Interactive Fiscal Plan

Step-by-Step Instructions
(including definitions and explanation of budget considerations and default settings)
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(including definitions and explanation of budget considerations and default settings)

Go to Instructions / Explanations for:

- Fiscal Plan Summary Page
- County Resources Page
- Dashboard
- Revenue Assumptions Page
- Variable Local Revenue Page
- Variable State Revenue Page
- Non-Operating Assumptions Page
- Variable Non-Operating Page
- Agency Assumptions Page
- Variable Agency Funding Page
- County Government Assumptions Page
- Variable County Government Page
- Cost of Pay Adjustments Page
- Balance Sheet
Every year, the County Executive recommends, and the County Council approves, a “Fiscal Plan” for the upcoming six years. The fiscal plan includes revenue and expense estimates for the upcoming six fiscal years. This page summarizes the most recent Fiscal Plan assumptions.

<table>
<thead>
<tr>
<th></th>
<th>FY15 Amount ($ millions)</th>
<th>Average Annual Growth Rate</th>
<th>FY20 Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$4,318</td>
<td>3.2%</td>
<td>$5,059</td>
</tr>
<tr>
<td><strong>Non-Operating Expenses</strong></td>
<td>$433</td>
<td>10.2%</td>
<td>$703</td>
</tr>
<tr>
<td><strong>Resources Available for Agency Use</strong></td>
<td>$3,885</td>
<td>2.3%</td>
<td>$4,356</td>
</tr>
<tr>
<td>MCPS</td>
<td>$2,138</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Montgomery College</td>
<td>$245</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MNCPPC</td>
<td>$112</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>County Government</td>
<td>$1,390</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Surplus / Deficit</strong></td>
<td>$0</td>
<td>-</td>
<td>$0</td>
</tr>
</tbody>
</table>
The term, “revenue,” refers to tax payments, fees for services, fines, State aid, and other funds received by the County. This model excludes “non-tax supported revenue,” that is, revenue raised for a specific, designated use (such as permitting fees that, by law, must be spent only on permitting related functions.)
The term, “non-operating expenses,” refers to spending obligations that the County must pay (such as debt service) to fulfill its fiscal obligations. Further explanation of these expenses appears on the Non-Operating Expenses page.
“Resources Available for Agency Use” equals Revenue minus Non-Operating Expenses. The Council allocates these resources among four agencies: Montgomery County Public Schools (MCPS), Montgomery College, Maryland-National Park and Planning Commission (MNCPPC), and the County Government.
The Montgomery County Charter prohibits the Council from approving a budget deficit, that is, a budget in which expenses exceed revenues.
This column shows the budget amounts (in millions of dollars) that the County Council approved for the first year of the six-year Fiscal Plan.
This column shows the budget amounts (in millions of dollars) assumed for the last year of the Fiscal Plan. The major assumptions used to calculate these amounts appear in the “Revenue Assumptions” and “Non-Operating Expenses Assumptions” pages.
Note that the Fiscal Plan does not make any assumptions regarding the allocation of resources among agencies in future fiscal years.
This column shows the average annual rate of growth over the six years of the Fiscal Plan. Note that this column shows the average annual growth rate for the period. (Year-to-year growth rates may differ from the average annual growth rate.)
To continue, click the “County Resources” button.
As part of the budget process, the County Council allocates County-generated revenues among agencies. The Council has no discretion on the allocation of State aid to agencies. State aid is designated for the sole use of a specific agency (such as State aid to MCPS).

### Interactive Fiscal Plan: Fiscal Years 2015-2020

#### County Resources for Agency Use

<table>
<thead>
<tr>
<th>County Resources Available for Agency Use</th>
<th>FY15 Amount ($ millions)</th>
<th>Average Annual Growth Rate</th>
<th>FY20 Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCPS</td>
<td>$1,519</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Montgomery College</td>
<td>$210</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MNCPPC</td>
<td>$112</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>County Government</td>
<td>$1,302</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,143</strong></td>
<td><strong>2.8%</strong></td>
<td><strong>$3,615</strong></td>
</tr>
</tbody>
</table>
This page shows the current year allocation of available County-generated resources (excluding State aid) among the agencies.

<table>
<thead>
<tr>
<th>County Resources Available for Agency Use</th>
<th>FY15 Amount ($ millions)</th>
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<tbody>
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<td>2.8%</td>
<td>$3,615</td>
</tr>
</tbody>
</table>

Interactive Fiscal Plan: Fiscal Years 2015-2020
This page also shows the amount of County resources projected to be available in the last year of the six-year Fiscal Plan. (The major assumptions used to calculate these amounts appear in the “Revenue Assumptions” and “Non-Operating Expenses Assumptions” pages.)

