



**OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850**

Marc Elrich
County Executive

MEMORANDUM

March 16, 2020

TO: Sidney Katz, President, Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: FY21 Recommended Operating Budget and Public Services Program FY21-FY26

It is my pleasure to submit my recommended Fiscal Year 2021 Operating Budget. As you know, this is the first full budget of my administration, and it reflects my vision for moving our great community forward.

FY21 Recommended Budget by Agency

Agency	Total Budget	Tax Supported
Montgomery County Government	\$2,122,032,706	\$1,617,109,319
Montgomery County Public Schools	2,795,508,595	2,603,672,930
Montgomery College	318,347,932	268,915,660
M-NCPPC (including Debt Service)	161,197,550	138,081,640
Retiree Health Insurance	92,168,885	90,129,932
Debt Service (MCG)	436,653,645	415,203,210
TOTAL	5,925,909,313	5,133,112,691

OVERVIEW

This budget is focused on providing our youngest residents with a great start to life. To that end, I have proposed funding of \$2.8 billion for the Montgomery County Public Schools (MCPS). I am also proposing \$10.4 million for our Early Care and Education Initiative so that we can continue to expand and improve early education services.

This budget contains a modest 0.8 percent increase in tax-supported spending for County Government, which is directed primarily at increasing affordable housing and addressing structural gaps in our fire service and transit budgets. This budget provides our residents with a great amount of detail about my entire \$5.9 billion recommended budget.

This budget also ensures that we attain our fiscal policy goal of holding 10 percent of our adjusted gross revenues in reserve in FY20, and we maintain that level in FY21. This is of particular importance now as we face uncertain times.

As I finalize the details of my recommended budget, I am keenly aware of the public health emergency facing our community and the nation. I am proposing this budget with a focus on both the next few days and weeks, as well as the next year and beyond. As we respond to this global health emergency, the economic situation of our residents and our nation are changing rapidly. While this budget reflects my view of County Government on March 16, we all need to be flexible to respond to changing conditions and needs. These conditions may result in me submitting revisions, supplementals and amendments to alter this proposal as conditions warrant.

As we address the immediate needs of our residents and plan for the future, one thing has become abundantly clear to me - our County Government's revenue structure has reached the breaking point and must be fundamentally altered.

Our County Charter includes a provision that limits the growth in property tax revenue - not property tax rates - to the growth in the Consumer Price Index (CPI) for all consumers in the Baltimore-Washington Region from the December 1 to November 30 of the preceding year. Since the Federal Government no longer publishes this index, we have been using the CPI for just the Washington Region. For the period of December 1, 2018, to November 30, 2019, the CPI for the Washington region was only 1.27 percent. No matter how much assessments increase, the total amount of property tax revenues cannot grow by more than 1.27 percent.

It is important to note that this revenue limit does not mean the average property tax bill will only increase by 1.27 percent. Quite the opposite. Most individual bills will increase (or decrease) by the change in one's taxable assessment. Since County law limits growth in assessments to 10 percent in any given year, a property with such an increase in value will see its tax bill go up by roughly 10 percent. The Charter revenue limit only redistributes the tax burden from properties with little to no increased value to those properties with the greatest increase in value. This has meant that some residents in modestly priced homes have faced 10 percent increases while some high-value properties actually saw their tax bill cut.

When the County Council proposed to the voters our current Charter limit on property taxes in 1990, few people could have foreseen the dramatic changes that would take place in Montgomery County and around the globe. In the past 30 years, our school population has grown by 65 percent and our overall population has grown by 40 percent. The services we provide are now more complex and seek to address a range of challenges, from traffic congestion and climate change to health care disparities and linguistic diversity. And over the past four decades, our property tax rate has declined by 35 percent.

We have all witnessed other local governments regionally and nationally experience generational decline due to conflicting, irreconcilable fiscal policies. Montgomery County is at the precipice of such a decline if we cannot get ourselves out of this cycle of self-enforced structural deficits and inequitable, unpredictable revenue caps. Therefore, I will be sending the Council a proposal for a Charter amendment that will revise our revenue cap to provide certainty to homeowners. This proposal will eliminate our old, cumbersome revenue cap and replace it with a three percent cap on the increase in any homeowner's taxable assessment. This will give our taxpayers real protection from unexpected increases in property values. It will also provide the County Government with a higher degree of predictable tax revenues like every other jurisdiction in our region.

