today without the power of education, I know that nothing is more important for our community than investing in quality schools.

My FY18 Recommended Operating Budget includes a record-high of \$2.515 billion (including all revenue sources) for Montgomery County Public Schools, an increase of \$57.1 million - or 2.3 percent. Within this total, I am recommending \$25 million in additional resources above Maintenance of Effort (MOE). Of this \$25 million, \$19 million represents an increase in a local contribution; \$6 million represents the use of additional fund balance or end-of-year transfer. In total, my recommended budget for MCPS funds 99.7 percent of the Board of Education's request and includes a 2.8 percent increase in the local contribution.

My recommended budget represents a continuation of the recognition that in order to maintain a world class school system that underpins our economy and touches, or has touched most families in Montgomery County, we must invest in its efforts to address the achievement gap and help to assimilate the many new Americans who make Montgomery County their home. I leave it to the Board of Education to determine the allocation of funds to their various priorities.

I am also increasing County support above the State-required MOE to Montgomery College - an educational institution serving thousands of County residents searching for a quality and affordable higher education. For Montgomery College, my FY18 Recommended Operating Budget totals \$309.3 million. I recommend an additional \$3 million above Maintenance of Effort in resources for Montgomery College. Of this increase, \$2 million represents an increase in local contribution above MOE, and \$1 million represents an increase in use of fund balance and greater State aid. The total County contribution is \$136.1 million.

With my recommended funding level, the County contribution to Montgomery College would increase by 44 percent in total and 71 percent on a per student full-time enrollment basis since 2013. I am assuming an additional use of \$709,000 in fund balance and reserve use and additional unanticipated State aid of \$275,000. I also am leaving it to the Board of Trustees to determine their priorities within my recommended allocation. I am comfortable that given the significant increases in County funding over the last several years, coupled with the College's prudent budget practices, the full needs of students will be met within this budget figure.

I am recommending enhancements to our education efforts in many other facets of the County Government's budget as well. Programs in Health and Human Services, Police, Recreation, and Community Grants are aimed at improving the health and well-being of our students so that they are safe, healthy, and ready to learn.

Public Safety

Continuing to ensure the public safety of those who live, work, and play in Montgomery County is essential to maintaining the County's quality of life. Since 2007, I have added 128 police officers to the Montgomery County Police Department (MCPD) - both on the street and in our schools. These officers helped to keep our crime rate at historic lows. Within Montgomery County, serious crime is down 7.1 percent over the last five years and 18.9 percent in the last 10 years. Property crime is down 8.1 percent over the last five years and 34.9 percent in the last 10 years. Overall, total criminal incidents within the County are down 8 percent over the last five years and 33.6 percent in the last ten years.

All the men and women who work for MCPD deserve our appreciation and respect. They work harder, smarter and more creatively to protect the lives and property of the residents of Montgomery County - and these numbers are proof of their dedication and success. I am continuing the focus on public safety by adding additional police officers in the Montgomery Village area, as well as other rapidly growing areas of the County to address the demands of our increasing population.

I continue funding of the County's police body camera program, including additional resources in the State's Attorney Office and the Police Department to ensure the footage from the cameras is appropriately managed. Additionally, the Sheriff's Office will be piloting a body camera program to determine where this technology can and should be used. An inter-departmental group is convening to coordinate and ensure that all aspects of the body camera program are run as efficiently and effectively as possible.

Under my administration, the Montgomery County Fire and Rescue Service (MCFRS) remains a highly effective and rapidly deployable element of our public safety net. As an internationally accredited public safety agency, the MCFRS consistently leverages a combination of workforce and evolving technologies while employing unique approaches to enhance service. These efforts have produced unprecedented improvements in protecting the lives and property of our residents. MCFRS' primary mission has always been preventing the 911 call. In calendar year 2016, MCFRS responded to over 120,000 emergency incidents. I am recommending expanded funding for critical initiatives targeting community members most at-risk for becoming victims of fire incidents or needing Emergency Medical Services (EMS).

My recommended budget also provides additional weekday staffing at Olney Fire Station 40 and assumes the continued civilianization of the 911 Call Center, a multi-million dollar cost savings once fully implemented.

