

# **Cost of Government**

**Presentation to  
Montgomery County  
Council**

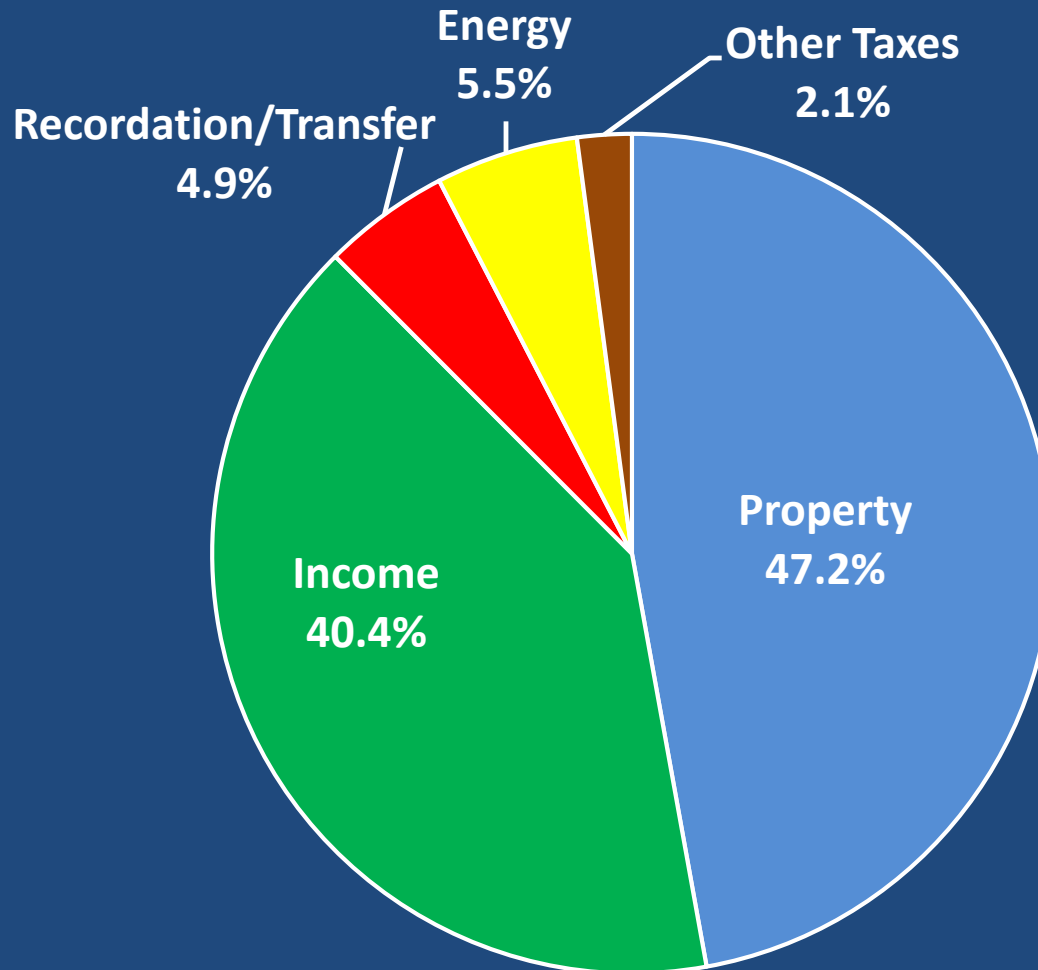
**January 16, 2018**

# Cost of Government

Revenues

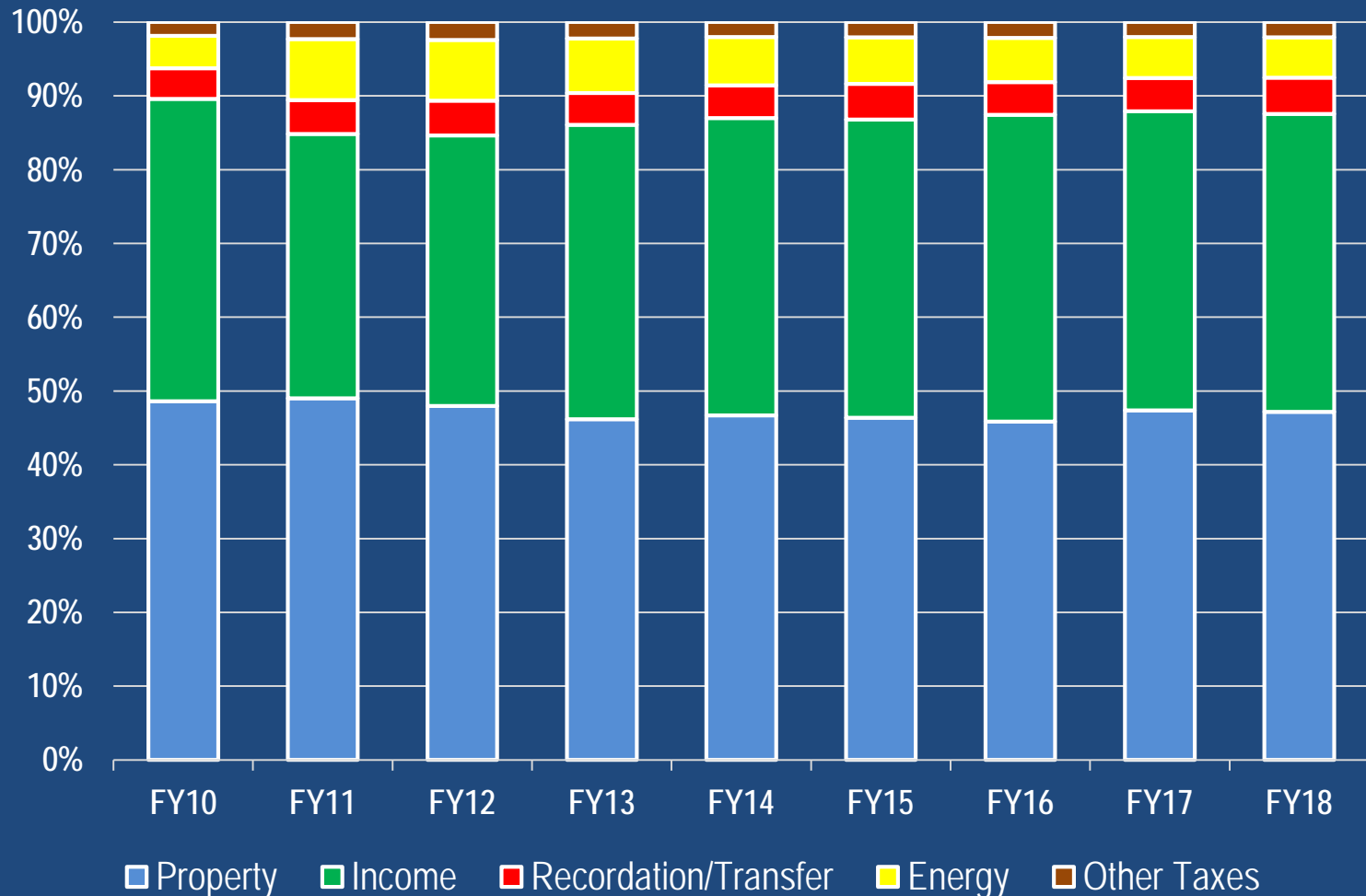
# FY18 Tax Revenue by Category

*Property and income taxes are 88% of tax revenue*



