Revenues

INTRODUCTION

This chapter provides demographic and economic assumptions, including detailed discussions of the national, State and local economies. Revenue sources, both tax supported and non-tax supported, used to fund the County Executive's Recommended FY09 Operating Budget incorporate policy recommendations.

ESTIMATING SIX-YEAR COSTS

Demographic Assumptions

The revenue projections of the Public Services Program (PSP) incorporate demographic assumptions based on Council of Governments (COG) Round 7.2 estimates, as prepared by M-NCPPC, and are based on fiscal and economic data and analyses used or prepared by the Department of Finance. *A Demographic and Economic Assumptions* chart located at the end of this chapter provides several demographic and planning indicators.

- County population, which was 949,600 in 2008, will continue to increase an average of approximately 10,800 persons each year throughout the next seven years reaching one million by 2013 and 1,025,000 by 2015. This reflects an average annual growth rate of 1.1 percent, which is below the average annual growth rate of 1.6 percent during the late 1990s.
- There were an estimated 356,000 households in the County in 2008 and current projections estimate the number of housholds to increase to 359,000 in 2009 and 362,000 by 2010. Household growth throughout the subsequent five years is now projected to grow at an average annual rate of 1.3 percent. As a result, current projections estimate 386,000 households by the by 2015.
- The County's senior population continues to grow with an estimated 104,591 persons 65 or older living here in 2005 and projected to increase to 134,838 by 2015.
- County births, which are one indicator of future elementary school populations and child day care demand, are projected to gradually increase, from an estimated 14,010 in 2009 to 14,880 by 2015.
- Montgomery County Public School enrollments are projected to increase moderately over the next six years. The County expects an enrollment increase of 4,432 students from FY10 to FY15.
- Montgomery College enrollments are projected to increase from 24,452 in September 2009 to 25,230 in September 2014 (FY15). These estimates are based on a continuation of growth in fall enrollment.

Using moderate economic and demographic assumptions to develop fiscal projections does not mean that all possible factors have been considered. It is likely that entirely unanticipated events will affect long-term projections of revenue or expenditure pressures. Although they cannot be quantified, such potential factors should not be ignored in considering possible future developments. These potential factors include the following:

- Changes in the level of local economic activity,
- Federal economic and workforce changes,
- State tax and expenditure policies,
- Federal and State mandates requiring local expenditures,
- Devolution of Federal responsibilities to states and localities,
- Local tax policy changes,
- Changes in financial markets,
- Major demographic changes,
- Military conflicts and acts of terrorism, and
- Major international economic and political changes.

Policy Assumptions

Revenue and resource estimates presented are the result of the recommended policies of the County Executive for the FY10 budget. Even though it is assumed that these policies will be effective throughout the six-year period, subsequent Council actions, State law and budgetary changes, actual economic conditions, and revised revenue projections may result in policy changes in later years.

Economic Assumptions

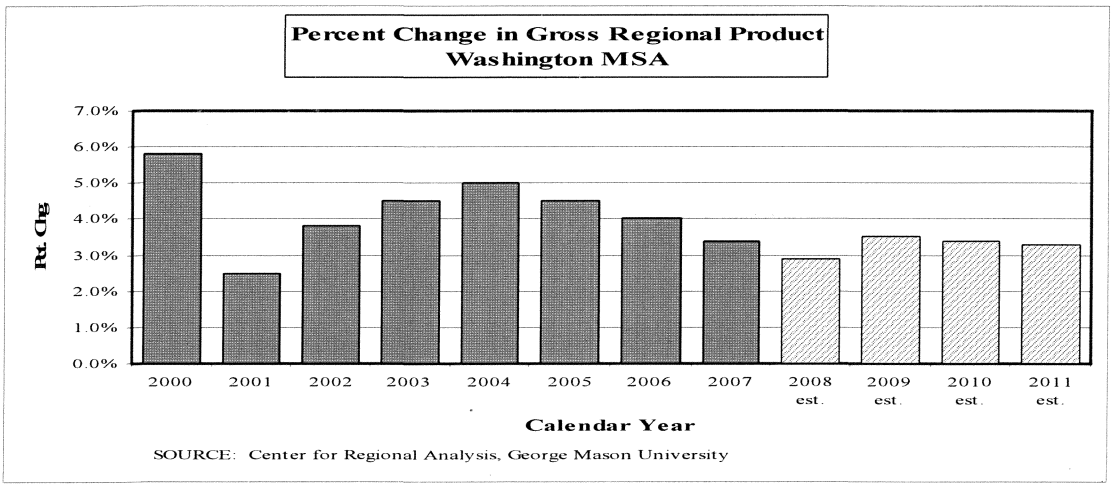
Revenue projections depend on the current and projected indicators of the national and local economy. National economic indicators also influence the County's revenue projections. Such indicators include short-term interest rates, mortgage interest rates, and the stock market. Local economic indicators include employment, residential and nonresidential construction, housing sales, retail sales, and inflation. The assumptions for each of those indicators will affect the revenue projections over the six-year horizon. Because of the large presence of the federal government, in terms of employment, procurement, and federal retirees, Montgomery County's economy, generally, does not experience the volatility that is experienced nationally.

The economic projections for the next six fiscal years assume a slow but sustainable growth rate. However, growth will be significantly weaker in the early part of this forecast period and dependent on the current forecasts for the national and regional economies. Such projections are dependent on a number of factors – fiscal and monetary policy, real estate, employment, consumer and business confidence, the stock market, mortgage interest rates, and geopolitical risks.

The national economy experienced an economic slowdown during calendar year 2008. For the year, real gross domestic product (GDP) grew 1.1 percent, the lowest rate since 2001 (0.8%), with much of the growth attributable to consumer purchases of services (↑1.5%), investment in non-residential construction (↑11.5%), exports (↑6.2%), and federal government spending (↑6.0%). The slowdown in the national economy is attributed to declines in real GDP during the third and fourth quarters of 2008 (↓0.5% and ↓6.2%, respectively). According to the Federal Reserve's (Fed) *Monetary Report to the Congress* (February 24, 2009), real GDP is expected to decline between 0.5 and 1.3 percent in 2009. That range is based on the Fed's assessment of "further intensification of the financial crisis and its effect on credit and wealth, the waning of consumer and business confidence, the market deceleration in global economic activity, and weakness in consumer spending and employment."

According to data from the Center for Regional Analysis, George Mason University, the gross regional product (GRP) for the Washington Metropolitan area grew between 2.0 and 3.0 percent in 2008, and is expected to grow between 1.0 and 2.0 percent in 2009. The Washington Coincident Index, which represents the current state of the region's economy, decreased 7.8 percent in 2008 (Dec. '08 over Dec. '07) and was the second consecutive year that the index declined. The Washington Leading Index, which estimates the performance of the regional economy six to eight months ahead, decreased 3.0 percent in 2008 (Dec. '08 over Dec. '07) and confirms the projected slowdown in the GRP for 2009.

Although at a slower pace, the Washington region continued to experience job growth. Between 2003 and 2006, the region's economy added an average of nearly 59,800 new jobs per year which was significantly above 22,900 new jobs created in 2007 and 29,200 in 2008. From 2006 to 2008, the region's unemployment rate increased slightly from 3.1 percent in 2006 to 3.8 percent in 2008, one of the lowest among the nation's largest metropolitan areas.



Montgomery County experienced mixed economic activity during 2008. The primary reasons for the County's mixed performance were no growth in resident employment, the contraction of construction particularly residential construction, a dramatic decline in home sales, and decline in consumer spending. Resident employment at 498,043 in 2008 has not increased since either 2006 (498,078) or 2007 (498,279). Residential construction activity continued to decline in the County during 2008. The number of projects was down 8.3 percent from the previous year, the value added was also down for the second year in a row. Home sales in the County declined nearly 18 percent during the year compared to 2007 and average housing prices declined 8.4 percent after increasing 3.9 percent in 2007, 4.4 percent in 2006, and over 18 percent annually in both 2004 and 2005. The unemployment rate increased from 2.5 percent in December 2007 to 3.9 percent in December 2008.

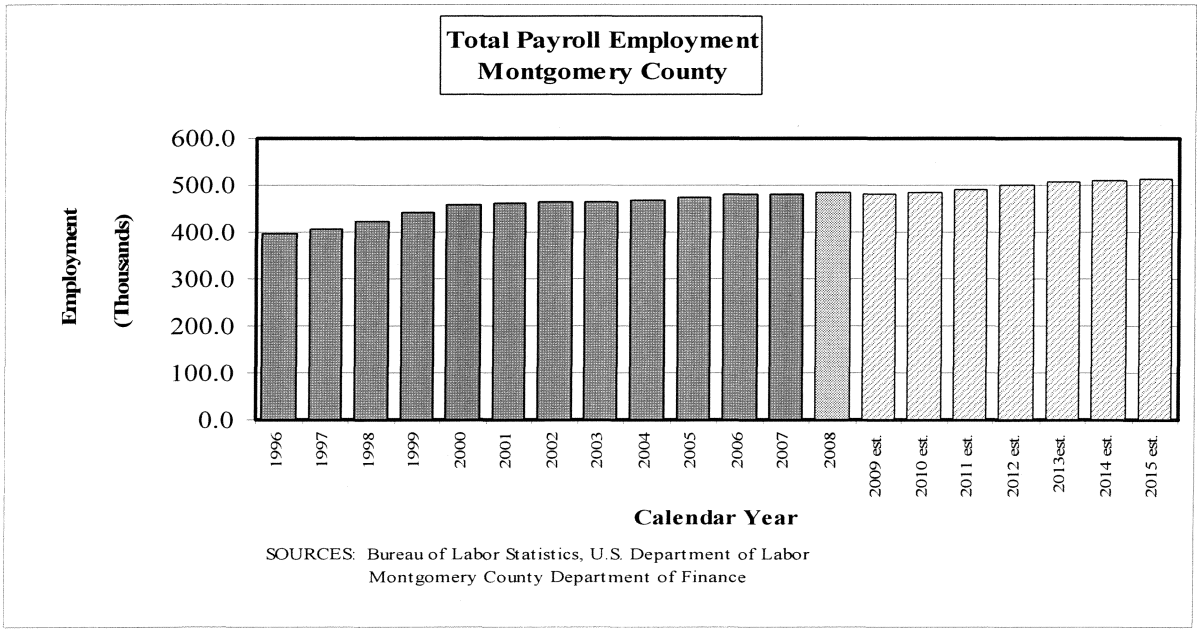
It is against this backdrop of weaker economic growth, a significant decline in home sales, and weak construction activity that the Department of Finance (Finance) estimates a decline in employment in 2009, a slight deceleration in the growth of total personal income, and much lower yields on investment attributed to the policy of the Federal Reserve Board through calendar 2008.

