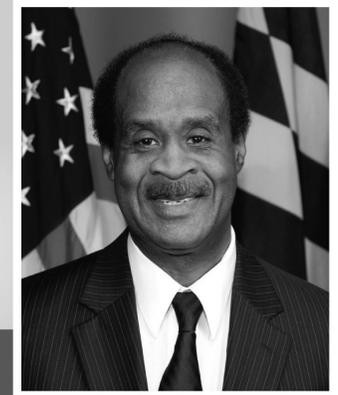


Mission Statement



Isiah Leggett
ISIAH LEGGETT

MONTGOMERY COUNTY GOVERNMENT

WE pursue the common good by working for and with Montgomery County's diverse community members to provide:

- 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

AS dedicated public servants, the employees of the Montgomery County government strive to embody in our work these essential values:

- Collaboration
- Inclusiveness
- Knowledge
- Competence
- Innovation
- Respect for the Individual
- Fiscal Prudence
- Integrity
- Transparency

www.montgomerycountymd.gov



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 15, 2013

TO: Nancy Navarro, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: FY14 Recommended Operating Budget and FY14-19 Public Services Program

In accordance with the County Charter, I am pleased to transmit to you my FY14 Recommended Operating Budget and FY14-19 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 have 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 shared priorities that have guided me in allocating resources through these stormy economic challenges. These priorities continue to reflect what I believe are the most important government functions and purpose:

- 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 recommend a total FY14 Operating Budget of \$4,802,626,507 for Montgomery County Public Schools, Montgomery College, County Government, and the Maryland-National Capital Park and Planning Commission (which includes debt service, grants, and enterprise funds). The recommended total tax-supported FY14 Operating Budget is \$4,188,511,115.

Together, we made tough decisions. Over a seven year period, we have closed more than \$2.7 billion in budget shortfalls while protecting critical services and making important investments to build the County's future.

"Shared sacrifice" hasn't just been a phrase – it has been a way of life. Each of us has contributed so that all of us can benefit together in the future. Many already financially strapped residents have had to pay a little more in taxes, while receiving somewhat less in some services. Dedicated County employees have suffered layoffs and furloughs, while not receiving negotiated pay raises and general wage adjustment increases and paying a larger share of their own health care and retirement costs. I recommended and implemented a plan that eliminated ten percent of the positions in the County government's entire workforce. All of these choices pained me greatly, but they were the right decisions for Montgomery County.

Our collective decisions have allowed the County to maintain our coveted Triple-A bond rating, saving taxpayers millions of dollars in borrowing costs every year. I have worked aggressively to increase reserves in order to better protect the taxpayers if faced with budget shortfalls in the future.

Our balanced approach to addressing these difficulties has helped bring us out of the worst of this economic crisis.

This budget reflects my continued commitment to prudent fiscal policies that we have mutually agreed are critical to maintaining the County's sound financial management. This year, I recommend holding the line on property taxes at the limit allowed by the County's Charter. I have increased our reserve levels consistent with County law and policy to cushion the County against any additional unanticipated economic setbacks. I have also included in the recommended budget increased funds for retiree health benefits, as required. This funding level is the minimum funding level that we must contribute to maintain our commitment that we mutually made to the rating agencies. My recommended amount keeps the County on track to fully fund the annual required contribution for retiree health benefits by FY15, while increasing our ability to fund necessary restorations in critical services.

I have enhanced funding for public education at all levels, increased staffing and funding for public safety, expanded library services, increased our investment in English language programs for adults, and included additional funding focused on our most vulnerable populations – our youth, our elderly, and those in need of our most basic social services.

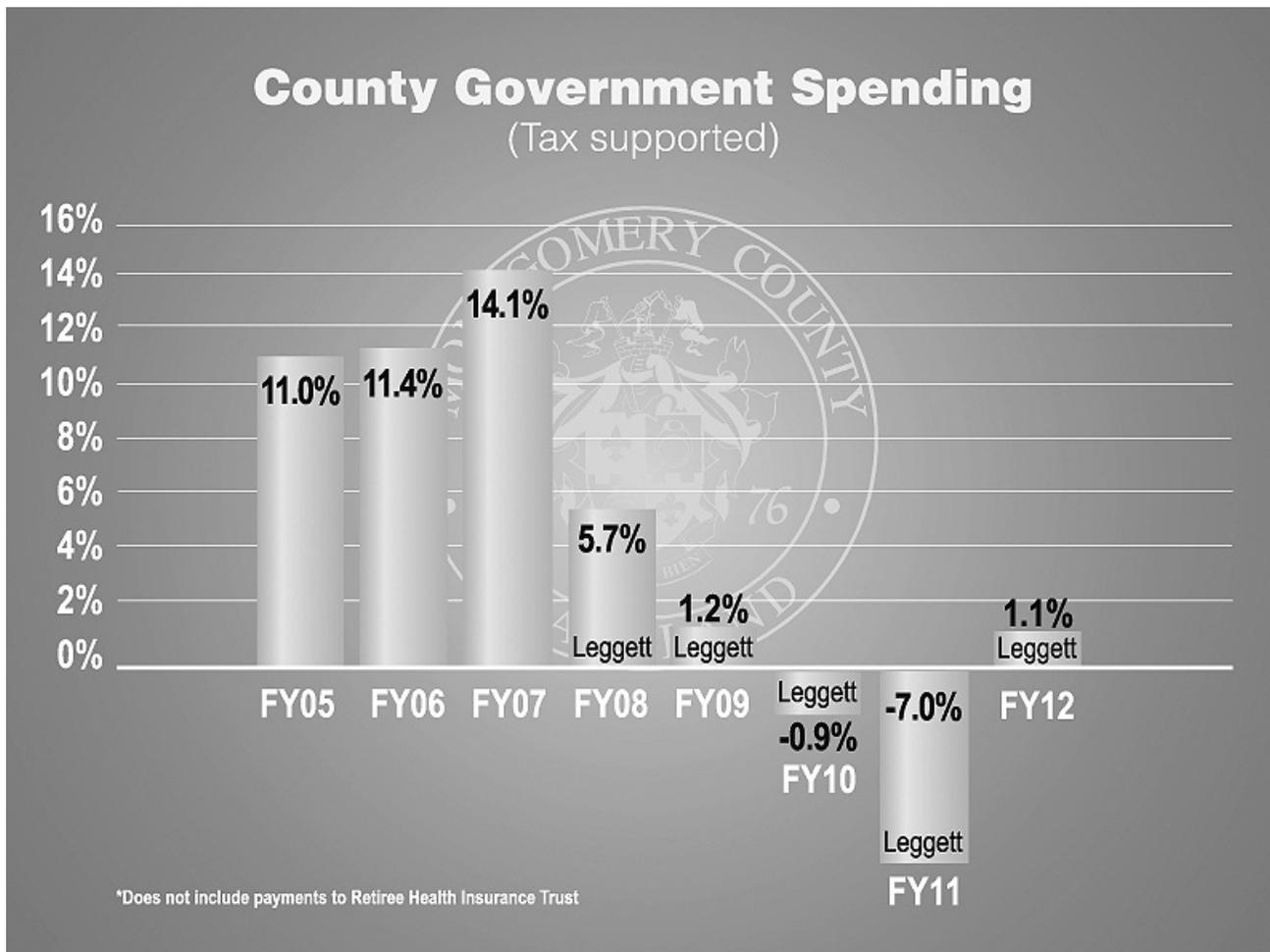
In addition to the effort to continue the restoration of critical services, I am recommending funding for collective bargaining agreements that, for the first time in four years, provide a general wage adjustment, as well as the opportunity for a pay increment tied to the employee's years of service. These pay increases will not reverse the erosion of our employees' buying power; it only restores a fraction of the lost wages that they experienced. However, it is an honest effort through the collective bargaining process to provide our employees with their first base compensation increase in four years. Additionally, my proposed compensation agreements recognize that there are serious legal risks concerning our position not to fund arbitrated awards, as well as the reality that we are in a competitive job market, particularly for public safety employees. It is also important to note that collectively, the compensation savings that have been realized since 2010 total \$459 million. These savings, which translate into long term savings of \$156 million annually, have been critical to our producing balanced budgets throughout the Great Recession.

My approach to this budget continues my principal goal of achieving our economic objectives with balanced impacts on direct public services, taxpayers, and employees. The budget continues prudent policies that advance long-term fiscal stability through commitments to a healthy reserve and funding our obligations.

Economic Context and Fiscal Consequences

These targeted increases in our critical services and the proposed compensation increases must be viewed in the context of the drastic reductions that County budget have experienced in the last several years and the targeted restorations we provided to critical services in FY13. Rather than building on an ever increasing budget, I am recommending some additional restorations in the areas that have most negatively affected the County's overall quality of life.

Below is a chart that illustrates the downward trend in the growth of the operating budget, culminating in an actual reduction from FY08 to FY12.



Since taking office, I have made restoring fiscal prudence a major priority of my administration. Responsible fiscal practices are not only essential, but are the foundation for ensuring that government is able to serve our nearly one million residents both in the short term and in the long term. We established cost containment strategies and productivity improvements that have dramatically slowed the rate of growth in the operating budget and have saved County taxpayers 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.

In my first FY08 budget, the County faced a \$200 million budget shortfall. We reduced the tax-supported rate of increase in spending by County Government from 14.1 percent to 5.7 percent. In FY09, as a result of a plummeting real estate market and the economic downturn, our projected shortfall increased to \$401 million. In response to this challenge, we imposed a hiring freeze, produced midyear savings of more than \$30 million, abolished over 225 positions, implemented a retirement incentive program, and slowed the rate of growth in the County Government to 1.2 percent. In the FY10 budget, we closed a projected gap of \$590 million without a tax increase by reducing costs, abolishing nearly 400 positions, and eliminating general wage adjustments for most employees. In developing the FY11 budget, we faced a daunting and historic projected gap of over \$970 million. To respond to this challenge, we abolished almost 450 positions, implemented furloughs across most agencies, and achieved a contraction in the overall size of the government. For FY12, while the budget challenge of approximately \$300 million was relatively small compared to previous gaps, it was even more difficult to close because of the many deep reductions in County services that had been made in previous budgets.

The cumulative amount of budgetary shortfalls that we have resolved in the seven budgets that I have developed and recommended to the Council is over \$2.7 billion. That level of reductions is unprecedented for Montgomery County and, in fact, for most jurisdictions.

A Sustainable Budget that Meets our Residents' Needs

As we begin to see signs of economic recovery, we must recognize that we cannot return to the days of unfettered spending that marked the years prior to my assuming the office of County Executive. In the four years before I assumed office, County spending rose by 42 percent – an average of more than 10 percent a year. During my first five years, tax-supported County spending was flat – no increase at all, despite an 8 percent growth in population and a 12 percent increase in inflation during that period.

As we restore some of our critical services and compensate our employees, we must do so strategically and in a sustainable manner. My FY14 Recommended Operating Budget offers a blueprint for achieving this goal.

The strategic increases that I am recommending in FY14 do not come close to restoring the reductions that have been made to most of the County Departments and agencies over the past five years. Rather, they continue to address serious deficiencies in our ability to provide basic services. I continue to believe that we must focus our resources on the most basic of County services.

