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# Message from the County Executive

I am pleased to submit my Fiscal Year 2024 Recommended Operating Budget. This budget is put forth as our community has emerged from the global COVID-19 pandemic. It recognizes the significant impact that the pandemic has had on County residents and the need for the County to continue to fund those vital services that our residents need to grow and thrive without Federal support.

In addition, this recommended budget makes targeted investments in programs that will strengthen families, individuals, businesses, and community partners to face challenges that lie ahead. In particular, this budget makes a significant investment in quality education, which is a bedrock of this County and key to our collective futures.

Thanks to the strength of our local economy supplemented by the aid we received from the State and Federal governments, the County's revenue streams substantially outperformed our fiscally prudent revenue projections for both FY22 and FY23 (to date). Looking forward, economic indicators are signaling that a mild recession could take place later this year. Fortunately, strong capital gains attributed to tax returns from calendar year 2021 have resulted in income taxes producing greater than forecasted year-end reserves, which has resulted in a reserve of 14 percent of revenues. This is well beyond our commitment to hold ten percent of revenues in reserve.

This surplus of reserve funds gives us an opportunity to make targeted investments that will help to maintain and enhance County services in anticipation of a recession, while, at the same time, we are making reductions to select County programs to reduce expenses.

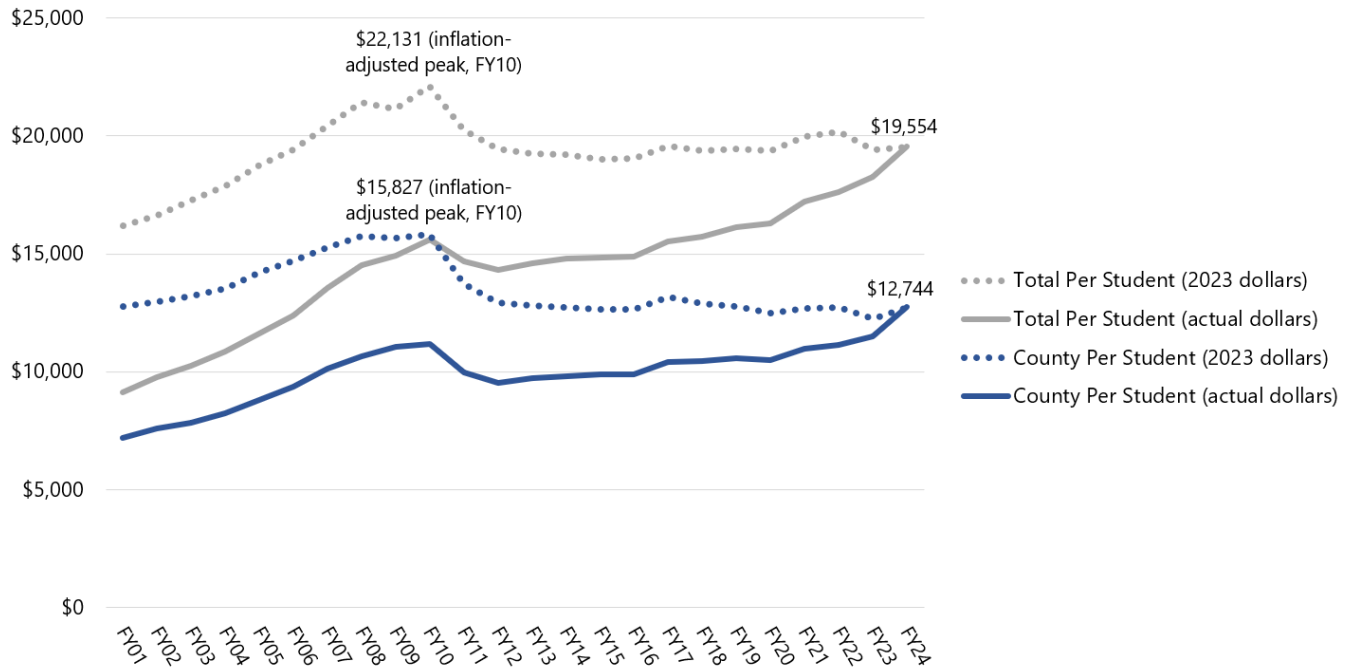
As is well known, COVID has taken a tremendous toll on our students and their teachers; the needs to address the learning and the social and emotional loss are staggering. This budget meets the request of the Board of Education - a request that is a record \$296 million above the funding provided in FY23 and \$264 million over maintenance of effort.

This funding is needed to recruit and retain outstanding educators and other essential school staff, as well as to address the increase in special education enrollment, which requires additional staff. This increase in funding is also needed to improve student performance. According to 2022 Maryland Comprehensive Assessment Program (MCAP) test results, only 31 percent of MCPS students scored proficient in math, and 53 percent scored proficient in English; our students need more teaching assistance.

To meet these critical needs, I am recommending a ten-cent increase in the County's property tax rate; all of the revenue generated by that increase will be exclusively directed to our schools. This increase is to correct an ongoing imbalance in per-student spending. Taking inflation into account, the total per-student appropriation peaked around FY10 and has never fully recovered. In the past couple years, although nominal per-student spending has been going up, real spending (adjusted for inflation) has been slightly declining. In other words, our spending has not been keeping up with costs.

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**MCPS Per-Student Appropriation: Actual & Adjusted for Inflation**  
FY01 to FY24 Recommended



"2023 dollars" removes the effects of inflation from the budget figures so that their real values can be compared over time. The dotted, inflation-adjusted lines show the buying power that the budgeted amounts in past years would currently have in 2023.

Recommending this increase was not an easy decision. We are clearly at an inflection point, and preservation of our schools, ensuring our ability to retain and recruit the best educators, and ensuring their progress in producing the kind of students that we expect our school system to produce are challenges that we cannot turn our backs on. A failure to address these issues would lead to unwinding all our other efforts to make this County more economically competitive, attract jobs, and maintain a quality of life for current and future residents. For decades, our schools have played a central role in what makes people want to live here.