Employment Situation

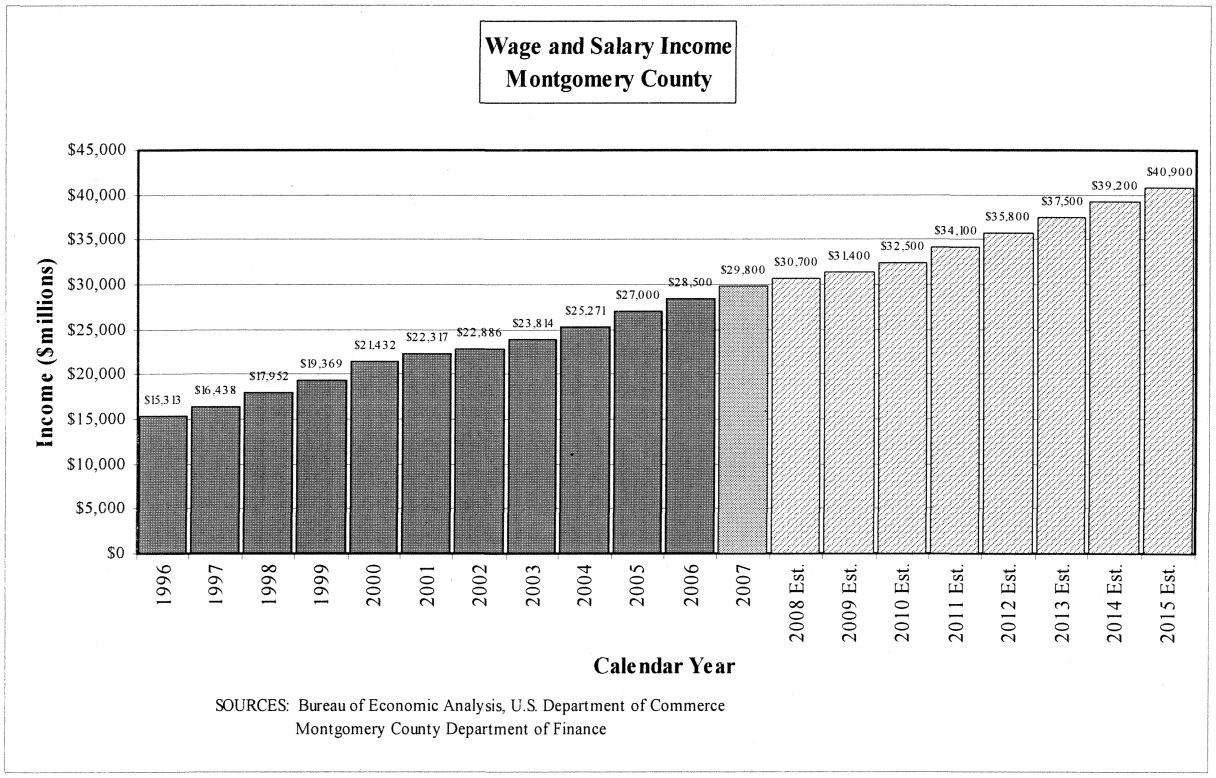
During the past thirteen years, total payroll employment in Montgomery County, which is based on the survey of establishments, experienced two distinct cycles: significant growth from 1996 to 2000 of 3.59 percent per year, and a period a weak growth between 2000 and 2008 with an average annual growth rate of 0.65 percent. The Department of Finance (Finance) assumes payroll employment to grow, on average, 0.88 percent per year between 2008 and 2015. In terms of the number of jobs added to the County's total payroll employment, an average of 4,350 new jobs are added each year between 2008 and 2015, well below the average of 7,065 per year between 1996 and 2008.

Based on data derived by Finance, the County's employers added only 1,800 jobs (↑0.4%) in 2008. While payroll employment made modest gains during this period. Data from the labor force series reported that employment based on place of residence rather than place of employment experienced virtually no increase in 2008. While resident employment experienced no growth, especially in the final four months of 2008 when employment among County's residents declined by nearly 5,600 compared to the same period in 2007, the unemployment rate for the County increased. For the entire year, the County's unemployment rate was 3.2 percent – up from the 2.7 percent in 2007. The low unemployment rate compared to the State and the nation suggests that the public sector is providing a stable foundation against significant labor market volatility experienced at the national level.

Based on this assessment of the employment situation in Montgomery County, the Department of Finance assumes that payroll employment will decrease 0.4 percent in 2009 followed by an increase of only 0.3 percent in 2010. Employment among County residents is expected to decline 0.3 percent in 2009 and increase 0.8 percent in 2010. However, the number of jobs is one indicator of the County's labor market, the other factor is the growth in wages and salaries.



From 2000 through 2008, average weekly wages are expected to have increased from $840 to $1,210 – an average annual increase of 4.67 percent. Finance estimates that average weekly wages will increase to $1,575 by 2015 – an average annual increase of 3.84 percent. Since Finance assumes wage and salary income to grow 4.10 percent per year between 2008 and 2015, total wage and salary income is expected to reach $40.9 billion dollars by 2015.



As a result of modest job growth and gains in wages and salaries, Finance assumes that total personal income grew only 3.8 percent in 2008 compared to 6.6 percent in 2007. Total personal income is assumed to grow at an average annual rate of 4.5 percent between 2008 and 2015, which is lower than the ten-year average of 5.8 percent between 1998 and 2008.

Construction Activity

Construction is a cyclical activity that can have a significant effect on a local economy and employment owing to secondary and tertiary effects on construction supply and service industries. Permits and starts are key indicators of the near-term economic condition of the housing industry and are considered leading indicators for the local economy. Of lesser note, new single-family home sales and construction outlays are important indicators for monitoring the level of current investment activity. Construction starts measure initial activity as opposed to permits, which measure planned activity. However, permits and starts closely track each other and therefore, a four-month moving average provides a more reliable indicator of the housing trend compared to month-to-month changes. The primary source of construction data is McGraw-Hill Construction, formerly known as Dodge Analytics.

The value of new non-residential construction in the County added to the property tax base increased 71.5 percent in calendar year 2008 from $693.7 million to $1,189.4 million. The dramatic increase in the value was led by two hospital and health facilities ($615.8 million). Excluding those facilities, the additional value of non-residential construction declined 17.3 percent. In 2008, the value of new commercial activity declined 21.5 percent to $319.2 million compared to 2007 ($406.4 million). The value of other non-residential construction, which includes manufacturing, education and science, hospital and

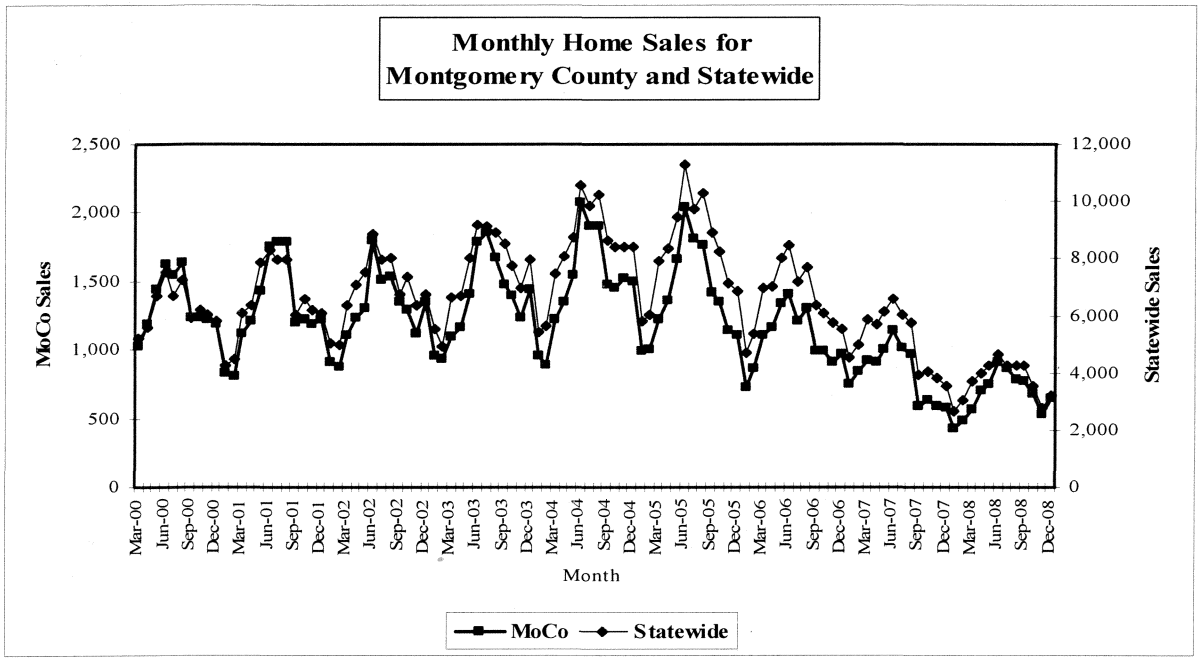
health treatment facilities excluding the two health facilities, added to the property tax base decreased 11.5 percent in 2008 from $287.3 million to $254.4 million.

The decline in non-residential construction can be attributed to an increase in the vacancy rate for Class A property in the fourth quarter of 2008 to its highest level since the first quarter of 2005. While that rate is slightly below the regional average of 11.0 percent, it represents an uninterrupted series of increases that began in the second quarter of 2006.

The value of additional residential property declined 40.2 percent in 2008, which followed a modest increase of 0.8 percent in 2007. The value of new residential construction stood at $430.1 million in 2008, which was significantly below the previous five-year annual average of $712.7 million. Because of the high inventory-to-sales ratio for existing homes experienced in 2008, Finance assumes that the value of new residential construction will decline in calendar year 2009 to the level experienced prior to the housing construction boom that began in 2001.

Residential Real Estate

Sales of existing homes in Montgomery County continued to decline significantly in terms of volume and average sales price in 2008. Home sales in Montgomery County declined 17.8 percent in 2008, which followed declines of 20.5 percent in 2006 and 23.4 percent in 2007. For the first time in over a decade, average home prices declined 7.6 percent in 2008, which followed increases of 4.4 percent and 3.9 percent for 2006 and 2007, respectively. The large drop in sales was reflected in the dramatic increase in the inventory-to-sales ratio. For example, there was an increase in the ratio from one seller to one buyer in June 2005 to a ratio of eight sellers to one buyer by December 2008.



Retail Sales

Using sales tax receipts as a measure of the level of retail sales for the County, purchases of durable and nondurable goods adjusted for the rate increase from 5 percent to 6 percent decreased 12.2 percent in 2008 compared to decreases of 4.6 percent in 2006 and 8.7 percent in 2007. The sale of nondurable goods, which includes food and beverage, apparel, general merchandise, and utilities and transportation, increased 1.1 percent.

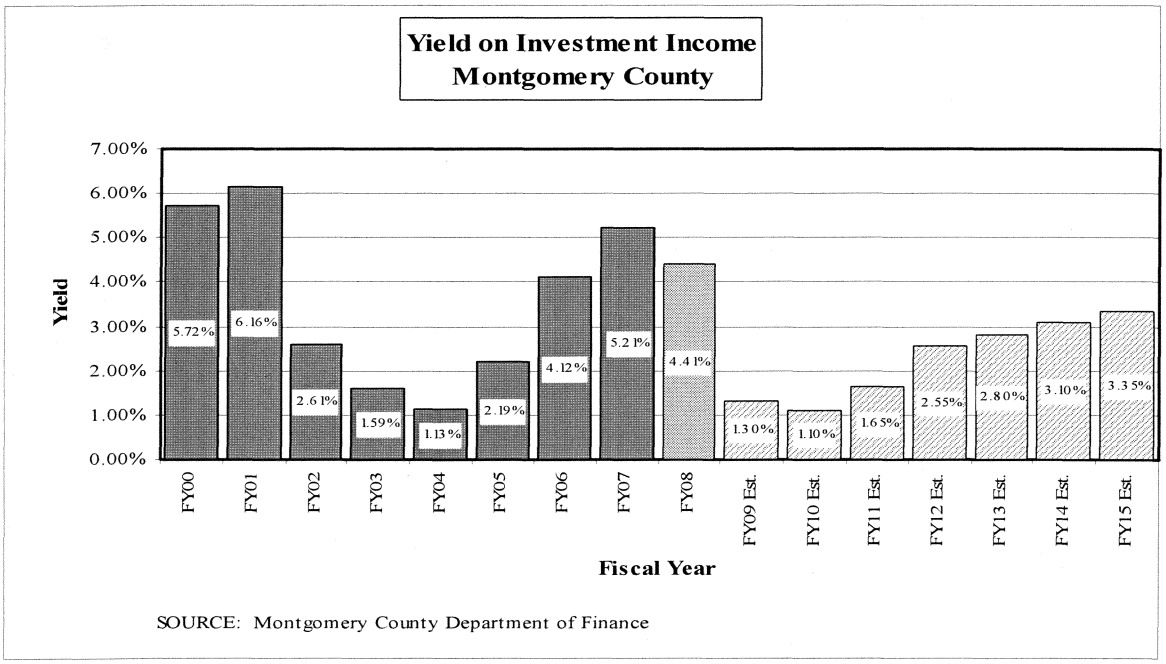
Sales of utilities and transportation (↑7.3%) and food (↑0.3%) led purchases of nondurable goods in 2008. Sales of furniture and appliances (↓18.5%) and hardware, machinery, and equipment (↓11.4%) led the decline in purchases of durable goods.

Consumer Prices and Inflation (annual rates)

As measured by the Consumer Price Index for All Urban Consumers (CPI-U), inflation in the Washington-Baltimore consolidated statistical metropolitan area was slightly above the national average in 2008 (4.5% compared to 3.8%, respectively). While overall price increases were largely attributed to high energy prices during the first half of 2008, the "core" inflation rate, which is the CPI excluding the volatile food and energy prices, increased 2.9 percent for the region compared to the nation's 2.3 percent. Finance assumes that the overall inflation rate, which is the percent change in the annual regional index, will moderate gradually from 4.5 percent in 2008 to 2.5 percent by 2015.

