

MONTGOMERY COUNTY

FY25 Recommended Operating Budget and FY25-30 Public Service Program

March 14, 2024



Prepared by the Office of Management & Budget and Department of Finance



Key Investments in FY25 Recommended Budget

- Preserves vital services for County residents
- Record funding for Montgomery County Public Schools and enhancements in County programs that support children
- Fully funds Montgomery College's request
- Record funding for climate change and environmental initiatives
- Provides key investments in public safety departments to enhance crime prevention, fire, and corrections and rehabilitation services
- Increased support for affordable housing and housing related services
- Significant investments in economic development and workforce training
- Provides additional support for the County's community partners





Budget Pressures

- **High inflation and cost increases for County services**
- **End of COVID Era Federal Funding that will need to be replaced with County funds to maintain services**
- **Increased demands for County services and increased needs for assistance for individuals, families and businesses**
- **Highly competitive labor market adding upward pressure on wages**
- **Decline in transfer and recordation tax revenues due to a weak housing market because of higher interest rates**
- **Projected mild recession impacting FY24 and FY25 revenues**





Framing the FY25 Montgomery County Budget

- In developing the budget, public input from 10 community forums – including one each in Spanish, Chinese and Amharic and targeted forums for seniors and PTA
- County reserve levels projected to be at 15 percent at the end of FY24
- County revenues are not sufficient to cover all budget pressures and maintain critical services
- Prudent use of County surplus as a bridge across the projected recession to maintain vital County services and make targeted investments
- With recommended use of surplus, reserve balance projected to be at 11.6 percent of revenues at the end of FY25 (this is \$106.1 million above our current 10 percent reserve target)



Public Schools and Services for Children

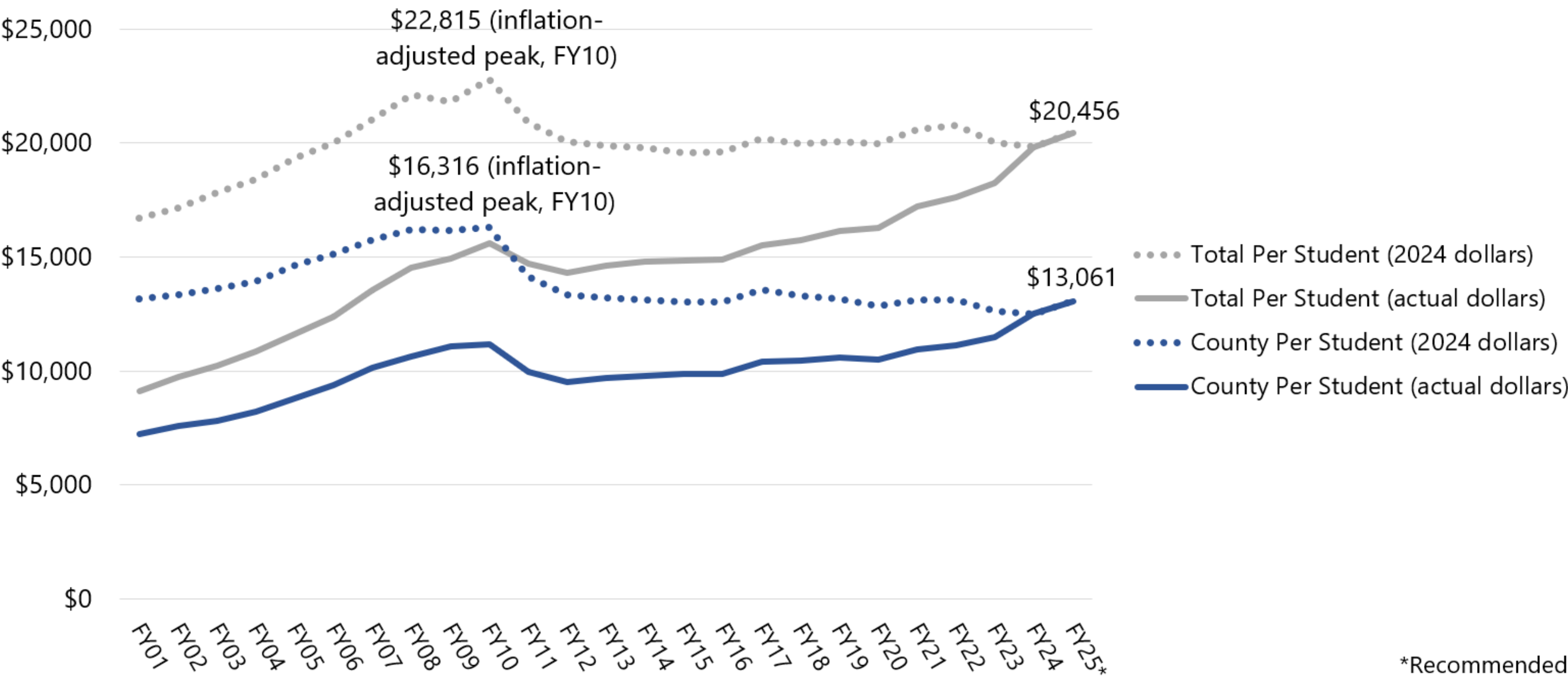
- Largest budget ever for Montgomery County Public Schools if approved - \$3.3 billion
- Funds 98.2 percent of the Board of Education's Request
- Third largest increase – \$106.8 million increase in County funds from FY24 and \$132 million over the State's Maintenance of Effort requirement
- \$22.6 million in total funding available in FY25 for the Early Care and Education Initiative (ECEI)
 - Childcare subsidies for families
 - A new capital project for child care expansion
- \$841,000 for the Children's Opportunity Alliance





