



OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

MEMORANDUM

March 15, 2016

TO: Nancy Floreen, President, Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: FY17 Recommended Operating Budget and FY17-22 Public Services Program

In accordance with the County Charter, I am pleased to transmit to the County Council my FY17 Recommended Operating Budget and FY17-22 Public Services Program.

This budget reflects the concerns and policy issues that I heard County residents express during the many Town Hall Meetings, Budget Forums, On-Line Chats, and other community meetings I held over the past year to better understand the hopes, expectations, and needs of the people of our County. I am also grateful to the County's advisory boards and commissions for their helpful input during my deliberations.

The budget responds to our most important shared priorities:

- A Responsive and Accountable County Government
- Affordable Housing in an Inclusive Community
- An Effective and Efficient Transportation Network
- Children Prepared to Live and Learn
- Healthy and Sustainable Communities
- Safe Streets and Secure Neighborhoods
- A Strong and Vibrant Economy
- Vital Living for All of Our Residents

I am recommending a total FY17 Operating Budget of \$5,276,520,355 for Montgomery County Public Schools (MCPS), Montgomery College, County Government, and the Maryland-National Capital Park and Planning Commission (M-NCPPC). Of that total, the recommended tax supported expenditures are \$4,626,386,095.

The total recommended budget for each County Agency is as follows:

Montgomery County Public Schools.....	\$2,454,309,521
Montgomery College.....	\$307,975,381
Montgomery County Government.....	\$1,974,793,253
Maryland-National Capital Park and Planning Commission.....	\$141,841,350

My recommendation for the Washington Suburban Sanitary Commission (WSSC) is to approve their FY17 operating budget as proposed – that budget assumes a 3.0 percent increase to the water and sewer rates paid by the Commission’s ratepayers.

My recommended budget assumes a property tax rate of \$1.0264 per \$100 of assessed value. This rate is 3.94 cents above the current rate. Over the last three years, the net property tax rate increase is 1.6 cents. I am recommending a property tax rate which exceeds the Charter Limit in order to provide the funds necessary for MCPS to sustain a quality school system that will meet the needs of the rapidly growing and changing student population. My recommendation is also consistent with our shared priority to ensure a quality educational system for all of our children. Even with the proposed property tax rate increase, property taxes as a share of personal income have decreased.

The recommended property tax rate increase is also in line with those that are being considered around the region, including our neighboring county, Fairfax County. The Fairfax Board of Supervisors is considering a nearly four percent increase which would bring their property tax rate from \$1.09 per \$100 of valuation to 1.13 cents in FY17, considerably above my recommended property tax rate. A substantial portion of my recommended property tax increase would not be necessary were it not for the impact on our revenues of the *Comptroller of the Treasury of Maryland v. Wynne*.

However, as a note of caution, it is likely that budget pressures and revenue issues will continue for the foreseeable future. While I have recommended an increased property tax rate, it is not the only measure that must be taken to ensure future fiscal sustainability. Due to sluggish economic growth projections from regional and national economists, more reductions or additional revenue enhancements are quite likely in the foreseeable future. This is just one of the reasons I am advocating that you stay within the general parameters of my recommended operating budget.

MCPS has been funded at, or below the level defined as Maintenance of Effort since FY09. This means that on a per pupil basis, funding has not increased. As the population grows and the needs of the student population change, this approach to funding one of our most valuable assets, our education system, is unsustainable. Class sizes have grown and there have been increasing numbers of non-English speaking students. There has been insufficient progress in closing the achievement gap between minority and non-minority students. I believe we must provide the Board of Education with additional resources to further address many of these challenges.

The budgetary pressures on the County are long-term pressures and can no longer be addressed through short-term fixes. Our K-12 student population is projected to continue to grow at a rate of 2000+ students per year, while our general population continues to rise, and become more diverse and older. I believe that my recommended budget and property tax rates will allow us to address these realities both next year and in the future.

As the County's general population grows and evolves, there are additional challenges that must also be addressed. Our senior population is increasing and along with that growth, are increased demands on many County services – home health care services, senior transportation and the means to allow those who choose to age in place, to do so.

With an increasing general population, comes a heightened demand for other services, including police, fire and rescue, libraries and recreation. These services have not kept pace and in this budget, I have worked to address some of the unmet need. Among other improvements, I am recommending boosting and reallocating critical public safety resources, expanding library hours and services, and increasing resources to the Department of Recreation for youth and seniors.

This recommended budget provides strategic increases to County Government addressing concerns I have heard from residents and business owners. Tax supported funds for County Government are increasing by 1.9 percent, continuing the measured rebuilding of government services and addressing the growing needs of our residents.