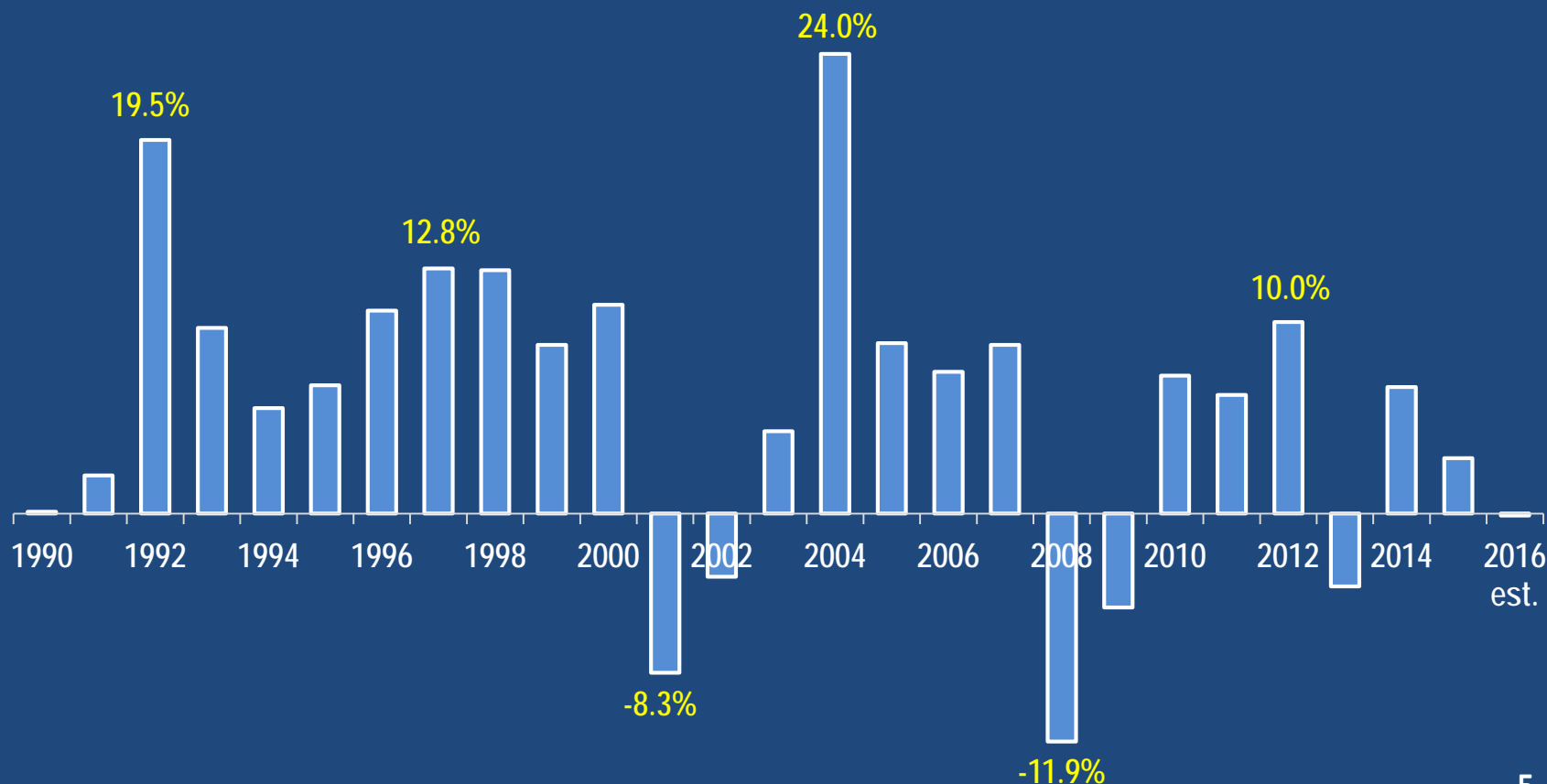
# FY10-18 Tax Revenue by Category

*Property and income taxes historically contribute 85%-90% of total revenues*



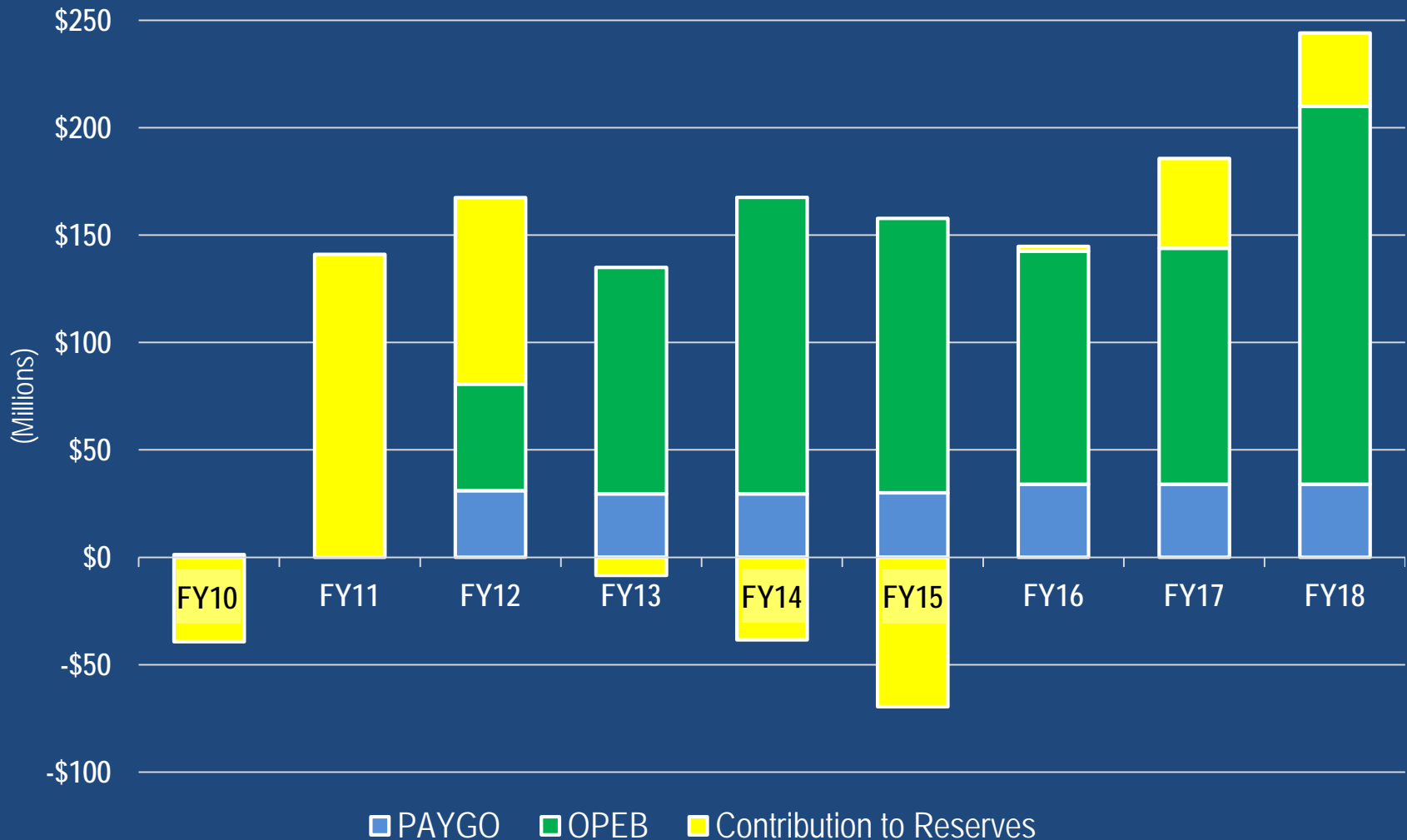
# Annual Percent Change in Income Tax Revenues from Withholdings, Estimated Payments, October 15 Filings, and Revenue Adjustments