Without such a change in the Charter, our community could be facing a situation in FY21 where a recession and deflation cripple our ability to provide emergency services and a quality public education system. This perfect storm would threaten lives and diminish the value of properties in our County. I will not stand by and let our community be harmed by the ghosts of voters from four decades ago.

In order to meet the challenge of our rapidly growing school system over the next year, this budget proposal also calls for the creation of a 3.1 cent supplemental property tax rate. State law provides each county with the authority to establish a supplemental property tax rate exclusively for its public schools. While this will be the first use of this State authority in our county, three other counties have already established a similar supplemental tax for their public schools. Even with this additional funding, we will still be providing the school system with less support per pupil than in 2010. A decade of slow growth nationally, unpredictable tax policy changes at the Federal level, and our severe Charter limit has left our schools playing catch-up on funding while absorbing an enrollment growth of more than 25,000 new students.

I am proposing this supplemental tax rate this year to partially offset an unexpected underperformance of the property tax for the last two years. In preparing the FY19 County budget, the taxable property base of the County was overvalued. As a result, the property tax rate needed to generate revenues at the Charter limit for the past two years was set too low. This resulted in lost revenues of \$80 million, now permanently embedded in our revenue projections. Fortunately, the income tax has overperformed estimates during FY20 to offset this loss. However, even before the current COVID-19 crisis developed, we were forecasting income tax revenues to drop to a lower level. With this supplemental tax rate, we will be back to the rate set for FY17. We will remain significantly lower than other Maryland counties and in line with the residential rates in Northern Virginia. It is also important to note that the Northern Virginia counties charge higher rates for commercial properties with even higher rates for commercial properties in business districts like Tysons and Crystal City.

THRIVING YOUTH AND FAMILIES

A central focus of my administration is to provide children and families an environment in which they can flourish and prosper. This is critical as Montgomery County becomes an increasingly diverse community in which to call home. We must continue to invest in our people and communities so that we grow stronger and better.

A child's future should not be determined by their ZIP code. As discussed earlier, my administration's FY21 recommended budget includes a \$1.4 million enhancement to the Early Care and Education Initiative. Together with funding provided to MCPS, and an assumed carryover of \$2 million from the FY20 appropriation, this Initiative will be funded at \$10.4 million in FY21. Through this Initiative we will develop and implement comprehensive, high quality, accessible, and affordable early childhood education for all Montgomery County children, regardless of their family's socioeconomic status or racial and ethnic background. While the need is great, this budget ensures that we continue to make progress to closing the achievement gap. We must ensure that all our children enter school ready to learn and able to realize their potential. To help realize this vision, in FY21, I am recommending that an Early Literacy Outreach Librarian be added to the Public Libraries' budget with funding from this Initiative.

Helping children realize their full potential is not only accomplished through early education, but throughout their entire learning experience. To that end, my budget includes \$2.8 billion in funding for MCPS - an increase of \$114.9 million, or 4.3 percent, over the prior year's approved budget. This funds 99.7 percent of the Board's request. Our County contribution to MCPS increases by \$65.8 million and is \$39.1 million above the State's Maintenance of Effort requirement. In addition to funding provided directly to MCPS, this budget provides almost \$900,000 for an additional 10 school nurses to address the staffing shortage of these critical positions. These nurses are not part of the MCPS budget, but are clearly important for our schools. As we face the COVID-19 outbreak, it is of critical importance that we ensure our children have access to health professionals to remain healthy. Other school-related budget enhancements included in the Health and Human Services budget are \$1.2 million to open and staff the high school wellness center at Seneca Valley High School and \$100,000 as a match for a Summer Supplemental Nutrition Assistance Program grant.

My recommended budget includes \$318.3 million in funding for Montgomery College. This amount fully funds their budget request and includes an additional \$165,000 in their budget for the Montgomery Can Code program. This program, funded in both the MCPS and Montgomery College budgets, is a unique learning opportunity for youth who would like to pursue STEM education fields.

I value the County's collaboration with our community partners. Services they provide help us to address poverty and social inequity, provide emergency services, serve disconnected youth in our community, ensure that seniors and the differently abled receive quality services. It will help our most vulnerable neighbors access the services they need to thrive. My recommended budget includes a 1.5 percent inflationary adjustment for nonprofit contracts in the Department of Health and Human Services, medical adult day care supplement payments and developmental disabilities supplement payments. As part of the effort to reform our community grants process, this budget recommends that we merge the County Executive and County Council community grants programs into a single consolidated community grants program. In addition, this budget moves 67 programs previously funded through the Community Grants process into the base budgets of departments (\$3.9 million). My recommended budget also includes \$9.7 million to renew previously awarded community grants as we transition to a consolidated community grants program.

