

Honorable Members of the Montgomery County Council,

Thank you for the opportunity to share thoughts on the Spending Affordability Guidelines for the FY26 Operating Budget. I urge you to adopt either Option 1, which maintains the budget ceiling at its current level, or Option 3, which allows for a modest 0.96% increase aligned with projected personal income growth. These options represent the most prudent choices for our county, grounded in principles of fiscal responsibility, intergenerational equity, and preparation for economic uncertainty.

Montgomery County already operates with one of the highest per capita budgets among counties with similar income levels. While this reflects our commitment to providing quality public services, it also highlights the importance of ensuring that our expenditures align with true necessity and affordability. Choosing a restrained budget ceiling under Option 1 or 3 would demonstrate a commitment to efficiency, ensuring that resources are allocated effectively without overburdening residents or expanding beyond sustainable levels. This approach would affirm the county's role as a steward of its finances, balancing the quality of services with the need for affordability and long-term viability.

In addition to addressing immediate financial priorities, a more conservative budget ceiling reflects a deeper responsibility to future generations. Every budget decision has lasting consequences, and overcommitting resources today could result in debt, higher taxes, or reduced flexibility for future leaders. By choosing fiscal restraint now, the county preserves its financial stability and protects its AAA bond rating, both of which are critical for funding essential projects in the years to come. This decision also aligns with the principle of intergenerational equity, ensuring that future Montgomery County residents inherit a fiscally sound foundation, not a legacy of excessive spending or financial uncertainty.

Finally, the county's economic reliance on federal employment and contracts demands careful consideration, especially given the looming risks of federal downsizing. A reduction in federal jobs would likely lead to increased unemployment and decreased consumer spending, placing downward pressure on local revenues. The potential for economic stagnation also threatens property values, further constraining the county's largest revenue source. By adopting Option 1 or 3, the Council signals its readiness to navigate these challenges, ensuring that spending commitments remain manageable even in the face of potential downturns. These options provide the flexibility needed to address future uncertainties without compromising fiscal stability or the county's ability to respond to unforeseen needs.

In conclusion, adopting Option 1 or 3 would demonstrate a commitment to responsible governance and long-term planning. These options reflect a balanced approach to managing the county's financial resources, prioritizing sustainability over expansion in a time of economic uncertainty. By choosing fiscal restraint today, you safeguard the future of Montgomery County,

preserving its strengths and ensuring its resilience for years to come. Thank you for your thoughtful consideration of this important decision.

Respectfully submitted,

George Hernandez