This budget also fully funds the requests of Montgomery College and WSSC Water. In addition, it makes sizable investments in the Maryland-National Capital Park and Planning Commission.

**FY24 Recommended Budget by Agency**

Agency	Total Budget	Tax Supported
Montgomery County Government	\$2,558,801,156	\$2,002,357,126
Montgomery County Public Schools	\$3,208,490,078	\$3,020,900,292
Montgomery College	\$345,165,058	\$280,985,062
M-NCPPC (including Debt Service)	\$186,297,699	\$165,340,050
Retiree Health Insurance	\$65,703,407	\$65,579,263
Debt Service (MCG)	\$468,319,940	\$439,391,440
<b>TOTAL</b>	<b>\$6,832,777,338</b>	<b>\$5,974,553,233</b>

I want to thank and acknowledge our dedicated County workforce for their performance during the peak of the pandemic and since. I am immensely proud of the way they have worked closely with community partners to deliver life-saving services and programs to residents. To acknowledge their outstanding effort and commitment, this budget makes necessary investments in our County government workforce so that we can retain and recruit the best public servants in the region.

I also want to thank the incredible work of our community partners. County government alone could not reach everyone who needs assistance. Through our partnerships with nonprofit organizations and faith communities, we have been able to connect more

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deeply with our residents to deliver much needed services. We have accomplished a great deal, but there is still more work to do.

## Overview

As the economic engine of Maryland, the County's economy is currently holding steady; however, the economic forecast continues to assume a mild recession will begin in 2023. In 2022, the County's unemployment rate averaged 3.6 percent, this is down from 5.5 percent the year before.

Resident Employment is one of the key components in forecasting income tax revenue. For 2023-29 resident employment is assumed to grow in each calendar year except 2023, when a 0.4 percent decline is assumed. In 2024, resident employment is expected to grow at 1.6 percent.

Total Personal Income is also a key component in forecasting income tax revenue. The assumption for total personal income remains positive in all years of the forecast, averaging 4.0 percent growth per year from 2023-2029.

Sales of existing single-family homes and median sales price of single-family homes are key components in forecasting property tax, transfer tax, and recordation tax revenues. Home sales are estimated to decrease 16.2 percent in 2022 and 22.6 percent in 2023 before beginning to increase 14.8 percent in 2024.

Income tax revenue grew significantly in FY23 partly reflecting final income tax filings from 2021. The forecast for a mild recession in 2023 results in a modest FY24 decrease in income tax revenues from FY23, reflecting solid but slowing growth in withholding revenue and a decrease in income tax from capital gains activity due to the weak equity and asset markets in 2022.

FY24 property tax revenues reflect the growth in actual and projected taxable assessed value of property in the County, pursuant to the triennial reassessment process conducted by the State Department of Assessments and Taxation plus new construction and personal property. Assessed valuation changes lag economic cycles and are forecast to increase 3.2 percent in FY24, with growth slowing in each of the subsequent fiscal years.

Transfer and recordation taxes have experienced significant declines in FY23 due to reductions in real estate transaction activity caused by a dramatic decrease in home sales attributed to increased mortgage rates, housing prices, and low inventory. This declining trend is forecast to continue in FY24, albeit at a much slower rate, and then begin gradually recovering in FY25. The reductions in transfer and recordation had a major impact on the budget. Had the unexpected, dramatic rate increases from the Federal Reserve not happened, the real estate market would have continued its robust performance, and therefore, our current revenue situation would likely have been much stronger.

Like other jurisdictions throughout our region, County government is faced with the rising cost of doing business while demand for County services has increased. Since I submitted my last budget to the Council in March 2022, the Consumer Price Index (CPI) for the Washington metro area has increased by 6.6 percent. When looking back two years, costs for the region have increased by more than 10.8 percent. This inflationary impact has been uneven, impacting the cost for food, housing, fuel, and utilities significantly. This translates to increases in direct County costs - like fuel and utilities - as well as cost increases related to County assistance for disadvantaged residents - particularly for food and rental assistance. This has meant that the modest increase in our revenues has mostly been used to address inflation and replace State and Federal aid for those who are still in great need.

This leaves the County with few additional resources for the enormous increased needs from the school system, whose budget is approximately half of the County's entire budget. More than a quarter of the remainder of the budget goes to capital infrastructure debt service, public safety, Montgomery College, and the Maryland-National Capital Park and Planning Commission. We cannot ignore those needs; people want to live and work in this County in part because of our excellent school system, and we must maintain the high-quality education.

My recommended operating budget makes significant investments in one of our greatest assets - our employees. The collective bargaining agreements reached with our employee unions are necessary not only to keep up with inflation, but also to maintain competitiveness in the labor market. We have had tremendous difficulty retaining and filling positions across County government; in fact, we have repeatedly gone through the entire hiring process only to have the preferred candidate decline the position because of the salary. These collective bargaining agreements will enable Montgomery County to continue to attract and retain the high-quality individuals that provide critical services to our residents. These services are provided by a range of

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professionals, including our school health nurses, librarians, social workers, bus drivers, corrections officers, firefighters, and police. We are also providing significant enhancements for police recruitment and retention, and retirement benefit changes to strengthen post-employment financial security.

Largely because revenues have outperformed expectations in recent years, we are projecting that the County will end FY23 with reserves of \$842.0 million, or \$238.8 million more than needed to meet the County's policy of maintaining ten percent of adjusted government revenues in reserve. To continue to provide vital services for County residents, address inflationary pressures on County government, and help provide a bridge over a projected 2023 recession, I am recommending that we use \$159.3 million in surplus reserves to meet these demands. Even with this use of surplus reserves, we estimate that the County will end FY24 with \$715.4 million in reserves, or \$86.0 million more than required to meet the County's fund balance policy.

A sustainable fund balance policy has a mix of funding in both undesignated reserves, which is used to pay for unanticipated expenditures throughout the fiscal year, and our Revenue Stabilization Fund (RSF), which is used in emergencies. Under current fiscal conditions, if we were to only have 10 percent of adjusted governmental revenues in reserve, all of that would be locked away in the RSF and would not allow the Council to have the flexibility to provide mid-year budget amendments. Now that we have exceeded our 10 percent fund balance target for three years, we should revisit our current fund balance policy to reflect our current circumstances and consider modifications to provide a more sustainable mix of undesignated reserves and reserves locked away in the RSF.