At the same time that pressures on our resources are growing, we continue to experience volatility in a number of our largest revenue sources and reductions to revenue streams due to a number of factors. Most notably, the outcome of the Wynne case has resulted in a loss of revenue estimated to be \$76 million in FY17 and an additional \$76 million in FY18. We continue to work with the Comptroller's Office to help mitigate the revenue reduction in FY17. Based on these discussions, we believe it is a reasonable assumption to cap our FY17 liability at \$50 million. However, this may lead to a higher repayment in FY18, depending on the impact to the County of the remaining unprocessed returns.

Additionally, members of our State delegation are advocating for a bill that would allow all jurisdictions to repay the Wynne liability over a longer period of time, rather than the current nine quarterly payments. We are working with our delegation and others to achieve this outcome. The municipalities that are required to repay overpayments of income tax revenue have been afforded additional time and we believe an extended repayment schedule should be provided to counties struggling to repay the Wynne liability.

However, I believe it is most prudent and responsible to assume current law at this point in time. If the law allowing a longer repayment period passes the General Assembly, I strongly recommend the property tax rate be lowered to recognize the new schedule, yet still provide for the expenditures in my recommended operating budget. I make this recommendation in light of the potential need for service and program reductions combined with a possible requirement for additional revenues over the next several years. Regional and national economists have noted there is significant potential for an economic downturn in the near future. We must adhere to prudent fiscal policies that protect our residents and the taxpayers.

For the past several years, my recommended operating budgets have assumed property tax rates that are reductions from previous years and within the Charter Limit. This is the first time since FY09 that I have proposed exceeding the Charter Limit, and I have not done so without considerable thought and deliberation. But the changing needs of this County must be addressed, and they cannot be within the current Charter property tax limit.

Overview

This budget continues my commitment to prudent fiscal policies that we have mutually agreed are critical to sound fiscal management. I have increased our reserve levels in order to cushion the taxpayer against any future unanticipated economic setbacks. I have also included in the recommended budget the required level of funding for retiree health benefits, continuing our commitment to plan for future liabilities. The funding level for retiree health benefits that I am recommending is the minimum funding level that we need to contribute to maintain the commitment that together we made to the bond rating agencies.

At the same time, as detailed in the following pages, I have focused the increased revenue on our mutual priorities – priorities that address the important needs of our growing community. I have increased funding for public education at all levels beyond what is required by State Maintenance of Effort laws, increased the size of our police force, expanded our Positive Youth Development programs, increased funding for programs critical to our growing senior population, boosted funding for our library system and continued to address the needs of our most vulnerable residents. I am also providing the necessary funding for continued and strategic economic growth through both the newly formed Montgomery County Economic Development Corporation, as well as the Economic Development Fund, which remains in County Government.

Recognizing that government works best in partnership with the community, I have increased funding for the many worthy community organizations that provide services to our residents in ways government cannot. These organizations are able to leverage private resources and are often able to provide critical services in a more culturally appropriate and effective manner. I have also continued funding for the Council community grants that you and your colleagues have supported in the past.

Economic Context and Fiscal Consequences

Responsible fiscal practices are not only essential but are the foundation for ensuring that government is able to serve our over one million residents, our businesses, and our employees, both in the short-term and in the long run. I established cost containment strategies and productivity improvements that have dramatically slowed the rate of growth in the operating budget and have saved County taxpayers hundreds of millions of dollars. In partnership with the Council, I have also reestablished responsible reserve and other fiscal policies that will carry this County into the future with improved, sustainable fiscal health.

A Sustainable Budget that Meets our Residents' Needs

My FY17 Recommended Operating Budget:

- Funds Montgomery County Public Schools above the required Maintenance of Effort level and provides a 6.2 percent increase in funding from FY16;
- Funds Montgomery College above the required Maintenance of Effort level for the fifth year in a row, bringing the combined increase in County Government support to the College since 2013 to nearly 37 percent;
- Provides a 2.4 percent increase in tax supported funding for the Maryland-National Capital Park and Planning Commission;

