



OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

Joseph F. Beach
Director

MEMORANDUM

July 11, 2008

TO: Interested Readers

FROM: Joseph F. Beach, Director
Office of Management and Budget

SUBJECT: FY09 Operating and Capital Budgets
FY09-14 Capital Improvements Program (CIP)

These volumes contain the Approved FY09 Operating and Capital Budgets and the FY09-14 Capital Improvements Program for Montgomery County. In accordance with law, the County Council, after receiving the recommendations of the County Executive and the advice of interested parties through public hearings and other means, approved the budgets on May 22, 2008, for the fiscal year that began on July 1. These budgets reflect the judgment of the County Executive and the County Council on how best to provide a level of services and capital investment commensurate with the expectations of Montgomery County residents at affordable and fair levels of taxation.

The total FY09 Operating Budget from all sources of funds is \$4.34 billion, up \$179.7 million or 4.3 % from the Approved FY08 Budget. The Capital Improvements Program totals \$3.38 billion, an increase of \$187.9 million or 5.9% from the previous CIP. These budgets support:

- Providing over \$54 million in total resources for the Montgomery Housing Initiative fund for the acquisition and rehabilitation of affordable housing.
- Resources to educate nearly 138,000 students in the Montgomery County Public Schools, with total expenditures of \$2,066.7 million, an increase of \$81.7 million from FY08.
- MCPS programs through expenditures in other County departments, such as Health and Human Services, Police, Recreation, Community Use of Public Facilities, and Environmental Protection.
- Launching the CountyStat Initiative to create a tool to measure, reinforce accountability, and improve government services.
- Growth in enrollment at all Montgomery College campuses with a total appropriation of over \$259 million, up \$21.2 million over the previous year.

Office of the Director

- Increasing our County's commitment to provide access to health care for low-income uninsured residents through the Montgomery Cares Health Care Program.
- Allocating \$1,287.8 million for school construction over six years, including modernization of four high schools, three middle schools, and twelve elementary schools.
- Design and Construct several transportation projects including the Silver Spring Transit Center, Montrose Parkway East, the Falls Road hiker-biker path, and Traffic Signal System Modernization.
- Implementing a 311/Constituent Relationship Management System to create a single point of contact for residents with non-emergency requests for government services, information, or complaints.
- Upgrading County business systems and streamlining business processes as part of the Technology Modernization project.
- Full funding of our employee wage agreements.

This budget, approved with no increase in property tax rates, is balanced through a combination of expenditure restraint and revenue adjustments. In order to align continuing costs with the County's projected revenues, several actions were taken to slow spending and provide continuing cost savings. These efforts yielded a budget that slowed the increase in tax supported spending from 9.8% in FY07 to 7.4% in FY08 and down to 3.7% in FY09. The rate of spending in the overall budget was similarly reduced from 9.0% in FY07 to 7.2% in FY08 and down to 4.3 % in FY09. A significant portion of these savings were realized from abolishing over 230 County Government positions in FY09. Approximately 60 of these positions were eliminated as part of the County's Retirement Incentive Program.

In addition to these actions on the spending side of the budget, a tax credit of \$579 per owner-occupied residential household is provided to partially offset rising property assessments. New fees and selected fee increases cover rising program costs and modest improvements. The budget also contains an increase to the energy tax of \$11.1 million to maintain essential services and provide funding for environmental programs. Adequate undesignated and designated reserves are provided for unforeseen contingencies.

You are invited to read the contents of these volumes for a description of the Approved Capital and Operating Budgets and the FY09-14 CIP. Please call the Office of Management and Budget at (240)777-2800 for further information. This information is also available on the Internet on the Montgomery County home page at www.montgomerycountymd.gov/omb.