Interest Rates

Beginning September 2007 to January of this year, the Federal Reserve Board, through its Federal Open Market Committee, has aggressively cut the effective target rate on federal funds from 5.25 percent to a range of 0.00-0.25 percent. The ten rate cuts were in response to the credit crisis that has significantly affected the financial markets (both bonds and stock markets) and the national economy since the summer of 2007. Based on data from the Federal Funds futures market (Chicago Board of Trade), Finance assumes that the FOMC will maintain its current position of an effective target rate of 0.00-0.25 percent through the first three quarters of calendar year 2009 at which time interest rates may increase modestly during the final quarter of this year. Since the yield on the County's short-term investments are highly correlated with the federal funds rate, Finance estimates that the County will earn an average yield of 1.30 percent on its short-term portfolio for FY09 and 1.10 percent for FY10 – the lowest yield since FY04.



SOURCE: Montgomery County Department of Finance

REVENUE SOURCES

The major revenue sources for all County funds of the Operating Budget and the Public Services Program are described below. Revenue sources which fund department and agency budgets are included in the respective budget presentations. Six-year projections of revenues and resources available for allocation are made for all County funds. This section displays projections of total revenues available for the tax supported portion of the program. Tax supported funds are those funds subject to the Spending Affordability Guideline (SAG) limitations. The SAG limitations were designed and intended to provide guidance prior to the preparation of the recommended budget as to the level of expenditure that is affordable based on the latest revenue estimates.

The PSP also includes multi-year projections of non-tax supported funds. These funds represent another type of financial burden on households and businesses and, therefore, should be considered in determining the "affordability" of all services that affect most of the County's population. Projections for non-tax supported funds within County government are presented in the budget section for each of those funds.

IMPACT ON REVENUES AND THE CAPITAL BUDGET

The use of resources represented in this section includes appropriations to the Operating Funds of the various agencies of the County as well as other resource requirements, such as current revenue funding of the Capital Budget, Debt Service, and Fund Balance (operating margin). These other uses, commonly called "Non-Agency Uses of Resources," affect the total level of resources available for allocation to agency programs. Some of these factors are determined by County policy; others depend, in part, on actual revenue receipts and expenditure patterns.

The level of PSP-related spending indirectly impacts the local economy and, hence, the level of County revenues. However, the effect on revenues from expenditures of the Executive's Recommended Operating Budget and PSP are expected to be minimal. The PSP also impacts revenues available to fund the Capital Budget. The revenue projections included in this section subtract projected uses of current revenues for both debt eligible and non-debt eligible capital investments. Therefore, the Executive's Recommended Operating Budget and PSP provide the allocations of annual resources to the Capital Budget as planned for in the County Executive's Amendments to the FY09-14 CIP (as of January 15, 2009). Current revenue adjustments to the January 15, 2009 CIP have been made as part of the Executive's Recommended Operating Budget.

Prior Year Fund Balance

The prior year fund balance for the previous fiscal year is the audited FY08 closing fund balance for all tax supported funds. The current year fund balance results from an analysis of revenues and expenditures for the balance of the fiscal year. Prior year fund balance for future fiscal years is assumed to equal the target fund balance for the preceding year.

Net Transfers

Net transfers are the net of transfers between all tax supported and non-tax supported funds in all agencies. The largest single item is the transfer from the General Fund to Montgomery Housing Initiative to support the Executive's housing policy. The payment from the General Fund to the Solid Waste Disposal Fund for disposal of solid waste collected at County facilities is the next largest transfer to a non-tax supported fund. These are offset by transfers from non-tax supported funds, the largest of which is the earnings transfer from the Liquor Control Fund to the General Fund and the transfers for indirect costs from the non-tax supported funds. The level of transfers is an estimate based on individual estimates of component transfers.

Debt Service Obligations

Debt service estimates are those made to support the County Executive's Amendments to the FY09-14 Capital Improvements Program (as of January 15, 2009). Debt service obligations over the six years are based on servicing debt issued to fund planned capital projects, as well as amounts necessary for short-term and long-term leases. Debt service requirements have the single largest impact on the Operating Budget/Public Services Program by the Capital Improvements Program. The Charter-required CIP contains a plan or schedule of project expenditures for schools, transportation, and infrastructure modernization. Approximately 52 percent of the CIP is funded with G.O. bonds. Each G.O. bond issue used to fund the CIP translates to a draw against the Operating Budget each year for 20 years. Debt requirements for past and future G.O. bond issues are calculated each fiscal year, and provision for the payment of Debt Service is included as part of the annual estimation of resources available for other Operating Budget requirements. As Debt Service grows over the years, increased pressures are placed on other PSP programs competing for scarce resources.

In accordance with the County's Fiscal Policy, these obligations are expected to stay manageable, representing less than 10.0 percent of General Fund revenues. Maintaining this guideline ensures that taxpayer resources are not overextended during fiscal downturns and that services are not reduced over time due to increased Debt Service burdens.

The State authorizes borrowing of funds and issuance of bonds up to a maximum of 6.0 percent of the assessed valuation of all real property and 15.0 percent of the assessed value of all personal property within the County. The County's outstanding G.O. debt plus short-term commercial paper as of June 30, 2008, is 1.2 percent of assessed value, well within the legal debt limit and safely within the County's financial capabilities.

CIP Current Revenue and PAYGO

Estimates of transfers of current revenue and PAYGO to the CIP are based on the most current County Executive recommendations for the Capital Budget and CIP. These estimates are based on programmed current revenue and PAYGO funding in the six years, as well as additional current revenue amounts allocated to the CIP for future projects and inflation.

Revenue Stabilization

Mandatory contributions to the Revenue Stabilization Fund (Rainy Day Fund) are made if certain revenues increase above their budgeted projections and/or if projected revenue growth is stronger than in a selected historical period. Revenues include County Income Tax, Transfer Tax, General Fund Investment Income, and Recordation Tax excluding the amount dedicated to the MCPS CIP and College information technology projects. The projection assumes that no mandatory transfer will be made to this fund at the end of FY09 leaving a fund balance of $119.6 million, which is the result of lower than previously estimated income tax, transfer and recordation taxes, and investment income. Because of higher than expected revenue collections in ten of the twelve previous fiscal years (FY97-FY02 and FY04-FY07), in addition to the two discretionary transfers made in FY95 ($10.0 million) and FY96 ($4.5 million), the Revenue Stabilization Fund reached its maximum allowable fund size of $119.6. There were no funds available in FY08 to transfer to the Fund as the mandatory contribution.

Since the fund has reached more than half of its maximum fund size, interest earned from the fund must fund PAYGO expenditures in the CIP fund. The estimate of the interest in FY09 is $1.6 million. A similar funding of PAYGO from earned interest was made in FY02 ($2.2 million), FY03 ($1.3 million), FY04 ($1.1 million), FY05 ($2.4 million), FY06 ($4.7 million), FY07 ($6.2 million), and FY08 ($5.8 million). Due to a projected growth in revenues, the maximum allowable fund size is projected at $161.1 million by FY15. However, barring future discretionary or mandatory contributions to the fund, the fund will remain at the current $119.6 million level through FY15.

Other Uses

This category is used to set aside funds for such items as possible legal settlement payments and other special circumstances such as set-aside of revenues to fund future years.

Reserves

The County will maintain total reserves for tax supported funds that include both an operating margin reserve and the Revenue Stabilization Fund (or "Rainy Day Fund"). For tax supported funds in FY10, the budgeted total reserve of the operating margin and the Revenue Stabilization Fund will be 5.0 percent of total resources (i.e., revenues, transfers, prior year undesignated and designated fund balance). Future year projections assume restoration of total tax supported reserves to 6.0 percent of total resources.

REVENUE ASSUMPTIONS

Projections for revenues are included in six-year schedules for County Government Special Funds and for Montgomery College, M-NCPPC, and WSSC in the relevant sections of this document. See the MCPS Budget Document for six-year projections of MCPS funds. Projections for revenues funding County government appropriations are provided to the Council and public as fiscal projections. Such projections are based on estimates of County income from its own sources such as taxes, user fees, charges, and fines, as well as expectations of other assistance from the State and Federal government. The most likely economic, demographic, and governmental policy assumptions that will cause a change in revenue projections are included in this section.

TAX REVENUES

Tax supported revenues come from a number of sources including but not limited to property and income taxes, real estate transfer and recordation taxes, excise taxes, intergovernmental revenues, service charges, fees and licenses, college tuition, and investment income. In order of magnitude, however, the property tax and the income tax are the most important with 39.7 percent and 32.0 percent, respectively, of the estimated total tax supported revenues in FY10. The third category is the combined real estate transfer and recordation taxes with a 3.3 percent share. In fact, these three revenue sources represent 73.2 percent of total tax supported revenues. Income and transfer and recordation taxes are the most sensitive to economic and, increasingly, financial market conditions. By contrast, the property tax exhibits the least volatility because of the three year re-assessment phase-in and the ten percent "homestead tax credit" that spreads out changes evenly over several years.

In the late 1990s and early 2000s, the property tax stood in the shadow of the income tax in terms of growth. In fact, in FY99 measured by General Fund revenues, the income tax surpassed the property tax for the first time as the largest tax source in the County. At the time, the low single-digit growth in property tax revenue was dwarfed by the double-digit growth in the income tax. But with all this explosive growth in the income tax also came considerable volatility. For that reason, it was a welcome sign to observe that the property tax – the most stable of all revenue sources – gained considerable ground at a time that the income tax experienced considerable weakness. Because of adhering to the Charter Limit through tax rate cuts and income tax offset credit, the growth rates in property taxes were lower than would have been under current rates. Due to the recent

economic weakness affecting the income tax, FY10 marks the second consecutive year since FY99 in which the property tax returns to the position as the largest tax supported revenue source.

Property Tax

Using proposed rates and a recommended $690 credit to meet the Charter Limit, total estimated FY10 tax supported property tax revenues of $1,438.7 million are 5.3 percent above the revised FY09 estimate. The general countywide rate recommended for FY10 is $0.661 per $100 of assessed real property, while a rate of $1.652 per $100 is levied on personal property. In addition to the general countywide tax rate, there are special district area tax rates. The 1990 Charter amendment (FIT) limits the growth in property tax revenues to the sum of the previous year's estimated revenue, increased by the rate of inflation, and an amount based on the value of new construction and other minor factors. This Charter limit, however, may be overridden by a vote of nine members of the County Council. Growth in the previous calendar year's CPI-U for the Washington-Baltimore Consolidated Metropolitan Statistical Area is used to measure inflation. Since reassessments grew faster than the rate of inflation during the previous six fiscal years, current rates generate revenues that are $168.9 million above the Charter limit for FY10 assuming the income tax offset (rebate) is used to achieve the Charter Limit. The County Executive's proposal to recommend an income tax offset credit (rebate) of $690 for each owner-occupied residence reduces property tax revenues in FY10 by $168.9 million below what the FY09 rates would have generated. As a result, property tax revenues in FY10 are reduced sufficiently to eliminate the variance between revenues at current rates and at the Charter Limit.

The countywide total property tax assessable base is estimated to increase 6.9 percent from a revised $162.6 billion in FY09 to $173.8 billion in FY10. The base is comprised of real property and personal property. In FY10, the Department of Finance estimates real property of approximately $169.8 billion with the remaining $4.0 billion in personal property. The growth in the total property base has fluctuated significantly over time, with an average of 10.2 percent growth during the late 1980s and early 1990s, followed by considerable deceleration with base growth generally close to an average 3.0 percent between FY93 and FY99. In FY00, the total property tax base increased 2.8 percent and since that time, it has improved steadily reaching 11.2 percent by FY08. Reflecting changes in new construction and a dramatic pick-up in reassessments, the real property tax base is expected to grow a revised 11.5 percent in FY09 and 7.0 percent in FY10.

The real property base is divided into three groups based on their geographic location in the County. Each group is reassessed triennially by the State Department of Assessments and Taxation (SDAT), which has the responsibility for assessing properties in Maryland. The amount of the change in the established market value (full cash value) of one-third of the properties reassessed each year is phased in over a three-year period. Declines in assessed values, however, are effective in the first year. Because of the different phase-ins of increases and declines during periods of modest reassessment growth, the reassessment cycle for a particular group may produce either no growth or a decline in the first year, followed by reassessment gains in the two subsequent years. The decline in reassessments effective for FY10 for Group III of 10.6 percent (↓16.3% for residential and ↑6.0% for commercial) follows growth in reassessments for Group II of 16.2 percent (↑14.6% for residential and ↑23.2% for commercial properties). The increase follows growth in reassessments for Group I of 43.4 percent (↑44.2% for residential and ↑36.4% for commercial).