- Continues my emphasis on public safety by adding new officers for our burgeoning Upcounty district and continuing our important School Resource Officer program. I have also included funding for a robust body camera program that will provide the public with even greater confidence in the fine work of our police officers, as well as additional protection to the officers wearing the cameras;
- Boosts services in two of my major initiatives serving potentially at-risk populations – Positive Youth Development and Vital Living for Seniors – and continues to fund programs that protect the most vulnerable among us;
- Increases funding for the creation of affordable housing units, bringing the total spending for new or preserved affordable housing during my administration to over \$800 million and increasing this year’s total funds allocated to the Montgomery County Housing Initiative Fund to \$246 million since 2008;
- Provides resources to continue County efforts supporting the Great Seneca Science Corridor, the White Oak Science Gateway, and the White Flint Plan, as well as the transition to transit-oriented development around the Shady Grove Metro. These efforts will help create at least 100,000 new, quality jobs in Montgomery County and thousands of additional housing units;
- Provides funding for transit solutions to congestion in a number of corridors, spurring further job growth;
- Provides capital and operating funding for ultraMontgomery, a high-speed fiber network that will connect people with opportunities and drive economic growth by linking our business, academic and federal institutions and transit-oriented smart-growth communities;
- Funds the Collective Bargaining Agreements that I have reached with each of the three bargaining units within County Government;
- Fully funds County reserves at the policy level of \$413.2 million – 8.4 percent of total revenues, continuing our shared commitment to keep Montgomery County’s finances sustainable;
- Funds PAYGO in the Capital Improvements Program at ten percent of current revenue to match bond funding in our capital budget, consistent with our fiscal policy;
- Funds \$115.3 million to meet retiree health benefit obligations – continuing to meet the obligations outlined when I took office in 2006;
- Retains the energy tax at the level approved by the Council for FY16, preserving an important, stable and broad-based revenue source that includes federal institutions based in the County that otherwise pay no taxes in exchange for County services.

This recommended budget continues the prudent course we have mutually set. I believe Montgomery County is emerging from the Great Recession with a sustainable budget that maintains our commitment to quality services, while increasing efficiency and maintaining sensible fiscal policies that will serve us well into the future. Given the continued budget uncertainty at the State and Federal levels, and the potential impact any reductions can have on the local economy, we must remain cautious in our spending. We cannot return to the unsustainable spending of the past. This budget also keeps faith with the people who pay the bills – our County taxpayers – by matching our critical needs with the revenues available or necessary.

Priorities in the FY17 Recommended Budget

Education

Throughout my years as County Executive, funding of our educational system has remained a top priority. As a teacher, a grandfather with children in our public schools, and as someone who would not be where I am today without the power of education, I know that nothing is more important than investing in quality schools.

My FY17 Recommended Operating Budget includes a record-high of \$2.454 billion (including all revenue sources) for Montgomery County Public Schools, an increase of \$135.9 million – or 5.9 percent. Within this total, I am recommending an unprecedented County contribution of \$1.618 billion, \$89.3 million over the Maintenance of Effort (MOE) requirement of the State of Maryland. I have included a minimum of \$33.2 million from the MCPS fund balance to help fund the Board's request. In total, my recommended budget for MCPS funds 98.3 percent of Board of Education's request and includes a 7.3 percent increase in the local contribution.

My recommended budget will provide the first measurable increase in per pupil funding since FY09 and will provide the Board of Education with the resources to address the many critical issues impacting the school system – class size increases, a more diverse student population and a stubborn achievement gap. I leave it to the Board of Education to determine the allocation of funds to their various priorities.

I am also increasing County support above the State required MOE to Montgomery College – an educational institution serving thousands of County residents searching for a quality and affordable higher education.

For Montgomery College, my FY17 Recommended Operating Budget totals \$308 million. The County contribution is \$130.3 million – \$2 million over Maintenance of Effort. With my recommended funding level, the County contribution to Montgomery College would increase by 37 percent in total and 50 percent on a per student full-time enrollment basis since 2013. I also am leaving it to the Board of Trustees to determine their priorities within my recommended allocation. I am comfortable that significant increases in County funding over the last several years coupled with the College's prudent budget practices, the full needs of students will be met.

I am recommending enhancements to our education efforts in many other facets of the County Government's budget as well. Programs in HHS, Police, Recreation and Community Grants are aimed at improving the health and well-being of our students so that they are safe, healthy, and ready to learn.

Public Safety

Continuing to ensure the public safety of those who live, work and play in Montgomery County is essential to maintaining the County's quality of life. Since 2007, I have added 129 police officers to the Montgomery County Police Department (MCPD) – both on the street and in our schools. These officers have helped to keep our crime rate at historic lows. Within Montgomery County, serious crime is down 28.8 percent over 10 years and 6.9 percent over five years. Property Crime is down 30.9 percent over 10 years and 9.6 percent over five years and overall, total criminal incidents within the County are down 27 percent over 10 years and 10.3 percent over five years.