I have directed the Department of Finance, the Office of Management and Budget, and the Office of the County Attorney to work with Council staff over the coming months to develop options to revise the County's fund balance policy and the RSF law. We need a sustainable mix of reserves so that we continue to have funds to help us weather a future emergency, while at the same time providing flexibility to respond to urgent community needs.

## ■ K-12 Education and Services for Children

My FY24 Recommended Budget provides 99.8 percent of the Board of Education's request for MCPS funding, a total budget of \$3.2 billion, or more than half the total County's tax supported budget. The Board of Education's requested FY24 budget is \$296 million higher than its approved FY23 budget, with \$231 million of that increase coming from the County. The increase from County funding in my recommended budget is \$223 million and represents the largest ever increase for MCPS, and it comes at a time of unprecedented need for the schools and all their staff. We have seen the tremendous learning loss, and we cannot further exacerbate that situation - this budget meets those funding needs.

State funds for MCPS increase by \$69.5 million and Federal funds decline slightly, by approximately \$300,000.

Per-pupil funding grows by \$1,249 and far exceeds the State's Maintenance of Effort requirement by over \$264 million.

The County cannot afford the increase needed to fund the school system's request without a revenue enhancement. Therefore, I am recommending that the County use its authority under § 5-104(d) of the State Education Article to increase the property tax rate and to dedicate all funds generated from this rate increase to MCPS. It is simply not possible to fund this increase within the current revenues. After accounting for the budgets of the school system, Montgomery College, debt service, and outside agencies like Park and Planning, there is very little flexibility remaining. Increasing the schools' budget without raising the property tax rate would have required devastating cuts to County services, including services that would have an outsized impact on the most economically disadvantaged residents.

In addition to funding provided directly to MCPS, this budget contains significant funding to County departments supporting the mission of our school system and ensuring that children have access to healthcare and mental healthcare services in our schools.

This budget contains a total of \$38.4 million in funding for school health services in the Department of Health and Human Services with additional funding to operate the new Linkages to Learning School Based Health Center at Southlake Elementary School (including a new nursing position and school health room technician). The budget also includes an increase of \$570,000 to facilitate the expansion of the State's Autism Waiver Program in the County and to meet increased demands for the program, which will be partially offset by additional State revenue.

There is additional funding (\$550,000) for the Department of Recreation to operate two additional Excel Beyond the Bell

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sites at Harriet Tubman and Watkins Mill Elementary Schools. In addition, I am recommending an almost \$450,000 increase to the TeenWorks program. Further expansion of these two important programs, both with proven track records, will provide much needed support to youth.

Additional crossing guard positions for Gaithersburg Elementary School and additional support at Clarksburg Elementary School are provided via the budget for the Montgomery County Police Department (MCPD).

In accordance with Bill 42-21, which established the County's Early Care and Education Coordinating Entity, my recommended budget includes a total of almost \$730,000 in funding for the Children's Opportunity Alliance. This program seeks to build a high-quality and equitable early childhood system for children from birth through age five in the County.

## ■ Support for Individuals and Families

The Biden Administration has signaled that the Federal Public Health Emergency declaration related to the COVID-19 pandemic will end on May 11, 2023. This will mean the loss of significant Federal funding designed to support individuals and families negatively impacted during the pandemic. While the emergency response phase of the pandemic may officially be over, the challenge is that, although the funding will end, the lingering impacts of COVID-19 will remain for years to come.

The COVID-19 pandemic shined a spotlight on many of the social and economic inequities in our community that we have been faced with for decades. These inequities became life or death struggles for too many of our residents. In a County that has committed to being more equitable and inclusive, we cannot return to our pre-pandemic approach to addressing these inequities.

Together we have made strides in alleviating hunger in this County over the past several years. In 2022, my administration, in close collaboration with the Council, established the Office of Food Systems Resilience. This budget provides \$1.1 million to fund that Office as a new department in County government. In addition, I am recommending we continue providing funding for the County's food staples program. In FY23, we will spend an estimated \$12.2 million on this program. This budget contains \$6.2 million to provide initial funding for the Food Staples Program while we continue to collaborate with our community partners. After the first quarter of the fiscal year, we will assess the continuing need for the program and make a recommendation for funding a supplemental based on the needs at that time.

My FY24 budget includes one-time funding (\$5.8 million in General Funds plus an existing grant) to address the potential future need for testing, vaccination administration, outbreak management, and COVID sheltering. This will provide the County with the flexibility to quickly deal with an outbreak, should one occur. If the need exceeds this budgeted amount, we will seek approval from Council for additional funding.

Montgomery Cares is a public-private partnership to provide primary care to uninsured or underinsured adults. A key strength of the partnership is the clinics' ability to fundraise and leverage volunteer support in their operations. At its inception, the County's reimbursements paid for most of the total cost of care but in FY23 the County's reimbursements are roughly one-third of the cost of care. My FY24 budget includes an additional \$2.0 million in funding to begin addressing this need.

I am also recommending that we use County General Funds to continue some of the services that were previously funded by Federal Funds. To that end, my budget includes \$3.0 million for the Service Consolidation Hubs, \$1.7 million in eviction prevention services, and over \$700,000 for a Mobile Health Clinic in DHHS that were each paid for in FY23 with Federal dollars.

For nearly three decades, Montgomery County has been one of only a handful of local governments in the nation to provide a match to its State's Refundable Earned Income Tax Credit (REITC). Before the pandemic, the value of the County's program, known as the Working Families Income Supplement, provided our eligible residents with a State/local refundable credit of up to 56 percent of the Federal Earned Income Tax Credit. In 2021, the General Assembly temporarily increased the value of the credit and expanded eligibility to taxpayers filing with Individual Tax Identification Numbers (ITIN) to help Maryland families weather the economic storm of COVID. Over the past two years, we have matched both of these initiatives from the legislature using Federal ARPA funds.

