
Message from the County Executive

These publications contain the Approved FY23 Operating and Capital Budgets and the FY23-28 Capital Improvements Plan (CIP) for Montgomery County. These budgets were put forth as our community emerges from the deleterious impact of the global COVID-19 pandemic.

For the first time since taking office, we have been able to make significant investments in our community through the operating and capital budgets. This budget is a welcome and significant change. The investments we are making today will secure huge returns in the years to come and allow Montgomery County to continue to thrive. Within days of taking office in December 2018, I was presented with news that the final closeout of FY18 had turned up an unexpected gap of \$44 million due to underperformance of revenues and higher spending than was budgeted in County government. Within weeks, I worked with the County Council to enact a \$45.7 million savings plan. The FY20 budget I presented was significantly constrained by modest revenue forecasts, and the FY21 and FY22 budgets were also significantly constrained by modest revenue forecasts and driven by our response to the global pandemic.

I am pleased that the dire economic predictions for our region because of the COVID-19 pandemic have not come to fruition due, in part, to the beneficial impact of State and Federal aid and the growing strength of our local economy. Because of higher revenues, we were able to make record investments in education and school construction, affordable housing, transportation, environmental sustainability and climate resiliency, human services, and County government operations. Throughout the process, we considered the impacts of these budget decisions on climate change and addressing racial equity and social justice.

My recommended operating budget made significant investments in our community while also - for the first time - meeting the County's fiscal policy of maintaining 10 percent of our adjusted governmental revenues in reserve. That achievement was a vital component for maintaining the County's coveted AAA rating from the three major rating agencies. The County Council accepted and unanimously approved 99.8 percent of my recommended operating budget. (The changes were generally a result of increased revenues that became available after I had sent the recommended budget to them).

Some of the significant operating budget highlights include a record \$2.9 billion for Montgomery County Public Schools (a \$137.9 million increase from the prior year), funding to begin Montgomery College's East County Education Center, record funding for climate change initiatives, and funding for affordable housing - the highest level in County history. Additional highlights include significant enhancements for police recruitment/retention, a focus on food security and resiliency, stability in finance and housing, more inclusive prosperity, and additional investments in economic development and workforce training.

Similarly, the \$5.3 billion approved FY23-28 Capital Improvements Program (CIP) provided significant increases in funding for education, transportation, affordable housing, and climate change initiatives all of which are essential to our County's long-term success. Significant capital budget highlights include over \$1.7 billion in funding for Montgomery County Public School construction (\$55 million more than the original Board of Education request), \$336 million for Montgomery College projects (including initial funding for an East County campus), \$459 million for Bus Rapid Transit projects along MD355 and Veirs Mill Road, \$220 million in FY23-FY28 funding, and FY22 supplemental appropriations for affordable housing projects (including \$40 million for a new project to preserve naturally occurring affordable housing), as well as \$1.4 billion in investments to counteract climate change. In addition to the County's Bus Rapid Transit initiative, the capital budget will fund pedestrian/bikeway projects, other mass transit initiatives, building energy efficiency improvements, stormwater management upgrades, and a new flood management strategy initiative to respond to and mitigate climate change impacts.

The FY23-28 CIP assumes \$868 million in State Aid - a \$342 million increase. I am grateful to our State delegation for facilitating this increase to support important projects like Bus Rapid Transit, new and improved K-12 school and

Montgomery College facilities, infrastructure investments to spur economic development by the North Bethesda Metro Station, a Restoration Center to provide mental health and substance abuse services that help avoid unnecessary incarceration, pedestrian and bikeway improvements, and park improvements.

Additional information about these budgets can be obtained by visiting the Office of Management and Budget webpage at www.montgomerycountymd.gov/omb. This website provides a searchable, user-friendly means of accessing detailed budget information regarding the Approved Operating and Capital Budgets and CIP. Please call the Office of Management and Budget at 240-777-2800 for further information.

As a result of the COVID-19 pandemic, first responders faced increased risks and stresses as they worked on the frontlines to support our community. In order to continue to support public safety employees and assist departments with recruitment and retention efforts, the Council unanimously supported collective bargaining agreements and \$11 million in pay raises for County public safety employees, including raises for police officers and first responders to bring salaries in line with neighboring jurisdictions in the region and help address attrition, particularly in the County Police Department.

The past two years have been the most challenging years for County residents and businesses in generations. We are using this unique opportunity to build on what we have accomplished; invest in our residents, businesses, and community partners; invest in our schools; strengthen our community's social safety net; focus on our historical racial disparities; tackle climate change and its impacts; spur economic development; increase access to affordable housing; and invest in the County government's core functions and infrastructure.

Working together, our County's recovery from the pandemic has no bounds and our work is well underway.



Marc Elrich
County Executive, Montgomery County