### Monthly Fiscal Plan: Fiscal Years 2015-2020

<table>
<thead>
<tr>
<th>County Resources Available for Agency Use</th>
<th>FY15 Amount ($ millions)</th>
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<tbody>
<tr>
<td>MCPS</td>
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<td>-</td>
</tr>
<tr>
<td>County Government</td>
<td>$1,302</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Office of Management & Budget
To continue, click the “Dashboard” button.
This page shows changes in Fiscal Plan assumptions made on other pages of the model. The “Dashboard” page summarizes all assumptions inputted into the model. The bar graphs on this page change when you adjust assumptions in the model.
The view above shows the top half of the Dashboard page. When using the model, scroll down to see the bottom half.
The “Dashboard” page includes four panels. The first two panels appear in the top half of the Dashboard as shown above.
Panel #1 shows Revenue assumptions.
Panel #2 shows Non-Operating Expenses assumptions.
Two additional panels appear on the bottom half of the Dashboard.

Panel #3 shows the average annual growth rates in agency funding. The default setting for MCPS and Montgomery College is at the “maintenance of effort” (“MOE”) level. MOE is defined in the Agency Funding section of this manual.
The fourth panel shows the average annual growth rates for major elements in the County Government budget. As detailed later, this section of the model does not include an independent set of assumptions but rather is a subset of the assumptions for County Government funding level in Panel #3.
Gray and green buttons appear on the bottom of each panel.
The gray buttons open pages that show the default assumptions entered into the model. (Unless stated otherwise, the default assumptions are taken directly from the Fiscal Plan.) These pages contain static information that cannot be changed.
The green buttons open the “variable” pages of the model. In the variable pages, you can change the assumptions from their default settings.
The green buttons open the “variable” pages of the model. In the variable pages, you can change the assumptions from their default settings.
The Dashboard shows the budget status for the sixth year of the Fiscal Plan given the assumptions inputted into the model. Using the default assumptions, the budget is balanced. The budget status indicator also shows when inputted assumptions produce either a surplus or a deficit in the sixth year.
To continue, click the “Revenue Assumptions” button.
No changes may be made to the data shown on this page.

This page shows the projected average annual rate of growth as included in the latest version of the Fiscal Plan.
Revenue projections are shown in two groups: County-Generated Revenue (in the first four rows) and State Aid (in the next three rows).
The general County property tax is levied on all property in the County. Additional County property taxes (such as the transit tax) are levied either Countywide or in specially defined areas.
Maryland counties levy an income tax on residents that is a percentage of taxable net income. Maryland law limits income tax rates set by counties to a maximum of 3.2% of net taxable income.

### Revenue Assumptions

#### FY15
- **County Property Tax**: $1,539
- **County Income Tax**: $1,341
- **County Energy Tax**: $209
- **Other County Revenue**: $471
- **Total**: $3,559

#### FY20
- **County Property Tax**: $1,772
- **County Income Tax**: $1,786
- **County Energy Tax**: $221
- **Other County Revenue**: $559
- **Total**: $4,318

#### Latest Fiscal Plan
- **Average Annual Growth Rate**: 3.9%
- **Total Revenue**: $4,318

### Major Fiscal Plan Assumptions
- Retention of current tax rates
- Property taxes at Charter limit (with income tax offset)
- Annual average population growth of 0.9%
- Annual average growth in assessable base of 5.1%
- Annual average growth in per capita income of 3.1%

### State Aid to County Govt. and MNCPPC
- $105
- **Total Revenue**: $89

### State Aid to MCPS
- $619
- **Total Revenue**: $619

### State Aid to Montgomery College
- $34
- **Total Revenue**: $34

### Summary
- **Total Revenue**: $5,059
The County energy tax is levied on the transmission, distribution, production, or supply of electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County.
Other local revenue includes revenue generated by the transfer tax, recordation tax, and telephone tax, charges for services, licensing fees, and fines.
The State of Maryland provides aid to the County Government and MNCPPC to assist in the funding of police, library, transit, health, and other services.
The State of Maryland provides financial aid to local public school systems.
The State of Maryland provides financial aid to community colleges.
This page shows the major assumptions used by the County Department of Finance to develop the revenue estimates included in the latest Fiscal Plan.

| Source: Office of Management & Budget |

### Interactive Fiscal Plan: Fiscal Years 2015-2020

#### Revenue Assumptions

<table>
<thead>
<tr>
<th></th>
<th>Latest Fiscal Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY15 Amount ($ millions)</td>
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<tbody>
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<td>State Aid to County Govt. and MNCPPC</td>
<td>$105</td>
<td>-3.4%</td>
<td>$89</td>
</tr>
<tr>
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<td>0.0%</td>
<td>$619</td>
</tr>
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<td>State Aid to Montgomery College</td>
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<tr>
<td><strong>Total Revenue</strong></td>
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<td><strong>3.2%</strong></td>
<td><strong>$5,059</strong></td>
</tr>
</tbody>
</table>