With Governor Wes Moore's proposal to make these State changes permanent already passed by the House of Delegates, we face another decision on the future of the WFIS. Therefore, as part of the FY24 budget, I am proposing that we set our combined State/local refundable credit at 70 percent of the Federal Refundable amount and to keep the ITIN expansion in place. At this level, we will tie the District of Columbia for the highest refundable credit in the country. With the spend down of ARPA funds, the

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County General Fund contribution to this program will increase by \$7.4 million to accomplish my proposal.

In January 2023, Governor Moore's FY24 proposed budget included \$616 million to fund provider rate increases for behavioral health, developmental disability, Medicaid, and other providers Statewide; \$413 million of those funds are designated to transition providers toward the State's \$15/hour minimum wage goal. Providers Statewide will see a 3 to 4 percent overall rate increase and an additional 8 percent increase tied to the enactment of legislation accelerating the State minimum wage to \$15/hour by October 1, 2023.

Adult medical day care providers and care providers for residents with developmental disabilities are under significant economic pressure due to the high cost of doing business in Montgomery County. The County already provides a supplemental payment for these providers, and I am recommending a two percent increase to that supplement - this will be on top of the funding increase provided by the State. My FY24 budget also provides funding for staffing support in DHHS for the new Intellectual and Developmental Disabilities Commission, which will be established upon Council approval of Bill 10-23.

## ■ Environmental Sustainability, Climate Change, and Transportation

As I have stated many times, the climate emergency is an imminent and existential threat. We must do our part to address climate change and protect our environment. We must lead by example and show other local jurisdictions that they can have an impact.

My FY24 Recommended Budget provides a record \$19.3 million for the Montgomery County Green Bank - an increase of almost \$700,000 from the prior year. These funds will be used to promote investment in energy efficiency, renewable energy, and other projects that will lower our community's carbon footprint and make us more resilient to the effects of climate change.

Building off the significant enhancements provided in FY23 to address climate change, my FY24 budget includes \$1.3 million in additional targeted enhancements for the Department of Environmental Protection to address Climate Change. Of note is \$250,000 in new funds to provide Climate Grants to community-based organizations to focus their efforts on climate related activities, particularly those activities related to climate justice. In addition, I am recommending a \$250,000 increase for energy audits for under-resourced buildings subject to the Building Energy Performance Standards. Furthermore, I am recommending \$250,000 in new funds for Community Choice Energy Consultant Support to enable the County to become the electricity supplier to residential and small commercial electricity customers in the County.

I am also recommending \$100,000 in new funds for the Electric Vehicle (EV) Co-op Management Program. This program, which began as a pilot in FY23, leverages consumer buying power to encourage dealerships to offer cost savings on EVs without the need for direct incentives from the County. My budget also includes additional personnel support to implement Climate Change programs in the County, including support for a Residential Electrification Manager, two positions to implement and manage grants and incentives offered by the County, and one solar installation technical expert. I am also recommending a \$750,000 increase in the appropriation from the Tree Canopy Fund to plant additional shade trees throughout the County.

In addition to climate change, there are several notable enhancements for programs in the Water Quality Protection Fund. This budget provides \$370,000 in funding for illicit discharge detection and elimination to reduce pollution entering waterways. The budget also provides \$200,000 in Rainscapes Grants as demand for the program continues to exceed the annual budget. This budget adds positions to increase the rate of tree plantings through the Tree and Forest program and to reduce pollutants in waterways and improve water quality and monitoring efforts.

My recommended budget for Transit Services increases funding for the Bethesda Circulator to provide zero-emissions electric buses for this service. The budget also adds funding to continue to subsidize Call-N-Ride copays for low-income residents following the expiration of a grant that previously funded this program.

Adjustments to the budget for Ride On allow us to maintain current service levels and provide some additional service hours to meet needs that materialize during the year. Ride On ridership has yet to return to pre-pandemic levels; fuel costs have increased; and compensation increases were required to recruit and retain bus operators, resulting in higher costs for Ride On service. In light of these cost pressures, I am not recommending any significant service expansion until the recommendations from the Ride On Reimagined study are available in 2024.

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In my recommended budget for Transportation, I propose enhancements totaling \$330,000 to focus on safety by increasing the frequency of inspections for short span bridges and the installation of a fence atop the Wayne Avenue garage in Silver Spring to restrict access to rooftops of nearby businesses.

In addition, I am recommending streamlining the process for CIP Transportation Facility Planning projects, which will reduce costs by approximately \$1.0 million in FY24. I have included \$600,000 in CIP funding for planning and design to make Streeteries in Bethesda, Silver Spring, and Wheaton permanent.

## ■ Affordable Housing

Secure and affordable housing is a basic human right, and this budget continues to provide funding for services that address affordable housing and homelessness in our community.

My FY24 recommended budget provides affordable housing and related services across the full continuum of housing in the County. The FY24 budget allocates almost \$124 million to expand the preservation and production of affordable housing to our most economically burdened residents. This is comprised of \$57.7 million in the Montgomery Housing Initiative (MHI) fund in the operating budget; \$32.0 million in funding for the Affordable Housing Acquisition and Preservation CIP project, which will be available for projects that need funding commitments in the near term; \$4.1 million in Federal grants; and an FY23 supplemental in Loan Payment Proceeds of \$30.2 million in the Preservation of Naturally Occurring Affordable Housing (NOAH) project.

The \$57 million in HIF operating funds includes \$16.3 million for the Rental Assistance Program (RAP) to continue providing committed rental assistance and supportive services to help the County's most vulnerable residents. The budget also continues funding to support the "Building Neighborhoods to Call Home" and "Housing First" programs. I have also allocated \$385,000 from existing resources, for a one-year pilot program for a Faith-Based Housing Development Initiative to provide real estate development assistance, legal resources, capital, and training that will help faith-based organizations develop underutilized real estate assets/land into affordable homes and other community facilities.