There is a ten percent annual assessment growth limitation for residential property that is owner-occupied. As a result of this "homestead tax credit," these taxable reassessments in Montgomery County may not grow more than ten percent in any one year. Due to strong reassessment growth in the late 1980s and early 1990s, this assessment limitation credit topped the $2.5 billion mark in FY92 (using the current 100 percent full cash value method). As growth in home prices decelerated in subsequent years, reassessments either declined or grew less rapidly. The homestead tax credit reflected this trend, with the aggregate credit dropping steadily to $48 million in FY01. However, as the real estate market rebounded in the County starting in the late 1990s, home prices rose at a faster clip causing a sharp increase in reassessments. This is reflected in an increase in the credit to $1.33 billion in FY04, $3.80 billion in FY05, $8.47 billion in FY06, $14.95 billion in FY07, $21.46 billion in FY08, $23.75 billion in FY09, which is an all time record, and declining to $15.2 billion in FY10. The outlook for the remainder of the six-year forecast period is for the homestead tax credit to continue its sharp decline through FY12.

Decreases in the personal property base between FY04 and FY06 reflected the residual effects of weak labor market conditions that occurred between calendar years 2001 and 2003 and resulted in a lower number of new businesses and associated investments. This was exacerbated by tax law changes, including partial exemption of electricity generating equipment (energy deregulation), other exemptions (e.g., manufacturing, Research and Development, and certain computer software), and new depreciation rules (e.g., for computer equipment). Personal property includes public utility equipment, business furniture and equipment, and computers. Finance estimates that the corporate personal property base is projected to increase 0.7 percent in FY10. The public utility portion, which accounted for 38.4 percent of the personal property base in FY08, is projected to increase 0.3 percent in FY10.

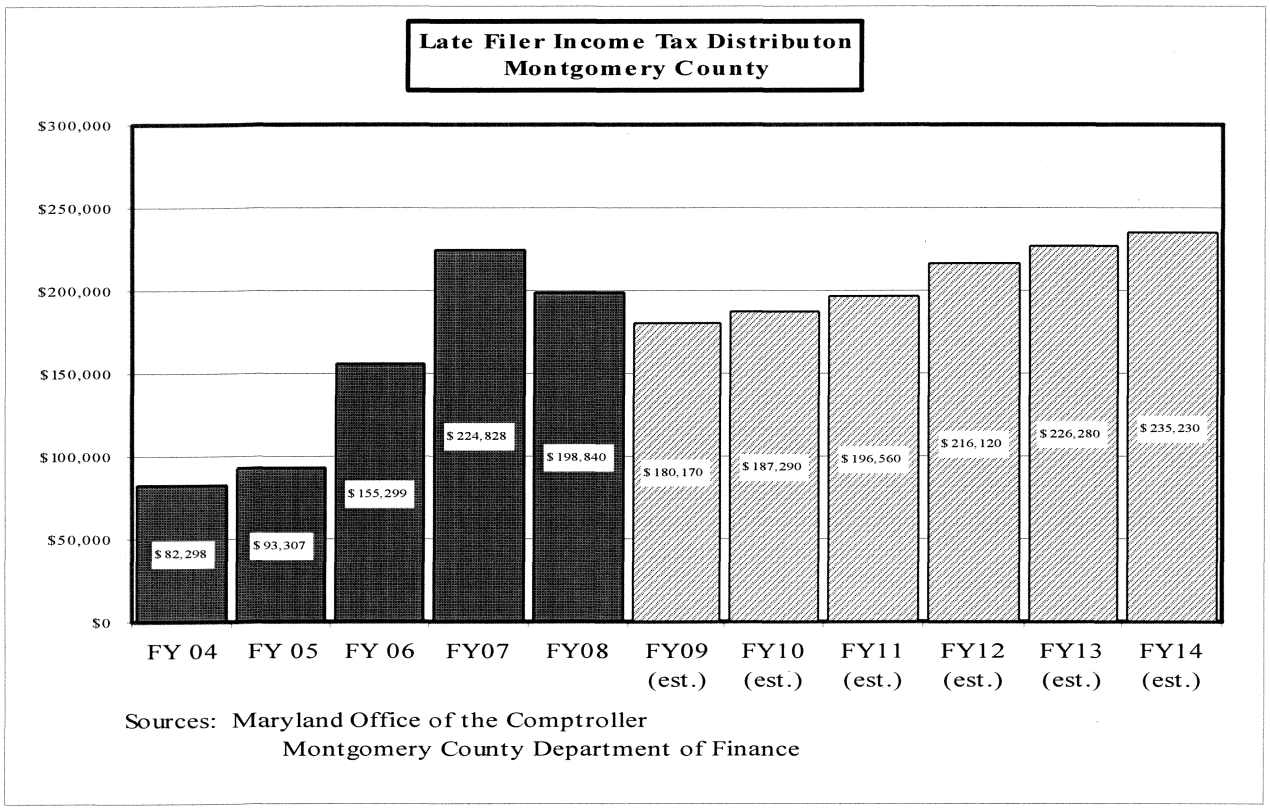
The real property base of $169.8 billion in FY10 is estimated to grow $11.2 billion compared to a revised FY09 estimate, the result of $1.7 billion addition to the base from new construction, and $0.9 billion in reassessments, offset by an $8.5 billion decline in the homestead tax credit. The level of new reassessments in FY10 is attributed to the dramatic decline in Group III reassessment rates. Construction is projected to increase modestly in FY10, and is expected to gradually decrease over the next five fiscal years reaching $1.5 billion by FY15. Similarly, reassessments remain the largest contributor to the taxable base during this six-year forecast period. Reflecting a one-year phase-in of the 16.3 percent decline in residential reassessments for Group III and a decline of 7.6 percent for Group I in FY11 (levy year 2010) and another 1.9 percent for Group II in FY12 (levy year 2011), growth in the total assessable base is projected to steadily moderate to 7.3 percent by FY11 and 3.3 percent by FY12.

Income Tax

Estimated FY10 income tax revenues of $1,214.8 million are 5.2 percent below the revised FY09 estimate. Growth slowed during the early part of the decade reflecting moderation in the trend attributed to very weak growth in County employment – an average annual growth rate of 0.5 percent between calendar years 2001 and 2003. For example, adjusted for the rate cut, the percent change in withholdings and estimated payments declined steadily from a peak of 10.5 percent in tax year 2000 to an annual average growth rate of 0.9 percent between tax years 2001 and 2003. However, since 2003 withholdings and estimated payments rebounded with an increase of 10.5 percent in 2004, 5.0 percent in 2005, 13.4 percent in 2006, 13.0 percent in 2007, but decelerated to 1.5 percent in 2008.

Since, during any one fiscal year, the County receives income tax distributions pertaining to at least three different tax years, it is important to analyze the data on a tax year basis. During the 1990s, average annual tax liability grew considerably slower in the first half (7.5 percent) of the decade compared to the second half (10.4 percent). During the second half of the 1990s, quarterly income tax distributions grew rapidly, with ten percent growth rates in the years 1997 through 1999. However, such growth decelerated rapidly to only 6.8 percent in 2000, 1.1 percent in 2001, 1.4 percent in 2002, and 0.3 percent in 2003. Following a subsequent economic and stock market rebound and the County Council raising the local tax to the maximum rate of 3.2 percent, effective tax year 2004, revenues from withholdings and estimated payments increased 19.9 percent, 5.0 percent in 2005, 13.4 percent in 2006, and 13.0 percent in 2007.

In addition to the quarterly distributions that represent withholdings and estimated payments, receipts from late filers who had underestimated their tax liability jumped to unprecedented levels during the late 1990s and 2000. For example, while a total of only $37.0 million was received for tax year 1990, that amount gradually increased and peaked at $192.4 million in 2000, but fell sharply in the two subsequent years to $98.0 million by 2002. Since that time, revenues from later filers have rebounded dramatically reaching $127.0 million in 2003, $183.0 million in 2004, $227.9 million in 2005, declined to $198.9 million in 2006 and declined to $179.2 million in 2007. As taxpayers underestimate their tax liability from, generally, non-employment related earnings, additional payments are made when tax returns are filed. Taxpayers with more complicated tax returns, reflecting significant non-employment related earnings such as stock options and capital gains (from either the stock market or real estate), increasingly file for an extension. However, recent federal tax law now allows a taxpayer to get a six-month extension rather than a four-month extension with a request for an extra two months. Since taxpayers now file for one extension (through October 15th), income tax receipts from late filers are distributed to the County primarily in November and to a lesser degree in January. These late filer distributions reflect significant shifts in one-time tax liability and, thus, represent the most volatile component of the income tax. Even though, in aggregate, this tax liability may continue to shift over a longer period of time, the shift remains one-time in the sense that tax liability changes as a result of the one-time exercise of a stock option or sale of stock or real estate at a price that is different from the original issuance or purchase. Once that action has been taken, gains (or losses) are recognized, with no addition to future tax liability. By contrast, employment growth is an addition to the base that increases tax liability through wage growth in future years and is, thus, a more predictable indicator of future revenue growth.



In the 2007 Special Session, the Maryland General Assembly enacted the Tax Reform Act of 2007 which made major changes to the income tax law effective January 1, 2008. Major changes to the income tax established new tax rates and rate brackets, and new exemption amounts, The new tax rates range from 2.0 percent for the lowest taxable income brackets (<$1,001) to 5.5 percent for the highest taxable income (>$500,000) . The second major change established new exemption amounts ranging from $2,400 for incomes at or below $175,000 for taxpayers filing joint, surviving spouse, and head of household returns, (at or below $125,000 for other taxpayers) to $600 for incomes in excess of $250,000 for taxpayers filing joint, surviving spouse. Because of the changes to the exemptions, the State estimated that the County may lose income tax revenues from the County's income tax. Finance assumed that the new law will have little affect on County income tax revenues in FY08 but adjusted its estimate starting in FY09 based on data provided by the State.

Transfer and Recordation Taxes

Estimated FY10 revenues of $123.4 million, which excludes the school CIP portion, condominium conversions, and partial revenues from recordation taxes from transactions above $500,000, are 9.6 percent above the revised FY09 estimate. This reflects an FY10 estimate of $65.0 million in the transfer tax and $58.4 million in the recordation tax, of which $12.6 million is attributed to the 2008 enactment of legislation by the Maryland General Assembly regarding the taxation of controlling interest. Transfer and recordation tax revenues have fluctuated greatly over time and primarily reflect shifting trends in the real estate market. In FY08, 85.7 percent of transfer tax revenue came from the residential sector compared to 87.7 percent in FY04, 85.5 percent in FY05, 83.6 percent in FY06, and 87.1 percent in FY07. The transfer tax rate is generally one percent of the value of the property transferred to a new owner. This applies to both improved (i.e., building) and unimproved (i.e., land) residential and commercial properties. The recordation tax is levied when changes occur in deeds, mortgages, leases, and other contracts pertaining to the title of either real or personal property. Through FY02 the recordation tax was generally $4.40 per $1,000 of the value of the contract (0.44%). Beginning in FY03, the recordation tax rate was raised to $6.90 per $1,000 of the value of the contract with the first $50,000 of the consideration exempted from the tax for owner-occupied residential properties (0.69%). The Council earmarked the revenues attributed to the rate increase for school capital programs and College information technology projects. Generally, both transfer and recordation taxes are levied when properties are sold. In some cases, only one of the two taxes is levied. One example is refinancing of a mortgage, in which case there may be an increase in the mortgage amount and, hence, recordation tax, but since there is no transfer of property, there is no transfer tax. Beginning March 1, 2008, the Council also levied an additional recordation tax (premium) of 0.31 percent on transactions above $500,000.

Residential transfer tax revenues are affected by the trends in real estate sales for existing and new homes. Real estate sales, in turn, are highly correlated with specific economic indicators such as growth in employment and wages and salaries, formation of households, mortgage lending conditions, and mortgage interest rates. The same holds true for the commercial sector, which is equally affected by business activity and investment, office vacancy rates, and financing costs. The volatility in revenues from the transfer and recordation is best illustrated in the trend since FY99. The growth rate in the number of residential transfers slowed to 7.5 percent in FY00 when the number of residential transfers peaked at nearly 22,000, decreased 4.5 percent in FY01 (21,005), increased 12.5 percent in FY02 (23,633), decreased 3.6 percent in FY03 (22,771), increased 9.3 percent in FY04 (24,897), increased modestly to 3.8 percent in FY05 (25,852), but declined 7.9 percent in FY06 (23,803), declined 22.7 percent in FY07 (18,389), and declined 28.9 percent in FY08 (13,066). While the number of residential transfers exhibited significant volatility since FY99, the acceleration in home prices during FY04, FY05, and FY06 had a significant effect on revenues and partially offset the volatility in the number of transfers especially in FY06. Due to the strong demand for new and existing homes, property values increased such that total transfer taxes from the residential sector increased 29.6 percent in FY04, 20.3 percent in FY05, and 6.5 percent in FY06.