Over the past nine years, my administration has opened six new fire and rescue stations to address the response needs of our growing population. This trend continues with the recent openings of the Glenmont Fire Station and the new and modern Public Safety Training Academy. FRS personnel will be equipped with state-of-the-art technologies to enhance responsiveness, improve efficiencies, and bolster fire fighter/rescuer safety including Computer- Aided Dispatch, Public Safety System Modernization Station Alerting, and new Self-Contained Breathing Apparatus.

Libraries

Due to the recession, the Department of Public Libraries saw some of the deepest reductions in County government, 26 percent between FY07 and FY12. Over the past five budgets, I rebuilt the most essential library services - hours, materials, and staffing. In the past three years, we reopened renovated libraries in Gaithersburg and Olney as well as a new and expanded Silver Spring Library.

My recommended budget continues to restore funds and services to the Department of Public Libraries. I included over \$42.7 million for Libraries which brings them to six percent above their pre-recession funding. This recommended budget represents a 50 percent increase in Library funding since FY12. The additional funding will increase public service hours at three branches. Libraries are one of the great equalizers in our modern society. They provide equal access to new technologies, information and resources that some might otherwise have to forego. That is why I continue rebuilding our capacity in this area.

"Refresh" projects provide library buildings with significant and timely updates without having to close for the lengthy time it takes for a full renovation. The Library Refurbishment Level of Effort Capital Improvement Project funds programmatic, cosmetic, and service impacting updates to two to three libraries every year. Facility refresh projects were completed at the Twinbrook and Kensington Park libraries and these branches re-opened in January and April 2016, respectively. Aspen Hill, Davis, and Little Falls libraries are currently undergoing facility refresh upgrades.

Senior Initiatives

The County's Health and Human Services, Recreation, Housing, and Community Engagement Cluster departments, as well as, a variety of community groups receive funding through my Senior Initiative. This program ensures a coordinated, comprehensive approach to providing seniors with opportunities for affordable housing, food security, transportation, and community engagement.

My recommended budget enhances the following services for seniors:

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- Expand the Adult Protective Services program by adding two Social Worker positions to the Department of Health and Human Services which will prevent and investigate abuse.
 - Provides an additional for a full-time staff person to support the Maryland Senior Olympics, a program which has dramatically grown in popularity.
 - Support senior housing at the East County Regional Service Center in Silver Spring. This project will provide 120-units of mixed-income senior rental units, of which 60 units will be affordable to residents at or below 60 percent of the area median income (AMI).
 - Adds two Senior Fellow positions to conduct outreach to match interest and skills of retired seniors with nonprofits and government agencies in the Community Engagement Cluster.

I am also providing \$55.3 million in the CIP to construct a new regional recreation and aquatic center in the Housing and Opportunity Commission's Elizabeth Square project. This HOC project will provide seniors with modernized, affordable housing in the transit-rich Silver Spring urban core, with access to a state of the art recreational facility that will service many generations of community members.

Positive Youth Development

The County's Police, Recreation, and Health and Human Services departments as well as a variety of community groups receive funding through my Positive Youth Development Initiative. This program ensures a coordinated, comprehensive approach to provide positive after-school opportunities for at-risk youth, interventions to keep them out of gangs, and resources to prevent and stop gang activity.

My Administration's philosophy for approaching positive youth development in a comprehensive way is threefold - prevention, intervention, and suppression.

- My recommended budget provides funding in the Department of Recreation for expanding the Food, Fun, and Fitness program that serves young people who would otherwise be home alone during summer months. Furthermore, this program serves as a critical safety net to address issues such as food insecurity, social isolation, and physical and psychological well-being, and contains an employment opportunity component for youth through the TeenWorks program.
- This year, I am launching the Safe Space Program in the Department of Health and Human Services. This program fills both a geographic need and a critical service gap to our youngsters in the Germantown and East County areas by providing critical intervention services on Friday and Saturday evenings.
- My recommended budget adds five officers to the Sixth District Police Station to focus on suppressing gang activity in the Montgomery Village area.

Economic Development and Transportation

Creating jobs of the future in Montgomery County and the basic infrastructure to support this growth continues as one of my top priorities.