### Major Fiscal Plan Assumptions

- Retention of current tax rates
- Property taxes at Charter limit (with income tax offset)
- Annual average population growth of 0.9%
- Annual average growth in assessable base of 5.1%
- Annual average growth in per capita income of 3.1%
- Reduction in Mass Transit Aid to County
- No change in State Aid to MCPS
- No change in State Aid to Montgomery College
Note that the approved fiscal plan assumes 0% growth in State Aid to MCPS.
While State Aid to MCPS has grown significantly in past years, this growth has not been related to economic conditions but rather to funding decisions made by the State. As it is difficult to predict future State funding decisions, the Fiscal Plan uses a default assumption of no annual change in State aid to MCPS.
### Revenue Assumptions Page

#### Interactive Fiscal Plan: Fiscal Years 2015-2020

**Revenue Assumptions**

Source: Office of Management & Budget

**How to Use this Page**

**1. Revenue Assumptions**

<table>
<thead>
<tr>
<th>Latest Fiscal Plan</th>
<th>FY15 Amount ($ millions)</th>
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<tr>
<td>County Income Tax</td>
<td>$1,341</td>
<td>5.7%</td>
<td>$1,786</td>
</tr>
<tr>
<td>County Energy Tax</td>
<td>$209</td>
<td>1.1%</td>
<td>$221</td>
</tr>
<tr>
<td>Other County Revenue</td>
<td>$471</td>
<td>3.5%</td>
<td>$559</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,559</strong></td>
<td><strong>3.9%</strong></td>
<td><strong>$4,318</strong></td>
</tr>
</tbody>
</table>

| State Aid to County Govt. and MNCPPC | $105 | -3.4% | $89 |
| State Aid to MCPS                     | $619 | 0.0%  | $619|
| State Aid to Montgomery College       | $34  | 0.0%  | $34 |
| **Total Revenue**                     | **$4,318** | **3.2%** | **$5,059** |

#### Major Fiscal Plan Assumptions

- Retention of current tax rates
- Property taxes at Charter limit (with income tax offset)
- Annual average population growth of 0.9%
- Annual average growth in assessable base of 5.1%
- Annual average growth in per capita income of 3.1%
- Reduction in Mass Transit Aid to County
- No change in State Aid to MCPS
- No change in State Aid to Montgomery College

To continue, click the “Variable Local Revenue” button. (or to return to the Dashboard, click the “Return to Dashboard” button).
The Variable Local Revenue page allows you to change the Fiscal Plan local revenue assumptions.
The left side of the page shows the current Fiscal Plan local revenue assumptions. These entries are fixed and cannot be adjusted.
The sliders under the “variable” heading allow you to adjust the assumed average annual growth rate for each revenue category. The default setting for each line is the current Fiscal Plan assumption.
Click on the minus (-) or plus (+) buttons on either side of a slider to adjust the assumed average annual growth rate for each revenue category.
The model adjusts the sixth year dollar amount to reflect any changes made to the assumed average annual growth rates.
To provide context, the model includes information about revenue trends. To see the highest and lowest average annual growth rates (over a five-year period) during the past 25 years, click the “Historic Data” button.
When reviewing the historic data, keep in mind that revenue generation varies over time because of economic and policy factors. For example, property and income tax revenues are functions of personal wealth, the housing market, employment levels, and other conditions. In addition, revenue from some taxes (most notably, the energy tax) have increased or decreased in past years because of tax rate changes.
Property tax generation is limited by the “Charter Limit.” This provision generally requires the approval of all nine Councilmembers to set property tax rates (including credits) at a level that generates more revenue than in the previous year (adjusted for inflation).

Other factors control the rate of revenue generation.
Maryland law limits income tax rates set by counties to a maximum of 3.2% of net taxable income. The current Montgomery County income tax rate is 3.2%.

Other factors control the rate of revenue generation.
Other factors control the rate of revenue generation.

Energy tax revenue generation is a function of fuel usage. In addition, revenue from this tax has varied significantly in recent years because of large changes (both increases and decreases) in the tax rate.
Other factors control the rate of revenue generation.

