

Resolution No.: 18-205
Introduced: June 23, 2015
Adopted: June 30, 2015

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Government Operations and Fiscal Policy Committee

SUBJECT: Approval of the County's Tax Supported Fiscal Plan Summary for the FY16-21 Public Services Program

Background

1. Section 302 of the County Charter states in part: *The County Executive shall submit to the Council, not later than March 15 of each year, comprehensive six-year programs for public services and fiscal policy. The six-year programs shall require a vote of at least five Councilmembers for approval or modification. Final Council approval of the six-year programs shall occur at or about the date of budget approval.*
2. Over the last two decades the Council's Government Operations and Fiscal Policy Committee (known until December 2010 as the Management and Fiscal Policy Committee) has collaborated with the Office of Management and Budget and the Department of Finance to develop and refine County fiscal projections. The result has been continuous improvement in how best to display such factors as economic and demographic assumptions, individual agency funds, major known commitments, illustrative expenditure pressures, gaps between projected revenues and expenditures, and productivity improvements. This work has also increased the County's ability to harmonize the fiscal planning methodologies of the four tax supported agencies. Each version of the fiscal projections, or six-year fiscal plan, is a snapshot in time that reflects the best estimate of future revenues and expenditures as of that moment, as well as a specific set of fiscal policy assumptions.
3. On June 29, 2010 the Council approved policies on reserve and other fiscal matters in Resolution No. 16-1415. Action clause 5 states: *The County should adopt a fiscal plan that is structurally balanced, and that limits expenditures and other uses of resources to annually available revenues. The fiscal plan should also separately display reserves at policy levels, including additions to reserves to reach policy level goals.* On November 29, 2011 the Council strengthened these policies in Resolution No. 17-312, which retained the fiscal plan language and replaced the earlier resolution.

4. Pursuant to these policies, on June 29, 2010 the Council approved the Tax Supported Fiscal Plan Summary for the FY11-16 Public Services Program in Resolution No. 16-1416. On June 28, 2011 the Council approved the Tax Supported Fiscal Plan Summary for the FY12-17 Public Services Program in Resolution No. 17-184. On June 26, 2012 the Council approved the Tax Supported Fiscal Plan Summary for the FY13-18 Public Services Program in Resolution No. 17-479. On June 25, 2013 the Council approved the Tax Supported Fiscal Plan Summary for the FY14-19 Public Services Program in Resolution No. 17-800. On June 17, 2014 the Council approved the Tax Supported Fiscal Plan Summary for the FY15-20 Public Services Program in Resolution No. 17-1137.
5. On June 23, 2015 the Council introduced a resolution on the Tax Supported Fiscal Plan Summary for the FY16-21 Public Services Program. On June 25, 2015 the Government Operations and Fiscal Policy Committee reviewed the Fiscal Plan Summary.

Action

The County Council for Montgomery County, Maryland approves the Tax Supported Fiscal Plan Summary for the FY16-21 Public Services Program, as outlined on the attached pages. This summary reflects:

- (1) current information on projected revenues and non-agency expenditures for the six-year period, which must be updated as conditions change. To keep abreast of changed conditions the Council regularly reviews reports on economic indicators, revenue estimates, and other fiscal data.
- (2) the policy on expanded County reserves established in Resolution No. 17-312 and the amendments to the Revenue Stabilization Fund law in Bill 36-10, which the Council approved on June 29, 2010.
- (3) other specific fiscal assumptions listed in the summary.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