All the men and women who work for MCPD deserve our appreciation and respect. They have worked harder, smarter and more creatively to protect the lives and property of the residents of Montgomery County – and these numbers are proof of their dedication and success. I am continuing the focus on public safety by adding additional police officers in the Clarksburg/Germantown area to address the demands of a growing population.

I am also fully funding program that will ensure that every County Police officer is equipped with a body camera, and that the Department has the technology to appropriately process and store the data collected with the cameras. This program is designed to both provide our residents with added assurance that the police discharge their duties in a professional and safe manner, while adding additional protections to the fine men and women who serve us in the line of duty.

Under my administration, the Montgomery County Fire and Rescue Service (MCFRS) has continued to generate substantial improvements in protecting the lives and property of County residents. Response times continue to improve as we successfully leverage a combination workforce, evolving technologies and unique approaches to enhancing service. Through these and other efforts, MCFRS has maintained its distinction as one of only 196 internationally accredited public safety agencies, and the only such agency in the State of Maryland.

In consultation with the Fire Chief, I considered a variety of options for ensuring that scarce resources are used in as cost effective a manner as possible, while enhancing the public safety and health of our residents. To meet the increasing demands for Advanced Life Support (ALS) services, we should ensure a paramedic response capability from every fire and rescue station in the County.

In order to meet this goal, my recommended budget includes approximately \$1 million to hire and train 16 additional firefighter paramedics. Beginning in July 2017, we will expand ALS coverage to the Cabin John, Glen Echo, and Bethesda Democracy Boulevard Fire Stations. This funding also supports the addition of a paramedic chase unit to be located in downtown Bethesda. This initiative improves ALS response times to over 85,000 residents, as well as many businesses.

After considering call volume and other statistics, I am reallocating career staffing from the Hyattstown Fire Station. Primary response coverage for Hyattstown will be assumed by the Clarksburg Fire Station, with backup from Damascus and Upper Montgomery County Fire Stations. Additional efficiencies will be realized by the elimination of the Hillandale aerial tower. Aerial coverage will be provided from surrounding stations including Burtonsville, which will realize additional staffing from personnel relocated from the Hillandale Fire Station.

My recommended budget also assumes the continued civilianization of the 911 Call Center, which will ensure that our firefighters remain ready to respond to emergencies. Once fully implemented, this initiative will save our county millions of dollars annually. Additional funding has been appropriated for the MCFRS Fleet Section to decrease out-of-service times associated with apparatus maintenance and repair.

MCFRS' primary mission remains to prevent the 911 call. In calendar year 2015, there were no residential fire deaths in Montgomery County. However, this does not mean we can relax our efforts. I am recommending continued funding of initiatives targeting community members most at-risk for becoming victims of fire incidents.

Over the past eight years, my administration has overseen the opening of five new fire and rescue stations to address the response needs of our growing population. We will be adding further capacity with the opening of the new Glenmont Fire Station in late 2016 and a major renovation/expansion of the Aspen Hill Fire Station.

Libraries

Due to the recession, the Department of Public Libraries saw some of the deepest reductions in County government, 26 percent between FY07 and FY12. Over the past four budgets, I have been rebuilding the most essential library services – hours, materials, and staffing. In the past three years, we have reopened renovated libraries in Gaithersburg and Olney as well as a new and expanded Silver Spring Library.

My recommended budget continues to restore funds and services to the Department of Public Libraries. I have included over \$41.7 million for Libraries which brings them to three percent above their pre-recession funding. This recommended budget represents a 46 percent increase in Library funding since FY12. The additional funding will expand the library materials collection for emerging customer needs, access to libraries via extended weekend hours at four branches, and library programming for workforce development, STEM, and Civic Engagement. Libraries are one of the great equalizers in our modern society. They provide equal access to new technologies, information and resources that some might otherwise have to forego. That is why I have emphasized rebuilding our capacity in this area.

I have also included funding to open and operate an interim Wheaton Library, while we construct the new Wheaton Library/Recreation Center. The current Wheaton Library is heavily used, and the interim library will provide the community with a continued library resource.

Senior Initiatives

In December 2015, I convened my second Summit on Aging to provide our community with an opportunity to discuss the progress we have made and develop additional recommendations to address the needs of the senior residents in Montgomery County. I have responded to a number of these recommendations in my budget, expanding on our sustained efforts to make Montgomery County a “community for a lifetime.”

Over the last several years, I have recommended, and you have approved, a number of service enhancements for seniors including improved senior transportation options through a public/private partnership with the Jewish Council on Aging and expanded services under the County’s Call ‘N’ Ride and Seniors Ride Free programs. We have provided more resources dedicated to senior fire safety; additional hours of service at County senior centers; adult protective services, foster and day care; a senior ombudsman; and caregiving services.