### Transfer and Recordation Tax Revenue

Transfer and recordation tax revenue comprise nearly 70% of "other local revenue." Revenue generation from these two taxes is closely related to the strength of the housing market.
Any difference between the Fiscal Plan revenue assumptions and the variable revenue assumptions is shown on the bottom of the page.
The budget status indicator on the bottom indicates whether the sixth year budget is in balance, surplus, or deficit based on the assumptions inputted into the model from this page and other pages.
The “Reset” button on each line resets the variable average annual growth rate to the default settings (the latest fiscal plan assumptions). The “Reset All” button resets the entire page to their default settings.
To continue, click the “Variable State Revenue” button.
(or to return to the Dashboard, click the “Return to Dashboard” button).
The Variable State Revenue page allows you to change the Fiscal Plan State Aid assumptions.
The left side of the page shows the current Fiscal Plan State Aid assumptions. These entries are fixed and cannot be adjusted.
The sliders under the “variable” heading allows you to adjust the average annual growth rate for each State Aid category. The default setting for each line is the latest Fiscal Plan assumption.
Click on the minus (-) or plus (+) buttons on either side of a slider to adjust the assumed average annual growth rate for each category of State Aid.
The model adjusts the sixth year dollar amount to reflect any changes made to the assumed average annual growth rates.
To provide context, the model includes information about the average annual rate of growth for State Aid in recent years. To see the average annual rate of growth in each State Aid for each category over the past five years, click the “Historic Data” button.
The lines for State Aid to MCPS and Montgomery College are shaded in blue. The shading indicates that changes in State Aid to these two agencies have a different effect on County budgeting than changes to any other type of revenue.
Local funding for MCPS and Montgomery College is governed by State “maintenance of effort” (MOE) laws.
Local funding for MCPS and Montgomery College is governed by State “maintenance of effort” (MOE) laws.

The State MOE law requires the County to maintain or increase annual per pupil local funding for MCPS. The County may not reduce per pupil funding below the previous year’s dollar amount, even if State Aid increases. County funding to MCPS must grow by at least by rate of enrollment growth.
Local funding for MCPS and Montgomery College is governed by State “maintenance of effort” (MOE) laws.

The State MOE law requires the County to maintain or increase annual local funding for Montgomery College. The County may not reduce funding for the College below the previous year’s dollar amount even if State Aid increases. The MOE law for Montgomery College is not dependent on enrollment.
Any difference between the Fiscal Plan assumption for State Aid to the County Government and MNCPPC and the variable assumptions entered into the model is shown on the bottom of the page.
However, as the State MOE law prohibits the County from considering changes in State Aid to MCPS and Montgomery College when making decisions on the allocation of County revenues, the model does not factor changes in assumed State Aid for MCPS or the College into the calculation resources available for the County to allocate to agencies.
The budget status indicator on the bottom indicates whether the sixth year budget is in balance, surplus, or deficit based on the assumptions inputted into the model from this page and other pages.
However, as the State MOE law prohibits the County from considering changes in State Aid to MCPS and Montgomery College when making decisions on the allocation of County revenues, the model does not factor changes in assumed State Aid for MCPS or the College into the calculation of the sixth year budget status.
The "Reset" button on each line resets the variable average annual growth rate to the default settings (the latest fiscal plan assumptions).
**VARIABLE STATE REVENUE PAGE**

Interactive Fiscal Plan: Fiscal Years 2015-2020

### 1. Revenue Assumptions - State Aid

<table>
<thead>
<tr>
<th></th>
<th>Latest Fiscal Plan</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15 Amount ($ millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Aid to County Govt. and MNCPPC</td>
<td>$105</td>
<td>-3.4%</td>
</tr>
<tr>
<td>*State Aid to MCPS</td>
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<td></td>
<td></td>
</tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>$34</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue More / Less than Fiscal Plan: +$0

FY20 Budget Status ($ millions): Balanced

* State Maintenance of Effort laws do not allow the County to adjust local funding for MCPS and Montgomery College to account for changes in State Aid to these agencies. As such, changes in State Aid to MCPS and Montgomery College have no bearing on other County budget decisions. Adjusting the assumed amount of State Aid to these agencies has no effect on County revenue calculations. (Changes in assumptions entered here are reflected in the overall average annual rates of growth shown in the Local Agency Funding section of the model.)