**County Council Approved FY16-21 Public Services Program
Tax Supported Fiscal Plan Summary**

		(\$ in Millions)												
App. FY15	Est. FY15	% Chg. FY15-16 App/Est	App. FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	
Total Revenues														
1	1,588.9	1,534.6	2.8%	1,582.6	2.6%	1,624.2	2.8%	1,670.2	3.0%	1,720.1	3.3%	1,777.2	3.0%	1,831.0
2	1,340.6	1,333.1	6.9%	1,433.4	2.5%	1,469.7	6.1%	1,558.7	7.0%	1,667.6	3.9%	1,732.6	3.6%	1,794.1
3	160.7	141.6	-4.3%	153.8	14.2%	175.6	6.1%	186.4	6.4%	198.3	3.2%	204.6	4.9%	214.6
4	277.7	275.8	0.9%	280.3	1.2%	283.7	1.3%	287.3	1.0%	290.3	0.9%	293.0	1.2%	296.5
5	956.3	971.4	3.5%	990.1	-0.6%	984.1	0.5%	989.2	0.6%	994.8	0.6%	1,000.9	0.7%	1,008.3
6	4,274.3	4,256.4	3.9%	4,440.3	2.2%	4,537.4	3.4%	4,681.9	3.8%	4,871.1	2.8%	5,008.3	2.7%	5,144.5
7	Net Transfers In (Out)	44.3	-42.6%	24.9	-13.9%	21.4	2.3%	21.9	2.5%	22.5	2.8%	23.1	3.1%	23.8
8	Total Revenues and Transfers Available	4,317.6	3.4%	4,465.2	2.1%	4,558.8	3.4%	4,713.8	3.8%	4,893.6	2.8%	5,031.4	2.7%	5,168.3
Non-Operating Budget Use of Revenues														
11	344.1	339.0	2.9%	354.0	12.8%	399.4	2.6%	409.7	4.0%	426.0	4.0%	443.2	3.6%	459.3
12	30.0	30.0	13.5%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0
13	49.4	54.9	16.8%	57.7	21.2%	69.9	2.0%	71.3	11.2%	79.3	-1.5%	78.1	0.0%	78.1
14	-7.6	-2.8	6.2%	-7.1	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
15	-4.6	-5.0	33.0%	-3.1	102.9%	0.1	36.6%	0.1	8.3%	0.1	14.7%	0.2	-4.0%	0.1
16	-38.2	-6.2	13.1%	-33.2	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
17	1.6	-3.8	-579.0%	-7.5	102.5%	0.2	-82.3%	0.0	43.1%	0.0	16.9%	0.1	-27.7%	0.0
18	-92.2	-131.9	76.1%	-22.0	223.6%	27.2	-82.3%	4.8	43.1%	6.9	16.9%	8.1	-27.7%	5.8
19	22.6	22.7	6.9%	24.2	4.7%	25.3	5.3%	26.7	5.6%	28.2	-47.3%	14.9	-39.2%	9.0
20	127.8	127.8	-15.2%	108.5	1.3%	109.9	-2.9%	106.7	-3.8%	102.7	-3.1%	99.5	-3.2%	96.3
21	0.1	0.0	1500.0%	2.0	900.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
22	433.1	424.7	17.2%	507.5	35.2%	686.0	-1.9%	673.3	3.6%	697.3	0.1%	698.0	0.7%	702.7
23	Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	3,884.5	1.9%	3,957.8	-2.1%	3,872.9	4.3%	4,040.5	3.9%	4,196.4	3.3%	4,333.5	3.0%	4,465.6
Agency Uses														
27	2,138.1	2,106.1	1.8%	2,176.5	3.1%	2,236.3	3.2%	2,306.1	3.2%	2,375.9	3.3%	2,445.7	3.0%	2,515.3
28	244.5	236.3	3.1%	252.2	1.7%	260.0	1.7%	267.7	2.9%	275.4	2.9%	283.1	2.7%	290.8
29	111.9	111.9	1.7%	115.6	1.7%	119.3	1.7%	123.0	1.7%	126.7	1.7%	130.4	1.7%	134.1
30	1,390.0	1,421.7	1.9%	1,453.4	1.9%	1,485.1	1.9%	1,516.8	1.9%	1,548.5	1.9%	1,580.2	1.9%	1,611.9
31	Agency Uses	3,884.5	3,876.0	3,957.8	3,872.9	4,040.5	4,196.4	4,333.5	4,465.6					
32	Total Uses	4,317.6	4,300.7	4,465.2	4,558.8	4,713.8	4,893.6	5,031.4	5,168.3					
33	(Gap)/Available	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
34														

Assumptions:
 1. Property taxes are at the Charter Limit with a \$692 credit. The Charter Limit is assumed in FY17-21.
 2. May 2010 fuel/energy tax revenue is reduced by 27 percent in FY15-21.
 3. Total reserves are projected to be 10 percent by FY20 consistent with the County's adopted fiscal policy.
 4. PAYGO, debt service, and current revenue reflect the Amended FY15-20 Capital Improvements Program.
 5. State Aid, including MCPS and Montgomery College, is not projected to increase in FY17-21.

