

Resolution No.: 17-479
Introduced: June 19, 2012
Adopted: June 26, 2012

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Government Operations and Fiscal Policy Committee

SUBJECT: Approval of the County's Tax Supported Fiscal Plan Summary for the FY13-18 Public Services Program

Background

1. Section 302 of the County Charter states in part: *The County Executive shall submit to the Council, not later than March 15 of each year, comprehensive six-year programs for public services and fiscal policy. The six-year programs shall require a vote of at least five Councilmembers for approval or modification. Final Council approval of the six-year programs shall occur at or about the date of budget approval.*
2. Over the last two decades the Council's Government Operations and Fiscal Policy Committee (known until December 2010 as the Management and Fiscal Policy Committee) has collaborated with the Office of Management and Budget and the Department of Finance to develop and refine County fiscal projections. The result has been continuous improvement in how best to display such factors as economic and demographic assumptions, individual agency funds, major known commitments, illustrative expenditure pressures, gaps between projected revenues and expenditures, and productivity improvements. This work has also increased the County's ability to harmonize the fiscal planning methodologies of the four tax supported agencies. Each version of the fiscal projections, or six-year fiscal plan, is a snapshot in time that reflects the best estimate of future revenues and expenditures as of that moment, as well as a specific set of fiscal policy assumptions.
3. On June 29, 2010 the Council approved policies on reserve and other fiscal matters in Resolution No. 16-1415. Action clause 5 states: *The County should adopt a fiscal plan that is structurally balanced, and that limits expenditures and other uses of resources to annually available revenues. The fiscal plan should also separately display reserves at policy levels, including additions to reserves to reach policy level goals.* On November 29, 2011 the Council clarified and strengthened these policies in Resolution No. 17-312, which retained the fiscal plan language and replaced the earlier resolution.

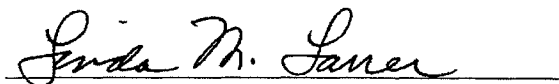
4. On June 29, 2010, pursuant to these polices, the Council approved the Tax Supported Fiscal Plan Summary for the FY11-16 Public Services Program in Resolution No. 16-1416. On June 28, 2011 the Council approved the Tax Supported Fiscal Plan Summary for the FY12-17 Public Services Program in Resolution No. 17-184.
5. The Council introduced the Tax Supported Fiscal Plan Summary for the FY13-18 Public Services Program on June 19, 2012. The Government Operations and Fiscal Policy Committee reviewed the Plan Summary on June 25, 2012.

Action

The County Council for Montgomery County, Maryland approves the Tax Supported Fiscal Plan Summary for the FY13-18 Public Services Program, as outlined on the attached pages. This summary reflects:

- (1) current information on projected revenues and non-agency expenditures for the six-year period, which must be updated as conditions change. To keep abreast of changed conditions the Council regularly reviews reports on economic indicators, revenue estimates, and other fiscal data.
- (2) the policy on expanded County reserves established in Resolution No. 17-312 and the amendments to the Revenue Stabilization Fund law in Bill 36-10, which the Council approved on June 29, 2010.
- (3) other specific fiscal assumptions listed in the summary.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