To continue, click the “Return to Dashboard” button.
The Dashboard will show any variation between revenues (excluding State Aid to MCPS and Montgomery College) assumed in the latest fiscal plan and revenue assumptions inputted into the model. (The image above shows no change from the approved fiscal plan assumptions.)
To continue, click the “Non-Operating Assumptions” button.
**Non-Operating Assumptions**

**Interactive Fiscal Plan: Fiscal Years 2015-2020**

<table>
<thead>
<tr>
<th>Non-Operating Assumptions</th>
<th>Variable Non-Operating</th>
</tr>
</thead>
</table>

Source: Office of Management & Budget

### 2. Non-Operating Expenses Assumptions

<table>
<thead>
<tr>
<th></th>
<th>FY20 Amount ($ millions)</th>
<th>Average Annual Growth Rate</th>
<th>FY20 Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td>$344</td>
<td>4.4%</td>
<td>$426</td>
</tr>
<tr>
<td>OPEB Pre-Funding</td>
<td>$126</td>
<td>-2.5%</td>
<td>$113</td>
</tr>
<tr>
<td>PAYGO / GIP Current Revenue</td>
<td>$79</td>
<td>7.0%</td>
<td>$111</td>
</tr>
<tr>
<td>Stabilization Fund / Set Aside</td>
<td>$23</td>
<td>15.1%</td>
<td>$40</td>
</tr>
<tr>
<td>Change in Reserves</td>
<td>$-141</td>
<td>-</td>
<td>$7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$433</strong></td>
<td><strong>10.2%</strong></td>
<td><strong>$703</strong></td>
</tr>
</tbody>
</table>

**Latest Fiscal Plan**

**Major Fiscal Plan Assumptions**
- Debt service consistent with current borrowing policy
- Full funding of OPEB requirement beginning in FY15
- PAYGO at 10% of borrowing costs

This page shows the projected average annual rate of growth for non-operating expenses as included in the latest version of the Fiscal Plan.

*No changes may be made to the data shown on this page.*

This page shows the projected average annual rate of growth for non-operating expenses as included in the latest version of the Fiscal Plan.
Debt service is the amount set aside annually in the operating budget to repay debt. The County incurs debt primary in the form of bond issuances to finance the construction of capital projects for the County Government, MCPS, Montgomery College, and MNCPPC.
Other Post-Employment Benefits (OPEB) refers to the cost of retiree health insurance benefits. Standards established by the Governmental Accounting Standards Board (GASB) call on public sector employers to set aside OPEB funds when employees earn the benefit (known as “pre-funding”).

### 2. Non-Operating Expenses Assumptions

<table>
<thead>
<tr>
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This page shows the projected average annual rate of growth for non-operating expenses as included in the latest version of the Fiscal Plan.

### Major Fiscal Plan Assumptions
- Debt service consistent with current borrowing policy
- Full funding of OPEB requirement beginning in FY15
- PAYGO at 10% of borrowing costs
Pay-as-you-go (or “PAYGO”) refers to current revenue used to pay for projects in the Capital Improvements Program (CIP). The County uses current revenue to fund capital projects in order to reduce its debt obligation.
County law mandates the creation of a “Revenue Stabilization Fund.” This fund is designed to accrue a balance during periods of economic growth when revenue collections exceed estimates. The Fund may be drawn upon during periods of economic slowdown, when collections fall short of revenue estimates.
The County budget also include resources (called “unappropriated reserves”) that are set aside for unexpected expenditures that may be required during a fiscal year.
The County annually adjust it reserve levels to meet fund balance requirements.
This page shows the major assumptions used by the County Department of Finance to develop the non-operating expense estimates included in the latest Fiscal Plan.

### 2. Non-Operating Expenses Assumptions

<table>
<thead>
<tr>
<th></th>
<th>FY16 Amount ($ millions)</th>
<th>Average Annual Growth Rate</th>
<th>FY20 Amount ($ millions)</th>
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<tbody>
<tr>
<td>Debt Service</td>
<td>$344</td>
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<td>$426</td>
</tr>
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<td>OPEB Pre-Funding</td>
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<td>$113</td>
</tr>
<tr>
<td>PAYGO / CIP Current Revenue</td>
<td>$79</td>
<td>7.0%</td>
<td>$111</td>
</tr>
<tr>
<td>Stabilization Fund / Set Aside</td>
<td>$23</td>
<td>15.1%</td>
<td>$40</td>
</tr>
<tr>
<td>Change in Reserves</td>
<td>$-141</td>
<td>-</td>
<td>$7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$433</strong></td>
<td><strong>10.2%</strong></td>
<td><strong>$703</strong></td>
</tr>
</tbody>
</table>

#### Major Fiscal Plan Assumptions
- Debt service consistent with current borrowing policy
- Full funding of OPEB requirement beginning in FY15
- PAYGO at 10% of borrowing costs
To continue, click the “Variable Non-Operating” button.
(or to return to the Dashboard, click the “Return to Dashboard” button).

Interactive Fiscal Plan: Fiscal Years 2015-2020

Non-Operating Assumptions

Variable Non-Operating

Source: Office of Management & Budget

How to Use this Page

2. Non-Operating Expenses Assumptions

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This page shows the projected average annual rate of growth for non-operating expenses as included in the latest version of the Fiscal Plan.