However, conditions in the real estate market for Montgomery County began to weaken in FY06 and deteriorated further in FY07 and continued into FY08. Home sales declined 15.7 percent in FY06, 21.4 percent in FY07, and 31.3 percent in FY08. Finance assumes that the number of residential transfers will decline 12.8 percent in FY09 and increase a modest 3.6 percent in FY10. Average sales prices decelerated in FY07 (↑2.0%) and FY08 (↑0.4%). Finance estimates that average prices will decline 11.6 percent in FY09. Because of the projected decline in the number of transfers and a decline in average prices, revenues from the residential portion of the transfer tax are expected to decrease 25.0 percent in FY09 but increase 7.8 percent in FY10.

At the same time that revenues from the residential portion of the transfer tax experienced significant growth since FY99, revenues from non-residential properties experienced a more medium-term cyclical pattern that began in FY99. Beginning in FY99, revenues from non-residential property (excluding farms and rezoning) declined for three consecutive years: -36.2 percent in FY99, -2.6 percent in FY00, and -17.3 percent in FY01. However, based on a healthy commercial boom since FY01, non-residential transfer taxes recovered in FY02 (↑3.0%), FY03 (↑18.6%), FY04 (↑33.9%), FY05 (↑48.5%), and FY06 (↑13.4%). By contrast, in FY07 revenues from non-residential properties declined 49.2 percent, increased 1.8 percent in FY08 and projected to decrease another 35.2 percent in FY09 before rebounding in FY10.

Recordation tax revenues (excluding the school CIP portion) generally track the trend in transfer tax revenues. More recently, the relationship increased to 71.0 percent of transfer tax in FY04, declined to 65.6 percent in FY05, but increased to 66.2 percent in FY06, 68.0 percent in FY07, and 68.0 percent in FY08. Revenues from the recordation tax increased 35.7 percent in FY02, 17.7 percent in FY03, 27.8 percent in FY04, 13.9 percent in FY05, and 9.8 percent in FY06, before declining 24.5 percent in FY07 and 24.8 percent in FY08. The revised estimate for FY09 reflects a decrease of 4.4 percent reaching $52.3 million, although conditions are expected to improve in the next year resulting in an increase of 11.7 percent in FY10 to $58.4 million. The combined transfer and recordation taxes are projected to reach $123.4 million in FY10

Energy Tax

Estimated FY10 revenues of $130.4 million are 1.5 percent above the revised FY09 estimate. The fuel-energy tax is imposed on persons transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas. Different rates apply to residential and nonresidential consumption and to the various types of energy. Effective FY04, the previous rate schedule was increased threefold by the County Council on May 14, 2003. The rate schedule was changed again on May 20, 2004, with rates increasing 52.15 percent for FY05 and again with enactment of Resolution Number 16-553 on May 14, 2008. The resolution levied a carbon surtax by increasing the electricity, oil, and steam rates by 10.0 percent, increasing the natural gas rate by 5.0 percent, and increasing the coal rate by 20.0 percent. Since the rates per unit of energy consumed are fixed, collections change only with shifts in energy consumption and not with changes in the price of the energy product. Based on partial fiscal year data, Finance assumes that residential consumption as a percentage of total energy consumption will remain at 46.0 percent. Due to a different rate schedule, the share of receipts from residential users is approximately 27.2 percent of total collections, with the larger share received from the non-residential sector. Measured for all energy types, the two largest sources of revenues in FY08 were electricity (79.0%) and natural gas (19.3%). Since actual collections vary with weather conditions, a harsh winter weather increases usage of electricity, natural gas, and heating oil, while milder summer weather reduces electricity usage for climate control systems. The impact of weather patterns is partly offset by an expansion of the user base with more businesses and households. With a continuation of the "mild weather" pattern for the next fiscal year, the budget estimate for FY10 is projected to increase 1.5 percent.

Telephone Tax

Estimated FY10 revenues of $32.8 million are 4.0 percent above the revised FY09 estimate. The telephone tax is levied as a fixed amount per landline and per wireless line. The tax on a traditional landline is $2.00 per month, while multiple business lines (Centrex) are taxed at $0.20 per month. The tax rate on wireless lines is $2.00 per month. With business expansion combined with a surge in new home sales in the County in FY00 and FY01, and an increased demand for second phone lines for computer access to the internet, collections from the telephone tax grew 12.0 percent in FY00 and 4.1 percent in FY01. With the slowdown in the local economy during FY02 and FY03 and alternative computer internet access, collections declined 5.8 percent and 8.6 percent, respectively. Assuming modest growth in businesses and households, revenues are expected to increase 4.0 percent in FY10 primarily due to an increase in cellular telephones. Reflecting, in part, modest growth in new household and business formations, the outlook for FY10 through FY15 is for revenues from wireless communication to increase at a slower rate attributed to a deceleration in the rate of household formations and a growing saturation of the market for wireless devices while the number of landlines are expected to experience no growth in FY10.

Hotel/Motel Tax

Estimated FY10 revenues of $20.0 million are 6.9 percent above the revised FY09 estimate. The recommended budget includes a proposal to require certain brokers to collect and remit to the County a room rental tax on certain transients. The hotel/motel tax is levied as a percentage of the hotel bill. The current tax rate of 7 percent in FY09 is also assumed for FY10. In FY97, the rate was increased from 5 percent to 7 percent with the increase earmarked for funding the Montgomery County Conference Center located in North Bethesda. Collections grow with the costs of hotel rooms and the combined effect of room supply and hotel occupancy rate in the County. Occupancy rates in the County are generally the highest in the spring (April and May) and autumn (September and October) as tourists and schools visit the nation's capital for such events as the Cherry Blossom Festival and school trips, while organizations often schedule conferences during such periods. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the lower county. Reflecting improved economic conditions during the mid and late 1990s and the presidential primaries and presidential inauguration during 2000 and early 2001, respectively, spurred both business travel and tourism, hotel occupancy rates grew from 67.1 percent in FY96 to a record high 72.1 percent in FY01 declining to 64.8 percent in FY08. The second component – average room rate – grew at an average annual rate of 4.4 percent between FY95 and FY08 to a record $134.70. The third component that makes up revenues – room supply – grew at an average annual rate of 1.5 percent from FY95 to FY08. As a result, total hotel revenues more than doubled between FY95 and FY08 to over $17.8 million.

Because of the economic slowdown in the County and the national recession that began in December 2007, the average occupancy rate is expected to decrease slightly from a revised 64.8 percent in FY08 to 64.7 percent in FY09, notwithstanding the brief jump in occupancy during the Presidential inauguration, and 64.6 percent in FY10. Room rates are expected to climb to $137.14 in FY09 and $143.00 in FY10 as a countywide average, resulting in 5.7 percent growth in the hotel/motel tax in FY10 which follows a revised estimate of 5.3 percent growth in FY09. Long-term estimates are tied to projected room occupancy and rate increases, partially reflecting the forecast of inflation and population growth that result in annual projected revenues through FY15 in the $21.3 million and $26.2 million range. The Montgomery County Conference and Visitors Bureau is funded, in part, through a 3.5 percent share of the hotel/motel tax.

Admissions Tax

Estimated FY10 revenues of $2.1 million are 3.9 percent above the revised FY09 estimate. Admissions and amusement taxes are State-administered local taxes on the gross receipts of various categories of amusement, recreation, and sports activities. Taxpayers are required to file a return and pay the tax monthly while the County receives quarterly distributions of the receipts from the State. Montgomery County levies a seven percent tax, except for categories subject to State sales and use tax, where the County rate would be lower. Such categories include rentals of athletic equipment, boats, golf carts, skates, skis, horses; and sales related to entertainment. Gross receipts are exempt from the County tax when a Municipal admissions and amusement tax is in effect. For FY08, coin and non-coin-operated amusement devices accounted for 26.0 percent of total collections, while other major categories include golf green fees, driving ranges and golf cart rentals (26.5%), and motion picture theaters (29.4%). Revenues for the period FY11 through FY15 are expected to average $2.1 million.

NON-TAX REVENUES

Non-tax revenues throughout all tax supported funds (excluding Enterprise Funds, such as Permitting Services, Parking Districts, Solid Waste Disposal, and Solid Waste Collection Funds) are estimated at $833.0 million in FY10. This is a $65.3 million increase, or 8.5 percent, from the revised FY09 estimate, reflecting increases in intergovernmental revenues (↑8.5%) and fees, licenses, fines, etc. (↑13.7%). Non-tax revenues include: intergovernmental aid; investment income; licenses and permits; user fees, fines, and forfeitures; and miscellaneous revenues.

General Intergovernmental Revenues

General Intergovernmental Revenues are received from the State or Federal governments as general aid for certain purposes, not tied, like grants, to particular expenditures. The majority of this money comes from the State based on particular formulas set in law. Total aid is specified in the Governor's annual budget. Since the final results are not known until the General Assembly session is completed and the State budget adopted, estimates in the March 15 County Executive Recommended Public Services Program are, generally, based on the Governor's budget estimates for FY10, unless those estimates assume a change in existing law. If additional information on the State budget is available to the County Executive, this information will be incorporated into the budgeted projection of State aid. For future years, it is difficult to know confidently how State aid policy may change. The projection does not assume that State aid formulas will necessarily remain in place. It is assumed that State aid will increase with either the projected rate of inflation, by an amount based on the projected increase in County population, or a combination of those two factors. The Recommended Budget for FY10 assumes a $48.7 million, or 8.5 percent, increase in Intergovernmental Revenues from the revised FY09 estimate, of which 75.4 percent is allocated to the Montgomery County Public Schools, 5.4 percent to Montgomery Community College, 5.3 percent to Highway User Revenue, 4.5 percent to direct reimbursements, and 3.7 percent to Mass Transit. Total Intergovernmental Aid is estimated to total $624.0 million in FY10 or 74.9 percent of all non-tax revenues.

Licenses and Permits

Licenses and permits include General Fund business licenses (primarily public health, traders, and liquor licenses) and non-business licenses (primarily marriage licenses and Clerk of the Court business licenses). Licenses and permits in the Permitting Services Enterprise Fund, which include building, electrical, and sediment control permits, are Enterprise Funds and thus not included in tax supported projections. The Recommended Budget for FY10 assumes a 2.4 percent decrease over the revised projections for FY09, resulting in $11.9 million in available resources in FY10.

Charges for Services (User Fees)

Excluding intergovernmental revenues to Montgomery County public schools, Montgomery Community College, and college tuition, charges for services, or user fees, is the largest non-tax revenue source, especially when Enterprise Funds such as Solid Waste Collection, Solid Waste Disposal, Liquor Fund, M-NCPPC user fees, MCPS food service sales, and parking revenues are considered. Tax supported fee revenues come primarily from fees imposed on the recipients of certain County services including mass transit, human services, and recreation services and are included in the tax supported funds. Without rate increases, these revenues tend to show little growth although there is some variance because of weather, population changes, the economy, and changes in commuting patterns. However, it is the policy of the County to increase rates or fees to keep up with inflation. It is not always possible to achieve this goal for each fee, either because of market competition or because prices normally rise in rounded steps. The long-term estimates assume that rates will rise. The Recommended Budget for FY10 assumes 28.3 percent growth over the revised projections for FY09, resulting in $65.9 million in available resources in FY10.

Fines and Forfeitures

Revenues from fines and forfeitures relate primarily to photo red light citations, speed camera citations, and library and parking fines (excluding the County's four Parking Districts). The Recommended Budget for FY10 assumes that fines and forfeitures will increase 18.7 percent over the revised estimates for FY09, resulting in $38.0 million in available resources in FY10.

College Tuition

Although College tuition is no longer included in the County Council Spending Affordability Guideline Limits (SAG), it remains in the tax supported College Current Fund. Calculation of the aggregate operating budget is under the SAG Limits. Tuition revenue depends on the number of registered students and the tuition rate. The Recommended Budget for FY10 assumes an increase of 3.4 percent over the revised projections for FY09 resulting in $71.1 million in available resources in FY10.