In calendar year 2016, the County's unemployment rate fell to 3.4 percent - the lowest since 2008. Over the past two years, the number of Montgomery County jobs is up approximately 2.7 percent - the highest two-year growth rate since 2006. However, as noted above, our revenue base may be negatively affected by federal and State actions.

In addition to existing resources promoting the County's economic growth through strategic development efforts, the FY18 budget provides additional tax-supported resources for the implementation of the Six Point Economic Plan. Those efforts include implementing the Comprehensive Economic Strategy, more aggressive marketing, growing target industries, stimulating entrepreneurship, cultivating a deeper talent pool to meet the demands of the target industries, improving the

experience of doing business, and assisting local companies to lease commercial office space to support their growth in Montgomery County. The FY18 Recommended CIP Budget also provides an additional \$31.5 million to construct a high-quality Bus Rapid Transit (BRT) on U.S. Route 29, and enhance bus transit services on major County routes to support economic growth and employment opportunities. Additional CIP projects support transit-oriented development in Shady Grove, White Flint, White Oak, Wheaton, Silver Spring, and downtown Bethesda.

Six-Point Economic Plan

The Six-Point Economic Plan that I announced in my 2014 inaugural speech has already been instrumental in driving Montgomery County to greater success. We achieved several important milestones and revamped the Economic Plan to build on this momentum by adding several new initiatives.

Recognizing the need to spur job growth, preserve and cultivate emerging industries, and expand the County's tax base, I recommend an additional \$1 million to enhance the MOVE program and to fund the new EXPAND program that are designed to attract new companies and incentivize Montgomery County businesses to lease vacant commercial office space and renovate older vacant buildings in targeted areas. To date, the MOVE program has brought 44 new businesses and 271 new jobs to the County.

Our innovation entrepreneurship is ramping up through collaborations with BioHealth Innovation, the National Cybersecurity Center of Excellence, DAI (Development Alternative Incorporated), MITRE Corporation, 1776 Partnership, and the Tech Council of Maryland. The Department of Permitting Services is now averaging about 20 days for initial review of electronic and paper commercial plans, besting our original goal of 30 days. ultraMontgomery is helping to bring low-latency, high-speed fiber capacity to County businesses and connect them to the heart of the Internet with a Potomac River crossing. My recommendation continues to support the BUILD Program to increase the number of construction jobs and the commercial tax base by selectively spurring the construction of Class A office space and hotels in the County.

To accelerate our innovation economy, I recommend an additional \$125,000 to strengthen the County's Rockville and Germantown Innovation Centers, which are managed by BioHealth Innovation (BHI). BHI in collaboration with MITRE Corporation and Montgomery College provide support to start-ups and attract early-stage companies in targeted technology industries. These partnerships will help position Montgomery County as a nationally-recognized center of biomedical commercialization.

Finally, I recommend an additional \$1.4 million to support the two non-profit corporations in alignment with my Six-Point Economic Plan to improve economic competitiveness, the Montgomery County Economic Development Corporation and WorkSource Montgomery, Inc. The additional funds will allow them to lead our efforts for marketing and developing target industries, especially cybersecurity and information technologies, and to retain and attract businesses and talent in the County.

In response to concerns from the County Council and Chambers of Commerce on the need to improve business services, I continue to support excellence in business services through a web-based Business Portal used as a single point of entry for businesses when they need to interact with the County government, digitization of forms across County departments to reduce the time and efforts required in interacting with the government, and a persistent focus on improving customer service excellence in meeting the needs of our residents and businesses.

The future economic vitality of our County depends on increased transportation investment to accommodate more residents and to encourage job growth. One of my highest priorities is to provide world-class transportation options to our residents who live and work throughout the County. While we continue to work with the State to plan for longer-term solutions, I am committed to putting practical, cost-effective transit options on the ground in the near term.

On Maryland Route 355, I am programming \$2.6 million in my Capital Budget for the new Ride On Extra limited bus service, beginning in October 2017. In addition, I am recommending enhanced transit service in Clarksburg by expanding the hours of service during the week and introducing new weekend service to help the community access new employment

opportunities at the Clarksburg Outlets and connect residents throughout the Clarksburg area to the regional transportation network. On U.S. Route 29, I am recommending \$21.5 million in my Capital Budget for construction of a high-quality Bus Rapid Transit system with the intent of getting this route running in less than four years.