Key recommendations for my FY14 budget are:

- Provides County contribution for the Montgomery County Public Schools' budget at the Maintenance of Effort level;
- Provides 99 percent of Montgomery College's overall request;
- Fully funds the request for the Maryland-National Capital Park and Planning Commission;
- Maintains property taxes at the County Charter limit – last year's amount plus inflation;
- Continues my three-year plan to increase the number of County police officers by 120, with the addition of 40 new positions, including an increase in the number of School Resource Officers (SROs);
- Enhances our investment in our Fire and Rescue Service by providing additional positions to fill critically needed posts and staff the opening of the new Travilah Fire Station. The additional funds provided through the EMS reimbursement fee also will be used to purchase much needed apparatus, equipment, and training;

- Provides resources to reopen and staff two newly renovated libraries. The budget also continues restoring operating hours for libraries and increases the budget for reading materials – both printed and electronic;
- 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 our most vulnerable residents;
- Increases funding for the creation of affordable housing units, bringing the total spending for new or retained affordable housing during my administration to more than \$272 million. We are also continuing our focus of increasing the housing stock for low-income seniors;
- Continues and expands our strong and essential partnership with the non-profit community, leveraging large amounts of private funding and providing an even stronger safety net for our most vulnerable residents;
- Provides resources needed 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, that overall will help create at least 100,000 new, quality jobs in Montgomery County and thousands of additional housing units, including affordable housing;
- Funds our collective bargaining contracts with unions representing general government workers, fire-fighters, and police, and for the first time in four years provides a general wage adjustment and the opportunity for increases related to years of service;
- Fully funds County reserves at the policy level of \$354.7 million or 8.1 percent of revenues;
- Funds PAYGO in the Capital Improvements Program at the policy level to match bond funding in our capital budget; and
- Funds \$152 million to meet retiree health benefit pre-funding obligations.

As we continue on the prudent course that we have set, I believe Montgomery County is emerging from this recession with a sustainable budget that maintains a commitment to quality services, while increasing efficiency and sustaining prudent fiscal policies that will serve us well into the future. Given the great budget uncertainty at the Federal level and the potential impact this turmoil can have on the local economy, as well as general economic uncertainties, we must remain prudent in our spending.

By keeping our focus, we protected the County's Triple-A bond rating. We changed our policy to increase the amount of money set aside in County reserves, renewed our commitment to phase-in full funding of our retiree health insurance obligations (Other Post-Employment Benefits, or OPEB), committed to meet our 10 percent PAYGO target, and, for the first time, set aside significant resources in advance to address snow and storm costs, which were completely funded previously by drawing down reserves.

Although I have proposed strategic spending increases in the context of six years of extraordinarily constrained resources, I want there to be no mistake: we cannot return to the unsustainable spending of the years before I assumed this office.

The restorations that I have proposed in FY14 are strategically focused on our highest priorities – public safety, our youth, education, and our most vulnerable, including senior citizens. Difficult choices continue to be necessary in allocating our scarce resources. The reality is that these choices are here to stay.

This budget balances meeting the County's critical needs, with a prudent fiscal policy that funds our reserves, our PAYGO, and our retiree health obligations. It also keeps faith with the people who pay the bills – our County taxpayers – by matching our critical needs with the revenues available or necessary.

- I recommend a total County budget (which includes debt service, grants, and enterprise funds) for FY14 of \$4,802,626,507, an increase of \$190,373,296 million from the FY13 Approved Budget – a 4.1 percent increase.
- The overall FY14 tax-supported portion of the budget of \$4,188,511,115 (including debt service) will increase by \$168,034,111 from the FY13 budget. This represents a 4.2 percent increase.
- I recommend to the County Council that tax-supported funding for Montgomery County Government programs increase by \$49 million or 3.9 percent to \$1,313,984,653, not including required payments to the Retiree Health Insurance Trust totaling \$141.6 million.
- Of the total \$88.6 million spending increase for County Government, \$39.6 million is for required increases in Retiree Health Insurance Trust payments, \$24.5 million is for Public Safety, and \$24.5 million is for other employee compensation and benefits, fixed cost increases, and non-public safety programs.
- In the years between FY09 and FY12, I abolished 1,254 County Government positions – over 10 percent. This year, I recommend the strategic restoration of 128 positions of which 104 are in either public safety departments or the Department of Public Libraries.
- Tax-supported funding for the Montgomery County Public Schools will increase by \$55.8 million – a 2.8 percent increase from FY13. The budget provides a County contribution to Montgomery County Public Schools that meets and does not exceed the State's Maintenance of Effort Law requirements.
- The budget for Montgomery College increases by \$9.2 million, a 4.2 percent increase. The budget funds 99 percent of the College's tax-supported request.
- Funding for the M-NCPPC increases by \$4 million, a 3.7 percent increase and 100 percent of Park and Planning's tax-supported request.

Priorities in the FY14 Recommended Budget

When I first assumed office, I spoke of “safe streets.” And right now the streets are safer. From the beginning of 2007 through the end of 2011, crime in Montgomery County has fallen by nearly 19 percent, and serious crime is down almost 25 percent.

But we must continue to invest in public safety if we are to continue our progress. In this recommended budget, our Police Department would see a four percent increase which includes an increase of 40 additional personnel – part of my three-year plan to add 120 new sworn officers and 14 police civilian employees – for a total of 134. This increase includes additional School Resource Officers (SRO), improves police response to mental illness related calls and coordination with the mental health community, creates an investigative unit in the Sixth Police District, replaces Federal grant funds for the Gang unit, as well as provides resources dedicated to missing person and animal cruelty calls. This budget also increases the size of the two police recruit classes scheduled for FY14. Scheduled retirements of officers are resulting in large numbers of vacancies and the larger classes allow the Department to begin to catch up.

Under my administration, the Fire and Rescue Service, career and volunteer, have made substantial improvements in protecting the lives and property of County residents and the numbers show it.

Montgomery County civilian fire deaths dropped from 13 in 2009 to 2 in 2012. Over the past several years, response times to fires decreased by more than two minutes. For the most serious fires, response times dropped from 7.2 minutes to less than 3 minutes. We must keep up the progress.

The Montgomery Fire and Rescue Service would see a 5.9 percent increase in its funding, which includes 25 new positions. This funding provides staffing and operating funds for the opening of the new Travilah Fire Station, continues to fund two 55 person recruit classes, and provides funding to ensure minimum staffing requirements are met and overtime is reduced. While some overtime will always be necessary in public safety departments – and paying overtime is generally less expensive than hiring new personnel with their accompanying benefits, efforts are ongoing to manage and minimize the use of overtime. Additionally, the Department is starting year one of a three-year plan to convert 66 uniformed Fire and Rescue Service positions to civilian positions. In FY14, nine uniformed code compliance positions will be converted to civilian positions. In FY15, an additional 11 code compliance positions and 23 dispatch positions will be converted to civilian positions. In FY16, the remaining dispatch positions will be converted to civilian positions. These changes will save the taxpayers an estimated \$3 million and are consistent with the long-standing practices of many jurisdictions.

In addition, revenues from the Emergency Management Services Reimbursement Program will fund service improvements and enhancements, including equipment and apparatus replacement, facility improvements, training, outreach and safety education services for seniors, and support for our volunteer fire departments.

The Department of Public Libraries saw the deepest reductions of all County departments, 26 percent between FY07 and FY12. Last year, I started the process of rebuilding the most essential of library services – hours and materials. This budget continues this effort by restoring hours to the newly renovated libraries in Gaithersburg and Olney and two other communities – Poolesville and Long Branch. My recommended budget increases library spending by over 10 percent and adds 33 positions. This increase adds to the improvements made last year that increased materials acquisitions, expanded hours at libraries open on Sundays to five hours, funded two additional Sundays at those libraries open on Sundays for a total of 47 Sundays a year, and restored longer hours (9 am to 9 pm) in the Rockville, Quince Orchard, Wheaton, Bethesda, and Germantown libraries.

As County Executive, I implemented three initiatives that cross departmental lines of responsibility – Positive Youth Development, Vital Living for Seniors, and Pedestrian Safety. I believe that by focusing on these service areas in a more holistic manner, we can better serve County residents and businesses by ensuring that these services are provided in coordination and comprehensively. At the height of the recession, funding for both the Positive Youth and the Seniors Initiatives were reduced significantly and as a result, essential services were eliminated or reduced. Last year, I recommended restoring funding for some of the most critical programs that serve our vulnerable populations. In this budget, I recommend that we provide additional resources for these purposes.

The County's Police, Recreation, and Health and Human Services departments are working closely with community groups in our Positive Youth Development Initiative. This program provides positive opportunities for at-risk youth, as well as intervention to keep kids out of gangs and prevent gang activity. I'm proud to say that these efforts have resulted in an almost 50 percent reduction in gang-related crimes from 2007 to 2012.

Funding for the County Executive's Positive Youth Development Initiative was increased from \$8.4 million in FY12 to \$10.8 million in FY13 and I propose an additional \$3.19 million be added to this initiative in FY14. In addition to the existing five "Excel Beyond the Bell" Middle School sites, I recommend adding funding for a sixth site and coordinating the work among all of the service providers and stakeholders in order to monitor program outcomes, develop training for frontline youth workers, and leverage additional financial resources. My goal is to extend this program to all public middle schools in the County. I propose adding the summer component of "Excel Beyond the Bell" to all existing "Excel" Middle Schools. Additionally, I am funding the reopening of the renovated Plum Gar Community Recreation Center and providing programming funds for the Ken Gar Community Center. I am also recommending we add funds to better define how and where we should expand programs, such as the Kennedy Cluster/ Neighborhood Opportunity Center. This program has been a successful model of collaboration between Montgomery County Public Schools and County Government.

I am continuing to increase our investment in our high school students by funding the operation of two new High School Wellness Centers in Gaithersburg and Watkins Mill High Schools. Our existing Wellness Center at Northwood High School provides coordinated medical care, academic support, job readiness, leadership development, and other health related services to students and families in the school community. This holistic wellness support is in addition to the two additional School-Based Health Centers at Viers Mill and Weller Road Elementary Schools that I am recommending funding for in FY14.

The SROs in the Police Department will also work with our school communities to ensure the safety of our youth.

In this budget, I am moving aggressively to implement the "Senior Agenda" advanced by the County's Commission on Aging. It is an action-oriented blueprint designed to make Montgomery County truly a "community for a lifetime." We can be proud that Montgomery County was recently named one of the best "intergenerational" communities in America – but much remains to be done.

My FY14 Recommended Budget increases resources for programs specifically dedicated to the County's growing senior population. Highlights include a public/private partnership with the Jewish Council for the Aging to significantly expand transportation options for seniors. This partnership leverages the resources of this organization, which is highly experienced in serving seniors' transportation needs. In addition, I am restoring the extremely popular Senior Mini Trips program eliminated several years ago. I have also provided \$4.5 million in additional funding, the second year of a total \$6 million commitment, to help develop 140 to 150 units of senior housing in Silver Spring.

When I first assumed office, one of the issues that I heard about from nearly every corner of the County was that people did not always feel safe walking and biking on our streets. Using the data collected by CountyStat, we developed a three-pronged strategy of education, enforcement, and engineering to make our streets safer for walkers and cyclists. I am proud to say that since this data-driven approach began, pedestrian collisions and deaths have fallen significantly. Our five-year investment in Pedestrian Safety, based on the comprehensive blueprint for action I advanced in 2007, is paying off.

We have:

- Reduced pedestrian fatalities from a high of 19 in 2008 to 6 in 2012.
- Reduced collisions by 45 percent in locations with the highest concentrations of collisions and reduced the number of serious collisions considerably, and
- Reduced collisions by 72 percent within a quarter-mile of schools under our "Safe Routes to Schools" program.

But our work is not done in this area. I am committed to continued funding for this initiative and am adding funds for educating our high school students and for efforts to improve parking lot safety.

We have constructed or preserved nearly 8,000 affordable housing units in the past five years – even as we were swimming upstream against the national recession. And the County preserved affordability for another 6,000 working families with rental assistance. In addition, the County has been one of the most successful local jurisdictions anywhere in America at heading off foreclosures, conducting nearly 400 workshops and counseling over 13,000 County residents.