*Income tax volatility presents challenges*



# FY10-18 Fiscal Policy Expenditures

*The annual cost of fiscal policies limits budget flexibility*

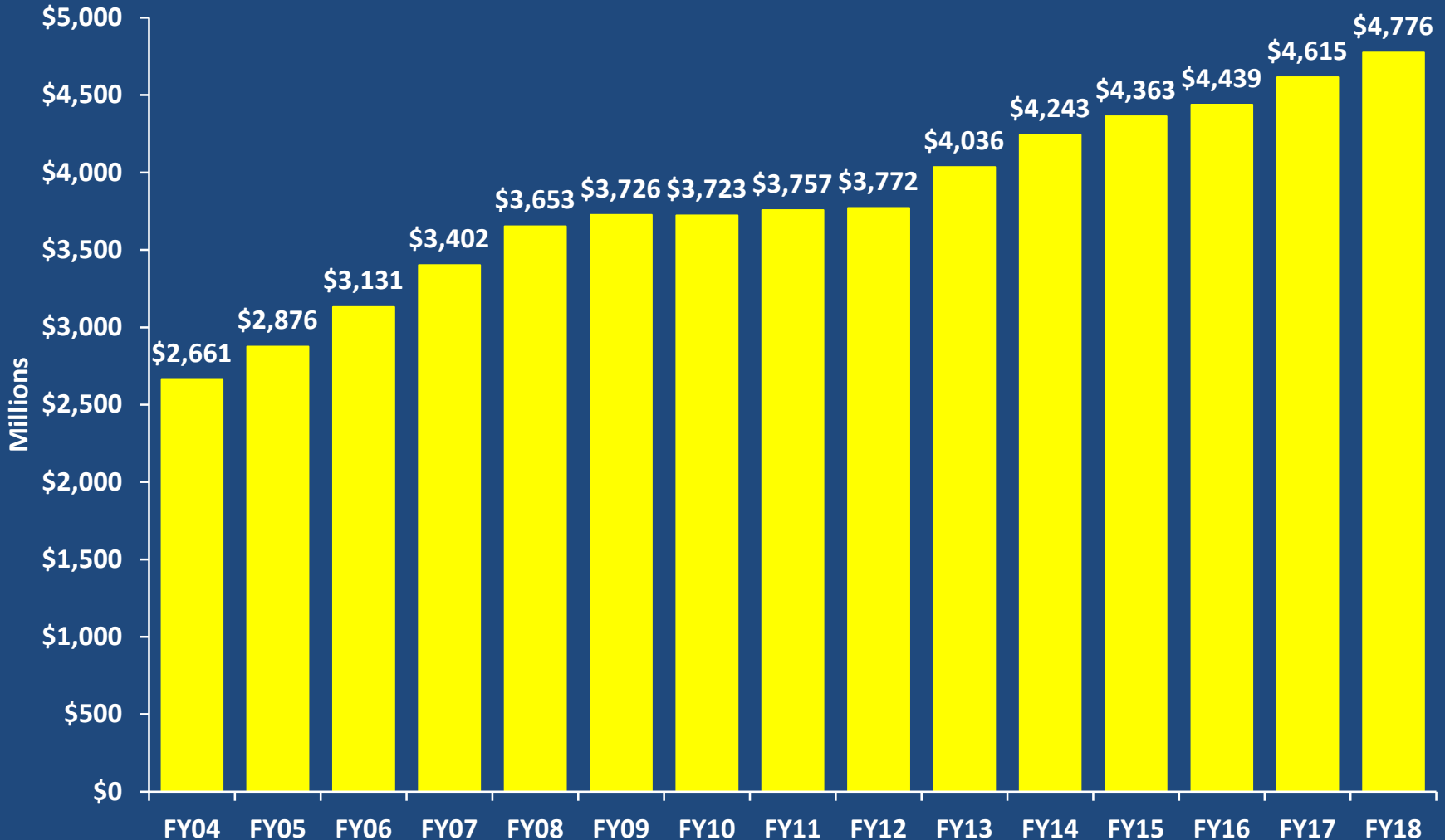


# Cost of Government

Total Tax-Supported  
Expenditures

# Total Tax Supported Expenditures

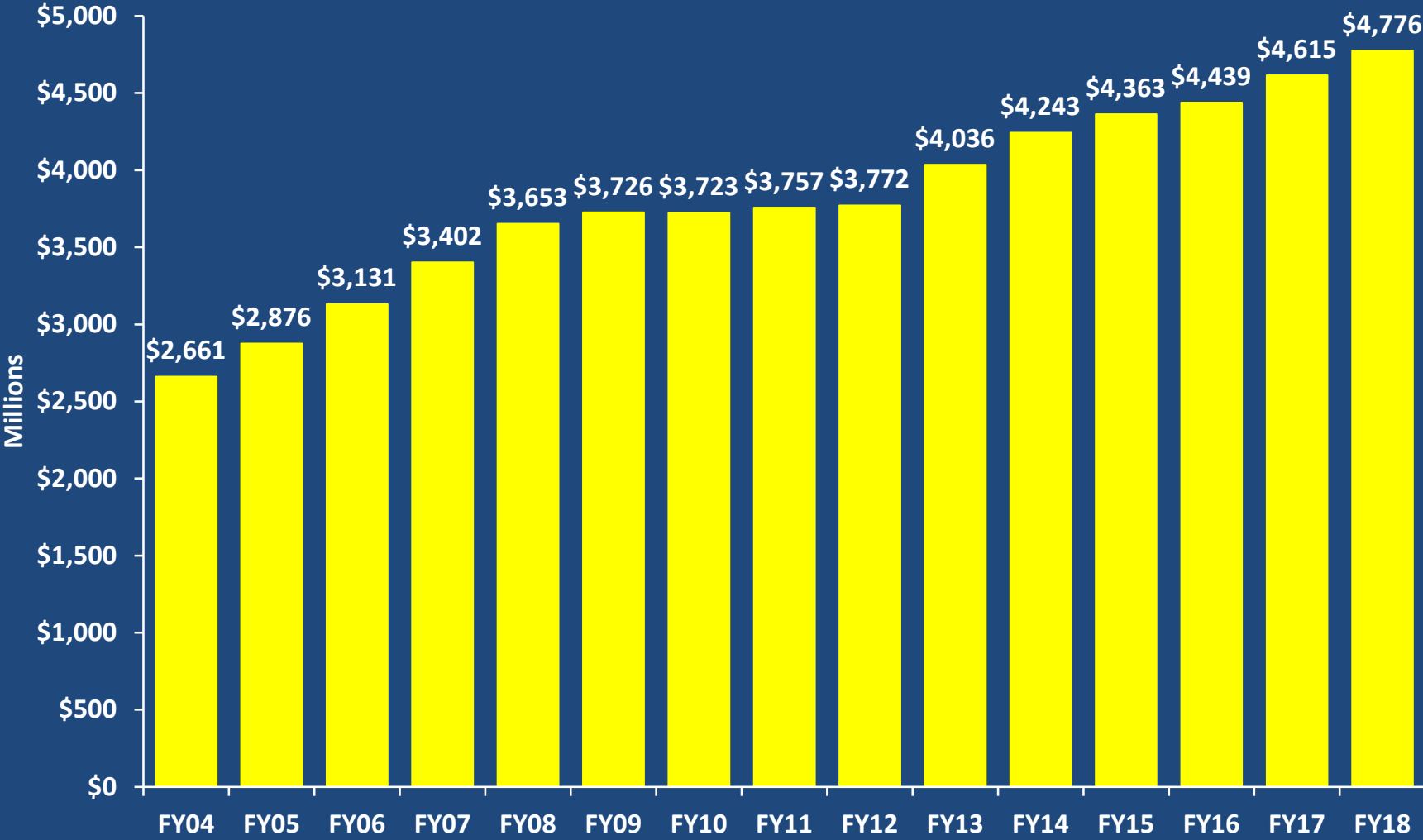
*Leveled during recession; then continued to grow*





