

Resolution No.:	<u>18-1166</u>
Introduced:	<u>June 12, 2018</u>
Adopted:	<u>June 19, 2018</u>

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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Lead Sponsor: Government Operations and Fiscal Policy Committee

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**SUBJECT:** Approval of the County's Tax Supported Fiscal Plan Summary for the FY19-24 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. On June 28, 2016 the Council approved the Tax Supported Fiscal Plan Summary for the FY17-22 Public Services Program in Resolution No. 18-544. On June 27, 2017 the Council approved the Tax Supported Fiscal Plan Summary for the FY18-23 Public Services Program in Resolution No. 18-863.
5. On June 12, 2018 the Council introduced a resolution on the Tax Supported Fiscal Plan Summary for the FY19-24 Public Services Program. On June 14, 2018 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 FY19-24 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.

  
Megan Davey Limarzi, Esq.

Clerk of the Council

## County Council Approved FY19-24 Public Services Program

### Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App. FY18	Est. FY18	% Chg. FY18-19	App. FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24
<b>Total Revenues</b>	<b>5-25-17</b>		<b>App/App</b>	<b>5-24-18</b>										
1 Property Tax	1,770.2	1,766.8	2.2%	1,808.4	2.8%	1,858.9	2.9%	1,913.1	3.0%	1,970.6	3.2%	2,033.5	3.3%	2,099.6
2 Income Tax	1,557.9	1,482.0	1.8%	1,585.2	6.2%	1,683.0	3.4%	1,740.8	3.1%	1,794.1	4.2%	1,870.0	4.8%	1,959.3
3 Transfer/Recordation Tax	170.4	157.7	-4.4%	162.9	3.5%	168.6	3.1%	173.9	3.5%	179.9	1.8%	183.2	3.4%	189.4
4 Other Taxes	282.5	268.4	-3.1%	273.7	0.1%	274.1	0.6%	275.7	0.3%	276.7	0.1%	277.1	0.1%	277.4
5 Other Revenues	1,052.5	1,056.0	4.3%	1,098.1	-1.7%	1,080.0	-0.1%	1,078.5	0.5%	1,083.9	0.4%	1,088.1	0.4%	1,092.5
6 <b>Total Revenues</b>	<b>4,833.5</b>	<b>4,730.9</b>	<b>2.0%</b>	<b>4,928.3</b>	<b>2.8%</b>	<b>5,064.5</b>	<b>2.3%</b>	<b>5,182.0</b>	<b>2.4%</b>	<b>5,305.1</b>	<b>2.8%</b>	<b>5,451.8</b>	<b>3.1%</b>	<b>5,618.3</b>
7														
8 <b>Net Transfers in (Out)</b>	<b>34.3</b>	<b>49.6</b>	<b>1.8%</b>	<b>34.9</b>	<b>-31.6%</b>	<b>23.9</b>	<b>2.2%</b>	<b>24.4</b>	<b>2.3%</b>	<b>25.0</b>	<b>2.4%</b>	<b>25.6</b>	<b>2.4%</b>	<b>26.2</b>