As the economy begins to recover and housing prices start to rise again, the County's affordable housing programs will become an even more important element in our safety net services. This budget includes \$26.5 million for our Montgomery Housing Initiative to create and preserve more affordable housing, bringing the total allocated to this cause under my administration to over \$272 million.

To further strengthen the County's safety net, my budget also includes a recommendation to add nearly \$1.8 million to the County's Refundable Earned Income Tax Credit (EITC) for a total of \$16,661,800, to provide expanded support for low income working families in Montgomery County. The County's EITC will serve almost 39,000 residents in the County in 2014 and increase the match of the State's EITC from 75 percent to 80 percent.

In recognition of the great need to provide gainful employment opportunities to our disabled population, the County is implementing the Disability Employment Initiative. This budget provides the Office of Human Resources with a funding pool to encourage six departments to hire graduates of the County's internship program for people with disabilities.

In Montgomery County our residents speak many different languages – and that's good. But here, and increasingly around the world, mastering English is the ticket to opportunity and success. When you speak English, you not only learn another language, you also improve your chances to get a good job – and then get a better one. It is the ticket to growing your business and to building a better future for your family, which increases the County's overall tax base.

I recommend as a goal that every adult in this County who wants to learn English – no matter where they come from – has the opportunity to do so. For every dollar we invest in adult English language training, it brings us three dollars in higher productivity.

That's why I am including in this budget a 14 percent increase in funding to \$816,000 for the Montgomery Coalition for Adult English Literacy to begin the effort to help shorten and, in time, eliminate the long waiting lists for individuals seeking the opportunity to learn English -- and to encourage County residents to become "teaching volunteers" in our County English language learning network.

I am restoring funds to clean County facilities more frequently and begin to catch up on needed replacement of County vehicles. Our community spaces are where our residents gather to read, learn, play, and receive County services. They should be able to enjoy clean, well-maintained facilities. We must begin to address this issue.

I am reaffirming my commitment to work hand-in-hand with our private non-profit partners so they may continue the vital services they provide so well to our residents. This often means investing County funds to leverage larger amounts of private dollars and serving our community in a more relevant and meaningful manner. The relatively small County dollars can then go much farther, while also providing a higher level of service.

I also am committed to an open and transparent County Government. To that end, I am continuing implementation of my openMontgomery initiative, which has already garnered national attention. In 2012, the County launched the openMontgomery program - the latest phase in the County's open government program (<http://www.montgomerycountymd.gov/open/>) to promote even greater transparency and accessibility than previously achieved with CountyStat, MC311, and the County's improved, mobile-enabled web portal. The openMontgomery program, including the accompanying Montgomery County Digital Government Strategy document, is acclaimed as the first of its kind among local governments. openMontgomery (<http://montgomerycountymd.gov/open>) comprises four pillar platforms:

- dataMontgomery (<http://data.montgomerycountymd.gov>);
- engageMontgomery (<http://engage.montgomerycountymd.gov>);
- mobileMontgomery (<http://montgomerycountymd.gov/open/mobile.html>); and
- accessMontgomery (<http://montgomerycountymd.gov/open/access.html>).

The four platforms work together to open the County's data sets in consumable formats; consult the public on topics of importance to them; serve County services on Smartphones and other mobile devices in 72 languages; and provide access to County documents and reports not available previously.

The budget includes increases to the Department of Transportation to fully implement the first phase of the County's Bikesharing program. This program will provide a vital transportation resource to our residents and visitors by making safe bicycle transportation available in some of our more traveled corridors.

In this budget, I have also increased the County's Economic Development Fund to allow us to continue to meet many of our economic development goals and create and retain jobs. These new jobs will further strengthen our tax base and contribute to our future fiscal health.

Employee Compensation

My combined employee compensation recommendations have saved the taxpayers of this County approximately \$469 million since FY08 - with ongoing annual savings as a result of these actions of \$156 million a year. These savings have been accomplished by reducing the size of the County workforce, by making health and retirement benefit changes, and by not funding increments and general wage adjustments (GWAs) during that period.

Since taking office, I have reduced the size of the County workforce by six percent and have abolished 1,254 positions, primarily between FY10 and FY12. These actions have saved us – in net savings from salary and benefits - \$210 million between FY08 and FY13 and will continue to save us nearly \$60 million every year – or nearly \$120 million over the last two years.

For four years County employees have not received general wage adjustment increases and for the past three there have been no steps or increments as well. In FY11, all County Government employees were furloughed between three and eight days, depending on salary. Also, in FY12, the County changed the cost sharing arrangements for County Government employees for their group insurance and retirement plans to put more of the costs on employees and less on the taxpayers.

Over the past four years, I have saved the County almost \$14 million in retirement costs, over \$10 million in health costs, over \$62 million from three years of no increments, and \$162 million from four years of no general wage adjustment increases. Furloughs saved nearly \$11 million. That totals another \$259 million in savings since FY10.

Base pay – including benefit costs - for County employees is lower into the future due to benefit changes, four years without GWAs, and three years without increments. Therefore, we will realize over \$96 million in ongoing savings every year – or \$960 million in additional savings to County taxpayers over the next 10 years. If you add these net position reduction savings to the compensation and benefits savings for existing positions, the total equals \$156 million.

For the past year I have said repeatedly that we needed to provide meaningful compensation increases for County employees, if resources allowed. The extensive work we have done over the past six years to put the County's fiscal house in order – boosting reserves, cutting the workforce, reducing expenditures, and the hundreds of millions of dollars in savings we have gotten from pay freezes and benefit changes – has given us the room – and the context – to consider some compensation increases.

For FY14, I am recommending funding the collective bargaining agreements I have negotiated with each of the County's bargaining units. Each of these two to three-year agreements provides for a general wage adjustment and the restoration of service increments. The total cost of these agreements in FY14 is \$31.6 or 3.5 percent of the total wage base for the County. These agreements are not everything that either the unions or the County management team would ideally have wanted. However, they are the end result of fairly negotiated agreements that avoided binding arbitration which, I believe, would have been far more costly and legally risky.

As the recession eases a bit, other agencies and jurisdictions have increased or plan to increase employee compensation that was cut back during the recession. During the past two years, most area local governments or agencies gave general wage adjustment increases and/or steps to their employees. **Montgomery County did neither.**

Fairfax County gave a two percent increase last year and a 2.18 percent increase for the current year, plus an increment. Loudoun County gave a three percent increase last year. Montgomery County teachers, who bargain directly with the Board of Education, last year received two increments increasing pay by about five percent on average. The State of Maryland provides two percent for the current year and the Governor is proposing a three percent increase this year, plus a three percent step. Alexandria is proposing a 2.3 percent lump payment and step increase for the coming year. Prince William County gave two percent last year is proposing two percent this year.

Recent court rulings in Prince George's County and Anne Arundel County make taking contract disagreements to binding arbitration less attractive and more risky. And the increases given by other jurisdictions also militate against our winning an arbitration decision on wages.

In the Prince George's case, a judge granted their County police a 12 percent increase in a single year to make up for four years of no increases. The Anne Arundel court case effectively orders their County Council to fund decisions by labor arbitrators giving employees negotiated raises – regardless of the County's ability to pay.

And, just two weeks ago, the Maryland Court of Special Appeals ruled against the County – and in favor of the three unions – in three related cases that involved my refusal to accept arbitrator-awarded union contracts.

My judgment is that our own unions would bring these court decisions into play if we had failed to reach agreement and the matter went to arbitration – and the result would likely have been arbitrator-mandated decisions on raises that could double or triple the rate of raises contained in the package I negotiated with our unions.

I do not believe it would have been prudent to run that risk. Additionally, these negotiations were on a timetable that mandated making a decision now. Either the County wins, the unions win, or an arbitrator would choose the last best offer of one side or the other. There was no opportunity to simply “wait and see.”

I have not hesitated to impose pay freezes when I thought it necessary, even in the face of opposition from County unions or Councilmembers – as well as lawsuits filed against my actions. I would not hesitate to do the same in the future, if needed. That was the right thing to do then. This is the right thing to do now.

Funding the Budget

Because of financial burdens on County households as a result of the economic downturn, my budget holds the line on property taxes for County homeowners. I have set the property tax rates to provide property tax revenue that is within the Charter Limit, resulting in only a \$6.67 increase in the monthly property tax bill, based on the average property assessment. Over the last two years, the average property tax bill has increased by 3.7 percent -- well below the rate of inflation for that same time period of over 4.6 percent. 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.

	FY13	FY14	Total
Average Assessment	\$444,363	\$443,363	
Monthly Increase in Tax Bill	\$4.62	\$6.67	
Percent Change in Annual Bill	1.50%	2.20%	3.70%
Inflation	2.25%	2.32%	4.62%
Tax Credit	\$692	\$692	

My recommended budget for the Washington Suburban Sanitary Commission would result in an increase in the average monthly bill of \$5.05 which reflects a water and sewer rate increase of 7.25 percent in FY14, the budget recently approved by the WSSC.

My FY14 budget assumes a structure for the Water Quality Protection Fund charge that is consistent with Bill 34-12, Stormwater Management - Water Quality Protection Charge. This legislation would bring our charge into compliance with State law by extending the charge to all commercial properties, providing a reduction for properties that install effective storm water management devices and implementing a hardship waiver provision. Through these fees, we are continuing to expand our outreach, inspection, and remediation efforts to comply with the requirements of the State's Municipal Separate Storm Sewer System (MS4) permit requirements. The MS4 permit requires the County to upgrade existing stormwater management facilities and improve our efforts at controlling stormwater runoff especially through the use of Low Impact Design approaches. Details on fee increases are provided in the Revenues section of my FY14 Recommended Operating Budget.

This year, the budget includes \$17.6 million in revenue from an Emergency Medical Services (EMS) reimbursement charge. The County is finally able to benefit from the reimbursements provided by insurance companies and the Medicare and Medicaid programs for our ambulance services – at no additional cost to County residents. This revenue will fund the staffing for the new Travilah Fire Station, as well as needed equipment and training County-wide, including assistance to our local volunteer companies.

Focusing on Productivity and Performance

We should continue to make every effort to make our operations more efficient, productive, and effective. Every County Government department is charged with identifying and pursuing the most cost-effective and efficient means of carrying out their mission. The Great Recession made efficiency an even higher priority as resources diminished and needs increased. As a result, every department has successfully instituted a wide variety of productivity improvements, including tighter staffing, reducing management levels, civilianizing uniform positions, and using technological advances to reduce resource needs. These improvements are detailed in the following pages of this and prior operating budget documents.

Additionally, there are more centrally managed measures to make Montgomery County Government even better and more efficient in how we operate and provide services to the community.

My CountyStat initiative continues its significant progress in tracking the County's performance in addressing challenges using real-time data and holding departments and agencies accountable for the results in a number of operational and policy areas. The CountyStat program has provided a forum for ongoing monitoring and measurement of the effectiveness and efficiency of County Government services. This program has been a major success in improving the responsiveness and efficiency of the County Government.

Our CountyStat meetings are open to the public and all CountyStat reports can be found at <http://www.montgomerycountymd.gov/countystat/presentations.html>. The availability of information from this impartial source offers our residents and taxpayers an opportunity to fully examine some of the more critical resource issues in County Government.

Montgomery County's nationally recognized new one-stop, non-emergency MC311 phone and online system represents a significant step forward in responsiveness. Last year, we expanded MC 311's hours in order to better serve working families and commuters. And the MC311 web portal is open for business 24/7. So far, the MC311 system has fielded more than a million calls – and we're well prepared to accommodate millions more.