# Total Tax Supported Expenditures

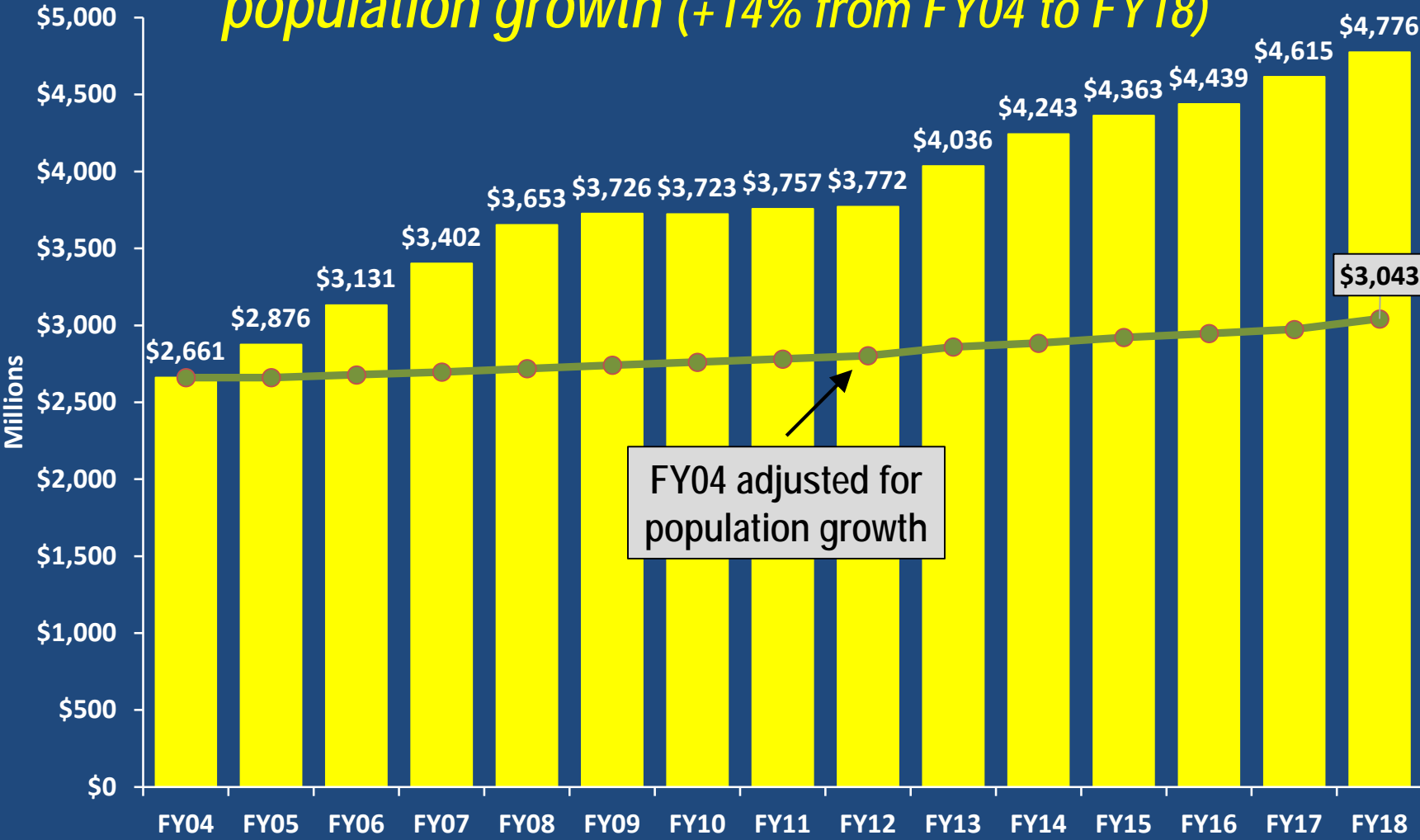
*FY04 to FY18 Change: +80%*



# Total Tax Supported Expenditures

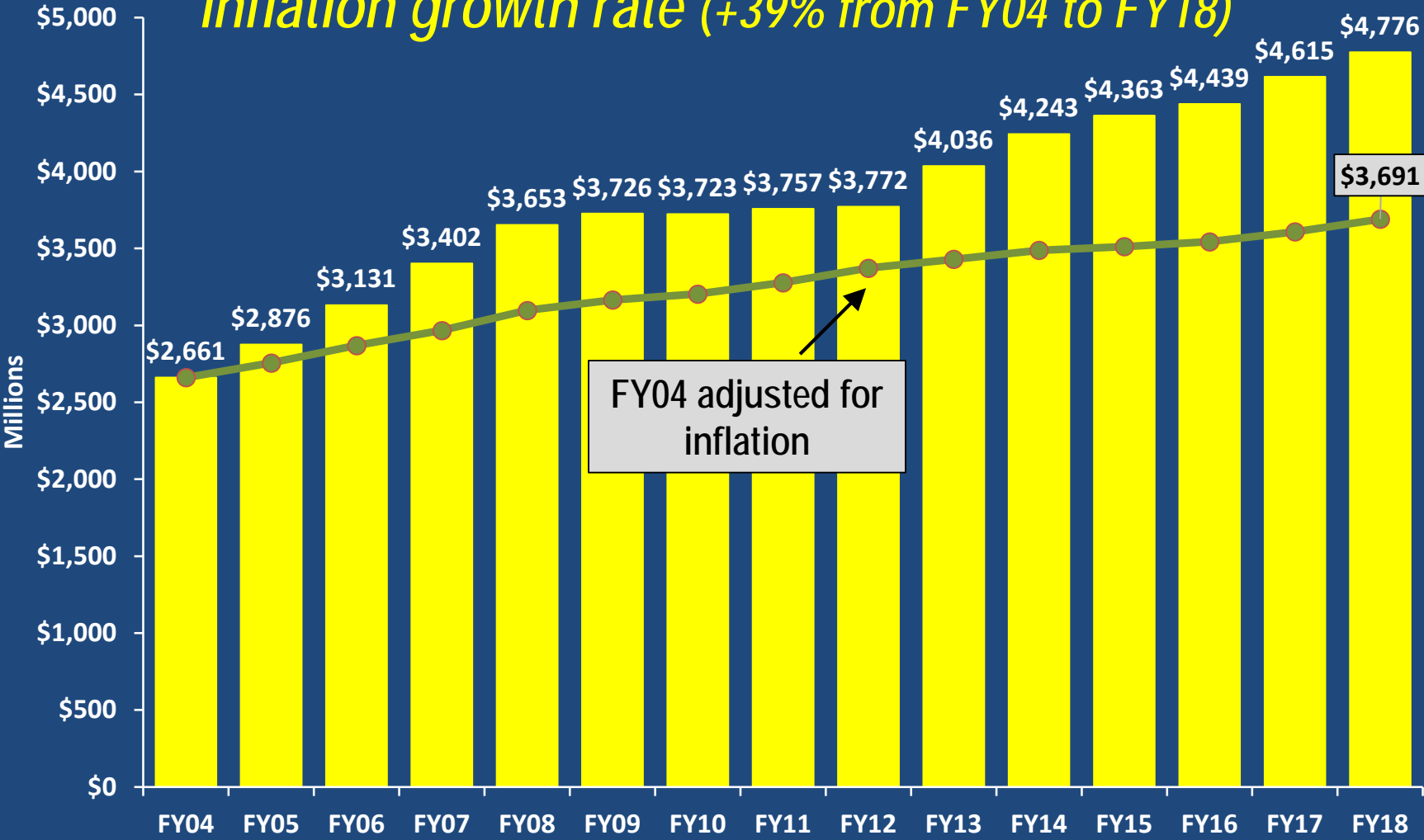
*Actual compared to*

*population growth (+14% from FY04 to FY18)*



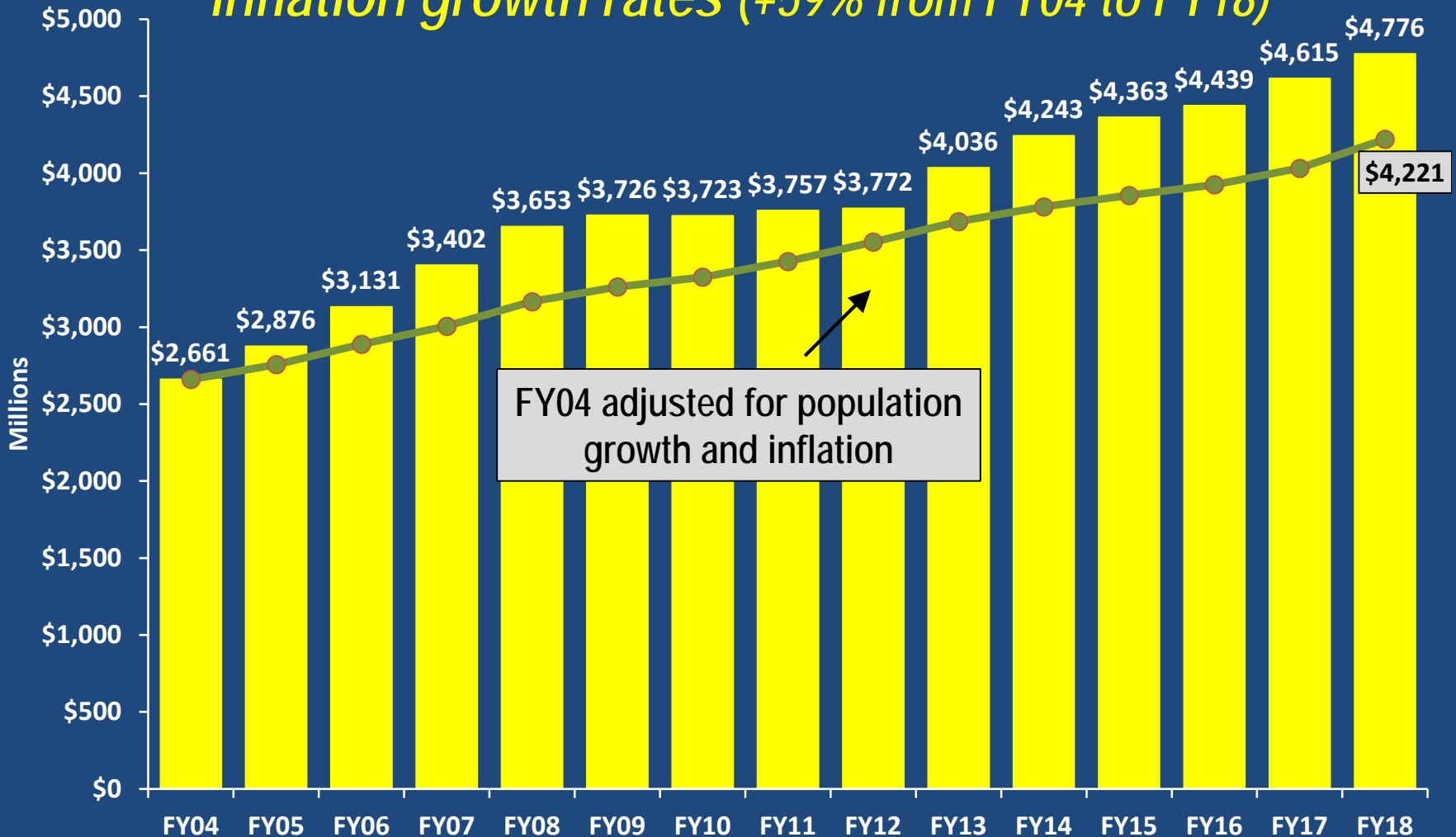
# Total Tax Supported Expenditures

*Actual compared to inflation growth rate (+39% from FY04 to FY18)*



# Total Tax Supported Expenditures

*Actual compared to compounded population and inflation growth rates (+59% from FY04 to FY18)*



# Cost of Government

## Demographic and Economic Indicators

# County Demographic Indicators

Indicator	FY04	FY18	% Change
Population	931,000	1,062,500	+14%
Households	342,000	381,000	+11%
MCPS K-12 Enrollment	139,200	163,700	+17%

# County Economic Indicators

*FY04-FY18 Rate of Inflation: 39%*

Indicator	FY04	FY18	% Change
Per Capita Personal Income	\$51,500	\$91,210	+77%
% Residents Below Poverty Level	4.8%	6.9%*	+44%
Resident Employment	503,000	539,200	+7%
Assessable Tax Base	\$94 billion	\$190 billion	+102%