In DHHS, I am proposing an additional \$3 million in funding to continue providing overflow sheltering in hotels. On average, we are housing 138 people in hotels each night. Without this funding, these individuals and families would not be sheltered. As a result of the increasing rental prices throughout the County, I am proposing we invest an additional \$1.7 million in the Housing Initiative Program and an additional \$300,000 in Permanent Supportive Housing to avoid a reduction in service.

This budget provides approximately \$35 million in rental assistance funding to provide a subsidy to individuals and families who are at risk of or currently experiencing homelessness. Of this amount, \$18.6 million is provided in the Department of Health and Human Services Budget, including a \$14 million Federal grant for this purpose. As Stated above, the Montgomery Housing Initiative's budget in the Department of Housing and Community Affairs includes \$16.3 million for rental assistance.

## ■ Economic Development, Workforce Training, and Montgomery College

My FY24 Recommended Budget includes \$6.4 million in total funding for the Montgomery County Economic Development Corporation (MCEDC), which serves as the County's lead economic development organization. This increase is a 3 percent increase over the prior fiscal year. This increase is necessary to ensure that MCEDC can continue to sustain economic development operations in a time of heightened inflation and will build on the significant increase provided to the organization in FY23. My budget also includes over \$4 million in funding for the Economic Development Fund and an additional 3 percent in County support for the operations of Visit Montgomery.

I am also recommending a number of enhancements to the County's Business Advancement Team in the County Executive's Office. I am recommending funding for two business liaison positions to increase the Team's capacity to proactively assist and engage small businesses throughout the County. This funding will enable increased communication and support to the County's business community and will allow more businesses to start, grow, and stay in the County. Additional funding is provided to support software for a Customer Relationship Management System to track interactions with the business community and will ensure faster, more reliable customer service.

Finally, making sure that County residents have the skills needed to succeed in the 21st Century economy is crucial to our community's growth. I am recommending a total budget of \$2.2 million for WorkSource Montgomery. This includes additional

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funding to support WorkSource Montgomery's operational needs for back-office support.

Finally, I am recommending funding to support a marketing plan for a new website, pamphlets, brochures, and branding for the White Oak Science Gateway, which includes Hillandale, White Oak, and the area near the Food and Drug Administration campus. In addition, the funding will be used for an event and for sponsorships for workshops, conferences, and collaboration to attract businesses to the White Oak Science Gateway area.

Montgomery College is one of the most important components of our County's economic development infrastructure. My budget fully funds the request of the Montgomery College Board of Trustees. As part of this budget, the College will use over \$10 million of its fund balance to continue the work of establishing the East County Education Center. For too long, residents in the eastern portion of the County have not had easy access to local higher education opportunities. By locating an education center in this region, we will help East County residents access these opportunities and have a better chance to succeed.

## ■ Public Safety

Like other jurisdictions nationwide, our police department is struggling to recruit and retain officers. Recruitment and retention of the best officers is critical for a safe and thriving community; one in which all community members feel truly protected. To bolster recruitment, I am implementing a negotiated \$20,000 hiring bonus for new officers supported by State funds to attract top talent to the police force.

In the meantime, I am reinvesting anticipated one-time personnel savings back into the Police Department to replace critical department equipment that has become outdated, inoperable, and difficult to maintain including radios, rifles, night vision goggles, in-car printers, and motorcycles.

My administration takes seriously the community's call to reimagine public safety so that members of all communities feel safe and secure. As part of this effort, my administration commissioned a review of the Police Department to identify structural and systematic changes necessary to create a better and safer community for all. This budget advances major recommendations made in the final Effective Law Enforcement For All (ELE4A) report by creating a civilian curriculum developer to invest in education and training for our force and adding six new public safety instructors to improve officer training.

In addition, this budget adds a civilian position to support officer wellness. This aligns with ELE4A's findings, which underscored the importance of officer wellness in achieving positive outcomes for calls for service.

This budget adds important resources to ensure our Police Department has the tools it needs to collect community feedback and provide timely information in response to inquiries. I am adding funds to support a police survey platform that can collect real time data from community members on the quality of their interactions with police and provide timely information to the public on the status of calls for service.

I am launching an innovative "Drone as a First Responder" pilot program to increase the effectiveness of police response and reduce incidence of unnecessary use of force through improved surveillance and information on calls which can help indicate whether a suspect is armed to improve officer decision-making.

I was proud to support Bill 14-22, which created a program to help homeowners and businesses install private security cameras to deter crime and assist in criminal investigations. This budget provides \$500,000 to fund rebates for County homeowners and businesses in identified communities for the purchase of security cameras.

Montgomery County is a community of diversity, inclusion, and compassion, but we are not untouched by hate and vitriol. This budget expands support for nonprofit organizations at high risk of experiencing hate crimes and provides \$1,000,000 to enhance the security of their facilities and the safety of our residents.

For the Montgomery County Fire and Rescue Service, my Recommended Budget leverages additional funding from the State's Emergency Services Transporter Supplemental Payment Program to strengthen the infrastructure supporting EMS service. To that end, this budget adds two civilian personnel to bolster the human resources and procurement administrative support provided to this Department of more than 1,300 full-time employees. I have also added an additional civilian investigator to expedite misconduct investigations, ensure prompt consideration of cases, and reduce unnecessary overtime associated with administrative leave.

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Keeping Fire and Rescue apparatus in good repair is critical to ensuring timely responses to emergency calls for service in our County. To reduce the amount of time units are kept out of service, I am adding a Fleet Road Technician to service apparatus in our fire stations instead of the Central Maintenance Facility. In addition, my budget adds an Information Technology Specialist to manage the Public Safety Land Mobile Radio System that keeps our first responders safe and connected to our systems.

In the FY22 Operating Budget I recommended, and the Council approved, an equity assessment of the Fire and Rescue Service to examine diversity, equity, and inclusion in the Department. As recommended by the report, this budget creates a civilian Diversity Equity and Inclusion Officer to support efforts to normalize conversations on equity and operationalize new equity-centered practices, policies, and procedures in the Fire and Rescue Service.