Major Fiscal Plan Assumptions

- Debt service consistent with current borrowing policy
- Full funding of OPEB requirement beginning in FY15
- PAYGO at 10% of borrowing costs
The Variable Non-Operating page allows you to change Non-Operating Expenses assumptions.
The left side of the page shows the current Fiscal Plan non-operating expenses assumptions. These entries are fixed and cannot be adjusted.
The sliders under the “variable” heading allows you to adjust the average annual growth rate for each non-operating expense category. The default setting for each line is the Fiscal Plan assumption.
Click on the minus (-) or plus (+) buttons on either side of a slider to adjust the assumed average annual growth rate for each non-operating expense category.
The model adjusts the sixth year dollar amount to reflect any changes made to the assumed average annual growth rates.
Debt service payments assumed in the approved fiscal plan are based on current general bond obligations and future year general obligation bond issuances of $295 million per year.

Note the factors that affect spending for non-operating expenses.
Note the factors that affect spending for non-operating expenses.

The County has established a goal of fully funding its actuarially determined annual OPEB contribution beginning in Fiscal Year 2015. The annual OPEB payments assumed in the approved fiscal plan are consistent with this goal.
Note the factors that affect spending for non-operating expenses.

The County’s Debt Policy states the County should allocate PAYGO of at least ten percent of the amount of general obligation bonds planned for issue that year.
Note the factors that affect spending for non-operating expenses.

Using the formula established in the County Code, the County’s mandatory contribution to the Revenue Stabilization Fund is estimated at $22 million for Fiscal Year 2014.

The County’s Fiscal Policy sets a reserve goal (including the Revenue Stabilization Fund) of ten percent of revenue by the Year 2020.

The County Charter limits unappropriated reserves (the “set aside”) to no more than five percent of General Fund revenue.
Any difference between the Fiscal Plan non-operating expenses assumptions and the variable assumptions is shown on the bottom of the page.
The budget status indicator on the bottom indicates whether the sixth year budget is in balance, surplus, or deficit based on the assumptions inputted into the model from this page and other pages.
The “Reset” button on each line resets the variable average annual growth rate to the default settings (the latest fiscal plan assumptions). The “Reset All” button resets the entire page to their default settings.
To continue, click the “Return to Dashboard” button.
The Dashboard will show any variation between non-operating expenses assumed in the latest fiscal plan and non-operating expense assumptions inputted into the model. (The image above shows no change from the approved fiscal plan assumptions.)
To continue, click the “Agency Assumptions” button.
No changes may be made to the data shown on this page.

This page shows the default assumptions used in the model to allocate County resources (that is, resources exclusive of State aid) among County agencies.

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<td>County Government / MNCPPC</td>
<td>$1,414</td>
<td>5.0%</td>
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Assumptions (not in Fiscal Plan):
- MCPS funding at MOE level (increases proportional to rate of enrollment growth)
- MCPS funding includes pension transfer from State
- Montgomery College funding at MOE level (minimum fixed dollar amount)
The Fiscal Plan does not allocate resources among agencies in future fiscal years. The assumptions listed on the right side of the page are the default settings for the model.

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Assumptions (not in Fiscal Plan):

- MCPS funding at MOE level (increases proportional to rate of enrollment growth)
- MCPS funding includes pension transfer from State
- Montgomery College funding at MOE level (minimum fixed dollar amount)
The default settings allocate resources to MCPS and Montgomery College at the maintenance of effort (MOE) level. You will be able to change the agency funding assumptions from the default settings in the Variable Agency Funding Page.

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Assumptions (not in Fiscal Plan):
- MCPS funding at MOE level (increases proportional to rate of enrollment growth)
- MCPS funding includes pension transfer from State
- Montgomery College funding at MOE level (minimum fixed dollar amount)
The State MOE law requires the County to maintain or increase annual per pupil local funding for MCPS. The County may not reduce per pupil funding below the previous year’s dollar amount. County funding to MCPS must grow by at least by rate of enrollment growth. The average annual growth rate shown in the model equals the projected average annual rate of MCPS enrollment growth.
The State MOE law requires the County to maintain or increase annual local funding for Montgomery College. The County may not reduce funding for the College below the previous year’s dollar amount. The MOE law for the College is not dependent on enrollment.
After allocating resources to MCPS and Montgomery College at the MOE level, the model's default setting allocates remaining local resources to the County Government and MNCPPC. The County Government and MNCPPC are not guaranteed minimum funding levels under State law and compete for the same resources. As such, the model groups funding for these two agencies together.