Final Thoughts

As I begin my seventh year as County Executive, I have never been more optimistic about the future of Montgomery County.

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. Most of America would change places with us in a heartbeat.

Thanks to the work we have all done together, Montgomery County is strong – and growing stronger. We have navigated through a mighty economic storm, one that ravaged our nation and, yes, deeply affected us. But for all of these challenges, the job market is expanding, our foundation is strong again, and our public school system is excelling as we pass the one million mark in our general population. We have wrestled with deficits and downturns in our County but because we have made difficult choices, we are now emerging ever-stronger from the recession. But much remains to be done.

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

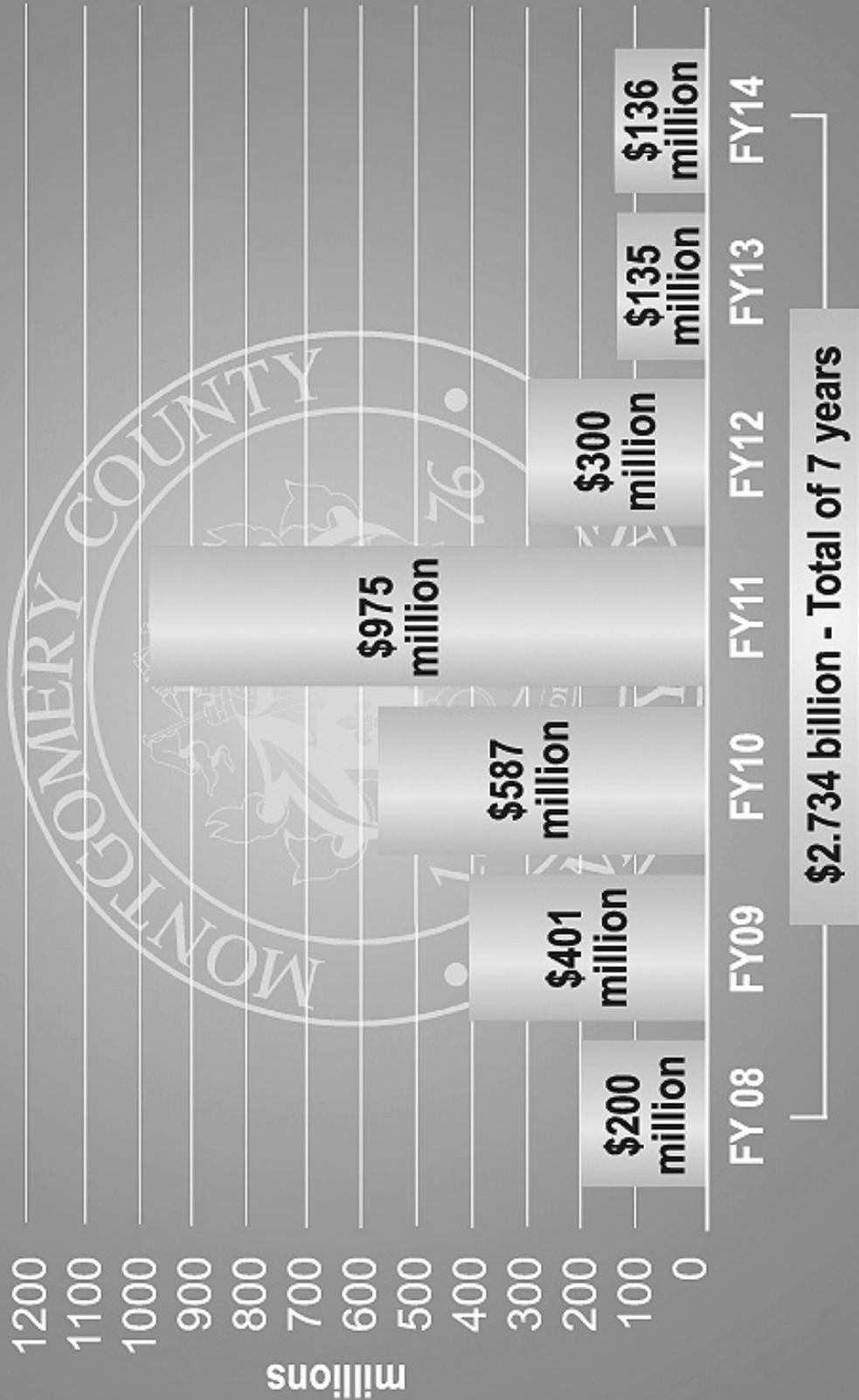
I want to thank those who contributed to the development of this spending plan including the Board of Education and Superintendent at Montgomery County Public Schools; the Trustees and President of Montgomery College; the Chair of the Maryland-National Capital Park and Planning Commission and the Planning Board; the Commissioners and General Manager of the Washington Suburban Sanitary Commission; individual residents, as well as members of boards, committees, and commissions; 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 the budget requests for MCPS, Montgomery College, Parking and Planning, 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 and have asked Executive Branch staff to assist you in your deliberations.

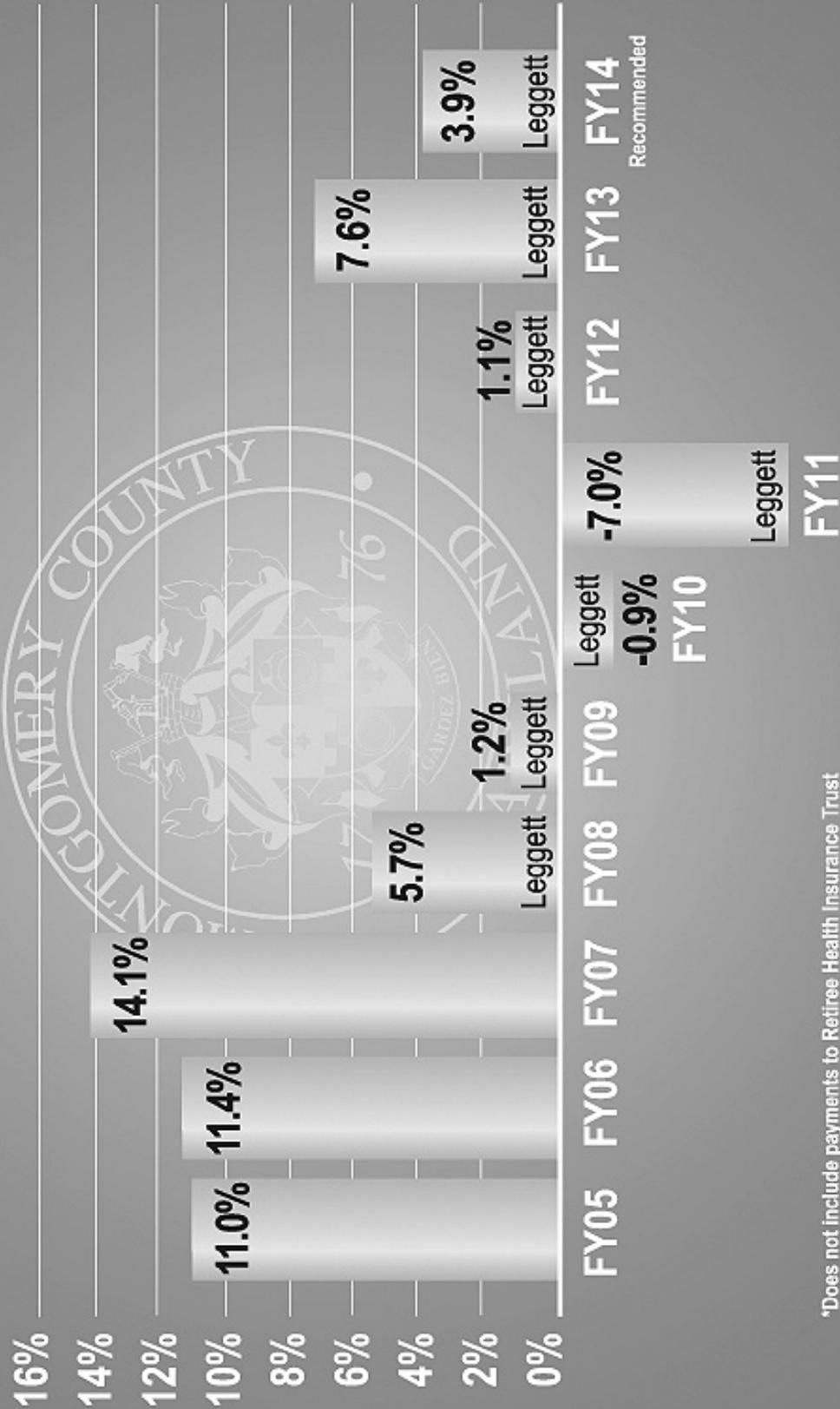
Budget Shortfalls Closed

by County Executive Leggett



County Government Spending

(Tax supported)



*Does not include payments to Retiree Health Insurance Trust

Employee Cost Savings FY10-FY13

Retirement Changes	\$14 million
Health Benefits Changes	\$10 million
3 Years of No Increments	\$62 million
4 Years of No COLAs	\$162 million
Furloughs (FY11).....	\$11 million
Net Savings from Abolishing 1,254 Positions (FY10-12).....	<u>\$210 million</u>
	TOTAL \$469 million

Plus \$156 million annually in ongoing savings.



Affordable Housing in an Inclusive Community...

- Invest over \$36.5 million for Affordable Housing including the Montgomery Housing Initiative (MHI) fund and utilize \$10 million from the Affordable Housing Acquisition and Preservation CIP project. This dedicated funding provides for renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents, services to the “Building Neighborhoods to Call Home,” “Housing First,” and creation of mixed-income housing. Within this allocation is \$4.5 million for senior housing. This brings the total investment in affordable housing since FY08 to \$272 million.
- Break ground on a new public/private partnership redevelopment project on the current site of Public Parking Lot Three in the Fenton Street Village area of Silver Spring. Phase One of the project would involve a mix of market rate and affordable housing, street-front retail above a two-level County owned public parking garage, and a significantly sized area of green space as a public amenity.
- Continue funding from federal grants (Community Development Block Grant (CDBG), the HOME Investment Partnership Grant (HOME), and the Emergency Solutions Grant (ESG) to provide funding for affordable housing, rehabilitation, commercial revitalization, focused neighborhood assistance, public services, and preventing homelessness.
- Continue to administer the state-funded weatherization program, which provides energy-saving housing renovations for income eligible County residents.
- Eliminate the need for duplicative inspections by the Departments of Housing and Community Affairs and Permitting Services through efforts to address multiple cross-department violations.

Children Prepared to Live and Learn...

- Provide resources to accommodate the enrollment of 151,354 public K–12 students.
- Make a County contribution to Montgomery County Public Schools (MCPS) of \$1,475.2 million, including \$27.0 million of carryover funds. This County contribution meets the State Maintenance of Effort Law requirements.
- Support MCPS programs through expenditures in other County departments, such as Health and Human Services (HHS), Public Libraries, Recreation, Community Use of Public Facilities, Environmental Protection, and Police.
- Increase funding support through the multi-year, cross-departmental Positive Youth Development Initiative to provide a variety of services for high-risk and gang-involved youth and their families.
- Expand the prevention strategy of the Positive Youth Development initiative to include the enhanced operation of the Plum Gar Community Recreation Center, an additional Excel Beyond the Bell middle school and three “Excel” middle school summer sites, the support of infoMontgomery, and the hiring of a consultant to begin the expansion of the Kennedy Cluster initiative.
- Continue the County’s Youth media initiatives which include digital media training, monthly programming by teens, the Mymcmedia.org/youth web page, new teen blogs, internships, and live events ranging from teen talent contests to educating immigrant families about the college application process.
- Enhance funding support for the expansion of teen produced programming, digital media internships and training, and a teen led transmedia governance committee to create a modern and safe youth centric on line community space.
- Open two additional school-based health centers at Viers Mill and Weller Road Elementary Schools. Continue funding for existing school-based health centers.
- Open two new High School Wellness Centers at Gaithersburg and Watkins Mill High Schools. Continue funding for the existing High School Wellness Center at Northwood High School.
- Add one Linkages to Learning site at Georgian Forest Elementary School to provide prevention and early intervention services, including physical and mental health, social services, and educational support to students and their families.