Investment Income

Investment income includes the County's pooled investment and non-pooled investment and interest income of other County agencies and funds. The County operates an investment pool directed by an investment manager who invests all County funds using an approved, prudent investment policy. The pool includes funds from tax supported funds as well as from Enterprise Funds, municipal taxing districts, and other governmental agencies. Two major factors determine pooled investment income: (1) the average daily investment balance which is affected by the level of revenues and expenditures, fund balances, and the

timing of bond and commercial paper issues; and (2) the average yield percentage which reflects short-term interest rates and may vary considerably during the year.

The revised FY09 estimate of pooled investment income of $11.1 million assumes a 1.30 percent yield on equity and an average daily balance of $850.1 million. The FY10 projected estimate of $9.7 million assumes a decline to a 1.10 percent yield but a slightly higher average daily balance of $878.6 million. Reflecting robust growth in revenues in the second half of the 1990s, the amount of available funds for investments, measured by the daily cash balance, doubled between FY93 ($437.2 million) and FY00 ($890.5 million). As a result of weak economic and revenue conditions starting in calendar year 2001, the cash balance declined from $890.5 million to $566.0 million between FY00 and FY04. Because of the economic and revenue outlook, the cash balance rebounded to $710.2 million in FY05, $883.6 million in FY06, $930.5 million in FY07, and $971.4 million in FY08. Using current revenue projections, the daily cash balance is expected to decline from $971.4 million to $850.1 million in FY09 but rebound over the following six fiscal years to $1,036.3 million by FY15. Yields have fluctuated significantly over time. When the Fed tightened monetary policy in calendar years 1999 and 2000, yields jumped to 6.62 percent during the fourth quarter of calendar year 2000 – a ten-year high. On a fiscal year basis, yield rates increased to 6.16 percent in FY01. However, as the economy weakened significantly in calendar year 2001, the Federal Open Market Committee (FOMC) of the Federal Reserve initiated an aggressive monetary policy and cut the federal fund interest rate 13 times, reducing the rate from 6.50 percent at the onset of calendar year 2001 to just 1.00 percent by June 2003 – the lowest level since calendar year 1958. Not surprisingly, investment income yields followed interest rates on their downward trend, with the yield falling from 6.57 percent in December 2000 to 1.49 percent in December 2002. This 84 percent drop (or 554 basis points) in yield is the main reason for the 87 percent drop in investment income between FY00 and FY04. However, beginning in June 2004, the FOMC began to raise interest rates at a measured pace such that between June 2004 and June 2006, the target rate on federal funds increased from 1.00 percent to 5.25 percent. Since August 2007, the FOMC has reduced the target rate for federal funds from 5.25 percent to a range of 0.00-0.25 percent in December 2008. The revisions to the FY09 estimate for pooled investments was revised downward to incorporate the 500-525 basis points (bps) drop in the federal fund rates since August 2007 while the federal funds futures market expects no rate adjustments until the latter part of calendar year 2009.

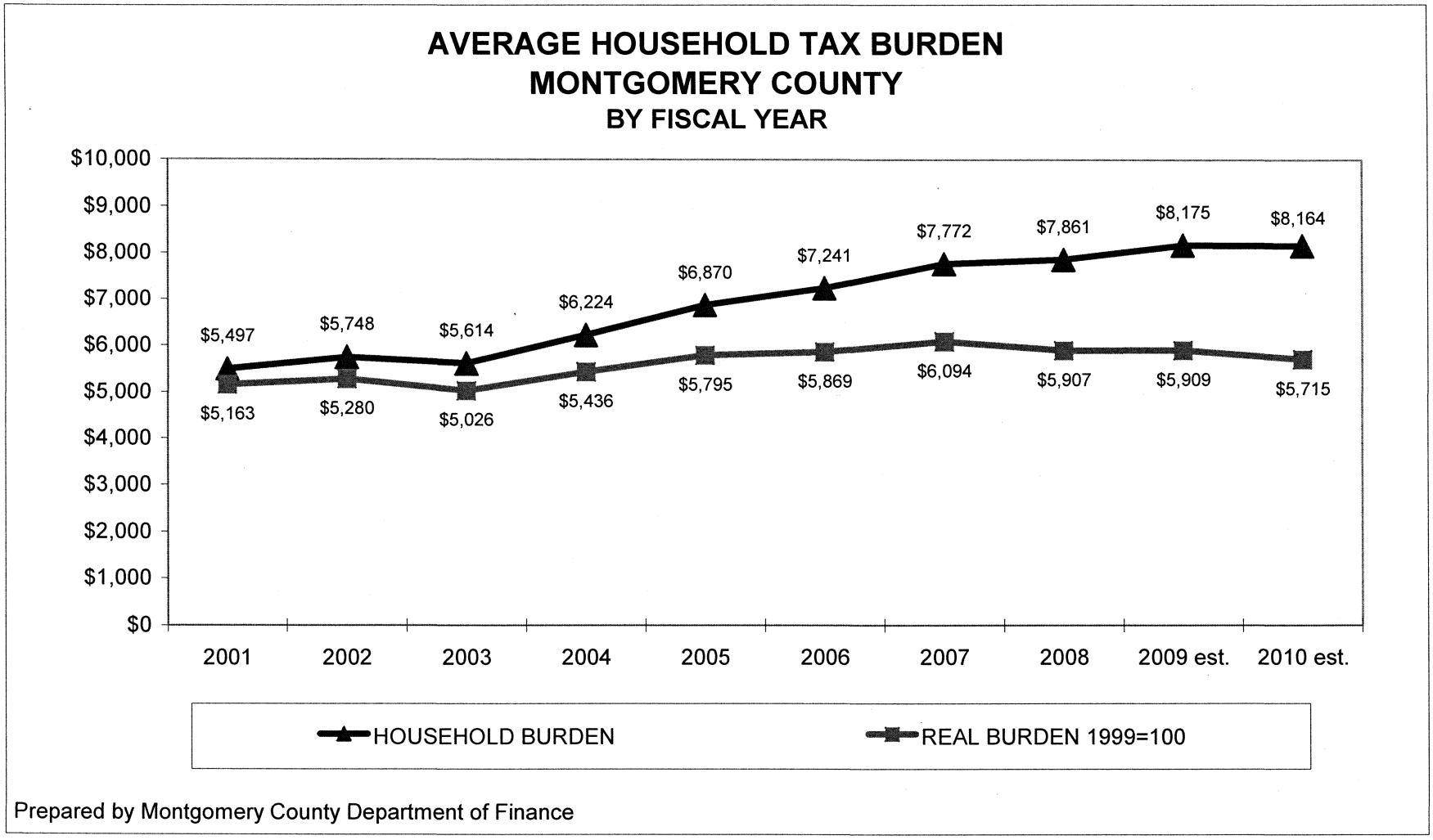
Other Miscellaneous

The County receives miscellaneous income from a variety of sources, the largest of which are rental income for the use of County property, operating revenue from the Conference Center, prior year encumbrance liquidations, abandoned vehicle auctions, and other revenues from current fund. These five categories make up 81.9 percent of the total $16.1 million projected for FY10. The projection for subsequent fiscal years assumes growth at the rate of inflation.