9 <b>Total Revenues and Transfers Available</b>	<b>4,867.8</b>	<b>4,780.4</b>	<b>2.0%</b>	<b>4,963.3</b>	<b>2.5%</b>	<b>5,088.4</b>	<b>2.3%</b>	<b>5,206.4</b>	<b>2.4%</b>	<b>5,330.1</b>	<b>2.8%</b>	<b>5,477.4</b>	<b>3.1%</b>	<b>5,644.5</b>
10														
11 <b>Non-Operating Budget Use of Revenues</b>														
12 Debt Service	399.9	392.2	5.0%	420.0	4.6%	439.2	2.3%	449.3	2.6%	461.2	2.8%	474.1	0.5%	476.4
13 PAYGO	34.0	34.0	-2.9%	33.0	-3.0%	32.0	-3.1%	31.0	-3.2%	30.0	0.0%	30.0	0.0%	30.0
14 CIP Current Revenue	66.2	62.0	-46.2%	35.6	121.0%	78.7	9.9%	86.5	-14.2%	74.2	30.3%	96.7	0.2%	96.9
15 Change in Other Reserves	-42.2	-21.3	11.7%	-37.3	100.6%	0.2	-25.2%	0.2	-1.5%	0.2	7.2%	0.2	8.5%	0.2
16 Contribution to General Fund Undesignated Reserves	6.4	14.6	229.3%	21.1	-7.1%	19.6	-63.9%	7.1	-25.6%	5.3	-2.0%	5.2	22.5%	6.3
17 Contribution to Revenue Stabilization Reserves	27.7	27.6	7.3%	29.7	-14.1%	25.5	-88.0%	3.1	150.8%	7.6	30.7%	10.0	3.0%	10.3
18 Set Aside for other uses (supplemental appropriations)	0.0	-6.4	n/a	-4.0	600.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
19 <b>Total Other Uses of Resources</b>	<b>492.0</b>	<b>502.7</b>	<b>1.3%</b>	<b>498.2</b>	<b>23.5%</b>	<b>615.2</b>	<b>-2.9%</b>	<b>597.1</b>	<b>0.2%</b>	<b>598.5</b>	<b>6.3%</b>	<b>636.1</b>	<b>0.6%</b>	<b>640.1</b>
20 <b>Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)</b>	<b>4,375.8</b>	<b>4,277.7</b>	<b>2.0%</b>	<b>4,465.1</b>	<b>0.2%</b>	<b>4,473.2</b>	<b>3.0%</b>	<b>4,609.3</b>	<b>2.7%</b>	<b>4,731.7</b>	<b>2.3%</b>	<b>4,841.2</b>	<b>3.4%</b>	<b>5,004.4</b>
21														
22 <b>Agency Uses</b>														
23														
24 Montgomery County Public Schools (MCPS)	2,368.7	2,347.3	3.2%	2,444.1										
25 Montgomery College (MC)	262.8	254.8	1.1%	265.5										
26 MNCPPC (w/o Debt Service)	125.9	123.6	1.9%	128.3										
27 MCG	1,618.5	1,552.0	0.5%	1,627.2										
28 <b>Agency Uses</b>	<b>4,375.8</b>	<b>4,277.7</b>	<b>2.0%</b>	<b>4,465.1</b>	<b>0.2%</b>	<b>4,473.2</b>	<b>3.0%</b>	<b>4,609.3</b>	<b>2.7%</b>	<b>4,731.7</b>	<b>2.3%</b>	<b>4,841.2</b>	<b>3.4%</b>	<b>5,004.4</b>
29 <b>Total Uses</b>	<b>4,867.8</b>	<b>4,780.4</b>	<b>2.0%</b>	<b>4,963.3</b>	<b>2.5%</b>	<b>5,088.4</b>	<b>2.3%</b>	<b>5,206.4</b>	<b>2.4%</b>	<b>5,330.1</b>	<b>2.8%</b>	<b>5,477.4</b>	<b>3.1%</b>	<b>5,644.5</b>
30 <b>(Gap)/Available</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>