An Effective and Efficient Transportation Network...

- Provide administrative and planning support for expansion of mass transit options in the County, including the Purple Line, the Corridor Cities Transit Way, and the development of a Rapid Transit Vehicle (RTV) system.
- Implement a bikesharing program to provide down-County residents with an alternative means of commuting. This is in addition to the program implemented for mid and up-County residents.
- Complete the resurfacing and preventive maintenance of 360 miles of roadway, 27 lane miles of curb and gutter, and 34 miles of sidewalk repairs.
- Continue efforts to initiate Transit Signal Priority on Ride On buses.
- Initiate the Accessible Pedestrian Signal retrofit effort, which will provide more easily accessible, raised buttons to press when crossing the road. Also, this effort provides audio cues to indicate when it is safe to cross.
- Continue the next phase of Traffic Signal System Modernization including installing Uninterrupted Power Supply at remaining County owned intersections, adding flashers and beacons to the system, and replacing housing cabinets.
- Replace paper permits in the residential parking permit program with a virtual license plate system, which allows residents to purchase and renew permits online. Also, this effort allows for more efficient enforcement conducted with camera-equipped vehicles using license plate recognition technology.
- Continue to provide funding for pedestrian safety, focusing on education, enforcement, and engineering to make the streets safer for walkers and bikers.
- Recover funds from damage done to County traffic signals as a result of the Rewarding Excellence Program.

Healthy and Sustainable Communities...

- Implement the Stormwater Management program that will comply with the MS4 permit. The Department of Environmental Protection has inspected 1,400 facilities and performed repair work on 1,100 of the County's 4,400 managed facilities.
- Based on amendments to the Water Quality Protection Charge that include a more equitable residential fee system, extend coverage to all non residential property owners, implement credit and hardship programs, and provide a phase-in to soften the impact of increases to the Charge caused by the amendments.
- Encourage and assist departments in hiring graduates of the County's internship programs for people with disabilities through the Disability Employment Initiative.
- Add funding for Ivymount SEARCH program, where interns with disabilities work in County offices and various agencies doing a variety of meaningful jobs.
- Strengthen the outreach to the African, Continental African, Caribbean, and faith communities by restructuring the Office of Community Engagement's Community Liaisons functions.
- Improve the capacity to serve Montgomery County's immigrant population by strengthening the network of public and private partners available at the Gilchrist Center for Cultural Diversity.
- Continue to strengthen the culture of giving and serving in Montgomery County by connecting volunteers with critical community needs through the Volunteer Center.
- Continue the award winning "Weekender Program", a collaboration of the Silver Spring Urban District and the Corrections Department, where teams of non violent offenders help keep Downtown Silver Spring clean.
- Implement a recycling program in the Wheaton Urban District with a Community Legacy grant received from the state. Funds will be used to purchase recycling bins, solar trash compactors, and some funding for façade improvements for businesses and properties along one of the three major state roads.
- Manage approximately 700,000 tons of incoming material including municipal solid waste, rubble, yard trim, and a wide range of recyclables. Maintained operations in compliance with all pertinent environmental and safety regulations.

- Increase the amount of materials recycled in the County through a comprehensive effort to educate residents about ways to reduce their waste reduction, as well as grasscycling, and backyard or on-site composting of yard trim materials and other waste reduction efforts.
- Continue to inspect, repair, and install acoustic fiber optic cable (an early warning system) for large diameter pre-stressed concrete cylinder pipe (PCCP) water mains through the Washington Suburban Sanitary Commission (WSSC). During FY14, WSSC will begin inspecting the next lowest sized PCCP water mains at 36 inches after completing the inspection of all PCCP water mains 48 inches in diameter and larger in FY13.

A Responsive and Accountable County Government...

- Continue the implementation of the web-based openMontgomery initiative, which comprises of dataMontgomery, engageMontgomery, mobileMontgomery, and accessMontgomery. This initiative has made the County more transparent and accessible.
- Deploy a redesigned County web portal to address several improvement opportunities identified by CountyStat. Continue CountyStat's focus on identifying opportunities for greater efficiency and effectiveness.
- Continue the Department of Permitting Services' Streamlining Development initiative, which identifies areas of cross-agency process simplification and improvements.
- The Office of the Inspector General will continue to promote efficiency and integrity in County government and County-funded agencies by focusing on audit and investigation subjects identified through discussions with County officials and residents. The IG's four-year plan beginning in FY14 will be presented to the Council in October 2013.
- Fully fund the Council's Office of Legislative Oversight's request, which will provide the Office with the resources to review and investigate issues such as the implementation of task force recommendations regarding employee wellness and the consolidation of agency group insurance programs, support its work for the Audit Committee, and enhance Council worksessions with Executive Branch Departments for the FY14 Operating and Capital Budgets.
- Enable County Cable Montgomery to increase its overall original programming hours by 50 percent, due to technical support and equipment installed to enable live transmission.

- Provide more direct communication with residents through social media sites YouTube, Facebook, and Twitter, and expanded distribution lists for electronic publications as “The Paperless Airplane.”
- Lead an Innovative Media pilot through the Cable and Broadband Office to expand use of video as an interactive presentation tool. This initiative will build on FY13 accomplishments of creating the openMontgomery promotional video, Human Rights Hall of Fame video award presentations, and the Montgomery County Public Libraries’ Teen Advisory Group library promotion video series.
- Develop and deploy Enterprise Resource Planning (ERP) Business Intelligence (BI) tools; continue to provide technical support for ERP Hyperion budgeting, Oracle Learning Management, and Oracle Performance Management modules.
- Develop and launch on line permits for electrical and mechanical permits; electronic plan submission and review includes additional on line permit applications and issuance. Explore and launch mobile applications for inspections, complaints, and requests for information.

Safe Streets and Secure Neighborhoods...

- Increase the number of County police officers by 120, with the addition of 40 new positions, including an increase in the number of School Resource Officers, based on analysis of crime statistics and workload analysis/deployment software.
- Establish an Investigative Section for the Sixth Police District, and add investigators to the First and Second District Investigative Sections.
- Provide resources dedicated to missing person and animal cruelty calls.
- Improve police response to mental illness related calls and coordination with the mental health community.
- Replace expiring Gang Unit grant funds for the Departments of Police and Correction and Rehabilitation, Office of the State’s Attorney, and Sheriff’s Office.
- The Office of the State’s Attorney’s will receive funding to replace expiring federal grants. These expiring grants include the Gang Unit grant, the Collaborative Supervision and Focused Enforcement (CSAFE) project grant, mediation and conflict resolution grant, Drug Court grant, and Stop Violence Against Women grant.

- The Gang Prosecution Unit handled a total of 370 cases during FY12 under the all-crimes approach to gang prosecution.
- Analyze and implement the first police redistricting since 2004 to provide better service to the community and maintain officer safety.
- Open the relocated Third District Police station in White Oak, which replaces the outdated and undersized 50 year-old facility in Silver Spring, making this the first newly constructed District police station in over 30 years.
- Open the Animal Services and Adoption Center, which will provide a humane, state-of-the-art facility to replace the current shelter.
- Implement the Emergency Medical Services (EMS) Transportation Insurance Reimbursement program. EMS revenues will provide service improvements and enhancements such as: equipment and apparatus replacement; increased staffing levels; facility improvements; staff training; outreach and safety education services for seniors; and support for Local Fire Rescue Departments (LFRD).
- Start year one of a three-year plan to convert 66 uniformed Fire and Rescue Service positions to civilian positions. In FY14, nine uniformed positions in the Code Compliance Division will be converted to civilian positions. In FY15, an additional 11 code compliance positions and 23 dispatch positions will be converted to civilian positions. In FY16, the remaining dispatch positions will be converted to civilian positions. These changes will save the taxpayers an estimated \$3 million and is consistent with the long-standing practices of many jurisdictions.
- Open the Travilah Fire Station in the Darnestown-Fallsgrove area in January 2014. Fire, rescue, advanced and basic life support capabilities will be increased and will significantly reduce response times to fire, rescue, and EMS emergencies. The station will house a four person ALS Paramedic Engine and Basic Life Support EMS transport unit.

A Strong and Vibrant Economy...

- Implement the Montgomery County Green Investor Incentive Program, which will allow the County to incentivize Green company investments in Montgomery County.
- Continue to work with small businesses interested in starting up, expanding, or relocating to the County, with a projection to retain and create 11,358 jobs, lease over 685 thousand square feet of office space, and generate \$521 million in capital investment over the next three to five years.
- Create the Asian Pacific American Chamber of Commerce (APACC) initiative to assist the various Asian business communities in the County with business opportunities and practices in the County, as well network/partner with each other.
- Implement the Hispanic Chamber Local Small Business Reserve Program outreach to expand the procurement opportunities for Hispanic-owned businesses by marketing the County's Local Small Business Reserve Program, and assisting them through the procurement process.
- Implement the Bethesda Green financing outreach program to assist Green Technology companies with innovative, new-to-the-market technology or services to improve its success by addressing the financing needs to the Green Industry.
- Provide funding for the Montgomery County Cultural Funds for the Arts and Humanities to leverage private sector funding for arts and humanities organizations throughout the County.



Vital Living for All of Our Residents...

- Strengthen the County's safety net, by adding nearly \$1.8 million to the County's Refundable Earned Income Tax Credit (EITC) to provide expanded support for low income working families in Montgomery County. The County's EITC will serve almost 39,000 residents in the County in 2014 and increase the match of the State's EITC from 75 percent to 80 percent.
- Establish a senior transportation initiative through a partnership between County agencies and the non-profit community, to enhance access to County facilities and programs serving older adults. County Senior Centers will serve as the base of the expanded senior transportation initiative.
- Restore the popular senior mini trip program.
- Re-open the renovated the Olney and Gaithersburg branch libraries in the Fall of 2013 with increased service hours.
- Establish a Digital Media Lab at Long Branch library, supporting the work of students, job seekers, small businesses, teens, seniors, and others who need access to modern software tools for business and for creating content. This will improve the branch's capability as a center of lifelong learning and collaborative content creation.
- Increase library service hours at Long Branch and Poolesville libraries; Library Public Service Hours (PSH) will increase overall by 98 PSH per week to a total of 1,127, a 9.5 percent increase.
- Reduce long waiting lists for individuals seeking the opportunity to learn English through increased funding to the Montgomery Coalition for Adult English Literacy (MCAEL), and encourage County residents to volunteer in our County English language learning network.
- Continue the public libraries' role as an early leader in the use of social media tools such as Facebook and Twitter to market library events and materials, and provide public service.
- Substantially increase the County's investment in e-books to meet significantly increased customer demand, while continuing to meet the diverse needs and high demand for print and media library materials. Expand the range of the e books collection to include more items in more topic areas.