AN AFFORDABLE, WELCOMING COUNTY FOR A LIFETIME

It has been said that a community is measured by how it treats its most vulnerable members, and we have an obligation to create a more economically equitable and socially just society. My recommended budget includes several items that help turn the curve on these fronts.

My recommended budget includes nearly \$600,000 to establish the Office of Racial Equity and Social Justice. The legislation establishing this Office, which I was proud to work on with then-Council President Navarro and pleased to sign in December of last year, will begin to ensure that racial equity and social justice become core principles embedded in all County decision making.

One of the key steps to achieving a more equitable and just society is ensuring that County residents have access to housing that is affordable and safe. To expand the preservation and production of housing that is affordable to our most burdened residents, my recommended budget provides the highest level of affordable housing funding in County history, by investing nearly \$85 million in affordable housing. This includes \$53 million in the Montgomery Housing Initiative (MHI) Fund, \$22 million in the Affordable Housing Acquisition and Preservation CIP project and \$10 million for the new Affordable Housing Opportunity Fund.

The proposed \$85 million is expected to support the preservation or production of more than 800 affordable units in projects totaling more than 1,000 units. The increased funding for FY21 will expand the County's affordable housing development partners' capacity to acquire and preserve affordable housing for more residents. Preservation efforts will focus on protecting lower-income residents who live in areas where public transit investments will begin to impact housing costs. FY21 funding also includes rental assistance to support residents who need it the most. More than 4,500 households are projected to be assisted in FY21, with a focus on eviction prevention including targeted assistance and financial literacy seminars in areas experiencing high levels of evictions.

Additionally, our support for first time home buying will continue to focus on financial education and providing down payment assistance of up to \$25,000 through \$2 million in funding in partnership with the Housing Opportunities Commission and Maryland Mortgage Program efforts.

The vitality of our small businesses relies on welcoming commercial environments, and my commitment to continue and expand Countywide our successful Facade Improvement Program will help revitalize commercial areas. This effort provides support to our small businesses and encourages matching private investment for improvements including gateway signage, pedestrian lighting, connectivity, streetscape elements, plant material installation and other amenities. The County is committed to making homelessness a rare, brief and one-time only experience, and we have implemented strategies to achieve this goal. Our community has effectively ended homelessness among veterans and long-term homelessness for people with disabilities. Our next goal is ending and preventing homelessness for families with children by the end of this year and ending homelessness among youth by the end of next year. For FY21, I am recommending that we fully restore the \$311,000 reduction we had to take last year for the Youth Drop-in Center. This will be a safe space for our youth regardless of race,

ethnicity, sexual orientation or gender identity to connect to vital services, including housing. I also recommend an enhancement of \$100,000 to begin implementing the Interagency Commission on Homelessness Decriminalization Committee's recommendations to ensure that some of our most vulnerable neighbors do not unjustly end up in our correctional system.

Rapid Rehousing is an intervention designed to help individuals and families quickly exit homelessness and return to housing in the community. My recommended budget includes \$900,000 to expand the number of slots available for this program, including slots specifically designated for households fleeing domestic violence. The Rental Assistance Program (RAP) provides a subsidy to individuals and families at risk of or currently experiencing homelessness, with a keen focus on seniors, people with disabilities and those on a fixed income. Recognizing the high cost of housing in Montgomery County, my FY21 recommended budget includes \$2 million to increase the RAP subsidy amount by 50 percent to ensure that these households have additional resources to help pay for their most basic living expenses.

Seniors are a vital part of our diverse community, and ensuring that they have the services necessary to age in place is of utmost importance. To that end, my recommended budget includes \$166,000 for two new positions in the Department of Health and Human Services to support adult protective services and adult foster care. It also includes \$180,000 in the Department of Recreation's budget to expand senior transportation to include Fridays and to add service for the North Potomac Senior Program.