Affordable Housing

Providing affordable housing opportunities for Montgomery County residents has been a priority of mine since I assumed office. My budget adds \$53 million to this commitment and brings the County's total investment in affordable housing since FY08 to over \$902 million. This is equivalent to approximately \$82 million per year, trending toward a total investment of \$1 billion by FY19. This funding has enabled us to preserve and create nearly 59,000 affordable housing units. Another benefit to the County has been the nearly \$1 billion investment in housing development and rehabilitation leveraged with these funds during a period of economic uncertainty. The total County resources contributed in my FY18 budget is equivalent to my desired goal of 2.5 percent. In this budget, I am pleased to recommend allocating two percent of the total property tax revenues, plus reallocating prior year fund balance of \$5.6 million to support senior affordable housing and creation of new affordable units.

Permanent affordable housing opportunities benefit everyone, especially our seniors. Through strategic partnerships with our for-profit and non-profit development community, combined with multi-departmental coordination and public outreach, my administration has invested \$60 million to create or preserve over 1,000 units of senior housing, of which 874 units are affordable to seniors at or below 60 percent of the area median income.

While most funds have been used to create, or preserve tangible brick and mortar housing units, we also used resources to provide direct rental assistance, benefitting over 2,000 households in FY17, and over 2,000 households will receive direct rental assistance in FY18.

Funding in this budget continues our efforts to reduce foreclosures in the County. In partnership with the State of Maryland Department of Housing and Community Development and local housing counseling agencies, we held nearly 700 workshops and counseled over 20,000 residents. These efforts contributed to the decline of foreclosures in the County, outpacing most in the region. We will continue our efforts to keep families in their homes.

Along with these affordable housing initiatives, this budget provides resources for key community programs providing valuable outreach and education to the public. In particular, the FY18 budget provides additional \$1.6 million to enhance landlord-tenant outreach, tenant protections, and housing code enforcement. The funding enhancement will add more program staff to the Office of Landlord-Tenant Affairs, which assist landlords and tenants through meditation and by informing them of their rights and responsibilities through one-on-one meetings and group seminars. Funding in this budget also provides enhanced housing inspections for the Office of Housing Code Enforcement, which annually performs thousands of inspections of the County's single-family, multifamily, and condominium rental units to ensure safe and sanitary conditions.

My commitment to affordable housing is further advanced by the County's support of the core mission of the Housing Opportunities Commission (HOC). My recommended budget includes funding of \$6.5 million in the Housing Opportunities Non-Departmental Account for HOC to continue providing affordable housing to low- and moderate-income eligible residents, it also includes funds for supportive services. This partnership is integral in rendering affordable housing options for our most vulnerable residents.

Health and Human Services

While my Recommended Budget for Health and Human Services funds services to assist our most vulnerable residents and maintains the "Montgomery Way," we must remain vigilant to changes that are being proposed at the federal and State levels. Indeed, any significant reductions in funding for, or significant changes to, Federal health care laws and programs, as well as programs aimed to assist our most vulnerable neighbors, could have significant consequences for our residents.

The resources provided to Human and Health Services in my recommended budget include:

- Additional funds to implement the Monitored Exchange and Supervised Visitation program to provide a monitored safe exchange of children and/or supervised visitations for families where a supervised visitation or monitored exchange has been ordered by a judge;
- Additional funds for the Stop, Triage, Engage, Educate, and Rehabilitate (STEER) deflection program to connect people to substance abuse treatment and direct them away from jail and into an intervention program;
- Additional funds for the East County Opportunity Zone, an initiative designed to enhance safety net services for the East County area;
- Additional funds to implement the Safe Space Program, a program that will provide a safe space for the highest risk and currently gang-involved youth in the Germantown and East County areas to keep them off the street and provide critical programs and services to them;
- Additional funds to support school health staffing for two schools - Thomas Edison High School of Technology and the new Bethesda-Chevy Chase Middle School #2;
- Additional funds for the Adult Foster Care subsidy, the third phase to completing my promise to increase rates for small group home placements;
- Additional funds to convert a total of nine contractual positions within the African-American Health Program, Asian-American Health Initiative, and Latino Health Initiative to County merit employees, it is my intent to provide funding to convert the remaining nine contractual positions in FY19;
- Additional funds to ensure that the wage paid to Developmental Disabilities providers is 124 percent of the County minimum wage;
- Funds to add two additional staff for the Adult Protective Services Investigative Unit;
- Funds to continue the Mental Health Court that was implemented last year; and
- Implementation of the Department's Enterprise Integrated Case Management system to streamline intake for many HHS programs and provide HHS with a more complete picture of its clients and their circumstances to support more collaborative, cost-effective care with better client outcomes.