\* 2016 estimate

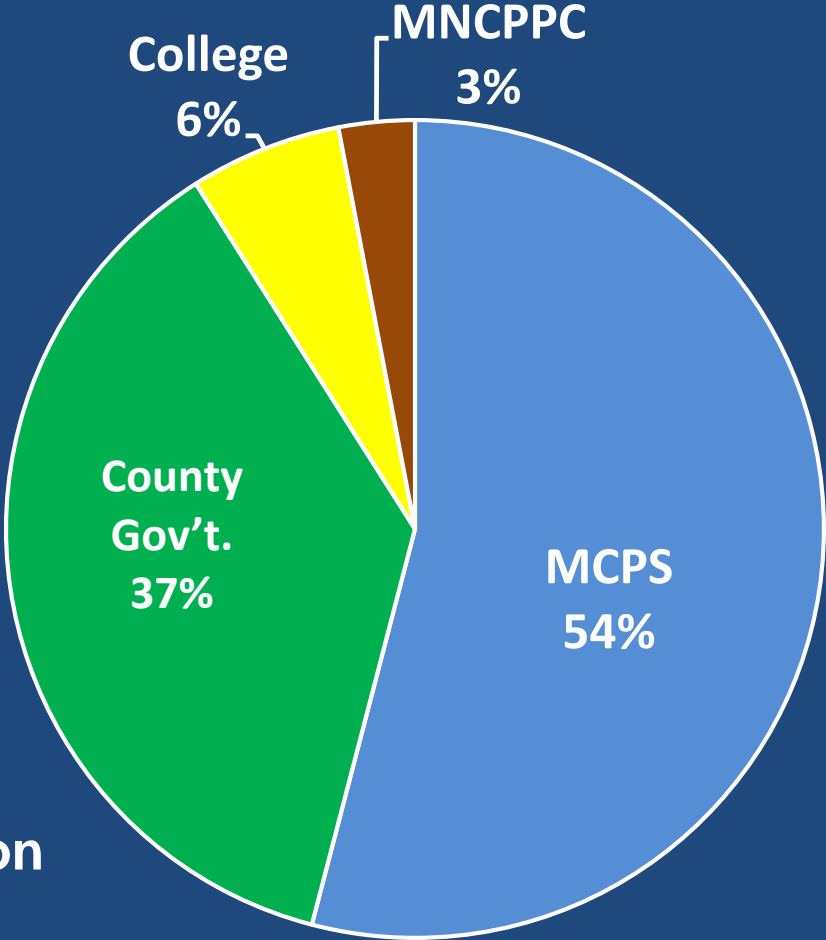
# Cost of Government

## Use of Tax-Supported Resources



# Tax Supported FY18 Operating Budget (excluding Debt Service)

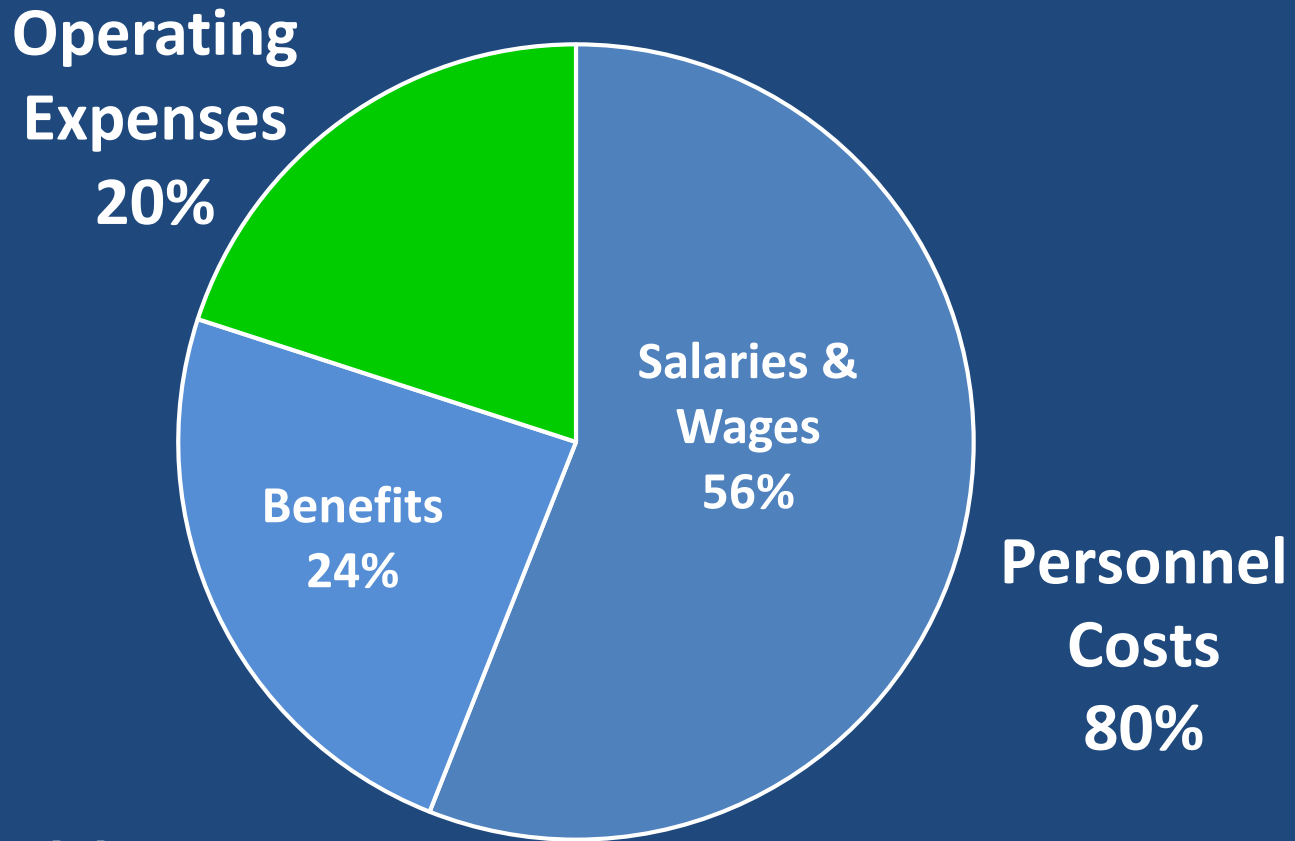
*MCPS comprises more than half of budget*



**Total = \$4.4 billion**

# FY18 Agency Tax-Supported Operating Budgets

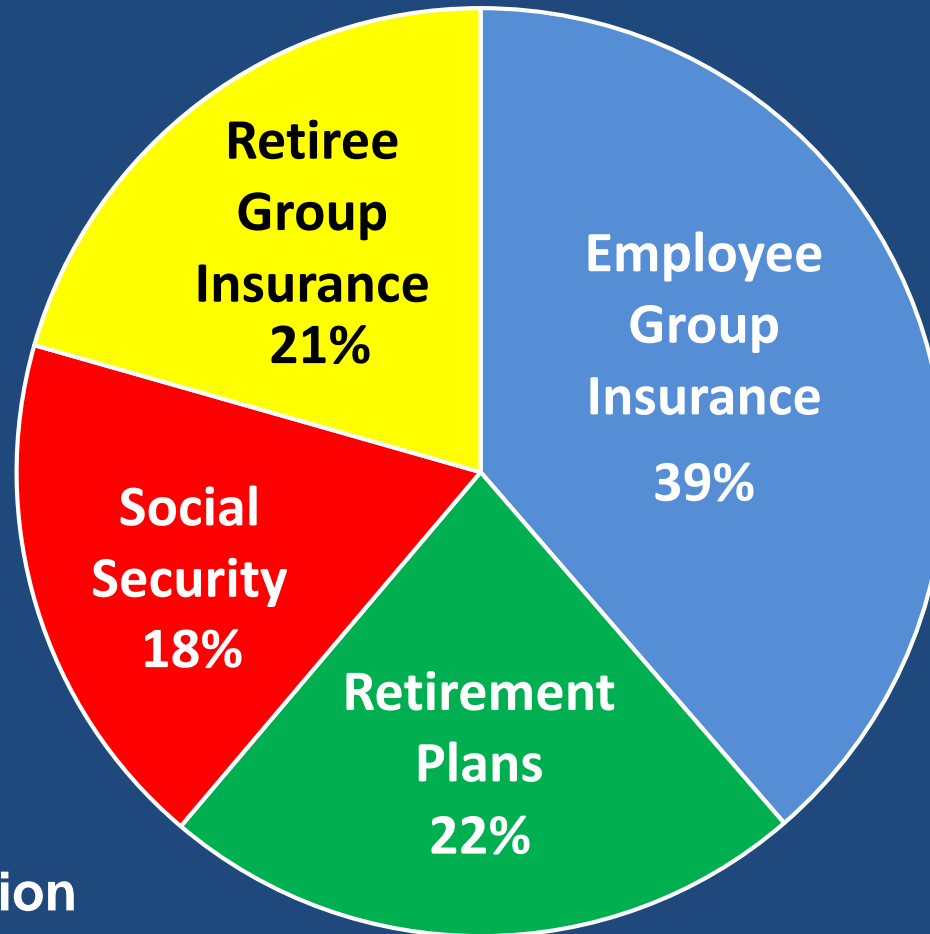
*Personnel costs account for 80% of spending*



Total = \$4.4 billion

# FY18 Employee and Retiree Benefits Costs

*County agencies expend more than \$1 billion on employee and retiree benefit costs.*