SAFE NEIGHBORHOODS

One of my highest priorities is to ensure that every neighborhood in Montgomery County is safe - not just safe from crime but also for pedestrians to walk and move about. There are too many fatalities on our roads, and all are preventable. My administration is committed to putting resources in place to make pedestrian safety improvements through short- and long-term efforts on the busiest County-maintained roads through the Vision Zero Initiative. The FY21 recommended budget adds \$100,000 to restart our investment in raised pavement markings (RPM), adding 30 miles of new RPMs and supporting 20 miles of RPM replacement and maintenance. In total, my administration is investing close to \$55 million to support pedestrian safety activities through the recommended operating budget, in addition to \$266.6 million funded in the FY21-26 Recommended Capital Improvement Program, to eliminate deaths and serious injuries on our County roads by 2030.

To increase the public trust, I recommend adding funds to purchase 200 new dashboard cameras for our Police patrol cars. Strong police-community relationships are critical to the success of community policing. To that end, I am adding four positions to reestablish the Police Activities League which will specialize in sports activities and other events for at-risk youth. My budget also funds efforts to improve the recruitment of sworn officers and 911 staff by making our police department more competitive with other law enforcement agencies in our region. In addition, to better support our 911 staff, I recommend adding a social worker to serve as a stress management resource for public safety communications specialists. To ensure the safety of the public and County employees, I am adding funding to conduct security assessments of the highest risk County facilities and to create emergency action plans.

It is critical that inmates are housed in humane conditions and that they receive proper medical and mental health care. Accordingly, this budget adds six new positions to address new legal requirements and mandates in Maryland related to inmates located in restrictive housing. My administration is adding funds to begin a phased initiative to retrofit cell vents, bunks and doors to reduce inmate opportunities for self-harm. To bring the correctional health records system into the 21st Century, I have added funds to implement an electronic health records system. In light of the COVID-19 outbreak, I have added funds to address a structural budget deficiency in sanitation, hygiene and disease control for the Department of Correction and Rehabilitation.

My administration is building a sustainable and realistic budget. Therefore, I am adding 20 positions in the Montgomery County Fire and Rescue Service (MCFRS) to eliminate the ongoing need for overtime while firefighters are engaged in full-time paramedic training. Two studies have indicated that MCFRS is short well over a hundred positions that

has driven overtime beyond budgeted amounts for many years. While we do not have the resources to increase funding to fill all positions, we have identified key areas where this investment can have a positive budget impact.

The safety of our first responders in responding to critical incidents is of the highest priority. To that end, I am providing funding to continue deployment of cell phone technology to provide additional communication redundancy on all fire apparatus until our new radio tower system goes live in December 2020. In addition, this budget adds more than \$1.4 million to replace public safety data computers that have reached the end of their useful life for Police, Fire and Rescue and Sheriff first responders.

I am also adjusting reimbursement rates for the Emergency Medical Services Transport program to ensure that billing keeps pace with increases in the Medicare reimbursement rate and with increases in the cost of providing service. Reimbursement rates for this program have not been adjusted since it began in 2013.

A GREENER COUNTY

Climate change is real, human-made, and is a significant threat to the continuation of our species. Under my administration, Montgomery County is implementing a climate planning process to combat this emergency and meet our goal of an 80 percent reduction of greenhouse gas (GHG) emissions by 2027 and a 100 percent reduction by 2035. This will require public input on strategies through which the government, the business sector and County residents can collaborate to help reduce GHG emissions. We can each be good stewards of the energy we consume, the products we use and the waste we produce.

My FY21 recommended budget allows for the completion of the County's Climate Action and Resilience Plan to guide our actions to address climate change. My budget continues funding for the Climate Change Non-Departmental Account to fund technical analysis and begin implementation of the recommendations from the County's Climate Change Workgroup. Furthermore, I am recommending an additional \$250,000 from the Tree Canopy Fund for the Tree Montgomery Program. This program provides trees, free of charge, to residents, helping improve the air quality of our community and beautify our neighborhoods.

The Department of Environmental Protection (DEP) continues to implement initiatives and programs that resulted from the Strategic Plan to Advance Composting, Compost Use, and Food Scraps Diversion in the County. The FY21 recommended budget includes \$418,000 to implement a commercial food waste program, \$408,000 to pilot single family food waste program, and \$40,000 for a program that provides composting bins to single-family homes for at-home food waste. These programs will help to reduce the amount of food waste materials that go into our landfills every day.

Furthermore, based on a successful program DEP piloted, this budget adds three new field inspectors to reduce recycling contamination in the field by monitoring the blue bins prior to inspection, tagging them if they are contaminated and providing educational materials to residents. By diverting contaminants from the recycling stream, we can ensure that more materials actually get recycled and do not wind up in our landfills.