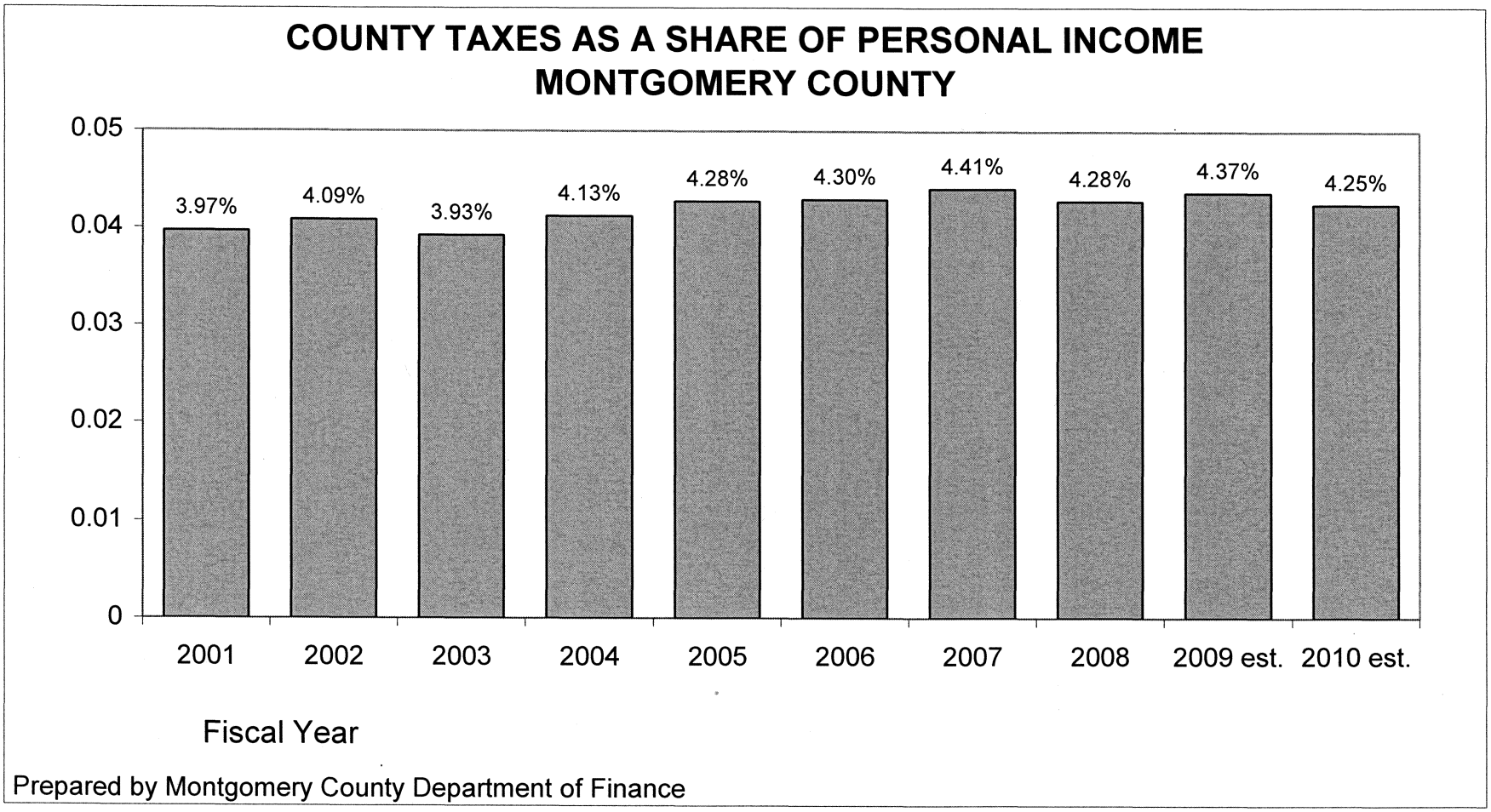
TRENDS AND PROJECTIONS

DEMOGRAPHIC AND PLANNING INDICATORS	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
POPULATION	**929,100**	**935,275**	**941,491**	**949,591**	**957,760**	**966,000**	**977,522**	**989,181**	**1,000,979**	**1,012,919**	**1,025,000**
Annual Increase	100	6,175	6,216	8,100	8,169	8,240	11,522	11,659	11,798	11,940	12,081
Population Growth Since 1999	8.8%	9.5%	10.2%	11.2%	12.1%	13.1%	14.5%	15.8%	17.2%	18.6%	20.0%
County Resident Births (Prior Calendar Year)	13,546	13,507	13,806	13,843	14,010	14,180	14,340	14,490	14,630	14,760	14,880
HOUSEHOLDS	**347,000**	**349,949**	**352,924**	**355,924**	**358,949**	**362,000**	**366,678**	**371,416**	**376,215**	**381,076**	**386,000**
Household Annual Growth (%)	0.2%	0.8%	0.9%	0.9%	0.8%	0.8%	1.3%	1.3%	1.3%	1.3%	1.3%
Household Growth Since 1999	8.9%	9.8%	10.8%	11.7%	12.7%	13.6%	15.1%	16.6%	18.1%	19.6%	21.2%
Household Growth Since 1992	19.2%	20.2%	21.2%	22.2%	23.3%	24.3%	25.9%	27.5%	29.2%	30.9%	32.6%
Household Size	2.68	2.67	2.67	2.67	2.67	2.67	2.67	2.66	2.66	2.66	2.66
RESIDENT EMPLOYMENT (Jan = Calendar Year)	**488,434**	**498,078**	**498,279**	**500,200**	**503,900**	**507,300**	**514,500**	**518,600**	**522,800**	**527,000**	**531,200**
Resident Employment Annual Growth (%)	1.4%	2.0%	0.0%	0.4%	0.7%	0.7%	1.4%	0.8%	0.8%	0.8%	0.8%
Resident Employment Growth Since 1999	4.4%	6.4%	6.5%	6.9%	7.7%	8.4%	9.9%	10.8%	11.7%	12.6%	13.5%
Resident Employment Per Household	1.41	1.42	1.41	1.41	1.40	1.40	1.40	1.40	1.39	1.38	1.38
Jobs in County	500,000	508,650	504,680	503,822	505,359	510,000	516,120	522,830	530,670	538,740	547,000
PERSONAL INCOME ($ Millions)	**$55,600**	**$59,000**	**$62,500**	**$65,700**	**$68,700**	**$72,200**	**$76,200**	**$79,900**	**$84,000**	**$88,300**	**$92,900**
Per Capita Personal Income	**$60,389**	**$63,753**	**$67,146**	**$70,035**	**$72,668**	**$75,777**	**$79,029**	**$81,890**	**$85,081**	**$88,380**	**$91,889**
Annual Growth (%)	7.4%	5.6%	5.3%	4.3%	3.8%	4.3%	4.3%	3.6%	3.9%	3.9%	4.0%
CONSUMER PRICE INDEX (CPI) - Fiscal Year	**3.55%**	**4.07%**	**3.37%**	**4.35%**	**4.50%**	**3.60%**	**2.80%**	**2.50%**	**2.50%**	**2.50%**	**2.50%**
Inflation Growth (Fiscal Year) Since Nov. 1999 (%)	102.9%	132.6%	92.6%	148.6%	157.1%	105.7%	60.0%	42.9%	42.9%	42.9%	42.9%
CONSUMER PRICE INDEX (CPI) - Calendar Year (%)	**4.03%**	**3.63%**	**3.48%**	**4.90%**	**4.10%**	**3.10%**	**2.50%**	**2.50%**	**2.50%**	**2.50%**	**2.50%**
ASSESSABLE TAX BASE ($ Millions)	**$102,184**	**$114,361**	**$129,660**	**$146,277**	**$162,519**	**$176,973**	**$188,021**	**$195,099**	**$198,508**	**$203,681**	**$211,827**
Annual Growth (%)	9.6%	11.9%	13.4%	12.8%	11.1%	8.9%	6.2%	3.8%	1.7%	2.6%	4.0%
Growth of Base Since 1992 (%)	70.8%	91.2%	116.7%	144.5%	171.7%	195.8%	214.3%	226.1%	231.8%	240.5%	254.1%
Growth of Base Since 1999 (%)	39.0%	55.5%	76.4%	99.0%	121.0%	140.7%	155.7%	165.4%	170.0%	177.0%	188.1%
INVESTMENT INCOME YIELD (%)	**2.19%**	**4.12%**	**5.21%**	**4.41%**	**1.50%**	**1.50%**	**2.40%**	**3.20%**	**4.00%**	**4.20%**	**4.35%**
MCPS ENROLLMENT (Sept = Calendar Year)	**139,337**	**139,387**	**137,798**	**137,745**	**139,276**	**140,500**	**140,782**	**141,536**	**142,422**	**143,591**	**144,932**
Annual Growth (%)	0.1%	0.0%	-1.1%	0.0%	1.1%	0.9%	0.2%	0.5%	0.6%	0.8%	0.9%
Annual Increase (Decrease)	134	50	(1,589)	(53)	1,531	1224	282	754	886	1169	1341
MONTGOMERY COLLEGE ENROLLMENTS (a)	**22,254**	**22,263**	**22,893**	**23,866**	**24,452**	**24,830**	**25,130**	**25,200**	**25,250**	**25,230**	**25,230**
Annual Growth (%)	2.69%	0.04%	2.83%	4.25%	2.46%	1.55%	1.21%	0.28%	0.20%	-0.08%	0.00%
Full Time Equivalents (Sept = Calendar Year) (a)	**17,098**	**18,217**	**18,977**	**19,721**	**20,360**	**20,843**	**21,000**	**21,177**	**21,330**	**21,404**	**21,404**
Annual Growth in FTE's (%)	8.53%	6.54%	4.17%	3.92%	3.24%	2.37%	0.75%	0.84%	0.72%	0.35%	0.00%

(a) Projections related to Montgomery College Enrollments and Full Time Equivalents are provided by Montgomery College and only include projections thru FY14. Since no projections are provided for FY15, the projections for FY14 were used for FY15.



Prepared by Montgomery County Department of Finance


COUNTY TAXES AS A SHARE OF PERSONAL INCOME
MONTGOMERY COUNTY
0.05
0.04
0.03
0.02
0.01
0
3.97%
4.09%
3.93%
4.13%
4.28%
4.30%
4.41%
4.28%
4.37%
4.25%
2001
2002
2003
2004
2005
2006
2007
2008
2009 est.
2010 est.
Fiscal Year
Prepared by Montgomery County Department of Finance

FY10 FEE AND FINE CHANGES*			
DEPARTMENT/FEE AND FINE	**FY10 REVENUE CHANGE**	**METHOD OF CHANGE**	**NOTE**
MONTGOMERY COLLEGE			
Tuition rate increase	2,088,000	Board of Trustees action	Increase per semester hour rate from $99 to $102 for County residents, $203 to $209 for State residents, and $275 to $284 for non-residents.
ENVIRONMENTAL PROTECTION			
Water Quality Protection Charge	2,340,300	Maryland Code, Title 4; Montgomery County Code 19-35; Montgomery County Executive Regulation 6-02; Amend County Code New County Council Resolution	Increase from $35.50 per equivalent unit (ERU) to $45.00 per (ERU) to cover increased expenditures in the Water Quality Protection Fund.
FIRE RESCUE SERVICE			
Ambulance/Emergency Transport Fee	14,554,050	Executive Regulation	To provide needed resources for improvements to staffing, apparatus, recruitment and retention, and volunteer enhancements.
HOUSING AND COMMUNITY AFFAIRS			
Registration for Common Ownership Communities	72,350	Executive Regulation	Increase from $2.25 to $2.75 per unit.
RECREATION			
Activity Fees	50,000	Executive Regulation 12-05 Method 3	Increase fee for Summer Fun Centers
Activity Fees	20,000	Executive Regulation 12-05 Method 3	Increase fee for non-county residents
Activity Fees	70,230	Executive Regulation 12-05 Method 3	Increase fee for Teen Programs
Activity Fees	55,000	Executive Regulation 12-05 Method 3	Increase fees for facility rentals for community centers
Activity Fees	70,000	Executive Regulation 12-05 Method 3	Increase fees for acquatic programs
DEPARTMENT OF TRANSPORTATION			
Rail-to-Bus Transfer	190,600	Council Resolution	Increase Rail-to-Bus Transfer from $0.35 to $0.75.
Taxi Passenger Vehicle License	400,000	Council Resolution	Increase renewal fee from $325 to $750 and ownership transfer fee from $2,500 and $5,000
Increase Vacuum Leaf Collection Fees	61,840	Council Resolution	Increase single family charge per household from $93.04 to $93.96.
SOLID WASTE SERVICES			
Increase Solid Waste Service Charges	1,648,980	Council Resolution	Increase single family charge per household from $202.72 to $209.85.
Increase Solid Waste Collection Fee	187,310	Council Resolution	Increase single family charge per household from $73 to $75.
GRAND TOTAL	**21,808,660**		

*** All changes are assumed to be effective July 1, 2009 except as noted.**
Revenues above do not include implementation costs.

PROJECTED TOTAL USES OF RESOURCES (COMBINED USES)

($ Millions)

	A USE OF RESOURCES	B App. FY09 5-13-08	C Est. FY09 3-15-09	D % Chg. FY09-10 Rec / Bud	E % Chg. FY09-10 Rec / Est	F Rec. FY10 3-15-09	G % Chg. FY10-11	H Projected FY11	I % Chg. FY11-12	J Projected FY12	K % Chg. FY12-13	L Projected FY13	M % Chg. FY13-14	N Projected FY14	O % Chg. FY14-15	P Projected FY15
1	**Total Resources**															
2	Revenues	3,776.3	3,708.6	0.5%	2.3%	3,795.3	2.9%	3,906.9	4.3%	4,075.8	4.1%	4,242.8	4.4%	4,428.8	4.6%	4,633.0
3	Beginning Reserves Undesignated	143.4	158.8	-22.3%	-29.8%	111.5	-30.5%	77.5	54.6%	119.8	10.6%	132.4	8.1%	143.2	8.3%	155.1
4	Beginning Reserves Designated	6.2	6.7	-100.0%	-100.0%	0.0		0.0		0.0		0.0		0.0		0.0
5	Net Transfers In	33.3	32.7	6.4%	8.4%	35.4	-83.3%	5.9	2.5%	6.0	2.5%	6.2	2.5%	6.4	2.5%	6.5
6	**Total Resources**	**3,959.3**	**3,906.8**	**-0.4%**	**0.9%**	**3,942.1**	**1.2%**	**3,990.3**	**5.3%**	**4,201.6**	**4.3%**	**4,381.4**	**4.5%**	**4,578.4**	**4.7%**	**4,794.5**
7	$ Change from prior Budget	94.8	42.4			(17.1)		48.1		211.3		179.9		197.0		216.1
8	**Uses: Non-Agency**															
9	**Capital Investment** (a)															
10	Debt Service: GO Bonds for all Agy's.	230.6	207.9	-2.6%	8.0%	224.6	9.2%	245.2	9.3%	268.0	8.7%	291.2	6.6%	310.5	3.5%	321.4
11	Debt Service: Local Parks	4.7	4.7	5.8%	5.8%	5.0	0.0%	5.0	0.0%	5.0	0.0%	5.0	0.0%	5.0	0.0%	5.0
12	Debt Service: Leases	17.4	16.5	24.7%	31.4%	21.7	29.8%	28.1	8.8%	30.6	-15.3%	25.9	-2.7%	25.2	-5.7%	23.8
13	CIP Current Revenue	46.3	48.9	-28.5%	-32.3%	33.1	17.4%	38.9	-20.2%	31.0	42.2%	44.1	42.9%	63.0	0.0%	63.0
14	CIP Paygo	5.4	5.4	-75.7%	-75.7%	1.3	2179.4%	30.0	0.0%	30.0	0.0%	30.0	0.0%	30.0	0.0%	30.0
14a	CIP Paygo Rec Tax	0.0	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
15	**Sub-total Capital**	**304.4**	**283.4**	**-6.2%**	**0.8%**	**285.6**	**21.6%**	**347.2**	**5.0%**	**364.5**	**8.7%**	**396.2**	**9.5%**	**433.7**	**2.2%**	**443.1**
16	**Other Uses**															
17	Set Aside: Potential Supplementals	0.0	18.0			0.0		20.0		20.0		20.0		20.0		20.0
18	Set Aside:Other Claims	2.6	0.1			2.5		2.5		0.0		0.0		0.0		0.0
19	Revenue Stabilization Fund	0.0	0.0			0.0		0.0		0.0		0.0		0.0		0.0
20	**Sub-total Other**	**2.6**	**18.0**			**2.5**		**22.5**		**20.0**		**20.0**		**20.0**		**20.0**
21	**Reserves**															
22	Revenue Stabilization Fund	119.6	119.6	0.0%	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6
23	Reserve Undesignated	108.4	111.5	-28.6%	-30.5%	77.5	54.6%	119.8	110.6%	132.4	8.1%	143.2	8.3%	155.1	8.4%	168.0
24	Reserve Designated	8.7	0.0			0.0		0.0		0.0		0.0		0.0		0.0
25	**Sub-total Reserves**	**236.8**	**231.1**	**-16.8%**	**-14.7%**	**197.1**	**21.5%**	**239.4**	**5.3%**	**252.1**	**4.3%**	**262.9**	**4.5%**	**274.7**	**4.7%**	**287.7**
26	Less Revenue Stabilization Fund	(119.6)	(119.6)	0.0%	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)
27	Less Designated Reserve	(8.7)	0.0			0.0		0.0		0.0		0.0		0.0		0.0
28	**Sub-total Undesignated Reserves**	**108.4**	**111.5**	**-28.6%**	**-30.5%**	**77.5**	**54.6%**	**119.8**	**10.6%**	**132.4**	**8.1%**	**143.2**	**8.3%**	**155.1**	**8.4%**	**168.0**
29	**Total Uses: Non-Agency**	**424.1**	**412.9**	**-13.8%**	**-11.5%**	**365.6**	**33.9%**	**489.5**	**5.6%**	**517.0**	**8.2%**	**559.4**	**8.8%**	**608.8**	**3.7%**	**631.1**
30	**Uses: Available for Agency Services**	**3,535.2**	**3,493.9**	**1.2%**	**2.4%**	**3,576.5**	**-2.1%**	**3,500.8**	**5.3%**	**3,684.6**	**3.7%**	**3,822.0**	**3.9%**	**3,969.6**	**4.9%**	**4,163.4**
31	**$ Change from prior Budget**	**142.8**	**101.5**			**41.4**		**(75.7)**		**183.8**		**137.4**		**147.6**		**193.8**

(a) See separate displays elsewhere in this book for allocation of Debt Service and CIP Current Revenue by Agency (A-3 Schedule).