Community Grants

As our County grows larger and more diverse, it becomes more challenging to meet the needs of that growing population. County government cannot and should not do it alone. We depend on the incredibly rich array of community organizations to supplement and augment County services. Very often, these groups can accomplish our mutual goals in a more cost-effective and culturally appropriate manner that best serves the community. They are also able to leverage other resources that are simply unavailable to County government. These organizations provide services that include public health, behavioral health, safety net services, housing, the arts, early childhood, positive youth, seniors, veterans' services, and many other community-building services. Montgomery County would not be the community we are without their existence.

Partnerships with these organizations are an important hallmark of my administration and my recommended budget reflects the importance of these relationships. I am increasing the funds for community grants by \$905,000 for a total of \$7.8 million. Also, I have included \$1.29 within my CIP amendments for capital improvement grants to our community partners. In addition, I am including \$3.1 million for the separately determined Council community grants. As is true in the past, the Council will determine the amount and distribution of community grant funding for their grant program.

I believe that our County's diversity contributes to its strength and my Recommended Budget increases County funding for English adult literacy programs by an additional \$100,000. I have also included \$5,406,943 in County funding for the Arts and Humanities, a \$100,000 increase from FY17.

Funding the Budget

My budget includes a 2.51 cent decrease in the property tax rate. Due to increasing home values, the average County homeowner will see a \$1.67 per month increase in property taxes over the next year. As I noted above, holding taxes to the Charter Limit is appropriate given the significant increase in the property tax rate approved by the Council last year. The property tax for each owner-occupied residence will include a credit of \$692 to limit the burden on homeowners and maintain a progressive property tax structure in the County.

My FY18 recommended budget assumes a \$104.25 rate for the Water Quality Protection Charge, a \$9.25 increase from last year's rate of \$95.00. This increase is needed to continue funding the County's commitment to the State-required stormwater management program and allows us to comply with federal and State regulatory requirements. I am recommending no changes to the solid waste charges for County residents.

I am recommending a Washington Suburban Sanitary Commission budget that would result in an increase in water and sewer rates of 3.5 percent in FY18 in accordance with the budget recently proposed by the WSSC.

Final Thoughts

Working together, we have accomplished a great deal under difficult economic circumstances. Thanks in part to the tough decisions we made in these past, challenging years, Montgomery County is strong - and growing stronger. We are fortunate to live in one of the nation's best places to raise a family, obtain an education, earn a living, and build a business.

We have put our financial house in order and our budgetary foundation is much stronger. As a result, we are able to move forward to better provide services and programs for our communities.

Our job market is expanding. Our streets are safer. Our public school system is excelling. Our County is emerging ever-stronger from the recession, but much remains to be done.

I believe that the future begins here - in Montgomery County. And this budget continues the work we have already begun, to build a future where there is opportunity for all.