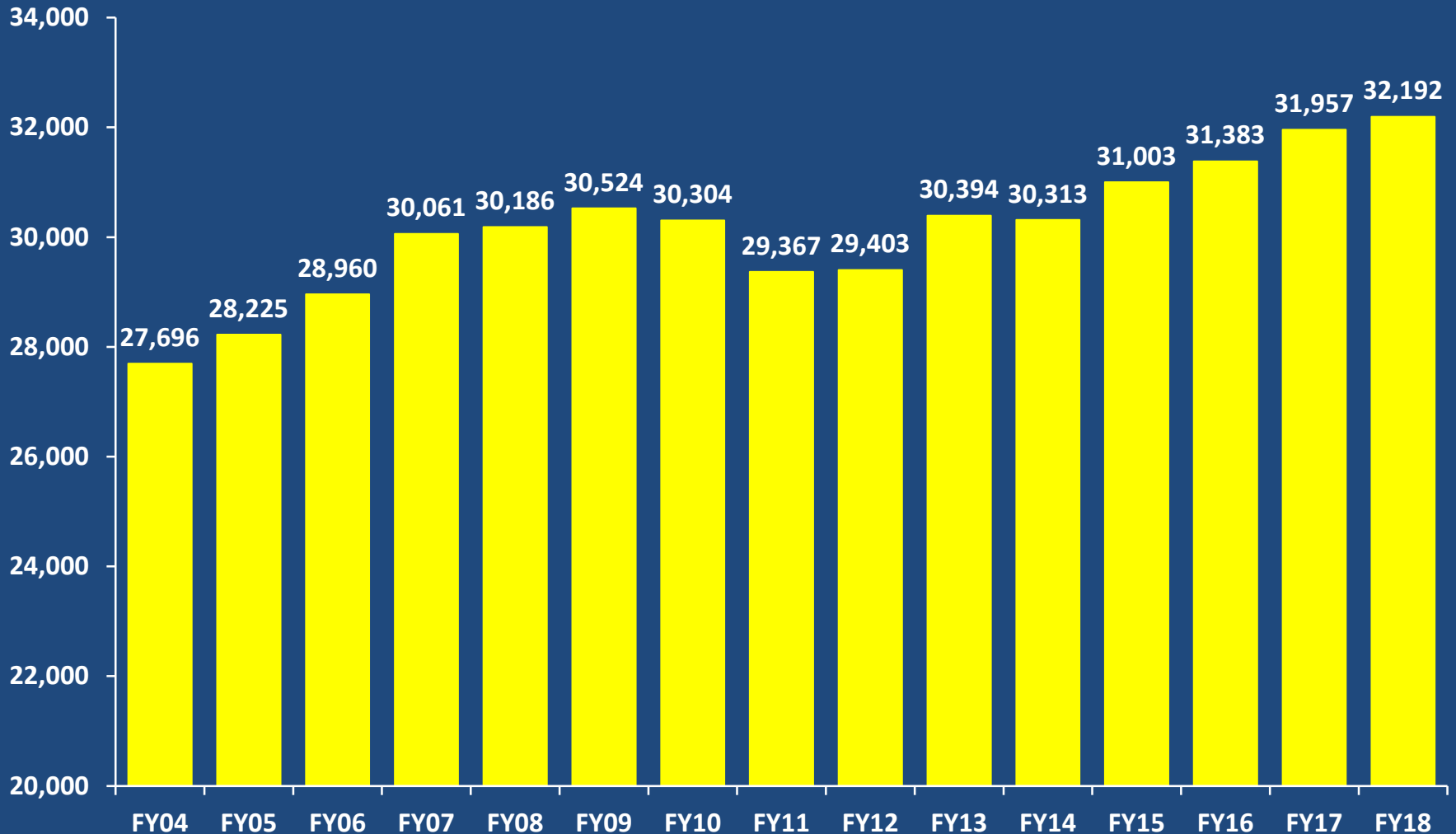
**Total = \$1.0 billion**

# Cost of Government

## Workforce

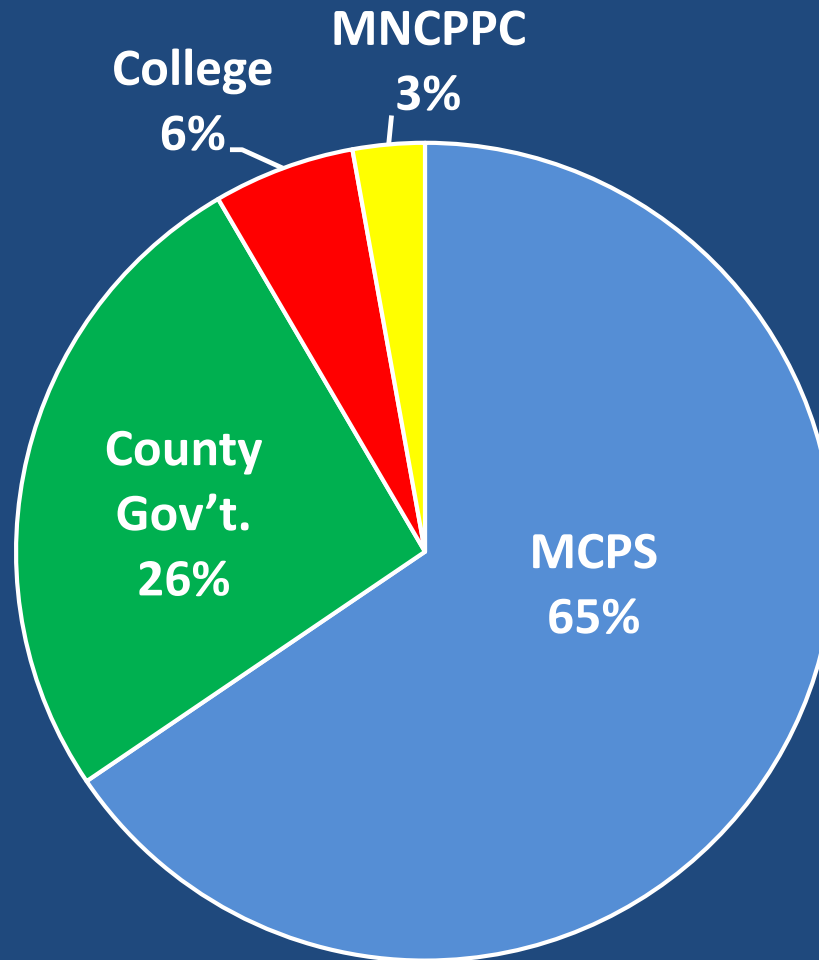
# Total FTEs (All Agencies)