Towards the goal of implementing equity-focused policy, my budget adds a uniformed Community Action Coordinator and two civilian community risk reduction specialists to deliver targeted prevention and education services including bystander CPR, opiate overdoses, and bleeding control in vulnerable communities. These positions will also ensure communities are connected to sustained services to address their needs in the aftermath of traumatic events.

It is critically important that we take care of those that take care of our community. Ensuring first responders have access to adequate mental health resources is essential. This budget continues my investment in the well-being of our first responders, adding a Critical Incident Stress Management Manager, two psychologists, and a therapist to expand mental health services to public safety personnel.

By County Executive Amendment, I plan to reorganize some public safety mental health resources so that our first responders from Police, Sheriff, Fire and Rescue, and Correction and Rehabilitation can access critical services from a centralized location that better leverages administrative, training, and case management economies of scale.

In the Department of Correction and Rehabilitation, the highly anticipated reopening of the Pre-Release and Reentry Services Center is planned for this spring to provide community-based residential and non-residential alternatives to secure confinement for sentenced adult offenders to engage in work, treatment, education, and family involvement to prepare them for release. This recommended budget also provides funds to address structural deficiencies in food and pharmacy services due to high inflation and enhances recruitment advertising to assist in filling difficult-to-hire positions.

## Libraries and Recreation

As Montgomery County Public Libraries (MCPL) return to pre-pandemic service levels, the demand on library services has increased. At the same time, MCPL has made progress in filling its vacant positions to help meet service demands. My FY24 budget includes \$825,000 for MCPL to fill additional librarian positions to enhance customer services at our library branches.

This budget also includes \$100,000 to increase the world collections languages (mainly Spanish and Chinese) in our branches and additional funding for security enhancements. Funds spent to fill librarian positions will result in savings to the library pages and library substitutes budget. Additional savings are also being realized from discontinuing database subscriptions with a high per-use cost.

In January of this year, I announced that Montgomery County Recreation fitness passes will be free for Montgomery County residents in 2023. The free pass will provide individuals 16 years and older access to fully equipped fitness rooms, open gym (drop-in) activities and game rooms at any recreation center during regularly scheduled hours. The free fitness pass does not include access to aquatic centers. I am happy to report that because of this initiative, utilization of County recreation facilities is up year-over-year. My FY24 budget continues this program into the future to ensure that all County residents have access to quality health facilities.

## Equity

During the development of this budget, the County continued investing in efforts to normalize, organize, and operationalize for racial equity and social justice. Incorporating lessons learned from previous budget development seasons, the Office of Racial Equity and Social Justice's (ORESJ) Director and policy analysis staff developed a tool, training, and guidance manual to support the use of a racial equity lens throughout budget development. These resources support the County's implementation of the RESJ Act and bring into focus how the budget impacts racial disparities and inequities in the County.

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This budget is the first that fully integrated use of the Operating Budget Equity Tool by departments and ORESJ. The tool was incorporated into OMB's oversight of the budget process. Responses to the tool and analysis of those responses provided decisionmakers with new insights and pathways for allocating resources in ways that contribute to reducing and ultimately eliminating racial disparities and inequities in the County.

There are several program enhancements in this budget that specifically target racial and ethnic disparities. For example, my recommended budget includes increased support for the County's minority health programs. These programs provide effective, culturally and linguistically appropriate services to improve health outcomes and alleviate health disparities. I am recommending that we increase the budget for the Latino Health Initiative by \$950,000, the African American Health Program by \$800,000, and the Asian American Health Initiative by \$775,000.

In addition, there are increased funds for translation services in the Community Engagement Cluster's budget including a part-time Spanish translation specialist as well as funds to purchase interpretation equipment and provide for interpreters at County events. There are also funds in the CEC budget to provide for language access efforts throughout County government.

In an effort to help close the digital divide, I have included funding in my budget to expand MoCoNet, a free broadband internet program for residents in some of our affordable housing complexes as well as providing free laptops to low-income residents and seniors.

As previously noted, the Recommended budget includes significant increases in County investments for rental assistance, food security, and income assistance. These investments are expected to help reduce economic disparities that too often correlate along racial lines.

## ■ Community Partners

This budget strengthens and improves the County's relationship with community partners. The services offered by our partners help us to address poverty and social inequity, provide emergency services and health care, serve disconnected youth in our community, and ensure that seniors and persons with disabilities receive quality services. These partnerships help our neighbors who are most in need access the services they require to thrive in a cost-effective manner. I am recommending a three percent inflationary adjustment for nonprofit contracts across County government.

This budget also expands the capacity of the Office of Grants Management with two new individuals: a third program manager, and an administrative service coordinator who will focus on bringing to scale a wider use of grant agreements (instead of reimbursable noncompetitive contracts) and will manage efforts to support the County's nonprofit community. The Office will continue to coordinate Countywide strategies and tools to secure additional State and Federal funding while building on, improving, and scaling up the County's grant agreement and competitive grant programs that began in FY23.

Community needs often have complex, multifaceted root causes and may require innovative and flexible solutions that do not always fit neatly into a single department's mission. This reality drives a significant series of reforms and initiatives proposed within the Community Grants budget. This budget proposes repurposing community grants funding to target needs not directly addressed by other departmental efforts, providing space for innovative and experimental programs, addressing critical gaps in specific communities or sectors, and providing resources to support nonprofit partners that cut across County government.

These reforms are the culmination of years of engagement between the nonprofit community, County Council, and County government. I have directly incorporated nonprofit feedback, such as the request to create unrestricted funding support and separate resource pools for small and large organizations within the proposed structure for Community Grants.

This budget moves 28 programs previously funded through Community Grants budget into the base budgets of departments (\$1.7 million). I am also recommending a combined \$11.9 million for programs within the Community Grants budget and the Cost Sharing CIP Project to strategically target Community Grants resources. This will provide a space for new programs and partners while also offering opportunities for traditional partners and programs. I am recommending that we target the following areas for community grants funding in FY24:

- \$1.5 million for Youth Support grants;
  - \$1.5 million for Senior Support grants;
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- \$1.5 million for Individuals with Disabilities Support grants;
  - \$1.3 million to provide grants for nonprofit partners who serve underserved communities;
  - \$1.0 million for grants to provide nonprofit technical assistance and management support;
  - \$1.0 million in Community Project Fund grants for small, emerging, and volunteer-led organizations;
  - \$560,987 to support Nonprofit Incubators; and
  - \$400,000 for continuation of the Place Based Management Grant Program.