**County Council Approved FY16-21 Public Services Program
Tax Supported Fiscal Plan Summary**

(\$ in Millions)

	App. FY15	Est FY15	% Chg. FY15-16	App. FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21
Beginning Reserves														
35 Unrestricted General Fund	241.5	281.8	-38.0%	149.8	-14.7%	127.8	21.3%	155.0	3.1%	159.8	4.3%	166.7	4.8%	174.8
36 Revenue Stabilization Fund	207.2	208.0	11.3%	230.7	10.5%	254.9	9.9%	280.2	9.5%	306.9	9.2%	335.1	4.4%	349.9
37 Total Reserves	448.7	489.8	-15.2%	380.5	0.6%	382.7	13.7%	435.2	7.2%	466.7	7.5%	501.8	4.6%	524.7
Additions to Reserves														
40 Unrestricted General Fund	-92.2	-131.9	76.1%	-22.0	223.6%	27.2	-82.3%	4.8	43.1%	6.9	16.9%	8.1	-27.7%	5.8
41 Revenue Stabilization Fund	22.6	22.7	6.9%	24.2	4.7%	25.3	5.3%	26.7	5.6%	28.2	-47.3%	14.9	-39.2%	9.0
42 Total Change in Reserves	-69.6	-109.2	103.1%	2.2	2334.3%	52.6	-40.1%	31.5	11.4%	35.1	-34.7%	22.9	-35.2%	14.8
Ending Reserves														
43 Unrestricted General Fund	149.3	149.8	-14.4%	127.8	21.3%	155.0	3.1%	159.8	4.3%	166.7	4.8%	174.8	3.3%	180.6
44 Revenue Stabilization Fund	229.8	230.7	10.9%	254.9	9.9%	280.2	9.5%	306.9	9.2%	335.1	4.4%	349.9	2.6%	358.9
45 Total Reserves	379.1	380.5	0.9%	382.7	13.7%	435.2	7.2%	466.7	7.5%	501.8	4.6%	524.7	2.8%	539.5
Reserves as a % of Adjusted Governmental Revenues	8.4%	8.5%		8.2%		9.1%		9.5%		9.8%		10.0%		10.0%
Other Reserves														
50 Montgomery College	4.6	10.6	-23.2%	3.5	0.0%	3.5	0.0%	3.5	0.0%	3.5	0.0%	3.5	0.0%	3.5
51 M-NCPPC	4.1	7.3	3.3%	4.3	2.1%	4.3	2.8%	4.5	3.0%	4.6	3.3%	4.7	3.1%	4.9
52 MCPS	0.1	33.2	-100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
53 MGS Special Funds	0.6	8.4	42.4%	0.9	21.3%	1.1	3.1%	1.1	4.3%	1.1	4.8%	1.2	3.3%	1.2
MCG + Agency Reserves as a % of Adjusted Govt Revenues	8.6%	9.8%		8.4%		9.3%		9.7%		10.0%		10.2%		10.2%
Retiree Health Insurance Pre-Funding														
56 Montgomery County Public Schools (MCPS)	85.5	85.5		61.7		63.1		61.3		59.0		56.7		54.4
57 Montgomery College (MC)	2.0	2.0		1.4		1.5		1.6		1.6		1.5		1.6
58 MNCPPC	1.8	1.8		1.8		1.8		1.8		1.8		1.8		1.8
59 MCG	38.6	38.6		43.5		43.5		42.0		40.4		39.5		38.6
60 Subtotal Retiree Health Insurance Pre-Funding	127.8	127.8		108.5		109.9		106.7		102.7		99.5		96.3
Adjusted Governmental Revenues														
61 Total Tax Supported Revenues	4,274.3	4,256.4	3.9%	4,440.3	2.2%	4,537.4	3.4%	4,691.9	3.8%	4,871.1	2.8%	5,008.3	2.7%	5,144.5
62 Capital Projects Fund	123.4	123.4	0.2%	123.6	-12.4%	108.2	-7.7%	99.9	-2.2%	97.7	7.7%	105.2	0.0%	105.2
63 Grants	116.6	116.5	2.9%	120.1	2.2%	122.7	2.3%	125.6	2.5%	128.7	2.8%	132.3	3.1%	136.5
64 Total Adjusted Governmental Revenues	4,514.3	4,496.4	3.8%	4,664.0	1.8%	4,768.3	3.1%	4,917.3	3.7%	5,097.6	2.9%	5,245.9	2.7%	5,386.2