

MEMORANDUM

April 17, 2015

TO: Health and Human Services Committee
FROM: Vivian Yao, Legislative Analyst *my*
SUBJECT: **Worksession – FY16 Non-Departmental Account, Takoma Park Library Annual Payment**

Those expected to participate in this worksession include:

- Nic Fontem, Manager, Technical Services, Takoma Park Library
- Bruce Meier, Office of Management and Budget

The County Executive's recommendation for the Takoma Park Library Annual Payment Non-Department Account is attached on ©1.

Budget Summary

FY13 Budget	\$151,320
FY14 Budget	\$108,810
FY15 Budget	\$132,819
FY16 CE Rec	\$149,624

The Takoma Park Library Annual Payment is required under County Code Section 2-53 (©2). The amount to be paid is derived by formula based on the City's assessable base multiplied by the County's ad valorem tax rate on real and personal property attributable to the net County library appropriation.

FY16 Recommendation

For FY16, the Executive recommends budgeting \$149,624 for the Takoma Park Library. **The budgeted amount is a placeholder.** The actual annual payment is calculated at the end of each calendar year. Fluctuations in the amount reflect changes in the formula elements (for example, changes in the assessable base, or in the proportion of the County libraries appropriation that is funded by property tax). The actual FY15 payment was \$148,501.

Information on the proposed FY16 Takoma Park Library budget is attached at ©3-5. The FY16 budget for the Takoma Park Library proposed by the City Manager is \$1,240,580 which is \$55,116 or 4.6% higher than the adopted FY15 budget. The recommended funding would be 12.1% of the Department's total budget.

Council staff recommends approval of the County Executive's proposed funding.

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FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	3,464,610	0.00
FY16 CE Recommended	3,464,610	0.00

State Retirement Contribution

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the State Retirement System until 1965.) The County's contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.
- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	1,251,603	0.00
Increase Cost: Adjustment Based on Actuarial Schedule	62,392	0.00
FY16 CE Recommended	1,313,995	0.00

Takoma Park Library Annual Payment

The annual amount provided in this NDA is a function of County expenditures for the Montgomery County Public Libraries (as a share of property tax-funded spending) and the City of Takoma Park's assessable base. The payment is authorized by Section 2-53 of the Montgomery County Code.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	132,819	0.00
Increase Cost: Payment Based on Formula	16,805	0.00
FY16 CE Recommended	149,624	0.00

Takoma Park Police Rebate

The County provides financial support to the City of Takoma Park for police protection services in accordance with provisions of the County Code. This provision was enacted in 1949 and provides a payment to the City for protective services for the County residents of the City of Takoma Park. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with "full value assessment" levied on real property.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	951,540	0.00
Decrease Cost: Payment Based on Formula	-6,000	0.00
FY16 CE Recommended	945,540	0.00

Working Families Income Supplement

This NDA provides funds to supplement the State's Refundable Earned Income Tax Credit (EITC). The intent of the Working Families Income Supplement is to provide financial assistance to low-income working families in Montgomery County. The County, through the NDA, reimburses the State for the cost of the refund and related administrative expenses.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	18,342,200	0.00
Increase Cost: Revised Baseline Cost Estimate at 90% Match	1,646,906	0.00
Increase Cost: Increase Match from 90% to 95% of State Earned Income Tax Credit as Required by Bill 8-13	1,108,194	0.00
FY16 CE Recommended	21,097,300	0.00

MONTGOMERY COUNTY CODE

Sec. 2-53. Annual payment of county library tax to certain municipalities.

(a) If the governing body of any municipality in the County which supports or operates a free public library on December 31, 1997 does not transfer that library into the County system, the Director of Finance must pay annually to the governing body of that municipality for library purposes, as soon after the beginning of each fiscal year as possible:

(1) an amount which would be realized if that portion of the general County ad valorem tax rate on real and personal property attributable to the appropriation for the Department of Public Libraries for that fiscal year were levied against the assessed value, on the preceding County date of finality, of the real and personal property in that municipality; or

(2) a lower amount approved in the annual operating budget or a Council resolution.