In FY21, we will continue to transition the County fleet to electric vehicles (EVs), with plans to procure more electric buses to continue electrification of our bus fleet. We will continue to install solar panels on County facilities through public-private partnerships, including the closed Oaks Landfill, which will be used to power County facilities and will also provide community solar benefits to low-and-moderate income residents.

This budget also allows us to begin to improve our efforts to respond to, prevent, and mitigate risks for flooding with an additional position with hydrologic expertise to educate the public about the impact of changing flood risk and to encourage Flood Insurance program participation. This position will also assist us in preparing for the impacts of climate change and develop data through tools such as GIS for use in better understanding, articulating and responding to our changing flood risk.

EASIER COMMUTES

Traffic congestion in the Washington Metropolitan Region is among the worst in the nation, and it impacts the lives of many County residents daily. Not only does congestion result in wasted time and lost productivity for residents, it also has grave consequences for our environment by impacting air quality and ultimately public health.

My FY21 recommended budget implements a Transit Services Route Restructuring Project that will examine the transit system's route network and recommend changes for more efficient, effective and environmentally sustainable service delivery. A variety of route features will be examined including route structure and connectivity, route span, and frequency of service. The route restructuring study will lead to recommendations to improve service delivery, transportation connectivity between local routes, connectivity between local and regional routes and first mile/last mile transportation. A key intention of the study will be to significantly increase the number of electric buses in the fleet and how that will impact our route structure and infrastructure needs.

This budget also expands access to public transportation options to encourage the use of more environmentally friendly travel options. I am recommending an additional \$1.4 million to continue operating the FLASH service - Montgomery County's new express bus service along US 29 (Colesville Road). My budget continues funding for the Ride-On FLEX service, an on-demand service operating in the Rockville, Glenmont and Wheaton areas. Ridership has tripled since the launch with average customer wait times of 7-9 minutes. We will continue the successful Kids Ride Free program by adding \$610,000 so that all youth ages 18 and under are eligible to ride for free on our local buses. We also will continue the Seniors Ride Free program, offering free rides on local buses during off-peak periods. Furthermore, this budget provides an additional \$240,000 to expand eligibility for the Call N Ride Program to serve an estimated 166 additional participants. This program serves low-income elderly and disabled residents who depend on public transportation.

As I highlighted in my January capital budget message, the County is also making significant progress on implementing a Bus Rapid Transit (BRT) system. The Recommended Capital Improvements Program includes funding for engineering and planning costs for the Veirs Mill and MD355 BRT routes, with additional system development and planning costs included for the New Hampshire Avenue and North Bethesda Transitway BRT corridors. The County is currently developing a financing plan to construct and operate the BRT lines. We have focused on ways to leverage non-County funding sources and will be ready to discuss financing options later this spring. The Washington Post, the WMATA Bus Transformation Project, the Greater Washington Partnership, and other groups have indicated that improving bus service is critical to meeting the needs of our growing population and for effectively meeting the requirements of our business community. The previously mentioned Transit Services (or Ride On) Route Restructuring project will reflect planned BRT routes in its analysis - necessary steps to grow our economy.

This budget also includes funds to replace the current stand-alone Transit Radio System with radios, consoles and networking necessary to incorporate our Transit Services radio operations into our new state-of-the-art public safety radio system. This will ensure that the federally required emergency communications systems for transit operations are continued between bus operators and central communications in a reliable and consistent manner. In addition, it will maintain and integrate Transit Services into regional operability and provide enhanced features consistent with national standards for radio devices.

A GROWING ECONOMY

Creating a thriving economy for all of Montgomery County's residents is vital to ensuring that we remain a growing and successful community. In this budget, I have created the Business Advancement Team within the Office of the County Executive. This team is comprised of realigned key staff from around County Government and will provide oversight and leadership on business programs including incubator management, economic development incentives and financing programs, business development projects and other business-related special initiatives. Furthermore, this budget adds funds to

implement economic development grant agreements for retention and expansion of jobs and business activities that will support economic growth in the County.

The Life Sciences are a cornerstone of our community's thriving economy. My recommended budget provides \$600,000 for the conversion of excess office space into wet labs in the lab corridor of the Germantown Innovation Center. For the past two years, the Germantown Innovation Center has had excess office space and insufficient lab space to meet the demand of small life science companies. Existing labs are routinely at 100 percent occupancy while office space is routinely 28-44 percent vacant. By increasing the number of available wet labs, the incubator can serve more emerging life science companies by providing both lab and office space, thereby reducing the current office space vacancy. Additionally, my recommended budget adds \$50,000 in FY21 to expand the County's biohealth innovation initiatives.