## Assumptions:

1. Property taxes are at the Charter Limit with a \$692 credit. The FY19 weighted property tax rate is 1.98 cents lower than FY18. Other taxes are at current rates.
2. Reserve contributions are consistent with legal requirements and the minimum policy target.
3. PAYGO, debt service, and current revenue reflect the Approved FY19-24 Capital Improvements Program.
4. State Aid, including MCPS and Montgomery College, is not projected to increase from FY19-24.

**County Council Approved FY19-24 Public Services Program**  
**Tax Supported Fiscal Plan Summary**

(\$ in Millions)														
	App FY18	Est. FY18	% Chg. FY18-19	App. FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24
<b>Beginning Reserves</b>														
Unrestricted General Fund	142.8	118.4	-6.9%	133.0	15.9%	154.1	12.7%	173.7	4.1%	180.8	2.9%	186.1	2.8%	191.2
Revenue Stabilization Fund	280.4	280.7	9.9%	308.3	9.6%	338.0	7.5%	363.5	0.8%	366.5	2.1%	374.2	2.7%	384.2
<b>Total Reserves</b>	<b>423.2</b>	<b>399.0</b>	<b>4.3%</b>	<b>441.2</b>	<b>11.5%</b>	<b>492.0</b>	<b>9.2%</b>	<b>537.1</b>	<b>1.9%</b>	<b>547.3</b>	<b>2.4%</b>	<b>560.2</b>	<b>2.7%</b>	<b>575.4</b>
<b>Additions to Reserves</b>														
Unrestricted General Fund	6.4	14.6	229.3%	21.1	-7.1%	19.6	-63.9%	7.1	-25.6%	5.3	-2.0%	5.2	22.5%	6.3
Revenue Stabilization Fund	27.7	27.6	7.3%	29.7	-14.1%	25.5	-88.0%	3.1	150.8%	7.6	30.7%	10.0	3.0%	10.3
<b>Total Change in Reserves</b>	<b>34.1</b>	<b>42.2</b>	<b>49.0%</b>	<b>50.8</b>	<b>-11.2%</b>	<b>45.1</b>	<b>-77.5%</b>	<b>10.1</b>	<b>27.5%</b>	<b>12.9</b>	<b>17.4%</b>	<b>15.2</b>	<b>9.7%</b>	<b>16.6</b>
<b>Ending Reserves</b>														
Unrestricted General Fund	149.2	133.0	3.3%	154.1	12.7%	173.7	4.1%	180.8	2.9%	186.1	2.8%	191.2	3.3%	197.6
Revenue Stabilization Fund	308.1	308.3	9.7%	338.0	7.5%	363.5	0.8%	366.5	2.1%	374.2	2.7%	384.2	2.7%	394.5
<b>Total Reserves</b>	<b>457.3</b>	<b>441.2</b>	<b>7.6%</b>	<b>492.0</b>	<b>9.2%</b>	<b>537.1</b>	<b>1.9%</b>	<b>547.3</b>	<b>2.4%</b>	<b>560.2</b>	<b>2.7%</b>	<b>575.4</b>	<b>2.9%</b>	<b>592.0</b>
<b>Reserves as a % of Adjusted Governmental Revenues</b>	<b>8.9%</b>	<b>8.8%</b>		<b>9.4%</b>		<b>10.0%</b>		<b>10.0%</b>		<b>10.0%</b>		<b>10.0%</b>		<b>10.0%</b>
<b>Other Reserves</b>														
Montgomery College	4.6	9.4	1.1%	4.7	0.0%	4.7	0.0%	4.7	0.0%	4.7	0.0%	4.7	0.0%	4.7
M-NCPPC	5.0	11.9	-13.4%	4.3	2.7%	4.5	2.9%	4.6	3.0%	4.7	3.1%	4.9	3.2%	5.0
MCPS	0.0	25.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
MCG Special Funds	0.7	0.9	9.8%	0.8	12.7%	0.9	4.1%	1.0	2.9%	1.0	2.8%	1.0	3.3%	1.1
<b>MCG + Agency Reserves as a % of Adjusted Govt Revenues</b>	<b>9.1%</b>	<b>9.7%</b>		<b>9.6%</b>		<b>10.2%</b>		<b>10.2%</b>		<b>10.2%</b>		<b>10.2%</b>		<b>10.2%</b>
<b>Retiree Health Insurance Pre-Funding</b>														
Montgomery County Public Schools (MCPS)	74.2	55.2		79.4		88.7		96.8		103.7		105.0		110.0
Montgomery College (MC)	2.6	0.6		2.8		3.0		3.1		3.3		3.3		3.3
MNCPPC	2.1	2.1		3.0		2.9		2.8		2.8		2.7		2.7
MCG	43.4	43.4		43.6		47.0		50.2		53.4		51.9		51.9
<b>Subtotal Retiree Health Insurance Pre-Funding</b>	<b>122.2</b>	<b>101.2</b>		<b>128.8</b>		<b>141.6</b>		<b>152.9</b>		<b>163.2</b>		<b>163.0</b>		<b>167.9</b>
<b>Adjusted Governmental Revenues</b>														
<b>Total Tax Supported Revenues</b>	<b>4,833.5</b>	<b>4,730.9</b>	<b>2.0%</b>	<b>4,928.3</b>	<b>2.8%</b>	<b>5,064.5</b>	<b>2.3%</b>	<b>5,182.0</b>	<b>2.4%</b>	<b>5,305.1</b>	<b>2.8%</b>	<b>5,451.8</b>	<b>3.1%</b>	<b>5,618.3</b>
Capital Projects Fund	176.0	176.0	6.4%	187.2	-11.6%	165.5	-14.8%	141.0	3.3%	145.7	4.4%	152.0	3.8%	157.8
Grants	117.4	117.4	0.9%	118.5	2.1%	120.9	2.2%	123.6	2.3%	126.4	2.4%	129.4	2.4%	132.6
<b>Total Adjusted Governmental Revenues</b>	<b>5,126.9</b>	<b>5,024.3</b>	<b>2.1%</b>	<b>5,234.0</b>	<b>2.2%</b>	<b>5,351.0</b>	<b>1.8%</b>	<b>5,446.5</b>	<b>2.4%</b>	<b>5,577.3</b>	<b>2.8%</b>	<b>5,733.2</b>	<b>3.1%</b>	<b>5,908.7</b>