In this recommended budget, I have further enhanced transportation services for seniors by lowering the eligibility age for Call ‘N’ Ride. I have also provided senior programming at the soon to be opened North Potomac Community Center and provide enhanced operations at three senior centers. Our Department of Health and Human Services (DHSS) also provides services specifically targeting our senior population. In this recommended budget, I have expanded Medical Adult Daycare, provided additional support for medical evaluations in the Community First Choice Program, and added a senior fellow to support our Age-Friendly Communities initiative.

It is important to note that I am significantly increasing the number and funds in community grants serving seniors. I have increased funding for senior programs through community grants by nearly 60 percent to a total of over \$1 million. These programs leverage private contributions and the organizations are often more adept and nimble in their ability to identify and meet the needs of their clients.

Positive Youth Development

The County's Police, Recreation, and Health and Human Services departments as well as a variety of community groups receive funding through my Positive Youth Development Initiative. This program ensures a coordinated, comprehensive approach to provide positive after-school opportunities for at-risk youth, interventions to keep them out of gangs, and resources to prevent and stop gang activity.

Our "Excel Beyond the Bell" Middle School program is currently provided at seven Middle Schools. In my FY17 recommended budget, I am expanding funding for this program in support of the Governor's new priorities for funding for Local Management Boards and targeting disconnected youth. I am also expanding opportunities for young people with a year-round implementation of a youth soccer program to enhance the successful FUTSAL program in Youth Development; new programming is geared to build stronger relationships with community non-profits and work closely with schools in anti-gang efforts. In addition, I am launching the Child First afterschool program, geared toward providing a comprehensive enrichment program including family engagement opportunities in high needs communities; two targeted elementary schools are South Lake Elementary and Burnt Mills Elementary.

Economic Development and Transportation

Creating jobs of the future in Montgomery County and the basic infrastructure to support this growth has been one of my top priorities.

In December 2015, the County's unemployment rate fell to 3.3 percent – the lowest since 2008. Over the past two years, Montgomery County jobs are up approximately 3.2 percent – the highest level in almost ten years. Despite this good news, wage growth in the County is below the national level, affecting some of our revenue base, particularly income taxes.

On June 30th, 2015 the County Council approved legislation to privatize the County's economic development functions that led to the creation of the Montgomery County Economic Development Corporation (MCEDC). The 11-member private sector board was largely confirmed by the County Council on November 3, 2015, following appointment by the County Executive. MCEDC will receive funding from the County for its core operations but will also be able to raise additional funds to expand its programs. The Department of Economic Development will continue operating through FY16, at which point MCEDC will assume primary responsibility for economic development in the County.

Six-Point Economic Plan

The Six-Point Economic Plan that I announced in my inaugural speech has already been successful in driving Montgomery County to greater success. We have achieved several important milestones and have revamped the Economic Plan to build on this momentum by adding several new initiatives.

The MOVE program has brought 31 new businesses and 219 new jobs to the County. Our innovation economy is ramping up through collaborations with 1776 Partnership, BioHealth Innovation, and the Tech Council of Maryland. The Department of Permitting Services is now averaging about 20 days for initial review of electronic and paper commercial plans, besting our goal of 30 days. ultraMontgomery is helping to bring low-latency, high-speed fiber capacity to County businesses and connect them to the heart of the Internet with a Potomac River crossing. To reduce the amount of vacant Class A and B office space in the County, I recommend an additional \$500,000 for one-time grants for new companies signing their first lease in Montgomery County. My recommendations also support the BUILD Program to increase the number of

construction jobs and the commercial tax base by selectively spurring the construction of Class A office space and hotels in the County.

To drive the innovation economy, we are partnering with BioHealth Innovation to host the Relevant Health accelerator, a five-month intensive program for fledging digital health companies.

Finally, I have undertaken several initiatives to improve the services the County provides to our businesses and residents. I have worked with business and community partners to restructure our workforce and economic development systems. The result is two non-profit corporations, the Montgomery County Economic Development Corporation and WorkSource Montgomery, Inc., which will lead our efforts to develop, retain, and attract businesses and talent in the County.

In response to the Council's and Chamber of Commerce's concerns for the need to improve business services, I am advancing three initiatives to make the County more welcoming: a web-based Business Portal that will create a single point of entry for businesses when they need to interact with the County; a Regulatory Reform Commission that will examine ways to simplify and streamline regulatory process beyond what we have already accomplished through development streamlining; and a revived focus on customer service excellence in meeting resident and business needs.

