
Message from the County Executive

These publications contain the approved Fiscal Year 2025 (FY25) Operating and Capital Budgets for Montgomery County. I am pleased and appreciative that the County Council approved more than 99% of my recommendations, which will allow us to make historic investments in education, climate change, transportation, public safety, and affordable housing. This funding is important to maintain the high quality of life in our County and keep us competitive in an ever-changing world.

Similarly, my proposed \$5.9 billion Capital Improvements Program (CIP), which advances critical Bus Rapid Transit, affordable housing, flood mitigation, energy conservation, school construction, and maintains core infrastructure, was adopted largely as proposed.

As Maryland's economic engine, the County's economy is currently holding steady; however, due to some uncertainty in overall economic conditions, the County's revenue forecast assumes a mild recession will begin in 2024.

Based on projections, the County will end FY25 with reserves totaling \$707.1 million, or 10.8 percent of the County's revenues. This amount exceeds the County's reserve policy by \$52.2 million.

This year's operating and capital budgets reflect growing demands for services, increased costs for operations and construction because of inflation, a commitment to fulfilling our contracts with our labor partners and compensating other employees, a commitment to schools, and a strengthening of our approach to economic development activities. Our County's current resources, while increasing, cannot fully support the growing needs of the community and demand for services.

Developing the capital budget was a challenge due to constrained debt levels, the slowing housing market and subsequent projected decreases in recordation tax revenues related to higher interest rates, and structural challenges in the Montgomery County Public Schools (MCPS) capital program. Additional resources to support capital investments to move our County forward are essential and will be a continued focus of my administration.

However, despite the challenges we face, this budget makes significant investments to maintain and improve the quality of life in our community without raising taxes.

It was important to me that my recommended budgets incorporated feedback from our ethnically, economically, and geographically diverse community. To get that feedback, I undertook the largest budget-related outreach effort to date in the County.

Over the course of four months, I conducted 10 community conversations on the operating budget. These took place in all five regions of the County and included focused sessions with the Montgomery County Parent Teacher Associations, older adults, and three sessions conducted in languages other than English (Chinese, Spanish, and Amharic).

To inform development of the capital budget, I held community meetings in all five regions, in addition to a sixth virtual forum to reach residents unable to attend in-person. Over 3,000 people attended all of these conversations (in-person and online), and I want to thank everyone who participated.

These budgets reflect the County's commitment to advancing racial equity and social justice. This is the second budget that fully integrated use of the Operating Budget Equity Tool by departments, and the third year using the Capital Budget Equity Tool. These tools were used by the Office of Racial Equity and Social Justice to assess the impact of budget requests on racial equity and social justice.

Highlights in the approved FY25 Operating and FY25-30 Capital Improvements Program include:

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- Record funding for education
 - Provides \$3.3 billion for MCPS, \$157 million above last year
 - Second highest increase ever in funding for MCPS
 - Funds 99.2 percent of the MCPS Board of Education's budget request
 - Fully funds the negotiated compensation agreements for teachers and other MCPS employees to retain and recruit outstanding educators and other essential school staff
 - Fully funds Montgomery College's budget request
 - Provides \$45.7 million in funding for school health services in the Department of Health and Human Services
 - Provides \$20 million for the Early Care and Education Initiative
 - Continued investment in school construction
 - Includes \$1.8 billion for MCPS facilities, \$148 million more in the first four years of the 6-year period than the last approved CIP
 - Increases investment in level of effort projects to maintain school buildings and improve students' experience with additional funding in ADA compliance, building modifications and program improvements, fire safety code upgrades, HVAC (mechanical systems) replacement, improved (safe) access to schools, relocatable classrooms, and sustainability initiatives
 - Funds a schedule of individual and major capital projects that is more realistic and sustainable within available resources
 - Expands pre-k to a full-day class in 3 locations: Whetstone, Parkside, and Burtonsville Elementary Schools
 - Maintains construction for 21 school projects, including 4 new major capital projects while also leveraging \$497.4 million in State aid
 - Enhances public safety
 - Expands the Montgomery County Police Department's successful "Drone as First Responder" program to Germantown/Gaithersburg and Bethesda and extends hours of established programs in Silver Spring and Wheaton
 - Invests in expanding police recruiting and retention efforts
 - Funds two additional Mobile Crisis Teams, for a total of seven teams
 - Funds year-round operation of the Pre-Release Center, which is a national model
 - Invests in transportation
 - Funds to start the operation of the Great Seneca Transit Network that will provide frequent transit service and improve mobility and access to jobs in the Rockville, Gaithersburg, and Shady Grove areas
 - Provides funding for repairs and accessibility improvements for bus stops and bus shelters
 - Adds funds for residential road resurfacing
 - Provides additional funding to help us achieve our Vision Zero goal, including an increase to the Safe Routes to School program
 - Provides funding to implement Veirs Mill Road Bus Rapid Transit with service to launch in FY27 and MD 355 Bus Rapid Transit Central phase, with service to launch in FY29
 - Provides record funding to combat climate change
 - Provides \$364 million in total to fight climate change through transit, increased renewable energy, improved building efficiency, and nature-based solutions
 - Provides \$19.1 million for the Montgomery County Green Bank - an increase of almost \$500,000 over the FY24 budget
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- Adds \$8 million in new spending to further the County's efforts to fight climate change
 - Adds funds to support climate change solutions in the transportation sector, clean energy efforts and zero waste efforts
 - Adds \$40 million in new capital funding to enhance energy conservation in County-owned facilities and to support the implementation of the new Building Energy Performance Standards
 - Invests \$153 million to begin implementation of a comprehensive flood management plan which will construct flood mitigation improvements in watersheds most prone to flooding or that are particularly vulnerable to future flooding
 - Allocates record funding to produce, preserve, and protect the affordable housing supply
 - Funds \$169.4 million to expand the preservation and production of affordable housing to our most economically burdened residents
 - Provides \$56.2 million to the Housing Initiative Fund
 - Appropriates \$113.2 million in the Capital Improvements Program budget (including \$65 million in new capital funding for the Affordable Housing Acquisition and Preservation project)
 - Supports growing Montgomery County's economy
 - Provides \$26.2 million to support growing the County's economy, an increase of 13.1 percent from the FY24 Approved Operating Budget
 - Funding for BioHub Maryland at Montgomery County to train our workforce at a state-of-the-art multifunctional facility equipped with cutting-edge industrial bioprocessing equipment
 - New capital investments to refresh our existing incubators into innovation centers
 - Adds design and construction of retail space at the Wheaton Maryland-National Capital Park and Planning Headquarters building
 - Includes \$2.3 million to WorkSource Montgomery - a 12.9 percent increase over the prior fiscal year that includes support for the Summer RISE youth program and programming at the Montgomery County Correctional Facility to support successful reentry opportunities
 - Expands cultural, recreational, and community resources in underserved areas of the County
 - Funds design and construction of a new library in Clarksburg, including funds for the evaluation and purchase of an alternate site
 - Provides funds to design and construct a new Western County Recreation Center to serve the Town of Poolesville and neighboring communities in Western Montgomery County
 - Supports the historic Lincoln High School project for the design and construction of the building shell, including HVAC and electrical systems work
 - Improves government services by investing in employees and programs
 - Preserves vital services for County residents without any tax increases
 - Includes a reserve balance of 10.8 percent or \$707.1 million in FY25
 - Recognizes the work of nonprofit partners with a three percent inflationary adjustment to those organizations that receive funds from the County
 - Funds to modernize and foster transparency and equity in our classification and compensation structures
 - Eliminates 60 positions and repurposes 40 positions, the vast majority of which have been vacant for longer than one year
 - Provides resources and services more equitably
 - All decisions in the FY25 Recommended Budget were reviewed and analyzed by the Office of Racial Equity and
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Social Justice

- Provides over \$17 million to address food insecurity - including \$3 million in the Department of Health and Human Services and \$14.2 million in the Office of Food Systems Resilience
- Funds expansion of Excel Beyond the Bell to two new sites: Eastern and Benjamin Banneker Middle Schools
- Includes \$2.9 million to increase homeless shelter capacity and provide overflow sheltering in the winter months

Developing our annual operating and capital budgets is a balancing act between community needs and fiscal realities. These budgets make significant investments in the services and programs that make our community a thriving place to live and work - great schools, our County's workforce, our well-established social safety net, public safety, affordable housing, climate change initiatives, and transportation infrastructure.

Additional information about these budgets can be obtained by visiting the Office of Management and Budget webpage. This website provides a searchable, user-friendly means of accessing detailed budget information regarding the approved operating and capital budgets. Please call the Office of Management and Budget at 240-777-2800 for further information.



Marc Elrich
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