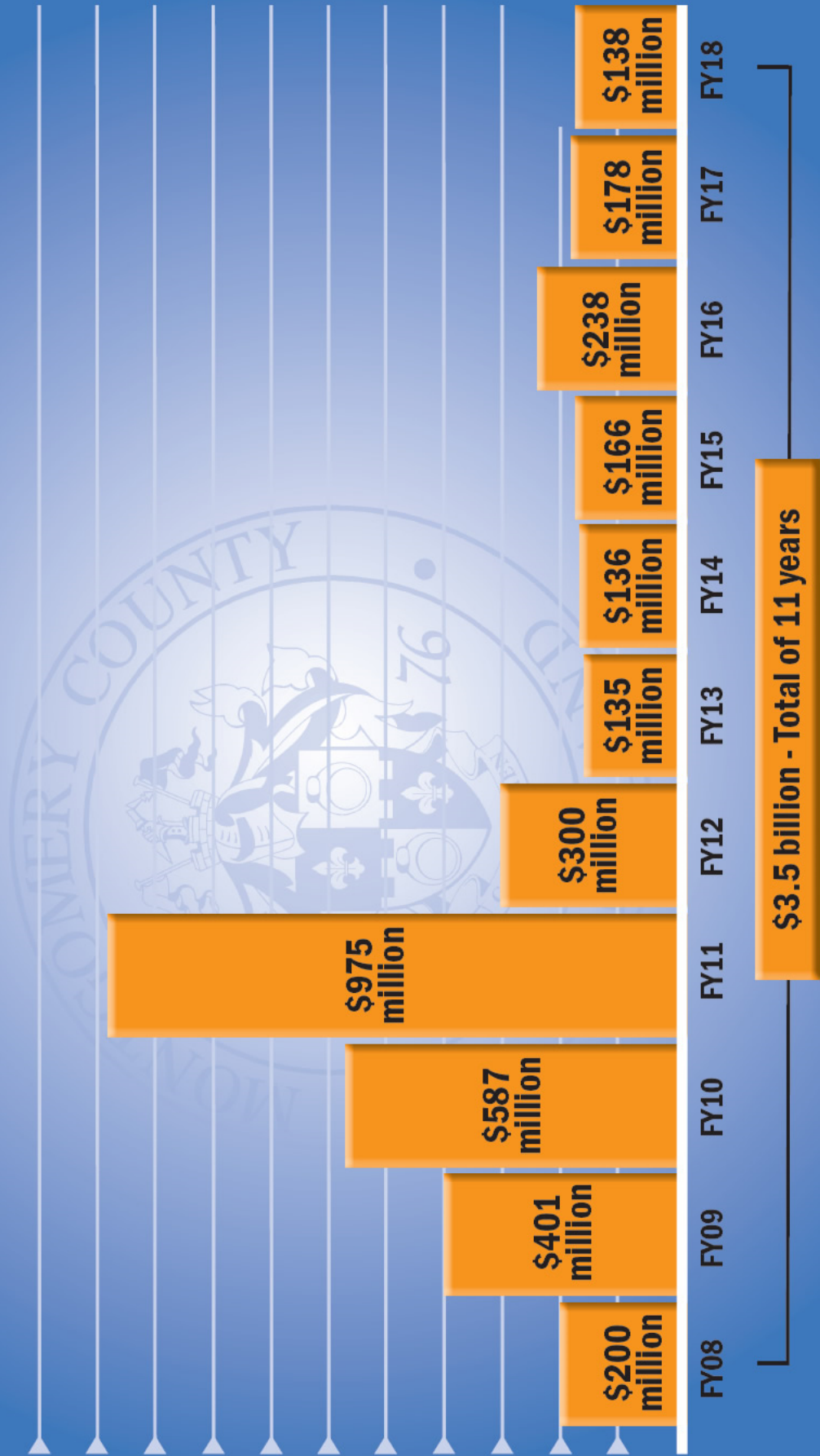
Finally, I must thank those who contributed to the development of this spending plan, including the Board of Education and the Superintendent of Montgomery County Public Schools; the Trustees and President of Montgomery College; the Chair of the Maryland-National Capital Park and Planning Commission and the Planning Board; the Commissioners and General Manager of the Washington Suburban Sanitary Commission; individual residents, as well as members of boards, commissions, and committees; community-based organizations; and directors, employees, and employee representatives of departments in all agencies.

Highlights of my recommendations are set forth on the following pages and details can be found in the departmental sections. The full budget can be viewed on the County's website at www.montgomerycountymd.gov/omb. Details of budget requests from MCPS, the College, M-NCPPC, and WSSC can be seen in the separate budget documents produced by those agencies.

I look forward to working with the Council over the next two months on spending priorities and policy issues that arise. As always, Executive Branch staff is ready to assist you in your review and deliberations.

Budget Shortfalls Closed

by County Executive Leggett



(Tax Supported)



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