The future economic vitality of our County depends on increased transportation investment to accommodate more residents and to encourage job growth. One of my highest priorities is to provide world-class transportation options to our residents who live and work throughout the County. While we continue to work with the State to plan for longer-term solutions, I am committed to putting practical, cost-effective transit options on the ground in the near-term.

On Maryland Route 355, I am programming \$5 million in my Capital Budget and calling upon the State to match my commitment to move the MD355 Bus Rapid Transit (BRT) study to the next stage. In addition, I am recommending the peak period express Ride On bus service from Clarksburg to the Shady Grove Metrorail Station to begin Spring 2017 and funding for bus acquisition for Ride On Plus priority service from the Lakeforest Transit Center to the Medical Center Metrorail Station. On US29, I am recommending \$6.5 million in my Capital Budget for the planning and design of a high-quality BRT with the intent of getting this route up and running in less than four years.

Affordable Housing

Providing affordable housing opportunities for Montgomery County residents has been a priority of mine since I assumed office. My budget adds \$47 million to this investment and brings the County's total investment in affordable housing during the last ten years to over \$800 million which is equivalent to approximately \$80 million per year. This funding has enabled us to preserve and create nearly 40,000 affordable housing units. Another benefit to the County has been the nearly \$1 billion investment in housing development and rehabilitation leveraged with these funds during the recent period of economic uncertainty. In this budget, I am pleased to recommend allocating two percent of the total property tax revenues to create new affordable housing, this brings us closer to my desirable goal of 2.5 percent. Permanent affordable housing opportunities benefit everyone, especially our seniors. Through strategic partnerships with our for-profit and non-profit development community, combined with multi-departmental coordination and public outreach, my administration has invested \$60 million to create or preserve over 1,000 units of senior housing, of which 874 units are affordable to seniors at or below 60 percent of the area median income.

While most funds have been used to create or preserve tangible brick and mortar housing units, we have also used some of these resources to provide direct rental assistance, benefitting over 2,000 households in FY16, and over 2,150 households will receive direct rental assistance in FY17. Funding in this budget continues our efforts to reduce the incidences of foreclosure in the County. In partnership with the State of Maryland Department of Housing and Community Development and local housing counseling agencies, we have held nearly 700 workshops and counseled over 20,000 residents. These efforts have contributed to the decline of foreclosures in the County, outpacing most in the region. We will continue our efforts to keep families in their homes.

Along with these affordable housing initiatives, this budget provides resources for key community programs providing valuable outreach and education to the public. For instance, funding in this budget supports the Office of Landlord-Tenant Affairs, which assist landlords and tenants through mediation and by informing them of their rights and responsibilities through one-on-one meetings and group seminars. Funding in this budget also provides for the Office of Housing Code Enforcement, which annually performs thousands of inspections of the County's single-family, multifamily, and condominium rental units to ensure safe and sanitary conditions. These valuable services keep our housing stock healthy allowing, our communities to grow and thrive.

My commitment to affordable housing is further advanced by the County's support of the core mission of the Housing Opportunities Commission (HOC). My recommended budget includes funding in the Housing Opportunities Non-Departmental Account for HOC to continue providing affordable housing to low- and moderate-income eligible residents, it also includes funds for supportive services. This partnership is integral in rendering affordable housing options for our most vulnerable residents.

Health and Human Services

I have long believed that how we care for our most vulnerable residents is the best indicator of the quality of our community. My FY17 Recommended Budget continues my strong commitment to support a variety of public health, behavioral health, social services, and other critical safety net services that meet our residents' needs. I also want to make clear my support for the County funds necessary to support a Mental Health Court within the Judicial system. This proposal is currently under consideration at the State level. Once it is created, we can consider the funding requirements at the County level.

The resources provided to Human and Health Services include:

- Additional funds to support enrollment increases and service delivery for Developmental Disability providers;
- Additional funds to enhance Medical Adult Daycare subsidies, expanding service to additional clients to attend an Adult Day Care program two days per week for socialization and medical supervision.
- Funding for a senior fellow to support the County's Age-Friendly Communities Initiative;
- Funding for additional Adult Evaluation and Review Services assessments in support of the Community First Choice Program;
- Funding to partner with the State and the private sector to provide vital residential substance abuse treatment capacity at Avery Road Treatment Center at reduced taxpayer expense;