During the pandemic, the County froze community grants funding to provide continuity of funding to community grants recipients. As we emerge from the pandemic, the Office of Grants Management will implement its plan for more typical operations in FY24 and future years.

Except for community grants that are moving to a departmental base budget, FY23 Community Grants program recipients must reapply to receive funding in FY24. In FY24, the Office of Grants Management will manage the application and award process for these grant programs on a significantly different timeline than the traditional process. Then the appropriate department will manage the implementation of grant agreements.

To avoid a service gap between old and new funding for continuing programs, I am recommending approximately \$1.2 million in Bridge Funding for all continuing FY23 Community Grant programs whose current contracts expire before October 1, 2023. Organizations who do not receive renewed funding will still receive these bridge funds to appropriately wind down operations.

The new application process and timeline will respect the County Council's role in making changes to Community Grants Non-Departmental Account by launching these grant competition programs after the FY24 Approved Budget is approved by Council. The Underserved Communities, Youth Support, Senior Support, and Individuals with Disabilities Support Grant Programs will be prioritized with new grant awards announced in early July and programs beginning on October 1, 2023.

Recompeting programs within the Community Grants budget is an important step in reforming our grants process to be fairer and more equitable, while addressing new and evolving community needs. Finally, while funded in the Capital Budget, I am recommending an additional \$2 million in General Fund Current Revenue for nonprofit Capital Cost Sharing Grants, on top of the \$1 million already included in the FY23-28 Biennial CIP for Arts Facility Capital Grants, so that organizations in our community can continue to have the physical space to grow and provide services to residents. Awardees will be determined through a formal grants review process after the amount of overall funding is approved by Council.

## Effective and Sustainable Government

My Recommended Budget includes enhancements that will instill further confidence into our electoral system and provide enhancements for our Office of Human Resources and for the Department of General Services.

Since the onset of the COVID-19 pandemic, the way we conduct elections has permanently changed. This budget provides \$1.6 million in additional funding to ensure that elections continue to be conducted in a fair and equitable way. My recommended budget includes increased funds for higher postage costs to ensure that everyone who wants a mail-in ballot will receive one, enhanced funding for election judges, enhanced funding for seasonal workers, ballot-sorting equipment, and funding to rebuild the election worker management system. Furthermore, my recommended budget includes \$250,000 in FY24 for the Public Election Fund in accordance with the request from the Public Election Fund Committee.

As a result of our prime geographic location, Montgomery County Government is competing with private companies, think tanks, nonprofit organizations, State and local governments, and the Federal government for top talent. Our workforce is maturing and increasing numbers of employees are retiring or retirement eligible. This is compounded by increased competition, low unemployment rates, and persistent challenges in the labor market nationwide. County government must quickly fill hundreds of positions - including bus drivers, nurses, police officers, fire fighters, social workers, accountants, librarians, program managers, and a host of others to continue providing vital services that our County residents need and have come to expect. Every local government is experiencing these challenges.

This budget contains targeted enhancements to advance a more robust agenda for the Office of Human Resources; one that broadens recruiting efforts, addresses our outdated classification system, creates networks for professional growth and learning, and

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implements operational improvements to ease the administrative burden to our employees and department partners. County Government can only succeed if we are able to attract and retain the best talent in our region.

Due to labor market pressures and higher than normal turnover in staff at County departments, the vacancy rate of County government departments is greater than in previous years. Taking advantage of this set of circumstances, under the direction of the County Executive's Office, the Office of Human Resources, the Office of Management and Budget, the Office of Labor Relations, and our labor partners will work over the coming months to determine how many positions County government can efficiently operate without and will present a plan to me for incorporation into the FY25 budget. In the meantime, this budget recognizes the reality of having a higher-than-normal vacancy rate by increasing the budgeted vacancy rates for departments. This will create budget capacity and provide department directors flexibility to prioritize filling vacant positions, as we evaluate the need for those positions. I have instructed department directors to minimize the impact on direct service delivery with this prioritization.

The County's classification plan is out of date - with nearly 70 percent of job classifications older than 19 years. The County's ability to effectively assess the nature and scope of work performed or needed is hampered by these outdated plans. My FY24 budget includes funding to continue to address this long-outdated classification structure.

Given the significant number of vacancies Countywide, I am also requesting Council fund two additional recruitment specialist positions that will increase accessibility of job opportunities with our diverse community, engage in candidate outreach and sourcing activities, develop candidate leads, and work directly with County offices and departments to guide the recruitment process.

The County's future depends on a well-trained workforce, ready and able to meet the needs and challenges that lie ahead. To grow, train, and retain our management ranks, I am recommending over \$325,000 to develop a Management and Leadership Training Program in OHR and additional funding in the County Executive's Office to bolster programming in our Quarterly Leadership Forum meetings. Finally, with the significant increase in personnel transactions from increased retirements and recruitments, I am recommending additional staff to handle administrative tasks and reduce the wait time for departments related to human resources requests.

The Department of General Services (DGS) keeps County buildings operational and well maintained so that we can serve the public. My FY24 budget includes funds for DGS to hire an additional property manager and provides for an administrative specialist for the Capital Asset Management System - both increases are offset with position reductions elsewhere in the DGS budget. Furthermore, as DGS is the County's expert in providing maintenance support for our buildings, I am transferring responsibility for maintaining Volunteer Owned Fire Stations from Fire and Rescue Services to DGS. In doing so, I am recommending the creation of a team to oversee the maintenance of these fire stations in DGS. These costs will largely be offset by returning a uniform fire Captain to the field and through additional Emergency Service Transporter Supplemental Payment program revenue.

