

Resolution No.: 18-544
Introduced: June 21, 2016
Adopted: June 28, 2016

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Government Operations and Fiscal Policy Committee

SUBJECT: Approval of the County's Tax Supported Fiscal Plan Summary for the FY17-22 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. Starting in 1992, 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. On June 30, 2015 the Council approved the Tax Supported Fiscal Plan Summary for the FY16-21 Public Services Program in Resolution No. 18-205.

5. On June 21, 2016 the Council introduced a resolution on the Tax Supported Fiscal Plan Summary for the FY17-22 Public Services Program. On June 23, 2016 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 FY17-22 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 FY17-22 Public Services Program
Tax Supported Fiscal Plan Summary**

		(\$ in Millions)												
	App. FY16 5-21-15	Est. FY16	% Chg. FY16-17 App	App. FY17 5-26-16	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22
Total Revenues														
Property Tax	1,582.6	1,580.8	9.9%	1,738.7	2.3%	1,779.2	3.0%	1,833.3	3.2%	1,892.5	3.1%	1,951.7	3.3%	2,016.5
Income Tax	1,433.4	1,433.1	3.8%	1,487.6	6.4%	1,582.2	3.2%	1,633.3	3.4%	1,698.4	4.6%	1,766.3	4.3%	1,841.8
Transfer/Recorrdation Tax	1,538	1,74.7	7.8%	1,65.8	2.3%	1,69.6	4.5%	1,77.3	3.9%	184.1	7.8%	196.5	6.8%	212.0
Other Taxes	280.3	276.2	-0.7%	278.3	1.4%	282.3	1.3%	285.8	1.1%	289.0	1.1%	292.3	1.2%	295.9
Other Revenues	990.1	985.9	3.8%	1,027.7	-0.9%	1,018.3	0.2%	1,020.2	0.2%	1,022.5	0.6%	1,028.3	0.6%	1,034.1
Total Revenues	4,440.3	4,455.6	5.8%	4,698.1	2.8%	4,831.6	2.4%	4,949.8	2.6%	5,076.6	3.2%	5,237.1	3.1%	5,400.2
Net Transfers In (Out)	24.9	24.9	-43.7%	14.0	2.3%	14.3	2.5%	14.7	2.7%	15.1	2.7%	15.5	2.7%	15.9
Total Revenues and Transfers Available	4,465.2	4,480.5	5.5%	4,712.1	2.8%	4,846.0	2.4%	4,964.5	2.6%	5,091.7	3.2%	5,252.6	3.1%	5,416.1
Non-Operating Budget Use of Revenues														
Debt Service	354.0	346.9	9.7%	388.2	3.6%	402.0	4.3%	419.5	4.1%	436.5	3.9%	453.5	2.8%	466.1
PAYGO	34.0	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0
CP Current Revenue	57.7	61.9	-20.6%	45.8	76.5%	80.8	2.1%	82.5	-9.1%	75.0	3.7%	77.8	-7.6%	71.9
Change in Other Reserves	-50.8	-16.8	-4.9%	-53.3	101.7%	0.9	-73.9%	0.2	10.8%	0.3	2.7%	0.3	14.0%	0.3
Contribution to General Fund Undesignated Reserves	-22.0	-37.2	173.4%	16.2	92.7%	31.2	-85.6%	4.5	14.0%	5.1	6.5%	5.4	28.2%	7.0
Contribution to Revenue Stabilization Reserves	24.2	24.1	5.7%	25.6	5.9%	27.1	6.7%	28.9	-36.6%	18.4	-49.7%	9.2	5.4%	9.7
Set Aside for other uses (supplemental appropriations)	2.0	-0.4	-93.8%	0.1	16113.1%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
Total Other Uses of Resources	390.0	412.5	14.4%	456.5	30.9%	596.0	-1.1%	589.7	-0.1%	589.2	1.9%	600.3	1.8%	609.0
Available to Allocate to Agencies (Total Revenues-Net Transfers-Total Other Uses)	4,066.2	4,068.0	4.7%	4,255.6	-0.1%	4,250.0	2.9%	4,374.9	2.9%	4,502.5	3.3%	4,652.3	3.3%	4,807.1
Agency Uses														
Montgomery County Public Schools (MCPS)	2176.5	2145.8	6.2%	2311.6	-0.1%	2250.0	2.9%	2374.9	2.9%	2502.5	3.3%	2652.3	3.3%	2807.1
Montgomery College (MC)	252.2	247.8	3.7%	261.6	-0.1%	266.0	2.4%	274.5	2.6%	281.7	3.2%	291.6	3.1%	301.1
MNCPFC (w/o Debt Service)	117.4	117.1	2.7%	120.6	-0.1%	120.6	0.0%	120.6	0.0%	120.6	0.0%	120.6	0.0%	120.6
MCC	1,520.1	1,557.2	2.7%	1,561.9	-0.1%	1,561.9	0.0%	1,561.9	0.0%	1,561.9	0.0%	1,561.9	0.0%	1,561.9
Agency Uses	4,066.2	4,068.0	4.7%	4,255.6	-0.1%	4,250.0	2.9%	4,374.9	2.9%	4,502.5	3.3%	4,652.3	3.3%	4,807.1
Total Uses	4,465.2	4,480.5	5.5%	4,712.1	2.8%	4,846.0	2.4%	4,964.5	2.6%	5,091.7	3.2%	5,252.6	3.1%	5,416.1
(Gap)-Available	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

Assumptions:
 1. FY17 average weighted property tax rate is 3.94 cents higher than FY16. FY18-22 property taxes are at the Charter Limit with a \$692 credit.
 2. Reserve contributions are consistent with legal requirements and the minimum policy target.
 3. PAYGO, debt service, and current revenue reflect the Approved FY17-22 Capital Improvements Program.
 4. State Aid, including MCPS and Montgomery College, is not projected to increase from FY17-22.