*Current workforce size exceeds pre-recession high*



# FY18 Approved FTEs by Agency

*MCPS currently accounts for nearly two-thirds of all FTEs*



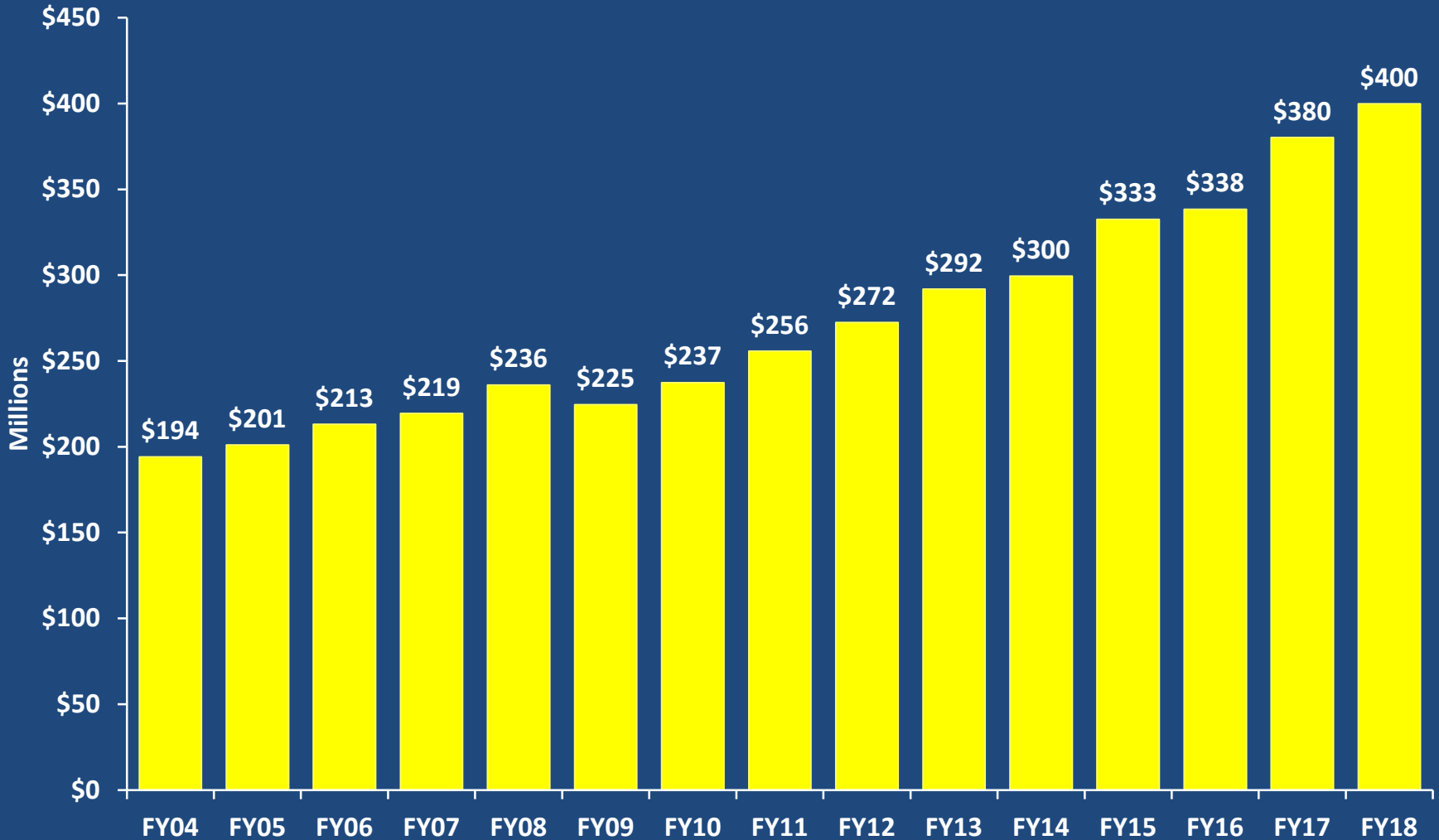
**Total = 32,200 FTEs**

# Cost of Government

## Debt Service

# Annual Debt Service

*More than doubled from FY04 to FY18*

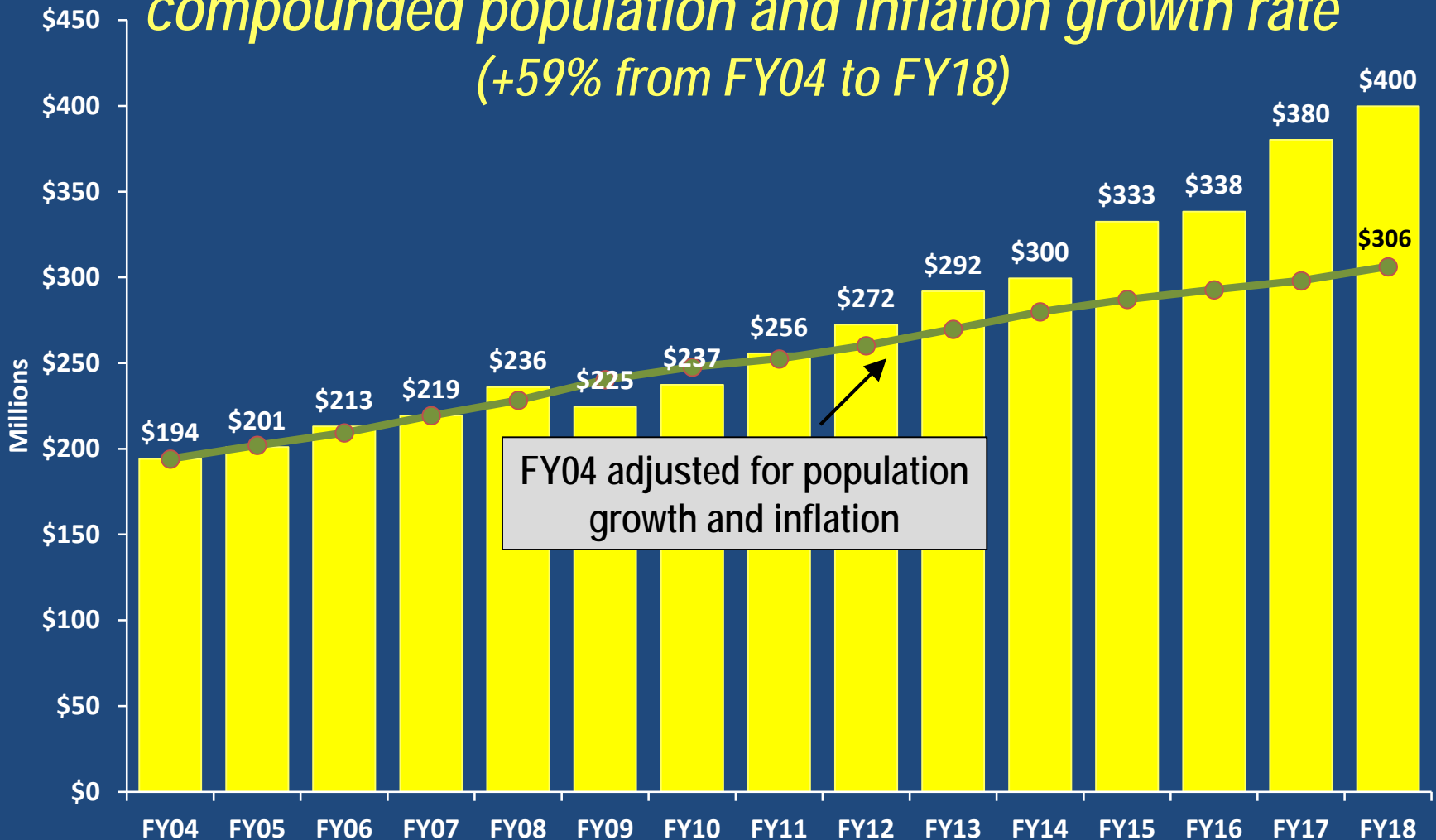




# Annual Debt Service

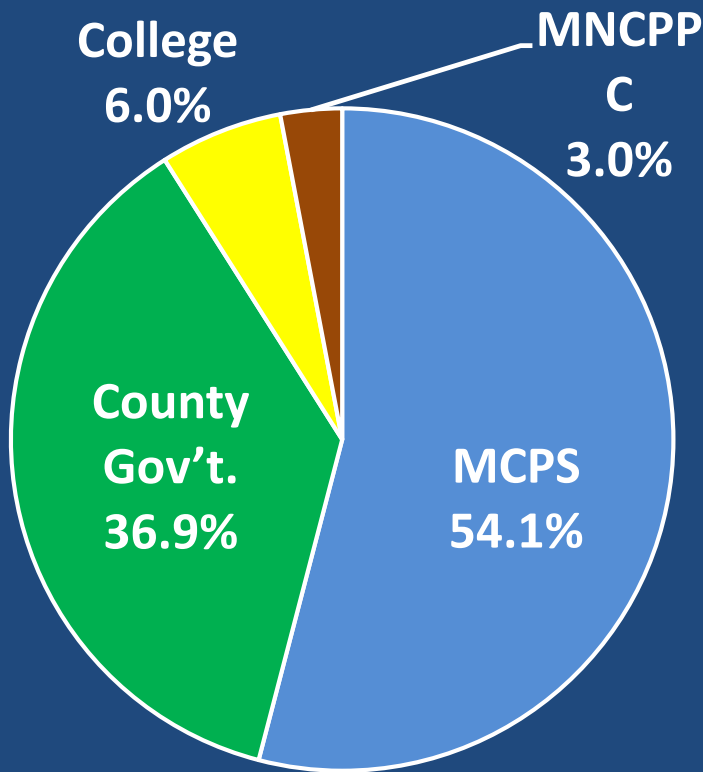
*Actual compared to*

*compounded population and inflation growth rate  
(+59% from FY04 to FY18)*



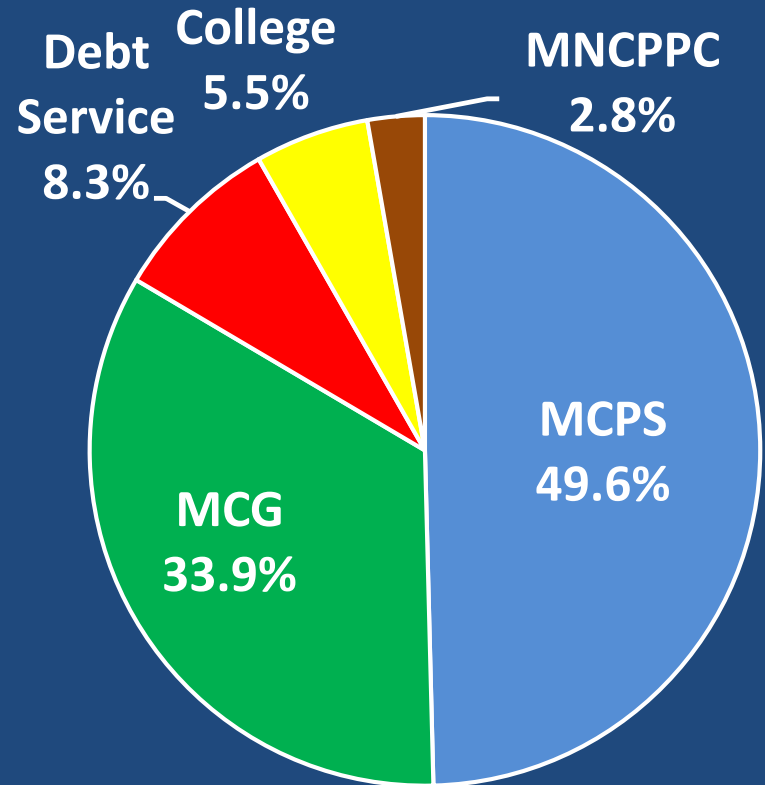
# Tax Supported FY18 Operating Budget

## Excluding Debt Service



Total = \$4.4 billion

## Including Debt Service



Total = \$4.8 billion

# Annual Debt Service

*More than Doubled from FY04 to FY18;  
projected to keep growing*