Public Schools and Services for Children

MCPS Per-Student FY01-FY25 Appropriation:
Actual & Adjusted for Inflation



*Recommended



Support for Individuals and Families

- Nearly \$3 million to increase homeless shelter capacity, increased security and provide overflow sheltering in the winter months
- \$1.8 million in enhancements for Montgomery Cares
- \$600,000 for infectious disease prevention
- Funding to provide a 3 percent increase to the Developmental Disabilities Supplement Program, the Adult Medical Day Care Supplemental Program and all our nonprofit partners
- Over \$17 million to address food insecurity – including \$3 million in HHS and \$14.3 million in the Office of Food Systems Resilience
- Enhancements in County funds to reduce hunger for children when schools are closed





Mental Health and Substance Misuse

- Provides funds for seven Mobile Crisis Teams, two more teams than last year
- Establishes the Opioid Abatement Fund in the budget, funded with the County's share of proceeds from the State's legal settlement with opioid manufacturers and distributors
- Establishes the Office of Prevention and Harm Reduction using Opioid Abatement Funds
- Continues programming that provides targeted emergency interventions, public awareness campaigns and grant funding
- Funds the Youth Safety Initiative to provide at-risk youth and their families access to services to address community violence





Affordable Housing

- A total of \$169.4 million to expand the preservation, production and protection of affordable housing, including \$65M in new funds
 - \$56.2 million in the Housing Initiative Fund (including Rental Assistance)
 - \$113.2 million in the Capital Budget
- Nearly \$24 million in rental assistance funding
 - \$900,000 in Department of Health and Human Services (DHHS)
 - \$22.9 million in the Housing Initiative Fund
- Adds funds for eviction prevention in DHHS as federal Emergency Rental Assistance ends
- Funding to fully implement the Rent Stabilization Program and to regulate short term rental units in the County funded by fees on unit owners
- Increased support for the Common Ownership Communities program