**County Council Approved FY13-18 Public Services Program
Tax Supported Fiscal Plan Summary**

	App. FY12	Estimate FY12	% Chg. FY12-13	App FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18
	5-26-11		App/Est	5-24-12										
Total Revenues														
1 Property Tax (less PDs)	1,462.2	1,437.0	0.0%	1,462.2	3.0%	1,505.8	3.1%	1,553.2	3.5%	1,608.2	3.5%	1,664.5	3.1%	1,715.4
2 Income Tax	1,117.2	1,227.1	13.1%	1,263.6	2.6%	1,296.6	6.6%	1,382.0	4.7%	1,446.4	3.5%	1,497.6	3.4%	1,548.2
3 Transfer/Recordation Tax	143.5	123.9	-4.8%	136.8	2.9%	140.5	5.6%	148.4	7.4%	159.4	7.4%	171.2	5.6%	180.8
4 Investment Income	1.6	0.2	-70.3%	0.5	33.6%	0.8	94.0%	1.2	134.2%	320.5	55.8%	4.5	28.3%	5.7
5 Other Taxes	325.3	311.6	-4.1%	304.1	1.4%	308.5	2.2%	315.1	1.7%	320.5	1.1%	324.1	0.9%	327.0
6 Other Revenues	842.2	839.0	-0.4%	883.4	0.8%	890.2	0.2%	892.5	0.2%	894.6	0.2%	896.8	0.2%	899.0
7 Total Revenues	3,892.1	3,938.8	4.1%	4,060.4	2.3%	4,142.2	3.6%	4,292.5	3.3%	4,432.1	2.9%	4,568.8	2.6%	4,676.1
8 Net Transfers In (Out)	41.3	40.1	-0.3%	38.7	2.9%	39.8	2.9%	40.9	2.7%	42.0	2.7%	43.1	2.7%	44.3
9 Total Revenues and Transfers Available	3,933.4	3,978.9	4.0%	4,099.0	2.3%	4,182.0	3.6%	4,333.4	3.2%	4,474.1	2.9%	4,601.9	2.8%	4,720.4
10 Non-Operating Budget Use of Revenues														
11 Debt Service	296.2	279.0	2.5%	303.5	6.8%	324.3	9.6%	355.3	5.4%	374.6	4.1%	389.8	0.0%	389.8
12 PAYGO	31.0	31.0	0.0%	29.5	20.3%	35.5	56.3%	55.5	0.0%	55.5	0.0%	55.5	0.0%	55.5
13 CIP Current Revenue	35.0	37.7	43.5%	50.2	62.1%	81.4	-26.8%	59.5	-2.7%	58.0	-1.8%	56.9	16.2%	66.1
14 Change in Montgomery College Reserves	(9.0)	(4.0)	46.4%	(4.8)	100.0%	-	n/a	-	n/a	-	n/a	-	n/a	-
15 Change in MNCPPC Reserves	(1.5)	(2.5)	30.6%	(1.1)	109.3%	(16.3)	100.0%	0.1	27.9%	0.1	0.4%	0.1	35.5%	0.2
16 Change in MCPS Reserves	(17.0)	(10.5)	0.0%	(17.0)	4.1%	(16.3)	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0
17 Change in MCG Special Fund Reserves	22.8	(0.5)	-12.5%	20.0	-99.9%	0.0	172.1%	0.1	25.2%	0.1	-9.6%	0.1	-10.6%	0.1
18 Contribution to General Fund Undesignated Reserves	66.4	104.5	-144.5%	(29.6)	108.7%	2.0	172.1%	5.4	25.2%	6.8	-9.6%	6.1	-10.6%	5.5
19 Contribution to Revenue Stabilization Reserves	20.4	45.1	-3.6%	21.2	3.1%	21.8	4.1%	22.7	3.6%	23.5	3.6%	24.4	2.8%	25.1
20 Retiree Health Insurance Pre-Funding	49.6	49.6	112.3%	105.4	35.5%	142.8	20.4%	171.9	0.0%	171.9	0.0%	171.9	0.0%	171.9
21 Set Aside for other uses (supplemental appropriations)	0.2	0.2	-67.2%	0.1	30441.4%	20.1	0.0%	20.1	0.0%	20.1	0.0%	20.1	0.0%	20.1
22 Total Other Uses of Resources	484.3	550.6	-3.4%	477.5	28.1%	611.7	12.9%	690.7	2.9%	710.5	2.0%	724.9	1.3%	734.2
23 Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	3,439.1	3,428.4	5.0%	3,611.5	-1.1%	3,570.3	2.0%	3,642.7	3.3%	3,763.6	3.0%	3,877.0	2.8%	3,986.2
24 Agency Uses														
25 Montgomery County Public Schools (MCPS)	1,960.9	1,923.8	4.0%	2,028.9	1.5%	2,058.4								
26 Montgomery College (MC)	218.0	214.6	0.4%	218.8	0.0%	218.8								
27 MNCPPC (w/o Debt Service)	94.3	94.3	4.9%	98.9	-5.2%	93.8								
28 MCG	1,175.8	1,195.7	7.6%	1,265.0	-5.2%	1,199.3								
29 Available to Allocate to Agencies FY15-18														
30 Agency Uses														
31	3,439.1	3,428.4	5.0%	3,611.5	-1.1%	3,570.3	2.0%	3,642.7	3.3%	3,763.6	3.0%	3,877.0	2.8%	3,986.2
32 Total Uses	3,933.4	3,978.9	4.0%	4,099.0	2.3%	4,182.0	3.6%	4,333.4	3.2%	4,474.1	2.9%	4,601.9	2.6%	4,720.4
33 (Gap)/Available	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0

Notes:
 1. FY13 property tax revenue is \$26 million below the Charter limit using a \$692 income tax offset credit. The Charter limit is assumed FY14-18.
 2. May 2010 fuel/energy tax revenue increase is reduced by 10% in FY13-18.
 3. Reserve contributions at the policy level and consistent with legal requirements.
 4. PAYGO, debt service, and current revenue reflect the approved FY13-18 Capital Improvements Program.
 5. Retiree health insurance pre-funding is increased up to full funding by FY15 and then is flat beyond FY15. FY14 is year 7 of 8-year funding schedule.
 6. State aid and other intergovernmental revenues are flat in FY14-18.
 7. Projected FY14 allocation for MCPS and Montgomery College assumes County funding at maintenance of effort, plus the pension shift for MCPS. This allocation does not include potential increases to State aid and other possible agency resources, such as higher-than-expected fund balance.