Supporting small businesses is one of my top priorities. Consequently, my budget adds \$200,000 to provide operating funding support for privately-run incubators in target businesses (e.g., a kitchen incubator, a maker space, and others) that will provide access to technology and technical support to grow and expand small businesses and entrepreneurship in the County.

To promote tourism and economic activity in neighborhoods, the FY21 recommended budget adds \$85,000 to support Visit Montgomery in its work marketing Montgomery County as a destination for meetings and conferences, group tours, leisure travel and amateur sports events. Increasing tourism can stimulate the local economy with direct spending in hotel stays and other goods and services that generate revenue for the County.

Furthermore, the budget recommends \$65,000 to address the lack of cohesive branding for the White Flint corridor. This initiative will introduce placemaking and branding to the area. I am also recommending \$50,000 for placemaking and affirming Fenton Village's brand. With the growth of downtown Silver Spring, it has become increasingly critical to accentuate its sub-districts. Fenton Village is a highly recognizable area, and the businesses located there will benefit greatly from increased marketing.

This spending plan also continues funding support for all economic development programs provided through the Economic Development Fund for financial and/or technical assistance to eligible businesses. Those programs include the Economic Development Grant and Loan Program, MOVE Program, Biotech Credit Supplement, Cybersecurity Supplement, Small Business Assistance Program, SBIR/STTR Matching Grant Program, Microloan Program and the Impact Assistance Fund. It also continues the County's commitment to support the Montgomery County Economic Development Corporation's work to accelerate business growth and retention, showcase the County as an ideal location to start and grow a business, and strategically promote targeted industries to connect with our local business network and top talent.

With regard to workforce development, this budget continues funding support to WorkSource Montgomery, with an incoming new CEO and Board leadership, to meet the needs of the underemployed and unemployed, provide career advancement programs for strategic industries in the County, and act as a convener for the various workforce components throughout the County. The total funding for WorkSource Montgomery in this budget is \$1.44 million, including \$180,000 dedicated to the Summer Rise Program. This program is a partnership among MCPS, local businesses, government agencies and nonprofit organizations to provide a career-based learning opportunity for high school students during the summer. We are also working on developing and implementing strategic programming to help the most vulnerable County residents with multiple barriers find sustainable employment.

EFFECTIVE, SUSTAINABLE GOVERNMENT

Making Government work more effectively and more efficiently for County residents will strengthen our community in the long run. As part of our transition to an outcomes-based approach to budgeting, the development of the FY21 budget for the first time involved employees from across County Government who participated in our Budget Outcome Leadership Teams. Organized around my Priority Outcomes, these individuals spent hours evaluating proposals for programs and

enhancements, conferring with department directors and staff on their impact and presenting them to me with their recommendations. Their input into the process provided invaluable insight, and their work greatly contributed to the process and to my recommendations.

In FY20, my administration began offering Innovation Accelerator Courses to County employees. Modeled on similar academies in Denver, Miami, Las Vegas, and San Francisco, Innovation Accelerator Courses are experiential learning opportunities where County employees grow their capacity to make things better for their customers and the public, by working on real issues they face every day. The courses use structured problem solving to make tangible progress, and employees graduate when they can demonstrate the results of their proposals. Using the skills honed in these courses, County employees are implementing real changes with immediate results.

One project in the Department of Corrections and Rehabilitation is working to improve the outcomes of formerly incarcerated individuals as they re-enter our communities by making sure inmates are referred to services closer to their date of release to improve their success rates. As a result of another project, the Department of Permitting Services is making it easier for residents to get fuel storage tank permits, decreasing the error rate in permits, and reducing the staff time it takes to process applications. Montgomery County Public Libraries has implemented efficiencies developed through this course to reduce the average time it takes for new materials to reach library branches from more than four months to less than two weeks. To strengthen this effort, my FY21 recommended budget transfers two positions to the Innovation Accelerator Program, adds a Lead for America Fellow, and allows for additional operating expenses for its expansion.

To ensure that positions throughout County Government are filled expeditiously, I am recommending that we invest \$510,000 for a new applicant tracking system. This will allow us to effectively monitor and better manage the recruitment and selection process in an effort to reduce the time it takes to fill positions so that critical services can be delivered to County residents.