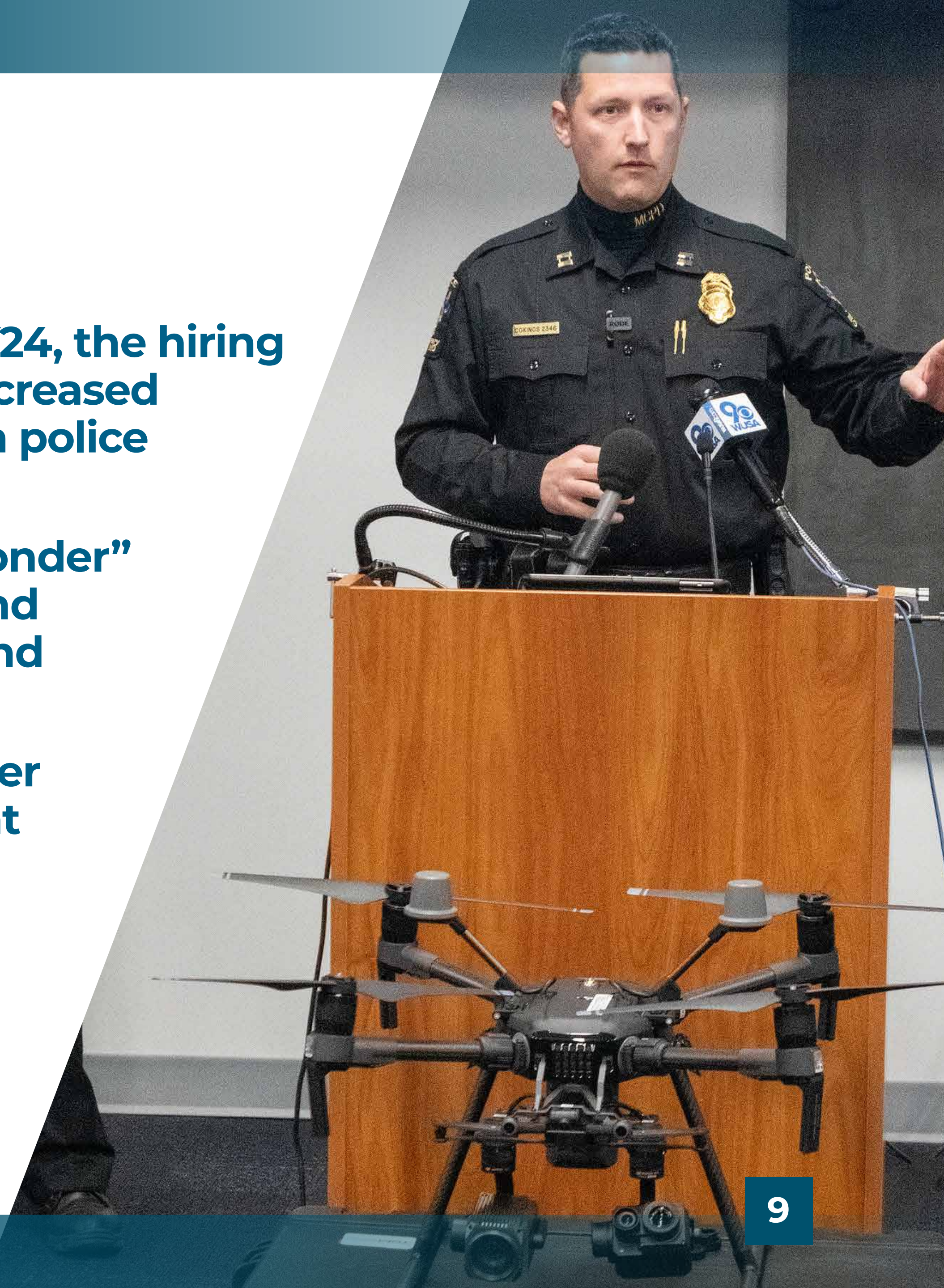




Public Safety

Police Department

- Continues signing bonuses implemented in FY24, the hiring of a specialized police recruitment firm and increased funding for police training to attract and retain police officers
- Expands the innovative “Drone as a First Responder” pilot program to Germantown/Gaithersburg and Bethesda and extends hours in Silver Spring and Wheaton
- Funding for increased use of license plate reader technology and automated traffic enforcement expansion
- Establishes a grant program to aid affected businesses in establishing safety plans as required by Bill 14-23
- Funds tools to facilitate community access to public records