- Add funding to develop a countywide Mobility Management System (MMS) that can leverage other resources and coordinate them to meet the transportation needs of low- and middle-income older adults in Montgomery County. The funds will also result in the development of a strategic marketing communications plan to publicize transportation programs to seniors which will leverage existing County resources for implementation.
- Enhance Home Delivered Meal Services to eliminate the waiting list and expand the services to the upper northwest corner of the County which currently has no home delivered meal providers.
- Enhance the Escorted Transportation Project with the Jewish Council for the Aging to expand and coordinate new and existing escorted transportation services.
- Add funding to support the implementation of the Electronic Health Record System in order to interface with the State of Maryland's Health Information Exchange.
- Continue funding support for mental health and substance abuse services.
- Begin a partnership to offer comprehensive care to the County's indigent HIV infected residents through HIV Services and Montgomery Cares programs. The HIV program at the Dennis Avenue Health Center will provide expert HIV medical care and case management to those residents in need of primary care through the safety net clinics.
- Launch the "Be Active Montgomery!" Campaign. The campaign aims to improve the overall health and wellness of County residents by encouraging active participation in County recreation and park facilities and programs. The initiative will serve as a public and private partnership between County agencies and private organizations.



Funding The Budget...

- Recommend a total County budget from all sources of \$4,802,626,507, which is \$190.4 million, or 4.1 percent, more than the FY13 budget.
- Recommend tax-supported funding for Montgomery County Government programs of \$1,314.0 million, an increase of 3.9 percent, excluding Retiree Health Insurance pre-funding. Total tax-supported funding of Montgomery County Government increases by \$88.6 million, or 6.5 percent, more than the FY13 budget.
- Funding for Montgomery College's tax-supported programs increases by \$9.2 million, a 4.2 percent increase compared to FY13.
- Tax-supported funding for the Maryland-National Capital Park and Planning Commission (M-NCPPC) increases by \$4 million or 3.7 percent from FY13.
- Recommend property taxes at the Charter limit with a \$692 homeowner's property tax credit to support a progressive property tax structure.
- Fund WSSC's FY14 operating and capital budgets in conjunction with a 7.25 percent rate increase consistent with the spending control limits adopted by the Montgomery County Council. This rate increase translates into an average increase in the monthly bills of \$5.05.
- Promote existing mechanisms for senior citizens and those on limited incomes to assist them as needed with property tax increases, such as the Senior Tax Credit program that benefits eligible residents who are at least 70 years of age. This credit is calculated as 25 percent of the combined State Homeowners' Tax Credit and County Supplement.

The County Executive's Initiatives to Build Accountability for Results

The Montgomery County Results

"However beautiful the strategy, you should occasionally look at the results."
Winston Churchill

Following his election, County Executive Isiah Leggett asked a group of 150 residents representing diverse interests and cultures to identify the qualities of life in Montgomery County that matter most. They identified what are now called the Montgomery County Results, also known as Montgomery County priority objectives:

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

Building a Culture of Accountability for Results

The County Executive believes that local government can – and must – continually strive to do a better job in its use of finite public resources to help achieve and sustain the Montgomery County Results. He believes to do so, however, a culture change was required. To establish and maintain a results-based culture, the County Executive, therefore, has implemented the following initiatives. These initiatives work together in a coordinated fashion to use data and objective measures to improve performance and the use of all County resources.

▪ Results-Based Budgeting

At the direction of the County Executive, the Office of Management and Budget, with the CountyStat Office and County operating departments, has realigned the County's budget process to focus on results rather than annual, incremental changes. Results-Based Budgeting ensures that resource allocation is based on County priority objectives to make government more responsive, that programs and initiatives are operating effectively and efficiently, and that tax dollars are spent wisely through the use of performance data as a primary basis for review and analysis of budgetary requests. The fiscal year (FY) 2009 Operating Budget, as a first step, introduced Department Headline Performance Measures, which are described below. Beginning in the FY10 budget, the

Headline Measures were supplemented by the inclusion of program level measures. Beginning in FY11 and enhanced in FY12-13, operating budgets were systematically reviewed in multi-departmental groups. Group reviews were designed to ensure that the interrelationship and risk of proposals for reductions or increments in each department were fully evaluated and collaboratively presented to the County Executive. For FY14, these multi-departmental groups were focused on specific issues that provide the potential for significant cost savings. When fully implemented, Results-Based Budgeting will:

- Rely on historical and projected performance data and other reliable and relevant evidentiary data to justify budgetary allocations through the demonstration of performance results;
- Document the “return on investment” expected from budget expenditures by assessing the impact of those expenditures on the customers of County services (“customer results”), the quality of life in Montgomery County, and the Montgomery County Results;
- Enhance opportunities for cross departmental/agency coordination and resource allocation decisions, since the corresponding impact of resource changes on performance can be evaluated in a timely and objective manner;
- Use data systematically and transparently to drive the decision-making processes by which finite resources are allocated to achieve both customer results and the Montgomery County Results;
- Provide a better basis for decision making and administration of annual budgets, including additional investments or budgetary reductions, since these decisions would be based on alignment with priority objectives and performance data. This includes changes of the use of base funding if such changes will improve results, as opposed to limiting such decisions to only new or incremental funding;
- Routinely seek improvements to productivity and no-cost or low-cost solutions to problems; and
- Be used for the annual budget development and review process, as well as any mid-year decisions.

Moving to a results-based accountability system is a work in progress that will require a continual evolution in the County’s corporate culture and internal systems and processes to focus management and staff efforts on improving performance and achieving the County’s priority objectives.

▪ **CountyStat**

CountyStat is a component of the County’s results-based accountability system, and a mechanism for performance management in Montgomery County government. Its goal is to improve government performance through greater accountability, better transparency into County challenges and successes, ultimately moving forward towards a culture of “managing for results” and a more effective and efficient County government. CountyStat is guided by four simple principles: require data-driven performance; promote strategic governance; increase government transparency; and foster a culture of accountability. CountyStat meetings, led by the County Executive and the Chief Administrative Officer, are held on a routine basis as a tool with which to examine the results of its activities.

CountyStat provides an array of facilitation and analytic support services not necessarily realized through a formal CountyStat meeting. These services allow the County government to make informed decisions based on rigorous analysis. CountyStat staff often focuses on strategic-level decision-making processes that lead to systemic change. This work includes, but is not limited to, consultation on departmental strategic planning, cost benefit analysis, program evaluation, quantitative and qualitative investigative studies and extensive survey development, implementation, and analysis.

CountyStat manages the following results-based accountability tools:

- **Department Headline Performance Measures & Departmental Performance Plans**

The County Executive directed department heads to focus their management on the achievement of “customer results.” As a first step, each department identified not just their customers and the services they deliver to those customers but, most importantly, the outcomes they hope to achieve for those customers.

Departments then identified “Department Headline Performance Measures,” data to gauge (1) the extent to which the desired results are being achieved, and (2) the efficiency of each department in achieving its results. Headline measures do not attempt to measure all the work that the Departments do. Instead they focus on the core missions of departments and, with a small set of outcome measures, are used to monitor department performance.

In addition to the Headline Measures all County departments developed Department Performance Plans. Each Plan begins with the Department Headline Performance Measures, which gauge how well customer results are being achieved, as well as the department’s operational efficiency. The Performance Plan then provides a succinct analysis and an action plan, including a budget, for improving performance – as measured by the trend lines of the Department Headline Performance Measures. These documents are used by Departments as strategic planning devices and by the executives to hold Department Directors accountable for outcome results.

- **Montgomery County Performance Measurement Dashboard**

CountyStat created an online-accessible performance reporting dashboard, which includes all departments’ Headline Performance Measures. This dashboard, located on the County’s website at www.montgomerycountymd.gov/countystat, serves as a valuable tool for policymakers and residents enabling them to monitor County performance over time to ensure the needs and priorities of residents are consistently met by County policies. It is a key component of the County Executive’s goal of increasing governmental transparency.

- **openMontgomery**

In 2012, the County launched the openMontgomery program - the latest phase in the County’s open government program to promote even greater transparency and accessibility than previously achieved with CountyStat, MC311, and the County’s improved, mobile-enabled web portal. The openMontgomery program, including the accompanying Montgomery County Digital Government Strategy document, is acclaimed as the first of its kind among local governments. openMontgomery (<http://montgomerycountymd.gov/open>) is comprised of four pillar platforms:

- **dataMontgomery** (<http://data.montgomerycountymd.gov>) provides County datasets in consumable formats, offering an opportunity to review and analyze raw data, and use it for a variety of purposes. Included is the opportunity to use datasets in the development of Smartphone apps that create value for residents and better connect them to County government services. Other sectors are able to utilize this data to create service offerings

that ultimately benefit County residents and facilitate economic vitalization and vibrant communities. Datasets and maps published in 2012-13 include: the FY13 Operating Budget, Food Inspection Results, Employee Salaries, MC311 Service Requests, Residential & Commercial Building Permits, Contracts, Real Property Tax Rates, Cable Complaints & Cable Inspections, Election Polling Places Maps (including Early Voting), and maps for all public Schools, libraries and Health and Human Services facilities. dataMontgomery is also expected to obviate the need for a number of Freedom of Information Act requests that can be expensive for both the County government and the requesting entity.

- **engageMontgomery** (<http://engage.montgomerycountymd.gov>) provides the public another way to participate in open government. It provides on-line channels and forums where the public can offer ideas and feedback, voice concerns, and participate in online discussions with County government on any number of concurrent subjects. The Executive Branch utilized engageMontgomery to consult the public on the FY14 budget formulation. Other topics included transportation and the environment.
- **mobileMontgomery** (<http://montgomerycountymd.gov/open/mobile.html>) presents the County's web sites and applications (apps) on mobile devices (e.g., tablets, Smartphones) for use anytime and anywhere. Using these services, the public can access information (some in real time) about the budget, emergencies, services (e.g., bus arrivals, snow/debris removal) and can make non-emergency service requests through the mobile MC311 system, receive status and notifications.
- **accessMontgomery** (<http://montgomerycountymd.gov/open/access.html>) provides direct on-line access to critical county information and publications related to the budget, County government performance, including MC311, CountyStat, internal audits, Inspector General audits, and spending disclosures. Also, accessMontgomery contains information about the County's contracts, open solicitations, and locations where the County offers free Wi-Fi.

The four platforms work together to open the County's data sets in consumable formats; consult the public on topics of importance to them; serve County services on Smartphones and other mobile devices in 72 languages; and provide access to County documents and reports not available previously.

▪ **Montgomery County Indicators Project**

CountyStat worked with Departmental, Agency, and community stakeholders to develop a set of indicators that represent a high-level barometer of County performance and reflect the quality-of-life in Montgomery County, benchmarked against a regional and national grouping of comparable jurisdictions. This is an additional data tool for the County as it assesses its progress towards achieving its priority objectives.

To connect all of these various performance management and data driven decision-making tools, CountyStat mapped the interrelationships between the priority objectives, County indicators and related benchmarking, departmental headline performance measures, and results-based budgeting. All of these tools work together to assist County government in its effort to create an environment of transparency and accountability.

▪ **Focusing on Customer Results**

The County Executive has launched several initiatives, in addition to Results-Based Budgeting, focused on improving “customer results,” including:

▪ **MC311/Constituent Relationships Management System**

The deployment of the **County’s nationally-recognized 311 one-stop, non-emergency phone and online system** has represented a significant leap in responsiveness to our residents. In the 21 months since it began operations, 311 has fielded well over a million calls. In 2012, the County expanded MC311’s hours by two hours to 7 PM Monday through Friday in order to better serve working families and commuters.

The MC311 web portal (www.MC311.com) is available 24/7 to enter service requests and has averaged 25,000 views per month. The system offers residents a single point of contact for telephone and online inquiries and complaints and is an important tool to assist the County in making resource allocation decisions and tracking department responsiveness.