As part of my administration's efforts to make government work more efficiently and with a keener focus toward outcomes, you will see that this budget reflects the merger of CountyStat with the Office of Management and Budget (OMB). Increasing the collaboration between these two functions will serve the County greatly, as we ensure that County dollars are being spent in the most effective way possible. Furthermore, the FY21 budget reflects the creation of a Shared Services Team within OMB. Providing core administrative and business functions to smaller County departments and offices will allow them to focus their duties directly on their core missions and functions. The Shared Services Team is being created by transferring positions from other departments into OMB and will not result in new spending.

The foundation of an effective and sustainable government is a workforce that is respected, listened to and bargained with. Over the past few months, my administration has worked tirelessly to improve relations with its employees and labor representatives. Together with union leadership, we conducted the County's first-ever employee survey, which is guiding workplace improvement initiatives in every department.

This year, the County engaged in collective bargaining with each of the employee labor unions and reached multi-year agreements on significant improvements for the County, its workforce and County residents. The agreement with MCGEO was reached after four months of interest-based bargaining - a new process that allowed the parties to dive into issues that had been unresolved for many years and created a pathway to a positive and sustained relationship through enhanced use of the Labor Management Relations Committee. The agreement with FOP focused on recruitment and retention of our police force; the parties sought to proactively address trends in both recruitment and retention to mitigate risk and higher costs to both the County and police services. The agreement with the IAFF provided a pathway to continuing efforts to deliver fire and rescue services in the most modern, effective and efficient methods - highlighting the safety of both our firefighters and residents. Additionally, the County's consistent and prudent fiscal management of benefits, including post-employment liabilities, has resulted in a decreased long-term liability, providing savings. As a result, the County has recognized a reduction in spending of \$63 million in FY21.

This budget also includes a Productivity Improvements Non-Departmental Account to recognize cost efficiencies

identified by Montgomery County Government staff through the evaluation of service delivery models, supervisory/management and workforce structures, relevant tools, equipment, and technologies, operating budgets, and contracts with outside vendors. The critical assessment of these factors and formulation of strategies to maintain, increase, or improve service delivery at a lower cost is a pillar of good government, especially in a fiscally challenging environment. The productivity improvement effort is a collaborative initiative that involves County leadership, employees from front lines to management, and the County's partner labor organizations. A Cost Efficiency Study Group will be formed in accordance with the County/MCGEO Collective Bargaining Agreement, tasked with investigating and identifying efficiencies and restructuring strategies that allow County Government to eliminate funded vacant or contract positions that are no longer necessary without layoffs or service reductions. This effort is estimated to result in \$10 million in savings to the County for FY21.

LEGISLATIVE AND JUDICIAL BRANCHES

Working alongside the Executive Branch of government and sharing my desire to make Montgomery County a more effective, efficient, equitable, and inclusive place are the County Council, State's Attorney's Office, Sherriff and Circuit Court.

The FY21 recommended budget honors the Council's request to include enhanced resources for outreach and communication through three new and one repurposed position. This will enable the legislative branch to better inform and receive information from their varied constituent communities, providing multilingual access, increased web and social media resources, Open Government initiatives and improved management of constituent requests. The requested budget for the County Council increases by \$1.2 million (or 10.0 percent) and the budget for the Legislative Branch Communications Non-Departmental Account increases by \$182,000 (or 20.5 percent).

In the Judicial Branch, the various parts of which support my priority outcomes of Safe Neighborhoods, Thriving Youth and Families and Effective and Sustainable Government, the FY21 recommended budget enhancements focus on information technology staff and improvements that contribute to better processes and operations. The State's Attorney's budget increases by \$688,357 (3.7 percent), the budget for the Sheriff increases by \$700,251 (2.8 percent) and the budget for the Circuit Court increases by \$286,255 (1.9 percent).

In conclusion, I look forward to working with you, your Council colleagues, and your outstanding staff in passing this budget. The resources of the Executive Branch are at your disposal as you begin in the next phase in the budget process. As I previously mentioned, I am keenly aware of the public health emergency facing our community, State, and nation. This budget is being proposed with a focus on both the next few days and weeks, as well as the next year and beyond. As we respond to this emergency, we need to be flexible to respond to changing conditions and needs. Ultimately, this may result in me submitting revisions, supplementals and amendments to alter this proposal as conditions warrant.