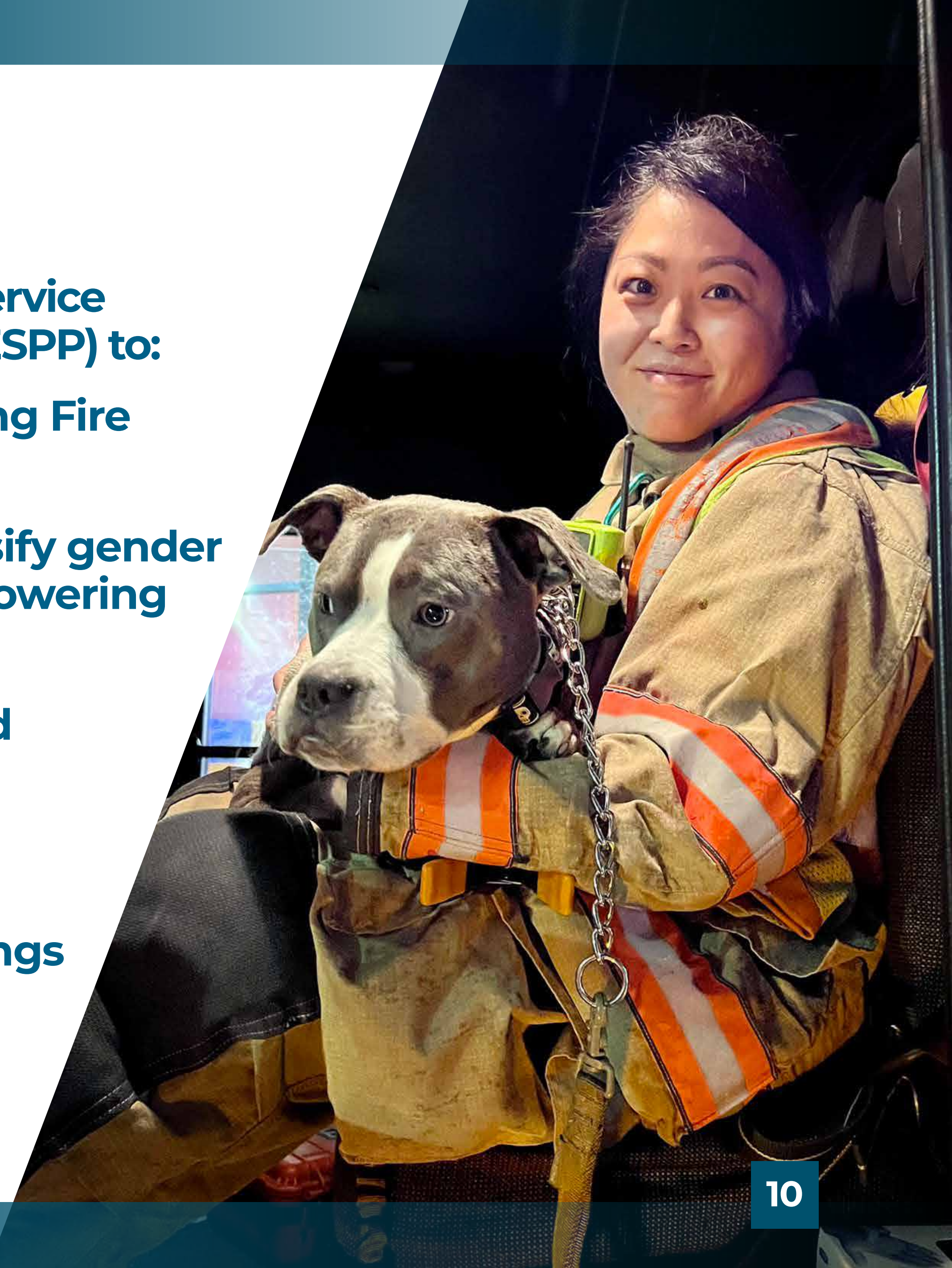




Public Safety

Fire and Rescue Service

- Leverages funds from the State's Emergency Service Transporter Supplemental Payment Program (ESPP) to:
 - Provide additional staffing at Sandy Spring Fire Station 40
 - Launch a new fire camp for girls to diversify gender representation in the fire service by empowering girls to consider firefighting careers
- Adds three firefighter positions in the Fire and Explosives Investigations Unit to increase effectiveness and free up law enforcement personnel
- Adds funds for early detection cancer screenings and provide COVID booster vaccinations for career firefighters





Public Safety

Correction and Rehabilitation