For the purposes of this subsection, the amount of the appropriation for the Department of Public Libraries in any fiscal year includes the estimated amount of the payment to that municipality in that fiscal year. The amount of payment to any municipality must not exceed in any given fiscal year the amount of revenue derived from taxes levied by that municipality for library purposes for the preceding fiscal year.

(b) If the governing body of a library supported by a municipality indicates a desire to transfer all or part of the library facilities owned by it into the County public library system, the Director of Public Libraries must negotiate for that transfer as provided in this Article. (Mont. Co. Code 1965, § 2-59; 1999 L.M.C., ch. 11, § 1; 2010 L.M.C., ch. 23, § 1.)

Editor's note—2010 L.M.C., ch. 23, § 3, states: The amendments inserted in Section 2-53 in Section 1 expire after June 30, 2012.

Department Summary

Department Overview:

The Takoma Park Library enhances the quality of life in Takoma Park by responding to and inspiring the literary, educational, and informational needs of a diverse community. The Library provides and promotes up-to-date resources, collections, and referrals that match community interests, promote literacy and learning, nurture a love of books and stories, and present a broad range of views within an inviting and safe environment. The Library also operates the City's Computer Learning Center.

<i>Staffing Summary by Division (FTEs)</i>	<i>Actual FY14</i>	<i>Adopted FY15</i>	<i>Proposed FY16</i>
<i>Library</i>	8.88	9.52	9.74
<i>Computer Learning Center</i>	1.28	1.38	1.38
<i>Department Total FTEs</i>	10.16	10.90	11.12

<i>Source of Funds</i>	<i>Actual FY14</i>	<i>Adopted FY15</i>	<i>Estimated FY15</i>	<i>Proposed FY16</i>
<i>Library Aid from County</i>	133,959	132,819	145,801	149,624
<i>Library Fines and Fees</i>	32,338	34,000	35,500	35,500
<i>Subtotal</i>	166,297	166,819	181,301	185,124
<i>General Fund</i>	954,754	1,018,645	982,974	1,055,456
<i>Department Total</i>	1,121,051	1,185,464	1,164,275	1,240,580

Department Summary

<i>Dept. Expenditures by TYPE</i>	<i>Actual FY14</i>	<i>Adopted FY15</i>	<i>Estimated FY15</i>	<i>Proposed FY16</i>
<i>Wages</i>	692,216	725,400	713,500	754,000
<i>Fringe Benefits</i>	255,519	274,480	259,000	276,500
<i>Overtime</i>	1,186	1,200	2,200	6,200
<i>Employee Recognition</i>	250	550	550	450
<i>Personnel Subtotal</i>	949,171	1,001,630	975,250	1,037,150
<i>Supplies</i>	128,140	139,960	140,892	147,780
<i>Services and Charges</i>	32,797	33,374	36,633	40,750
<i>Miscellaneous</i>	10,943	10,500	11,500	14,900
<i>Department Total</i>	1,121,051	1,185,464	1,164,275	1,240,580

<i>Dept. Expenditures by DIVISION</i>	<i>Actual FY14</i>	<i>Adopted FY15</i>	<i>Estimated FY15</i>	<i>Proposed FY16</i>
<i>Library</i>	1,044,303	1,091,709	1,069,360	1,145,780
<i>Computer Learning Center</i>	76,748	93,755	94,915	94,800
<i>Department Total</i>	1,121,051	1,185,464	1,164,275	1,240,580

Department Summary

Adopted to Estimated Actual FY15:

- *Departmental expenditures are expected to be \$21,189 lower than budget.*
- *The variance is attributable to lower than anticipated costs in wages.*

FY16 Budget Highlights:

- *Departmental expenditures are \$55,116 higher – an increase of 4.6 percent – compared to budgeted expenditures for FY15.*
- *Departmental FTEs increase by 0.22*
- *Approximately 84 percent of departmental expenditures are personnel related.*
- *Personnel costs increase by \$35,520 compared to budgeted expenditures for FY15.*
- *Approximately 12 percent of departmental expenditures are supplies. This category includes the cost of digital and print books, periodicals, reference resources, and media; and computer and office supplies, including all materials needed for processing and circulation.*
- *Services and charges represent about three percent of departmental expenditures. They include contractual costs and support for circulation and cataloging records and functions.*