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Assumptions (not in Fiscal Plan):
- MCPS funding at MOE level (increases proportional to rate of enrollment growth)
- MCPS funding includes pension transfer from State
- Montgomery College funding at MOE level (minimum fixed dollar amount)

This page shows the default assumptions used in the model to allocate County resources (that is, resources exclusive of State Aid) among County agencies. The fiscal plan does not make any assumptions regarding the allocation of resources among agencies in future fiscal years. The default setting in the model shows funding for MCPS and the Montgomery College at the "maintenance of effort" level.
To continue, click the “Variable Agency Funding” button
(or to return to the Dashboard, click the “Return to Dashboard” button).
This page allows you to change the Agency Funding assumptions.
The left side of the page shows future year agency funding at the default “maintenance of effort” settings for MCPS and Montgomery College. These entries are fixed and cannot be adjusted. The sliders under the “variable” heading allows you to adjust the average annual growth rate for each agency.
The sliders under the “variable” heading allows you to adjust the average annual growth rate for each agency.
Click on the minus (-) or plus (+) buttons on either side of a slider to adjust the assumed average annual growth rate for each agency.
The sliders do not allow you to allocate funding to MCPS or Montgomery College below the State-mandated “maintenance of effort” level.
The model adjusts the sixth year dollar amount to reflect any changes made to the assumed average annual growth rates.
Any difference between the Fiscal Plan assumption of total funding of all agencies and the variable funding assumptions inputted into the model is shown on the bottom of the page.
The budget status indicator on the bottom indicates whether the sixth year budget is in balance, surplus, or deficit based on the assumptions inputted into the model from this page and other pages.
The model also displays the overall average annual rate of growth for County agencies including both County funding and state aid. This calculation uses the assumptions inputted on this page and the Variable State Revenue page.
Use the “MOE” buttons to reset the variable average annual growth rates for MCPS and Montgomery College to the maintenance of effort level.
If the model shows an unbalanced budget, use the “balance budget” button to determine the average annual growth rate for the County Government and MNCPPC that would result in a balanced budget in the sixth year of the Fiscal Year. Clicking this button keeps the funding for MCPS and the College as well as all other assumptions previously inputted into the model unchanged.
To continue, click the “Return to Dashboard” button.
The Dashboard will show agency funding average annual growth rates as inputted into the model. (The image above shows no change from the default assumptions.)
To continue, click the “County Government Assumptions” button.
The County Council is responsible for appropriating funds within the County Government operating budget.

---

**Employee Pay**

| FY15 Average Salary | $69,020 |

**Workforce Size**

| FY15 FTEs (Tax Supported) | 7,980 |

**Employee Benefits**

| FY15 Average Benefit Cost | $32,320 |

**Operating Expenses**

| FY15 Operating Expenses (Tax Supported $ millions) | $510 |

There are two major categories of spending within the County Government operating budget: personnel costs and operating expenses. Personnel costs consist of employee pay and benefits. This page shows the current average annual pay (salary) and benefits costs for a full-time County Government employee. Personnel costs are also a function of the size of the workforce. This page the number of full-time equivalent FTE positions in the County Government workforce (excluding "non-tax supported" FTEs.) This page also show the total Fiscal Year 2014 cost of (tax-supported) operating expenses in the County Government budget.

---

*No changes may be made to the data shown on this page.*

The County Council is responsible for appropriating funds within the County Government operating budget.
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Personnel costs are also a function of the size of the workforce. This page shows the number of full-time equivalent (FTE) positions in the County Government workforce (excluding “non-tax supported” FTEs, that is, positions funded by revenue raised for a specific, designated use such as permitting fees.)
This page also show the total Fiscal Year 2014 cost of (tax-supported) operating expenses in the County Government budget.
The next page of the model allows you to enter alternative assumptions about future year changes in County Government personnel costs and operating expenses.

To continue, click the “Variable Agency Funding” button.
This page allows you to change County Government budget assumptions.
The default setting for employee pay, employee benefits, and operating expenses is the average annual growth rate for the County Government inputted into the Variable Agency Funding page. The default setting for workforce size is a 0% annual rate of growth.
The sliders allow you to adjust the assumed average annual growth rate for employee pay, employee benefits costs, workforce size, and operating expenses.
Note the factors that affect County Government spending.

For most County Government employees, pay increases are subject to collective bargaining with employee organizations (see the “Calculate Cost of Pay Adjustments” section).
Note the factors that affect County Government spending.

Employee benefits include the cost of retirement and health insurance. Most public safety employees (e.g. police, firefighters) participate in a defined benefit (pension) retirement plan. The cost to the County of this retirement plan is a function of employee salaries, pension fund investment returns, demographic factors and other conditions.