- Funds year-round operation of the Pre-Release Center
- Funds to repair kitchen equipment in support of the relaunched Bakery Program
- Continues retention bonuses for correctional health nurses





Environmental Sustainability and Climate Change

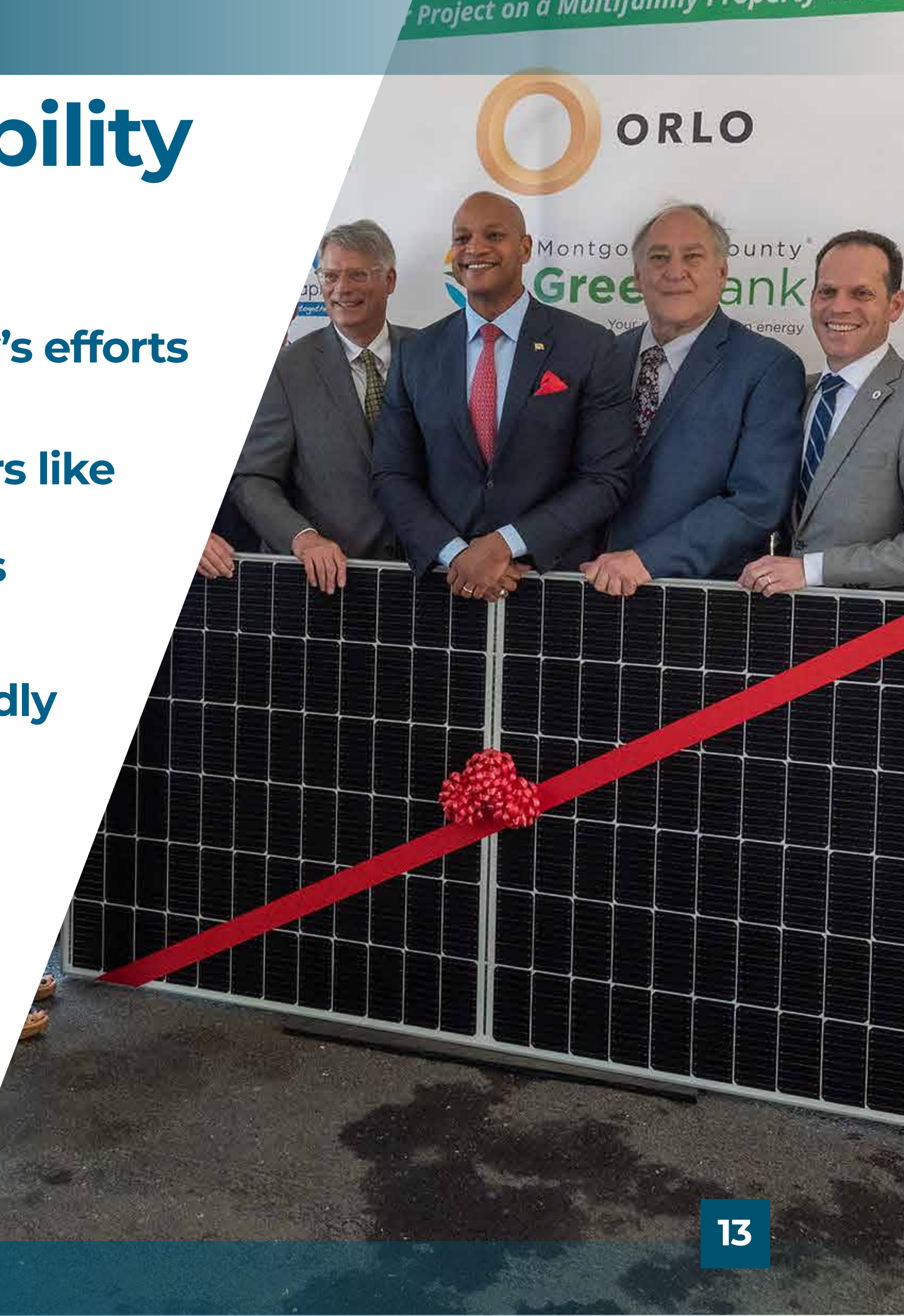
- **\$365 million investment to fight climate change**
- **\$19.1 million for the Montgomery County Green Bank – an increase of almost \$500,000**
- **Funds to enhance enforcement of the collection of the County's bag fee to ensure these bags do not end up in our waterways**
- **Adds funds to support climate change solutions in the transportation sector, clean energy efforts and zero waste efforts**