- Funding to enhance minority health services provided through the African American Health Program, Latino Health Initiative, and Asian American Health Initiative;
- Funds to support a new Citizenship and Immigrant Integration Services Program;
- Increased support for home delivered meals for seniors;
- Funds to support full-year operation of the Mobile Crisis Team for Children, Adult Behavioral Health Enhancement implementation, and Shared Outpatient Contract implementation;
- Additional funds for school health staffing at the new Clarksburg/Damascus Middle School;
- Continued funding for the Children's Opportunity Fund jointly with Montgomery County Public Schools to address the social determinants that impact the achievement gap for vulnerable children and add funds for the implementation of the Building Educated Leaders for Life (BELL) summer program through a non-departmental account;
- Full-year funding of somatic health services and positive youth development provided at Wheaton High School Wellness Center;
- Full-year funding of early childhood services in the Kennedy Cluster Project;
- Enhancements to the Linkages to Learning Program at Maryvale Elementary School in Rockville;
- Replace State funding shortfall to continue support for Family Navigation, Youth Services Bureau, and Pathways to Services programs provided through the Montgomery County Collaboration Council for Children, Youth and Families;
- Continue providing nurse monitoring services to more than 2,000 senior and disabled clients receiving services through the State's new Medicaid waiver program, Community First Choice;
- Maintain the raised Adult Foster Care reimbursement rate to reduce the gap between the County and State subsidies for senior assisted living group homes;
- Continue funding support in the Adult Protective Services/Social Services to Adults Program to address an increase in investigations of financial exploitation resulting from new bank mandatory reporting requirements;
- Continue support for occupational therapy and in-home aide services to meet the need of County seniors and residents with disabilities to live independently;
- Commit continuous support for a Caregiver Support Senior Fellow and operating costs to coordinate outreach to seniors and persons with disabilities regarding the available services to ease the burden on caregivers;
- Continue funding for respite services to meet the need of families with disabilities;
- Continue supporting a therapist in Trauma Services to expand clinical service capacity in the Abused Persons Program and address waitlists for victims of domestic violence;

- Continue the County's commitment to support leadership development, need assessment, and networking activities for low-income communities in the Silver Spring area;
- Continue funding for health care, employment training, and supportive services to multicultural, low-income residents;
- Continue support for Saturday School Program through the George B. Thomas Learning Academy to serve the County's most at-risk students;
- Continue supporting the County's Welcome Centers to provide a wide array of support services, including financial literacy, legal counseling, and job placement and training, to meet the needs of low-wage and contingent workers;
- Continue funding for the Residential Rehabilitation Subsidy to support the continuum of behavioral health services provided to improve clients' social connectedness and emotional wellness;
- Continue funding for the Zero:2016 Initiative, a follow-up to the 100,000 Homes Campaign designed to help communities to end Veterans homelessness with permanent housing and supportive services; and
- Continue implementation of the Department's Enterprise Integrated Case Management system to streamline intake for many HHS programs and provide HHS with a more complete picture of its clients and their circumstances to support more collaborative, cost-effective care with better client outcomes.

Community Grants

As our County grows larger and more diverse, it becomes more challenging to meet the needs of that growing population. County government cannot and should not do it alone. We depend on the incredibly rich array of community organizations to supplement and augment County services. Very often, these groups are able to accomplish our mutual goals in a more cost-effective and culturally appropriate manner that best serves the community. They are also able to leverage other resources that are simply unavailable to County government. These organizations provide services that include public health, behavioral health, safety net services, housing, the arts, early childhood, positive youth, seniors, veterans' services, and many other community building services. Montgomery County would not be the community we are without their existence.

I have made partnerships with these organizations an important hallmark of my administration and my recommended budget reflects the importance of these relationships. I am increasing the funds for community grants by \$1.2 million for a total of \$7.1 million. Also, I have included \$1.12 million within my CIP amendments for capital improvement grants to our community partners. In addition, I am including \$3.1 million for the separately determined Council community grants. This amount is a nearly \$500,000 increase from my FY16 recommendation. However, as is true in the past, the Council determines the amount and distribution of community grant funding for their grant program.

I believe that our County's diversity contributes to its strength and my Recommended Budget increases County funding for English adult literacy programs by an additional \$100,000. I have also included \$4,873,615 in County funding for the Arts and Humanities, a \$200,000 increase from FY16.

Funding the Budget

My budget includes a 3.94 cent increase in the property tax rate to support the Board of Education's requested budget and provide funds to repay the State for income tax refunds made as a result of the Wynne decision. The average County homeowner will see a \$27 per month increase in property taxes over the next year. This increase follows two years in which I was able to recommend a reduction in the property tax rate. The property tax for each owner-occupied residence will include a credit of \$692 to limit the burden on homeowners and maintain a progressive property tax structure in the County.