Like businesses and families throughout the country, the County has not been immune to rising costs because of inflation. This budget includes millions of dollars needed to "keep the lights on." This includes \$11.2M in increases for our Utilities budget. Furthermore, my FY24 budget includes a one-time increase for fuel costs of \$2.3 million as we continue to address volatility in the price of fuel. To address other cost increases impacting our fleet budget I am recommending funds to address the increase in the cost of bulk oil and automotive fluids. I am also recommending funding to pay for the cost increases associated with facilities maintenance (\$1.2 million) and to address rising costs of fleet maintenance (\$1.6 million).

My budget provides funding for the Department of Technology and Enterprise Business Solutions to replace and modernize the Montgomery County Government external facing websites. This initiative involves upgrading the County websites into a single system where there are currently over 140 different websites to improve and streamline resident experience.

Consistent with national trends, Cable Fund revenues are continuing to decline as customers "cut the cord" and shift to streaming services. My Recommended Budget includes a number of cost savings and cost shifts in order to maintain a balanced Cable Fund budget.

## ■ Legislative Branch

My FY24 Recommended Budget fully funds the request of the County Council, Office of Legislative Oversight, Board of Appeals, and Merit System Protection Board. My FY24 budget increases funds for the Office of Inspector General by \$535,000 and provides two additional investigator positions for the Office to support MCPS investigations.

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I am also recommending funding for the Legislative Branch, in addition to the Council's request. As the County Council conducts, deliberates, and votes on land-use hearings and zoning amendments, it is important that residents have direct input into these processes. For residents to have direct input, they need access to legal assistance and an advocate to understand the implications of complex land-use and zoning issues. The Office of People's Counsel was last funded in FY10 and I recommended funding the Office in FY23, but this was ultimately not approved by Council. I am recommending almost \$250,000 in funding that will allow the Council to fund the Office of People's Counsel with two staff members. It is time again for the residents of Montgomery County to have a seat at the table and direct input into the County's complex land-use and zoning actions.

## ■ Outside Agencies and Municipal Partners

I am recommending a budget increase for the Maryland-National Capital Park and Planning Commission of 7.0 percent for the Administration Fund and 4.5 percent for the Park fund.

My FY24 Recommended Budget for WSSC Water provides for a 7.0 percent rate increase, consistent with the request from the Commission and keeping in line with the County Council's approved spending affordability limit for that agency.

As part of the second year of the three-year phased implementation plan for the revised negotiated Payments to Municipalities calculation, my budget increases the Payments to Municipalities Budget by \$1.6 million, including the estimated cost for speed camera reimbursements.

## ■ Conclusion

Developing a budget for a County of more than one million people is a complicated process, and I believe this budget prioritizes quality education and maintains investments in our workforce, our residents and our infrastructure while also incorporating difficult choices. This is a strong and vibrant County; we are leveraging our tremendous strengths to make sure that our recovery from the pandemic allows us to operate more efficiently, environmentally, and equitably.

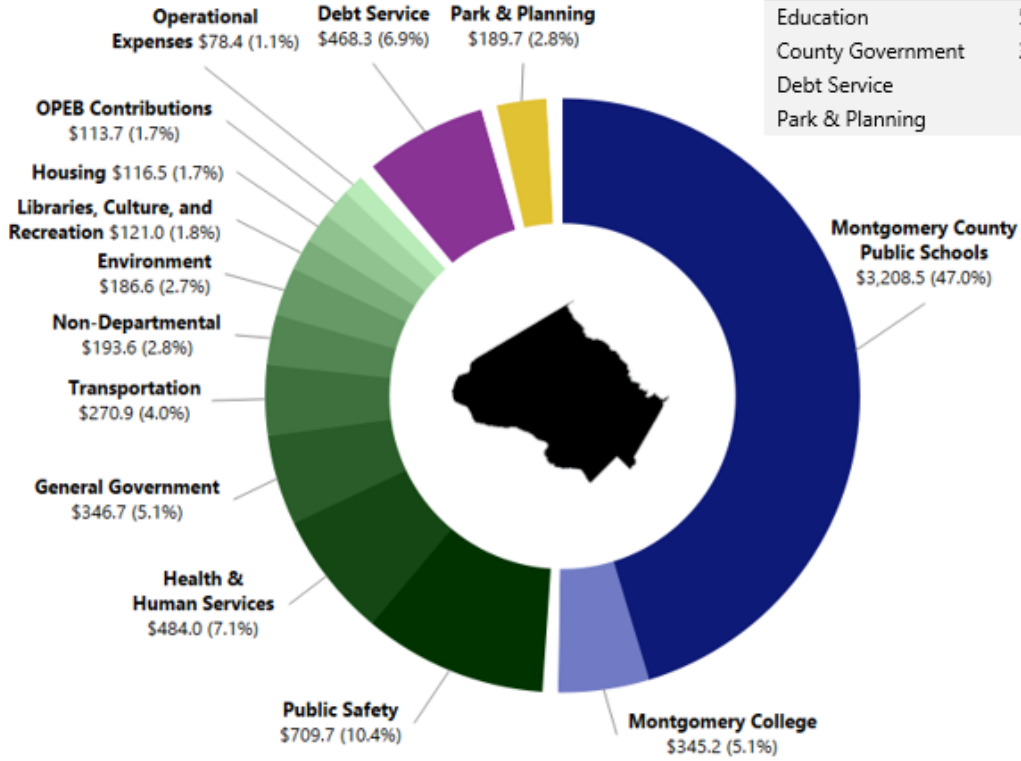
I look forward to working with Councilmembers as they consider my FY24 Recommended Budget and will provide the staff and the resources they need to understand my recommendations. Together we will continue this County's excellent trajectory.



Marc Elrich  
County Executive, Montgomery County

# WHERE THE MONEY GOES

## Expenditures by Function (millions)



## Expenditure Categories

Education	52.0%
County Government	38.4%
Debt Service	6.9%
Park & Planning	2.8%

## How a Dollar of Taxes is Spent



NOTE: Expenditures by Function chart includes funds from all sources; dollar bill chart includes only tax-supported funds.

# WHERE THE MONEY COMES FROM

Revenues (millions)

