

Resolution No.: 18-1099
Introduced: April 24, 2018
Adopted: April 24, 2018

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

SUBJECT: Approval of Second FY2018 Savings Plan for Montgomery County Government

Background

1. On May 25, 2017 the Council approved the FY2018 operating budget for Montgomery County Government in Resolution No. 18-823. Action clause 53 stated: “As a condition of spending any funds appropriated in this resolution and not disapproved or reduced under Charter Section 306, the Executive must transmit to the Council any recommended budget savings plan or similar action.... Any budget savings plan or similar action is subject to review and approval by the Council....”
2. The Council and the Executive have frequently collaborated on mid-year savings plans to address revenue shortfalls. For example, in FY2008 and FY2009 the Council approved savings plans of \$33.2 million and \$33.0 million, respectively. In FY2010 the Council approved two savings plans, the first for \$29.7 million and the second, required by a severe revenue decline during the Great Recession, for \$69.7 million. The FY2011 savings plan was for \$32.3 million and the FY2016 savings plan was for \$54.2 million.
3. In a memorandum to the Council President dated January 2, 2018, the Executive proposed a FY2018 savings plan to address an apparent FY18 budget gap of \$120 million. The proposed FY2018 savings plan was in two parts. One part included \$60.7 million in operating budget savings. (The corrected amount is \$58.7 million.) The other part included \$13.5 million in capital budget current revenue savings. On January 30, 2018, the Council approved savings of \$53,564,184 in the operating budget and \$9,309,000 in capital budget current revenue in Resolution No. 18-1018.
4. In a memorandum to the Council President dated April 12, 2018, the Executive proposed a second savings plan for the remainder of FY2018 to fully restore current year reserves to the level assumed in the FY2018 Approved Budget and to keep the County on track to meet the commitment to fund reserves at 10 percent of total revenues by FY2020. The proposed additional FY2018 savings includes \$62.4 million in operating budget reductions from three County Government non-departmental accounts. The plan also proposes using an additional

\$41,412,000 from the Consolidated Retiree Health Benefit Trust in FY2018 to pay for current year retiree health claims for Montgomery County Government.

5. Council Resolution No. 18-823 authorizes the Chief Administrative Officer to direct up to \$9,000,000 from the Consolidated Retiree Health Benefit Trust to pay for the FY2018 retiree health insurance benefits of County Government retirees.
6. On April 19, 2018 the Council's Government Operations and Fiscal Policy Committee reviewed the proposed second savings plan. On April 24, 2018 the Council considered the Committee's recommendations.
7. The Council's second savings plan for FY2018 calls for savings of \$62,438,619 in the operating budget.

Action

1. The County Council for Montgomery County, Maryland approves Round 2 of the FY2018 savings plan for \$62,438,619 in the operating budget as set forth in the attached documents.
2. This resolution authorizes the Chief Administrative Officer to direct up to \$50,412,000 from the Consolidated Retiree Health Benefit Trust to pay for the FY2018 retiree health insurance benefits of County Government retirees.
3. The spending reductions for County Government approved in this resolution, along with the reductions previously approved in Resolution No. 18-1018, are the only reductions from the FY2018 operating budget for County Government, which the Council approved in Resolution No. 18-823 on May 25, 2017, that the County Executive may implement. All other funds appropriated in Resolution No. 18-823 must be spent for the purposes for which they were appropriated. If the Executive proposes that any funds will not be spent as approved by the Council, he must submit an additional savings plan as required in paragraph 53 of Resolution No. 18-823.

This is a correct copy of Council action.


Megan Davey Limarzi, Esq.
Clerk of the Council

**Second FY2018 Savings Plan
Montgomery County Government NDA's**

Non-Departmental Account	CE Recommended	Council Approved
NDA – Group Insurance Retirees	-41,412,000	-41,412,000
NDA – Consolidated Retiree Health Benefit Trust – College	-2,000,000	-2,000,000
NDA – Consolidated Retiree Health Benefit Trust – MCPS	-19,026,619	-19,026,619
Total	-62,438,619	-62,438,619