▪ **Enterprise Resources Planning System**

The County is modernizing its Core Business Systems to improve efficiency, effectiveness and responsiveness. The Enterprise Resource Planning system (ERP) will provide a significant upgrade to the County’s financial, procurement, human resources and budgeting systems, will streamline business processes, and will produce enhanced reports for data-driven decision making – all key to improving customer results. In FY11, the County successfully implemented the financial, procurement, and human resource systems on-time and within budget. In FY12, the County successfully implemented PeopleSoft Retiree Pension, Oracle Compensation Workbench, Inventory, Work Orders, iExpense, iSupplier, iReceivable, and Advanced Collection. During FY 13, the County is implementing Hyperion Budgeting, Performance Management, Learning Management, Identity Management, Enterprise Reporting ZyImage integration, and Tax Assessment.

▪ **Decision Making that is Transparent and Driven by Data**

In addition to focusing on customer results, the County Executive is committed to decision making that is both transparent and data-driven. Results-Based Budgeting fundamentally embodies the County Executive’s commitment to these values. Other initiatives that embody these values include:

▪ **Town Hall Meetings and Budget Forums**

Starting in January 2007, the County Executive has held “Town Hall” Meetings across the County and online. The Town Hall Meetings have provided a forum for free and candid dialogue. The County Executive also hosted a series of Budget Forums to seek input from residents on operating and capital budget priorities for the FY08-FY14 budgets. The total number of Town Hall and Budget Forums held by the County Executive Leggett to date is 20. In addition, online chats have provided monthly opportunities for direct input to the County Executive.

▪ **Results-Based Accountability Successes**

The Departmental performance plans, Headline Performance Measures, Program Performance measures, and high level indicators of County performance and quality of life mentioned above as well as internal training and budgeting process changes serve as a base on which to further develop a results-oriented culture. CountyStat and the Office of Management and Budget (OMB) work together to ensure that the data mined by CountyStat is used in making budget decisions.

Additionally CountyStat responds to OMB's need for data and information. New data available from the MC311 customer service system has opened up new avenues for data-driven customer responsiveness, including:

▪ **Multi-Department Review of Budget Proposals**

After the departments submitted their budgets, the County's Chief Administrative Officer and Budget Director established five high-level working groups known as "clusters" that consisted of the directors of departments (or their designee) with related functions. The five clusters were organized based on current cross-cutting issues affecting multiple departments, including:

- Civilianization of Uniformed Public Safety Staff
- Worker's Compensation
- Maintenance of the County's Buildings
- Positive Youth Development
- Seniors

The purpose of these clusters – which represented a more collaborative approach to budgeting in the County – was to review existing programs and policies within the County and determine if there were enhancements or efficiencies which could be made across the County to strengthen services provided to constituents. The conclusions and recommendations of the clusters were presented to the County Executive and Chief Administrative Officer and used by them in making their final decisions on the budget.

▪ **Rewarding Excellence Program**

The Rewarding Excellence Bonus Incentive Award Program is designed to encourage and promote new, innovative ideas, concepts and strategies for the cost effective delivery of County services and products. The program rewards bargaining unit employees, general salary schedule employees and first-line supervisors for sustainable implemented recommendations that improve efficiency, increase productivity, reduce costs, streamline operations, and enhance customer satisfaction. When cost savings are realized, employees receive a portion of the cost savings in the form of a bonus. This program helps achieve one of the County's key goals – to make County government more responsive and accountable.

The Rewarding Excellence program has approved employee proposals that, when fully implemented, will result in a permanent ongoing savings of \$860,000.

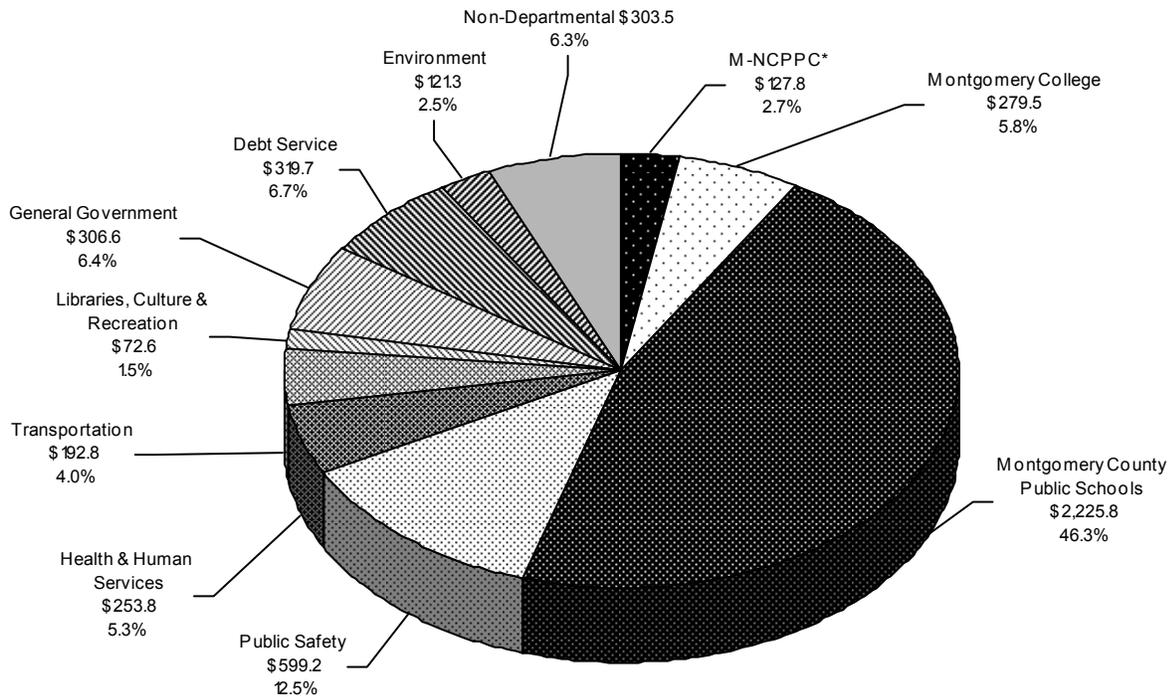
At the end of fiscal year 2012, the "Scrap Metal Optimization" team of the Division of Traffic Engineering and Operations demonstrated over 16 thousand dollars in cost savings by separating and selling their scrap metal and aluminum and ceasing to pay a contractor to haul the metals away as trash. The first year of rewards is shared with the employees on a 50/50 basis; thereafter, the County retains the savings of 16 thousand dollars each year. Based on the accumulated savings, thirty-six employees received checks in the gross amount of \$229 unless prorated.

Montgomery County Government was praised in the August 2012 edition of Governing Magazine. An article written about gain sharing in the public sector stated that many governments eliminate programs in tight times when they need them the most. However, Montgomery County has made every effort to continue and grow the Rewarding Excellence program by collaborating with the employees' Union and partnering with its employees.

In November of 2012, the Local Government Personnel Association (LGPA) recognized the Rewarding Excellence program with its "Best and Brightest" team award.

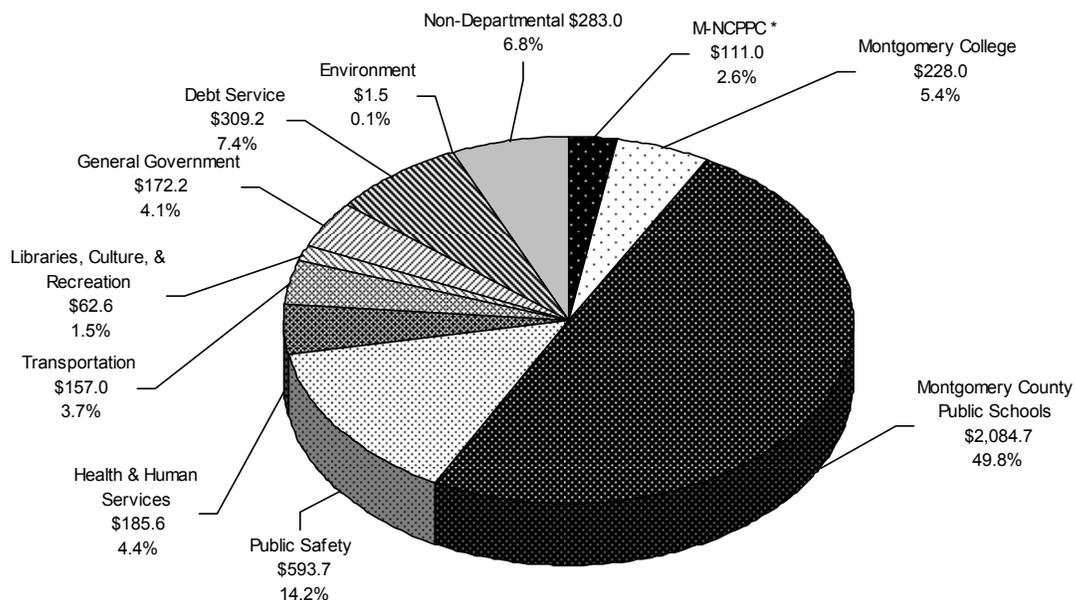
FY14 EXPENDITURES BY FUNCTION

TOTAL EXPENDITURES - \$4,802.6 (million)



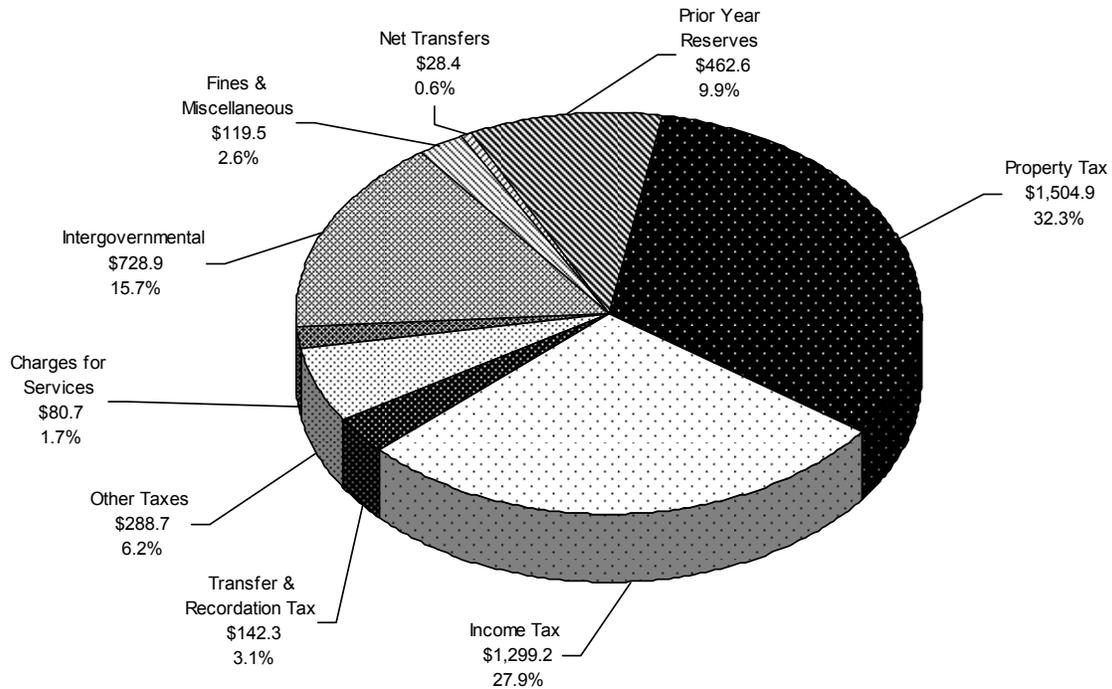
*Total M-NCPPC includes \$4.2 million debt service.