During my administration, all County taxes, as a share of personal income, have gone down from an average of 4.41 percent in FY07 to a projected 4.16 percent in FY17 – a 5.7 percent reduction.

My FY17 recommended budget assumes a \$95.00 rate for the Water Quality Protection Charge, a \$6.60 increase from last year's rate of \$88.40. This increase is needed to continue funding the County's commitment to the State-required stormwater management program. I am recommending no changes to the solid waste charges for County residents.

I am recommending a WSSC budget that would result in an increase in water and sewer rates of three percent in FY17 in accordance with the budget recently approved by the WSSC.

Focusing on Productivity, Performance, and Accountability

Montgomery County Government continues to make every effort to ensure our operations are more efficient, effective, productive and forward-thinking.

CountyStat

The CountyStat office measures, monitors, and reports on the performance of County government services. CountyStat works with departments and data to identify and address issues of concern and build tools such as dashboards and interactive maps to help inform policymakers, program managers and the public. This work is done by leveraging open data in dataMontgomery, data residing in numerous Countywide and department-specific systems, plus U.S. Census and other public data. CountyStat helps move important initiatives forward, such as the Senior Agenda, Environmental Sustainability, Pedestrian Safety and others. The newly upgraded CountyStat website allows site users to view and download performance measures by Priority Objective or by Department, view rich contextual data and information and link to the County budget and departmental web pages. Underscoring my commitment to transparency in government, CountyStat meetings are open to the public and all performance measures, national comparison data, and other information can be found at www.montgomerycountymd.gov/countystat/.

MC311

Montgomery County's nationally recognized one-stop, non-emergency 311 phone and online system exemplifies responsiveness and accountability. Our residents can now obtain information and make service requests in more ways than ever. The call center has expanded its hours from 7:00 am to 7:00 pm to better serve the County's working families and commuters - and it has remained open 24/7 during emergency events. Residents can request services any time of the day or night through the 311 web portal: www.mc311.com. Our system can also accept service requests via Twitter and our new MC311 Desk in the Executive Office Building lobby is staffed by 311 Customer Service Representatives to assist walk in customers from 9:00 am to 4:00 pm, Monday through Friday. We have also installed monitors at most of the Regional Service Centers and in the Executive and Council Office Buildings and created Vine videos in English and Spanish.

Innovation Program

The Innovation Program has now established itself and is regularly sought out by departments and partners to address challenges and bring new ideas to County government. The Program has continued its success on smart cities projects by launching the Thingstutute and representing the County in the Global City Team Challenge, an initiative organized by the National Institutes of Standards and Technology.

The Program also actively seeks ways to leverage the strength of our open data program in order to improve operations. Finally, the Program continues to help build a countywide innovation ecosystem by working with startups and other regional partners.

Open Data

In the past year, Montgomery County has continued to set the pace of open data in local government. Our program, dataMontgomery, makes public data freely available, raising our level of accountability and transparency. Publishing important data such as our budget, spending, crime incidents, housing code enforcements, residential building permits and resident service schedules in a searchable, downloadable format helps our residents understand how their government functions and what is happening where they live and work.

Final Thoughts

Working together, we have accomplished a great deal under difficult economic circumstances. Thanks in part to the tough decisions we have made in these past, challenging years, Montgomery County is strong – and growing stronger. We are fortunate to live in one of the nation’s best places to raise a family, obtain an education, earn a living, and build a business.

We have put our financial house in order and our budgetary foundation is much stronger. As a result, we are able to move forward to better provide services and programs for our communities. Our job market is expanding. Our streets are safer. Our public school system is excelling. Our County is emerging ever-stronger from the recession, but much remains to be done.

I believe that the future begins here – in Montgomery County. And this budget continues the work we have already begun, to build a future where there is opportunity for all.

Finally, I must to thank those who contributed to the development of this spending plan, including the Board of Education and the Superintendent of Montgomery County Public Schools; the Trustees and President of Montgomery College; the Chair of the Maryland-National Capital Park and Planning Commission and the Planning Board; the Commissioners and General Manager of the Washington Suburban Sanitary Commission; individual residents, as well as members of boards, commissions, and committees; community-based organizations; and directors, employees, and employee representatives of departments in all agencies.

Highlights of my recommendations are set forth on the following pages and details can be found in the departmental sections. The full budget can be viewed on the County’s website at <http://www.montgomerycountymd.gov/omb/>. Details of budget requests from MCPS, the College, M NCPPC, and WSSC can be seen in the separate budget documents produced by those agencies.

I look forward to working with the Council over the next two months on spending priorities and policy issues that arise. As always, Executive Branch staff is ready to assist you in your review and deliberations.