**County Council Approved FY13-18 Public Services Program
Tax Supported Fiscal Plan Summary**

		(\$ in Millions)													
	App. FY12	Est FY12	% Chg. FY12-13	App FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	
Beginning Reserves															
37 Unrestricted General Fund	66.9	64.0	152.0%	168.6	-17.5%	139.0	1.4%	141.0	3.8%	146.4	4.6%	153.2	4.0%	159.3	
38 Revenue Stabilization Fund	84.1	94.5	47.7%	139.6	15.2%	160.8	13.6%	182.6	12.4%	205.3	11.5%	228.8	10.7%	253.2	
39 Total Reserves	161.0	158.6	90.9%	308.1	-2.7%	299.8	7.9%	323.6	8.7%	351.7	8.6%	382.0	8.0%	412.6	
40															
41															
Additions to Reserves															
42 Unrestricted General Fund	66.4	104.5	-144.5%	-29.6	106.7%	2.0	172.1%	5.4	25.2%	6.8	-9.6%	6.1	-10.6%	5.5	
43 Revenue Stabilization Fund	20.4	45.1	8.0%	21.2	3.1%	21.8	4.1%	22.7	3.6%	23.5	3.6%	24.4	2.8%	25.1	
44 Total Change in Reserves	86.9	149.6	-109.7%	-8.4	384.0%	23.8	18.1%	28.1	7.8%	30.3	0.6%	30.5	0.1%	30.6	
45															
46															
Ending Reserves															
47 Unrestricted General Fund	133.3	168.6	4.3%	139.0	1.4%	141.0	3.8%	145.4	4.6%	153.2	4.0%	159.3	3.4%	164.8	
48 Revenue Stabilization Fund	114.5	139.6	40.4%	160.8	13.8%	182.6	12.4%	205.3	11.5%	228.8	10.7%	253.2	9.9%	278.3	
49 Total Reserves	247.8	308.1	20.9%	299.8	7.9%	323.6	8.7%	351.7	8.6%	382.0	8.0%	412.6	7.4%	443.1	
50															
51 Reserves as a % of Adjusted Governmental Revenues	6.1%	7.5%		7.1%		7.4%		7.9%		8.2%		8.7%		8.1%	
52															
Other Reserves															
53 Montgomery College	7.0	11.2	-7.6%	6.4	0.0%	6.4	0.0%	6.4	0.0%	6.4	0.0%	6.4	0.0%	6.4	
54 M-NCPPC	3.7	4.8	0.7%	3.8	2.6%	3.9	3.2%	4.0	3.6%	4.1	3.5%	4.3	4.5%	4.5	
55 MCPS	0.0	33.3	n/a	16.3	-100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	
56 MCG Special Funds	2.6	(18.4)	-37.4%	1.6	1.4%	1.6	3.8%	1.7	4.6%	1.8	4.0%	1.8	3.4%	1.8	
57															
MCG + Agency Reserves as a % of Adjusted Govt Revenues	6.5%	8.3%		7.8%		7.7%		8.1%		8.5%		8.9%		8.3%	
58															
Retiree Health Insurance Pre-Funding															
59 Montgomery County Public Schools (MCPS)	20.0	20.0		68.9		80.3		101.6		100.9		98.7		99.7	
60 Montgomery College (MC)	1.0	1.0		1.8		2.4		3.1		3.0		2.8		2.8	
61 MNCPPC	2.6	2.6		3.4		6.3		7.7		7.4		7.2		7.2	
62 MCG	26.1	26.1		41.4		53.8		69.5		60.6		62.2		62.2	
63 Subtotal Retiree Health Insurance Pre-Funding	49.6	49.6		105.4		142.8		171.9		171.9		171.9		171.9	
64															
Adjusted Governmental Revenues															
65 Total Tax Supported Revenues	3,892.1	3,938.8	4.1%	4,050.4	2.3%	4,142.2	3.6%	4,292.5	3.3%	4,432.1	2.9%	4,668.8	2.6%	4,876.1	
66 Capital Projects Fund	45.6	60.3	43.7%	65.5	52.1%	99.6	2.3%	101.9	-11.8%	89.9	1.1%	90.8	-11.0%	80.8	
67 Grants	108.9	108.9	-1.7%	107.0	2.9%	110.1	2.9%	113.3	2.7%	116.3	2.7%	119.4	2.7%	122.6	
68 Total Adjusted Governmental Revenues	4,046.6	4,108.0	4.4%	4,222.8	3.1%	4,351.9	3.6%	4,507.6	2.9%	4,638.3	2.8%	4,780.0	2.3%	4,879.6	