TAX SUPPORTED EXPENDITURES - \$4,188.5 (million)

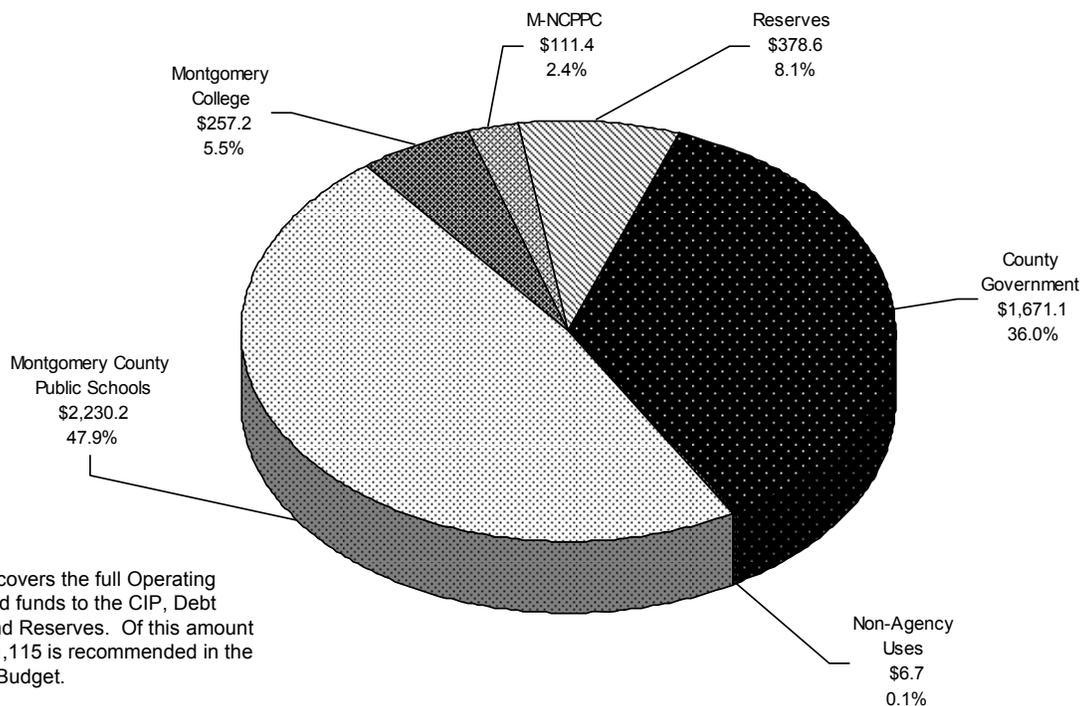


FY14 TAX SUPPORTED AGENCIES AND FUNDS

WHERE THE MONEY COMES FROM TOTAL APPROVED RESOURCES - \$4,655.2 (million)



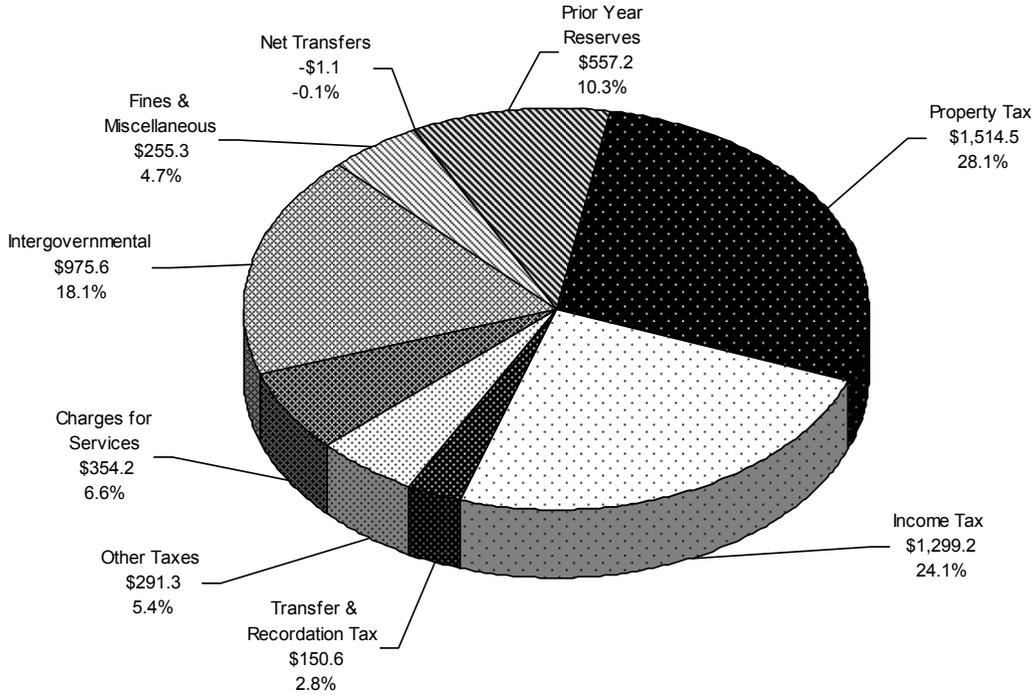
WHERE THE MONEY GOES * TOTAL APPROVED USES OF FUNDS - \$4,655.2 (million)



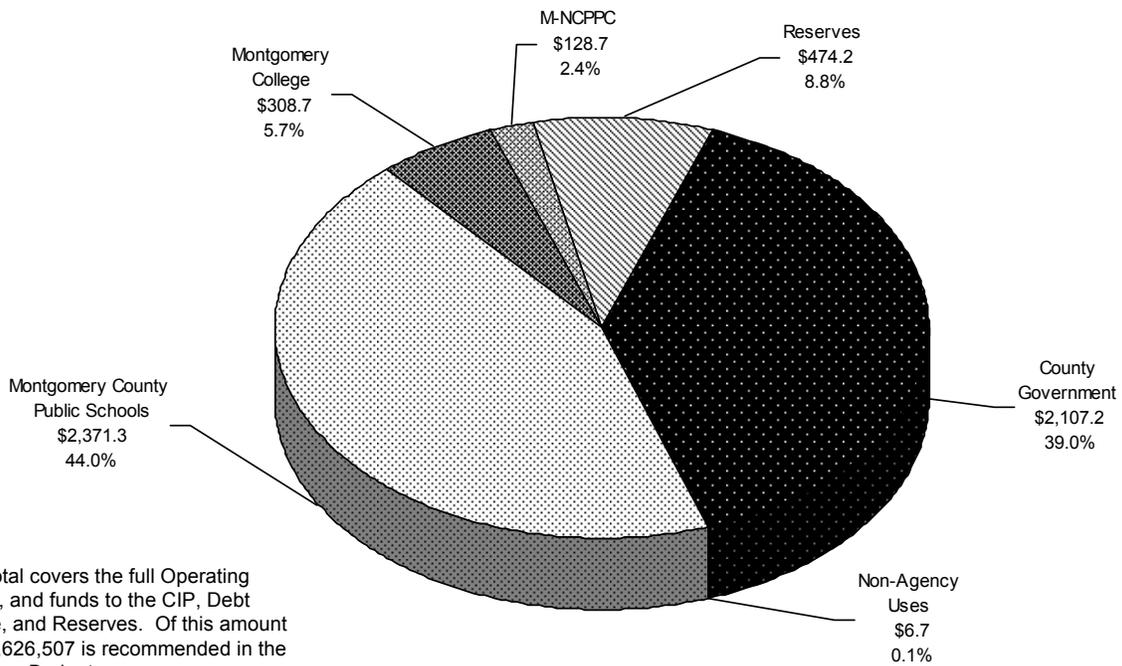
*This total covers the full Operating Budget, and funds to the CIP, Debt Service, and Reserves. Of this amount \$4,188,511,115 is recommended in the Operating Budget.

FY14 ALL AGENCIES / ALL FUNDS

WHERE THE MONEY COMES FROM TOTAL APPROVED RESOURCES - \$5,396.8 (million)



WHERE THE MONEY GOES * TOTAL APPROVED USES OF FUNDS - \$5,396.8 (million)



*This total covers the full Operating Budget, and funds to the CIP, Debt Service, and Reserves. Of this amount \$4,802,626,507 is recommended in the Operating Budget.

FY14 Operating Budget Agency Rate of Growth*

Tax Supported Budgets	FY13 Approved*	FY14 Recommended Budget*	\$ Change	% Change
Montgomery County Government	\$1,264,964,241	\$1,313,984,653	\$49,020,412	3.9%
Montgomery County Public Schools	\$2,028,871,395	\$2,084,709,114	\$55,837,719	2.8%
Montgomery College	\$218,786,599	\$227,977,695	\$9,191,096	4.2%
Md National Park & Planning Commission	\$103,678,655	\$108,564,712	\$4,886,057	4.7%
Subtotal Tax Supported Agency Expenditures*	\$3,616,300,890	\$3,735,236,174	\$118,935,284	3.3%
 Debt Service	 \$298,792,040	 \$309,156,470	 \$10,364,430	 3.5%
 Total Tax Supported Expenditures*	 \$3,915,092,930	 \$4,044,392,644	 \$129,299,714	 3.3%

* Excluding funds for pre-funding retiree health insurance. The total FY14 County Government tax supported appropriation includes a total contribution of \$141.6 million, including contributions of \$51.3 million for the County Government, \$87.8 million on behalf of Montgomery County Public Schools, and \$2.5 million on behalf of Montgomery College. The total FY14 Park and Planning Commission tax supported appropriation includes a contribution of \$2,474,431.

BUDGET SUMMARY BY AGENCY

(\$ In Millions)				
A	B	C	D	E
FISCAL YEAR	TAX SUPPORTED	GRANT SUPPORTED	SELF SUPPORTED	GRAND TOTAL
MONTGOMERY COUNTY GOVERNMENT				
FY13 Approved	1,367.0	107.5	278.2	1,752.8
FY14 Recommended	1,455.6	108.2	286.1	1,849.9
Percent Change From FY13	6.5 %	0.6 %	2.8 %	5.5 %
MONTGOMERY COUNTY PUBLIC SCHOOLS				
FY13 Approved	2,028.9	73.7	57.5	2,160.0
FY14 Recommended	2,084.7	80.7	60.4	2,225.8
Percent Change From FY13	2.8 %	9.6 %	5.0 %	3.0 %
MONTGOMERY COLLEGE				
FY13 Approved	218.8	20.2	28.9	267.9
FY14 Recommended	228.0	20.2	31.3	279.5
Percent Change From FY13	4.2 %	0.0 %	8.4 %	4.3 %
MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION				
FY13 Approved	102.3	0.6	16.4	119.2
FY14 Recommended	106.9	0.6	16.2	123.6
Percent Change From FY13	4.5 %	0.0 %	-1.1 %	3.7 %
ALL AGENCIES WITHOUT DEBT SERVICE				
FY13 Approved	3,716.9	201.9	381.0	4,299.9
FY14 Recommended	3,875.2	209.6	394.0	4,478.8
Percent Change From FY13	4.3 %	3.8 %	3.4 %	4.2 %
DEBT SERVICE: GENERAL OBLIGATION & LONG TERM LEASES				
FY13 Approved	303.5	-	8.9	312.4
FY14 Recommended	313.3	-	10.5	323.9
Percent Change From FY13	3.2 %	0.0 %	18.9 %	3.7 %
TOTAL BUDGETS				
FY13 Approved	4,020.5	201.9	389.9	4,612.3
FY14 Recommended	4,188.5	209.6	404.5	4,802.6
Percent Change From FY13	4.2 %	3.8 %	3.8 %	4.1 %