Environmental Sustainability and Climate Change

- Adds \$9 million in new spending to further the County's efforts to fight climate change, including:
 - \$275,000 to help under-resourced building owners like nonprofits and small businesses comply with the County's Building Energy Performance Standards
 - Adds funds to help low-income residents access federal incentive and tax credits for climate-friendly investments
 - Enhancements to build out the County's electric vehicle charging infrastructure
 - Adds a position and operating support to build out the County's solar charging infrastructure





Economic Development and Workforce Training

- Provides a total of \$27.3 million to support growing the County's economy, an increase of 17 percent from FY24
 - Funding for "BioHub Maryland at Montgomery County" to train our workforce at a state-of-the-art multifunctional facility equipped with cutting edge industrial bioprocessing equipment
 - New capital investments to refresh our existing incubators into innovation centers
 - Establishes a robust partnership with private and nonprofit partners for fostering entrepreneurship and innovation
 - Creates a new industry-led County alliance focused on the high tech and life sciences sector ecosystem in Montgomery County



Economic Development and Workforce Training

- **Commits to establishment of a \$7.5 million Small High Growth Business Fund to support companies with high growth potential and grow jobs in the County. The fund will provide access to much-needed capital to start or grow these businesses**
- **Two additional business liaisons for the Montgomery County Business Center team to provide outreach and direct assistance for businesses**
- **Total budget of \$2.4 million to WorkSource Montgomery – a 21 percent increase of the prior fiscal year to support the Summer RISE youth program and programming at the Montgomery County Correctional Facility to support successful reentry opportunities**



Transportation and Transit

- Provides funds for the launch of the Great Seneca Transit Network that will provide frequent transit service and improve mobility and access to jobs in Rockville, Gaithersburg and Shady Grove life sciences corridor
- Provides much needed funding for repairs and accessibility improvements for bus stops and bus shelters
- Adds funds to address backlog of roadside tree and stump removal and tree plantings
- Adds funds for residential road resurfacing
- Additional funding to help us achieve our Vision Zero goal, including funding to install raised pavement markers, refresh crosswalk markings and maintain street signs as well as increase the Safe Routes to School program