	App. FY16	Est. FY16	% Chg. FY16-17	App. FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22
Beginning Reserves														
Unrestricted General Fund	1498	156.5	-20.4%	1193	13.5%	135.5	23.0%	166.7	2.7%	171.2	3.0%	176.3	3.1%	181.7
Revenue Stabilization Fund	230.7	230.6	10.4%	254.7	10.0%	280.3	9.7%	307.4	9.4%	336.4	5.5%	354.7	2.6%	364.0
Total Reserves	380.5	387.2	-1.7%	374.1	11.2%	415.8	14.0%	474.1	7.0%	507.5	4.6%	545.7	2.8%	545.7
Additions to Reserves														
Unrestricted General Fund	-22.0	37.2	173.4%	16.2	92.7%	31.2	-85.6%	4.5	14.0%	5.1	6.5%	5.4	28.2%	7.0
Revenue Stabilization Fund	24.2	24.1	5.7%	25.6	5.9%	27.1	6.7%	28.9	-36.6%	18.4	-49.7%	9.2	5.4%	9.7
Total Change in Reserves	2.2	-13.1	1834.3%	41.8	39.6%	58.3	-42.7%	33.4	-29.8%	23.5	-37.4%	14.7	13.9%	16.7
Ending Reserves														
Unrestricted General Fund	127.8	119.3	6.0%	135.5	23.0%	166.7	2.7%	171.2	3.0%	176.3	3.1%	181.7	3.8%	188.7
Revenue Stabilization Fund	254.9	254.7	10.0%	280.3	9.7%	307.4	9.4%	336.4	5.5%	354.7	2.6%	364.0	2.7%	373.7
Total Reserves	382.7	374.1	8.7%	415.8	14.0%	474.1	7.0%	507.5	4.6%	531.0	2.8%	545.7	3.1%	562.4
Revenues as a % of Adjusted Governmental Revenues	8.2%	8.0%	8.4%	8.4%	9.3%	9.3%	9.3%	9.8%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Other Revenues														
M-NCP/PC	3.5	9.1	27.1%	4.5	0.0%	4.5	0.0%	4.5	0.0%	4.5	0.0%	4.5	0.0%	4.5
M-NCP/PC	4.3	9.1	20.4%	5.1	8.5%	5.6	3.0%	5.7	3.2%	5.9	3.1%	6.1	3.3%	6.3
MCP/PS	0.0	33.2	na	na	na	0.0	na	0.0	na	0.0	na	0.0	na	0.0
MCG Special Funds	0.9	13.6	124.9%	2.0	23.0%	2.4	2.7%	2.5	3.0%	2.6	3.1%	2.6	3.8%	2.7
MCG + Agency Reserves as a % of Adjusted Govt. Revenues	8.4%	9.3%	8.6%	8.6%	9.6%	9.6%	10.0%	10.0%	10.3%	10.3%	10.2%	10.2%	10.2%	10.2%
Retiree Health Insurance Pre-Funding														
Montgomery County Public Schools (MCPS)	61.7	61.7		63.1		61.3		59.0		56.7		54.4		54.4
Montgomery College (MC)	1.4	1.4		1.5		1.6		1.6		1.5		1.6		1.6
MNC/PPC	1.8	1.8		1.8		1.8		1.8		1.8		1.8		1.8
MCG	43.5	43.5		43.5		42.0		40.4		38.5		36.6		36.6
Subtotal Retiree Health Insurance Pre-Funding	108.5	108.5		109.9		106.7		102.7		98.6		96.4		96.4
Adjusted Governmental Revenues														
Total Tax Supported Revenues	4,440.3	4,455.6	5.8%	4,698.1	2.8%	4,631.6	2.4%	4,948.8	2.6%	5,076.6	3.2%	5,237.1	3.1%	5,400.2
Capital Projects Fund	123.6	123.6	5.8%	130.7	-4.6%	124.8	-1.8%	122.3	-18.8%	99.3	4.5%	103.8	6.7%	110.7
Grants	120.1	120.1	-3.6%	115.8	2.3%	118.5	2.5%	121.4	2.7%	124.7	2.7%	128.1	2.7%	131.5
Total Adjusted Governmental Revenues	4,684.0	4,699.3	5.6%	4,944.7	2.6%	5,074.9	2.3%	5,193.0	2.1%	5,300.6	3.2%	5,468.9	3.2%	5,642.5