(b) FY09-14 PAYGO, and CIP Current Revenue as recommended by the County Executive on January 15, 2009, with further changes to be transmitted shortly.

REVENUE SUMMARY
TAX SUPPORTED BUDGETS
($ Millions)

	A KEY REVENUE CATEGORIES	B App. FY09	C Estimate FY09	D % Chg. FY09-10	E % Chg. FY09-10	F Rec FY10	G % Chg. FY10-11	H Projected FY11	I % Chg. FY11-12	J Projected FY12	K % Chg. FY12-13	L Projected FY13	M % Chg. FY13-14	N Projected FY14	O % Chg. FY14-15	P Projected FY15
	TAXES	5-22-08	3-15-09	**Rec/Bud**	**Rec/Est**	3-15-09										
1	Property Tax (less PDs)	1,364.9	1,365.7	5.4%	5.3%	1,438.7	3.2%	1,484.6	3.8%	1,541.7	3.3%	1,592.6	3.2%	1,644.1	3.1%	1,695.5
2	Income Tax	1,325.4	1,281.8	-8.3%	-5.2%	1,214.8	5.4%	1,279.8	6.5%	1,362.9	6.7%	1,454.6	7.2%	1,559.1	7.7%	1,679.3
3	Transfer Tax	80.9	60.3	-19.7%	7.8%	65.0	4.8%	68.1	6.0%	72.1	8.5%	78.3	8.3%	84.8	9.7%	93.0
4	Recordation Tax	68.1	48.8	-23.8%	6.4%	51.9	4.0%	53.9	5.0%	56.7	7.2%	60.7	7.1%	65.1	8.4%	70.5
4a	Recordation Tax Premium	0.0	3.5	0.0%	85.7%	6.5	-13.4%	5.6	-16.0%	4.7	-100.0%	0.0	0.0%	0.0	0.0%	0.0
5	Energy Tax	132.7	128.4	-1.8%	1.5%	130.4	2.3%	133.4	2.6%	136.8	2.1%	139.7	1.8%	142.3	1.7%	144.7
6	Telephone Tax	30.9	31.6	6.5%	4.0%	32.8	2.9%	33.8	2.4%	34.6	1.5%	35.1	1.8%	35.7	1.7%	36.3
7	Hotel/Motel Tax	19.9	18.7	0.7%	6.9%	20.0	7.4%	21.5	5.9%	22.8	5.2%	23.9	5.1%	25.2	5.3%	26.5
8	Admissions Tax	2.4	2.1	-9.7%	3.9%	2.1	-0.3%	2.1	-0.7%	2.1	-0.7%	2.1	-0.7%	2.1	-0.7%	2.1
9	**Total Local Taxes**	**3,025.1**	**2,940.8**	**-2.1%**	**0.7%**	**2,962.2**	**4.1%**	**3,082.8**	**4.9%**	**3,234.4**	**4.7%**	**3,387.0**	**5.1%**	**3,558.3**	**5.3%**	**3,747.9**
	INTERGOVERNMENTAL AID															
10	Highway User	39.7	32.9	-16.7%	0.3%	33.0	2.6%	33.9	2.6%	34.8	2.5%	35.6	2.5%	36.5	2.5%	37.5
11	Police Protection	13.5	13.4	0.1%	0.9%	13.5	1.2%	13.7	1.2%	13.8	1.2%	14.0	1.2%	14.1	1.2%	14.3
12	Libraries	5.3	5.3	0.0%	0.0%	5.3	1.2%	5.3	1.2%	5.4	1.2%	5.5	1.2%	5.5	1.2%	5.6
13	Health Services Case Formula	6.3	6.1	-3.0%	0.0%	6.1	2.8%	6.3	2.5%	6.4	2.5%	6.6	2.5%	6.7	2.5%	6.9
14	Mass Transit	27.8	22.8	-18.0%	0.0%	22.8	2.8%	23.4	2.5%	24.0	2.5%	24.6	2.5%	25.2	2.5%	25.9
15	Public Schools	399.3	423.5	17.8%	11.1%	470.4	-3.4%	454.2	1.2%	459.8	1.2%	465.4	1.2%	471.1	1.2%	476.9
16	Community College	31.5	30.3	6.2%	10.7%	33.5	2.8%	34.4	2.5%	35.3	2.5%	36.2	2.5%	37.1	2.5%	38.0
17	Direct Reimbursements	26.0	28.0	6.8%	-0.8%	27.8	3.4%	28.8	3.1%	29.6	3.1%	30.6	3.1%	31.5	3.1%	32.5
17a	Direct Reimb: DSS Services	0.0	0.0	0.0%	0.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
18	Other	12.6	11.3	-20.2%	-11.2%	10.0	3.4%	10.4	3.1%	10.7	3.1%	11.0	3.1%	11.4	3.1%	11.7
19	**Subtotal State Aid**	**562.0**	**573.5**	**10.8%**	**8.5%**	**622.4**	**-1.9%**	**610.3**	**1.6%**	**619.8**	**1.6%**	**629.4**	**1.6%**	**639.2**	**1.6%**	**649.2**
20	Federal Aid	1.6	1.8	1.7%	-7.7%	1.7	1.7%	1.7	1.5%	1.7	1.5%	1.7	1.5%	1.8	1.5%	1.8
21	**Total Intergovernmental Aid**	**563.6**	**575.3**	**10.7%**	**8.5%**	**624.1**	**-1.9%**	**612.0**	**1.6%**	**621.5**	**1.6%**	**631.2**	**1.6%**	**641.0**	**1.6%**	**651.0**
	FEES AND FINES															
22	Licenses & Permits	12.9	12.2	-7.4%	-2.4%	11.9	1.5%	12.1	1.5%	12.3	1.5%	12.5	1.5%	12.6	1.5%	12.8
23	Charges for Services	52.2	51.4	26.3%	28.3%	65.9	2.2%	67.4	2.0%	68.7	2.0%	70.1	2.0%	71.5	2.0%	73.0
24	Fines & Forfeitures	26.1	32.0	45.9%	18.7%	38.0	1.6%	38.7	1.6%	39.3	1.6%	39.9	1.6%	40.5	1.6%	41.2
25	Montgomery College Tuition	68.6	68.8	3.7%	3.4%	71.1	1.6%	72.3	0.6%	72.7	0.5%	73.0	0.2%	73.2	0.0%	73.2
26	**Total Fees and Fines**	**159.7**	**164.4**	**17.1%**	**13.7%**	**187.0**	**1.8%**	**190.4**	**1.4%**	**193.0**	**1.3%**	**195.5**	**1.2%**	**197.9**	**1.1%**	**200.1**
	MISCELLANEOUS															
27	Investment Income	14.6	6.7	-59.8%	-12.1%	5.9	55.2%	9.1	52.9%	14.0	13.4%	15.9	13.9%	18.1	10.9%	20.0
28	Other Miscellaneous	13.3	21.3	21.4%	-24.4%	16.1	2.8%	12.6	2.5%	12.9	2.5%	13.2	2.5%	13.5	2.5%	13.9
29	**Total Miscellaneous**	**27.9**	**28.0**	**-21.2%**	**-21.5%**	**22.0**	**-1.3%**	**21.7**	**23.8%**	**26.9**	**8.2%**	**29.0**	**8.7%**	**31.6**	**7.3%**	**33.9**
30	**TOTAL REVENUES**	**3,776.3**	**3,708.6**	**0.5%**	**2.3%**	**3,795.3**	**2.9%**	**3,906.9**	**4.3%**	**4,075.8**	**4.1%**	**4,242.8**	**4.4%**	**4,428.8**	**4.6%**	**4,633.0**
31	$ Change from prior Budget	201.0	133.3			18.9		111.7		168.8		167.0		186.0		204.2

County Executive's Recommended FY10-15 Public Services Program

Tax Supported Fiscal Plan Summary

($ in Millions)

	App. FY09	Est. FY09	% Chg. FY09-10	% Chg. FY09-10	Rec. FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15
	5-22-08	3-15-09	Rec/Bud	Rec/Est	3-15-09										
Total Resources															
Revenues	3,776.3	3,708.6	0.5%	2.3%	3,795.3	2.9%	3,906.9	4.3%	4,075.8	4.1%	4,242.8	4.4%	4,428.8	4.6%	4,633.0
Beginning Reserves Undesignated	143.4	158.8	-22.3%	-29.8%	111.5	-30.5%	77.5	54.6%	119.8	10.6%	132.4	8.1%	143.2	8.3%	155.1
Beginning Reserves Designated	6.2	6.7	-100.0%	-100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Net Transfers In (Out)	33.3	32.7	6.4%	8.4%	35.4	-83.3%	5.9	2.5%	6.0	2.5%	6.2	2.5%	6.4	2.5%	6.5
Total Resources Available	3,959.3	3,906.8	-0.4%	0.9%	3,942.1	1.2%	3,990.3	5.3%	4,201.6	4.3%	4,381.4	4.5%	4,578.4	4.7%	4,794.5
Less Other Uses of Resources (Capital, Debt Service,Reserve)	424.1	412.9	-13.8%	-11.5%	365.6	33.9%	489.5	5.6%	517.0	8.2%	559.4	8.8%	608.8	3.7%	631.1
Available to Allocate to Agencies	3,535.2	3,493.9	1.2%	2.4%	3,576.5	-2.1%	3,500.8	5.3%	3,684.6	3.7%	3,822.0	3.9%	3,969.6	4.9%	4,163.4
Agency Uses															
Montgomery County Public Schools (MCPS)	1,937.0	1,917.9	2.0%	3.0%	1,975.5	8.1%	2,136.4	7.4%	2,295.2	7.4%	2,464.3	7.3%	2,644.4	7.3%	2,836.4
Montgomery College (MC)	212.4	205.7	2.8%	6.1%	218.2	7.8%	235.3	7.5%	253.0	7.5%	272.1	7.5%	292.4	7.4%	314.2
MNCPPC (w/o Debt Service)	106.4	103.9	2.4%	4.8%	109.0	8.0%	117.7	6.8%	125.7	6.7%	134.1	6.6%	143.0	6.3%	152.0
MCG	1,279.4	1,266.3	-0.4%	0.6%	1,273.8	8.5%	1,381.6	7.0%	1,479.0	6.9%	1,581.8	6.9%	1,690.3	6.8%	1,806.1
Subtotal Agency Uses	3,535.2	3,493.9	1.2%	2.4%	3,576.5	8.2%	3,871.0	7.3%	4,152.9	7.2%	4,452.3	7.1%	4,770.2	7.1%	5,108.6
Subtotal Other Uses of Resources (Capital, Debt Service,Reserve)	424.1	412.9	-13.8%	-11.5%	365.6	33.9%	489.5	5.6%	517.0	8.2%	559.4	8.8%	608.8	3.7%	631.1
Total Uses	3,959.3	3,906.8	-0.4%	0.9%	3,942.1	10.6%	4,360.5	7.1%	4,669.9	7.3%	5,011.7	7.3%	5,378.9	6.7%	5,739.8
(Gap)/Available	-	-			-		(370.3)		(468.4)		(630.2)		(800.5)		(945.2)

Notes:

1. **FY11-15 property tax revenues are at the Charter Limit.**
2. **Projected FY11-15 Agency Uses are based on 10-year average rate of growth plus scheduled increases for pre-funding retiree health insurance.**
3. **Reserves are restored to the policy level of 6% of total resources in FY11.**