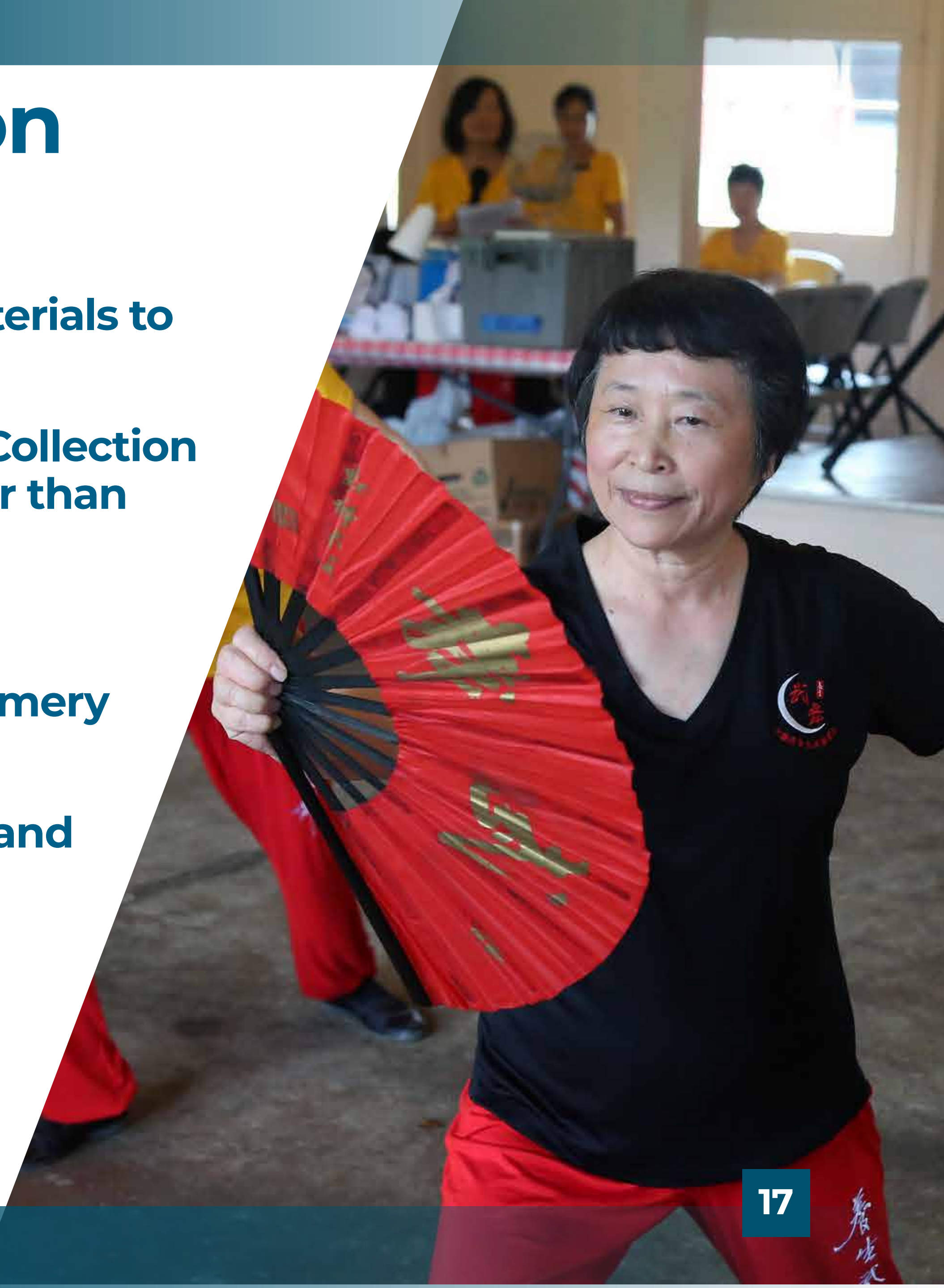
Libraries and Recreation

Libraries

- Enhancements to expand access to digital materials to meet increased public demand
- Expansions to the County's World Languages Collection to serve customers who speak languages other than English

Recreation

- Continuation of free fitness passes for Montgomery County Recreation centers
- Expansion of Excel Beyond the Bell to Eastern and Benjamin Banneker middle schools
- Expanding RecZone
- Funds for Senior programming and the Senior Barbecue Bonanza