Most other County Government employees participate in a defined benefit retirement plan. The cost to County of this retirement plan is directly related to employee salaries.

The cost of employee health insurance is a function of medical costs, plan terms, and usage; this cost is unrelated to employee salaries.
Note the factors that affect County Government spending.

Factors that affect the demand for County Government staff include changes in County population and demographics as well as public safety, transportation, economic, and human service needs.
Operating expenses include spending for contracts, utility payments, facility and vehicle maintenance, office and program supplies, and technology.

Note the factors that affect County Government spending.
The model calculates the overall annual growth rate of County Government (tax-supported) expenditures resulting from the assumptions inputted on this page. (The image above shows the growth rate at the default settings.)
If you have made any changes to the default settings, you may click the “Insert Overall Average Growth Rate into Model” button to return to the Variable Agency Funding page and adjust the County Government average annual growth rate to match the assumptions inputted on this page.
Use the “Reset All” button to restore the default settings. (The default setting for employee pay, employee benefits, and operating expenses is the average annual growth rate for the County Government inputted into the Variable Agency Funding page. The default setting for workforce size is a 0% annual rate of growth.)
To continue, click the “Calculate Cost of Pay Adjustments” button.  
(or to return to the Dashboard, click the “Return to Dashboard” button).
This page allows you to change County Government employee pay assumptions. This page shows the relationship between employee pay adjustments and County Government salary costs. The sliders allow you to adjust the assumed average annual pay adjustments for each employee group.
Each County Government employee is a member of one of four groups.
The Municipal and County Government Employee Organization (MCGEO), United Food and Commercial Workers, Local 1994 represents office, professional, technical, and paraprofessional employees as well as bus drivers, facilities and maintenance workers, and other employees who possess specialized manual skills.
The Fraternal Order of Police (FOP), Montgomery County Lodge 35 represents police officers.
The Montgomery County Career Firefighters Association, International Association of Firefighters (IAFF), Local 1664 represents firefighters and emergency medical personnel.
Non-represented employees include most County Government managers, employees who provide direct support to managers, staff in certain departments (such as the Office of Human Resources) and legislative branch staff.
A general wage adjustment (also known as a “cost of living adjustment,” or “COLA”) is an across-the-board pay increase of the same amount or the same percentage given to each employee.
A service increment (also known as a “step increase”) is a salary increase granted to employees with satisfactory performance. An employee earning a salary at the top of the pay scale for his/her position is not eligible to receive a service increment.
Employees who have completed 20 years of service are eligible for a longevity adjustment to their base pay. IAFF members are eligible for an additional longevity increase at 28 years of service.
The default settings set pay adjustments at the level included in collective bargaining agreements signed by the County Executive with MCGEO, FOP, and IAFF for the first year of the six-year Fiscal Plan period.
The default setting for non-represented employees parallels the pay adjustments for MCGEO employees.
Use the sliders to adjust the assumed average annual General Wage and Service Increment pay adjustments (for each year of the six-year Fiscal Plan period) for each employee group.
The longevity increase sliders are “yes-no” toggles. Click to the left (“yes”) to assume award of these pay adjustments; click to the right (“no”) to remove these pay adjustments. (Longevity increase percentages correspond to amounts included in current labor agreements.)
The model calculates the aggregate change in total (tax-supported) County Government salary costs resulting from the inputted assumptions. (The image above shows the change in salary costs resulting from the default settings.)
The “Reset All” button sets all assumptions to the default settings (the amounts included in collective bargaining agreements for the first year of the six-year Fiscal Plan period).
The “Insert Annual Change Into Model” button returns to the Variable County Government Budget page adjusts the average annual salary rate of growth to match the assumptions inputted on this page.
To continue, click the “Return to Variable County Government” button.
To continue, click the “Return to Dashboard” button.
From the Dashboard, you may jump to any page to adjust (or re-adjust) your assumptions until you reach a scenario that achieves a balanced budget for the six-year Fiscal Plan period.

To continue, click the “Balance Sheet” button.
This page shows changes in Fiscal Plan assumptions made on other pages of the model.
This page summarizes assumptions inputted into the model. In the example shown above, no changes have been made to the assumptions in the latest fiscal plan. As you work your way through the model, refer back to this page to see all the assumptions that produced a balanced, surplus, or deficit budget in the sixth year of the Fiscal Plan.
Use the green buttons to return to any of the variable assumption pages in the model (or click the “Return to Dashboard” button).
You have now toured all pages and functions of the model!

From the Dashboard page, you may jump to any page to adjust (or re-adjust) your assumptions until you reach a scenario that achieves a balanced budget in the sixth year of the Fiscal Plan.