Effective and Sustainable Government

- **\$4.4 million increase to the Board of Elections to support for the Presidential Election**
- **\$333,000 in funding for the Public Election Fund**
- **Funds to modernize the County's information technology systems and enhance cybersecurity**
- **To take advantage of efficiencies in technology, shifts MC311 to the Department of Technology and Enterprise Business Solutions**
- **Provides for ways to explore novel uses of artificial intelligence (AI) to provide efficient information technology services and revolutionize the way County government functions**
- **Expands capacity of the Office of Grants Management by creating a pool of flexible funding for federal grant pursuit and management tools that can be allocated strategically across departments**



Creating a 21st Century Workforce

- **Funds to modernize our recruitment practices, enhance leadership effectiveness, and foster transparency and equity in our classification and compensation structures**
- **Repurposes six vacant positions for the Office of Human Resources and increase funding for online hiring platforms to strengthen the County's recruitment efforts**
- **Provides ongoing funds for a management training program that we piloted in FY24 – this is critical to increase the effectiveness of the County's leadership teams**
- **Funds to finally update the County's long outdated classification plan and bring more transparency to the County's pay practices**
- **Centralizes labor relations functions within the Office of Labor Relations by repurposing five vacant positions from elsewhere in County government to bolster these efforts**
- **Eliminates 60 positions and repurposes 40 positions, the vast majority of which have been vacant for longer than one year**



Community Partners

- **Provides a three percent inflationary adjustment to all nonprofit service provider contracts and community grants**
- **\$6.5 million to continue to fund all multi-year Community Grants Non-Departmental Account awards**
- **\$2 million for Nonprofit Technical Assistance and Management Support grants**
- **\$1.2 million for a Community Projects Fund for small grants**
- **\$1 million for a nonprofit incubator**
- **\$1.5 million in cost sharing grants to provide matching funds for capital projects**
- **\$1.2 million for Nonprofit Security Grants - \$900,000 in this budget plus and additional \$300,000 to be submitted by budget amendment**



Other Government Operations

- **Maryland-National Capital Park and Planning Commission – total budget increase of \$10.8 million (including debt service)**
- **WSSC Water – 8.5 percent rate increase per the Spending Affordability Guidelines and as requested by WSSC Water**
- **Payments to municipalities budget increases by \$2.1 million and reflects the final phase of the three-year negotiated plan to increase tax duplication payments**
- **Fully funds the request of the County Council and adds two additional staffers to the Office of Inspector General to support MCPS investigations**
- **Adds funding to restore the Office of the People's Counsel in the Legislative Branch**



Use of Additional Federal Reimbursement

- The County has been approved for **\$33 million** in reimbursement by the **Federal Emergency Management Agency (FEMA)** for **COVID-related expenditures**
- When funds are received, the following amendments will be transmitted

Allocation of Additional Federal Reimbursement for COVID Costs		
Department	Amendment	Amount
DGS	Support for BlackRock Center for the Arts	\$260,000
EDF	Fund for High Growth Small Businesses	\$7,500,000
HHS	Newcomers Program	\$7,155,143
NDA - COA	Additional Funding for Children's Opportunity Alliance	\$231,200
NDA - KID	KID Museum Programmatic Enhancements	\$1,145,366
NDA - Vision Zero	La Abuelina Outreach Phase 2	\$50,000
OEMHS	Additional Nonprofit Security Grants	\$300,000
OFSR	Food Staples Program	\$3,500,000
POL	Cadet Program	\$495,498
POL	Equipment Planned Lifecycle Asset Replacement Fund	\$500,000
POL	Technology Maintenance Contract	\$1,600,000
REC	Damascus Senior Center Rental Space	\$74,472
REC	IT Enhancement for ePact Software and Equipment	\$145,100
TEBS	Customer Relationship Management Software	\$400,000
TEBS	Web 2.0 Project	\$1,500,000
CIP	Sexual and Gender Minorities Health Center Project	\$500,000
CIP	Transportation Land Purchase Project	\$1,000,000
CIP	Incubator Enhancement Project	\$3,000,000
CIP	Glen Echo Park Spanish Ballroom Capital Project	<u>\$3,250,000</u>
Total		\$32,606,779

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