



**FY24 COUNTY EXECUTIVE
RECOMMENDED
OPERATING BUDGET**

Wednesday, March 15, 2023



Key Investments In FY24 Recommended Budget

- Preserves vital services for County residents
- Record funding for Montgomery County Public Schools and programmatic enhancements in County departments that support children
- Fully funds Montgomery College's request for funding
- Record funding for climate change and environmental initiatives
- Additional investments in economic development and workforce training
- Reestablishes funding for the Office of the People's Counsel
- Provides additional support for the County's community partners
- Applies racial equity and climate change lenses that are reflected in decisions throughout the budget



Budget Pressures

- High inflation and cost increases for county services – utilities, fuel, service contract increases
- Federal Funding Cliff – federal state of emergency ends May 11, 2023
 - Continuation of COVID response programs previously funded with Federal ARPA Dollars – rental assistance (eviction prevention), food distribution, increased health clinics and hubs
 - Working families income supplement program – long-term
- Increased demands for county services and increased needs for assistance for individuals, families, and businesses
- Highly competitive labor market – national issue
- Projected mild recession resulting in lower revenue forecasts
- Continuing challenges related to lost learning time for K-12 students

Framing the FY24 Montgomery County Budget

- Considerable community outreach in developing this budget
 - Largest public outreach for budget with eight community forums – including one in Spanish and one in Chinese
 - All meetings were hybrid so people could participate from home
- County reserve levels projected to be at 14 % at the end of FY23
 - County revenues are not sufficient to cover all budget pressures and maintain critical services
 - Prudent use of county surplus as a bridge across the projected recession to maintain vital county services and make targeted investments
 - With recommended use of surplus in FY24, reserve balance projected to be at 11.4% of revenues (this is \$86 million above the 10% reserve target.)
- We continue to make progress in affordable housing, climate change, and transportation through our investments



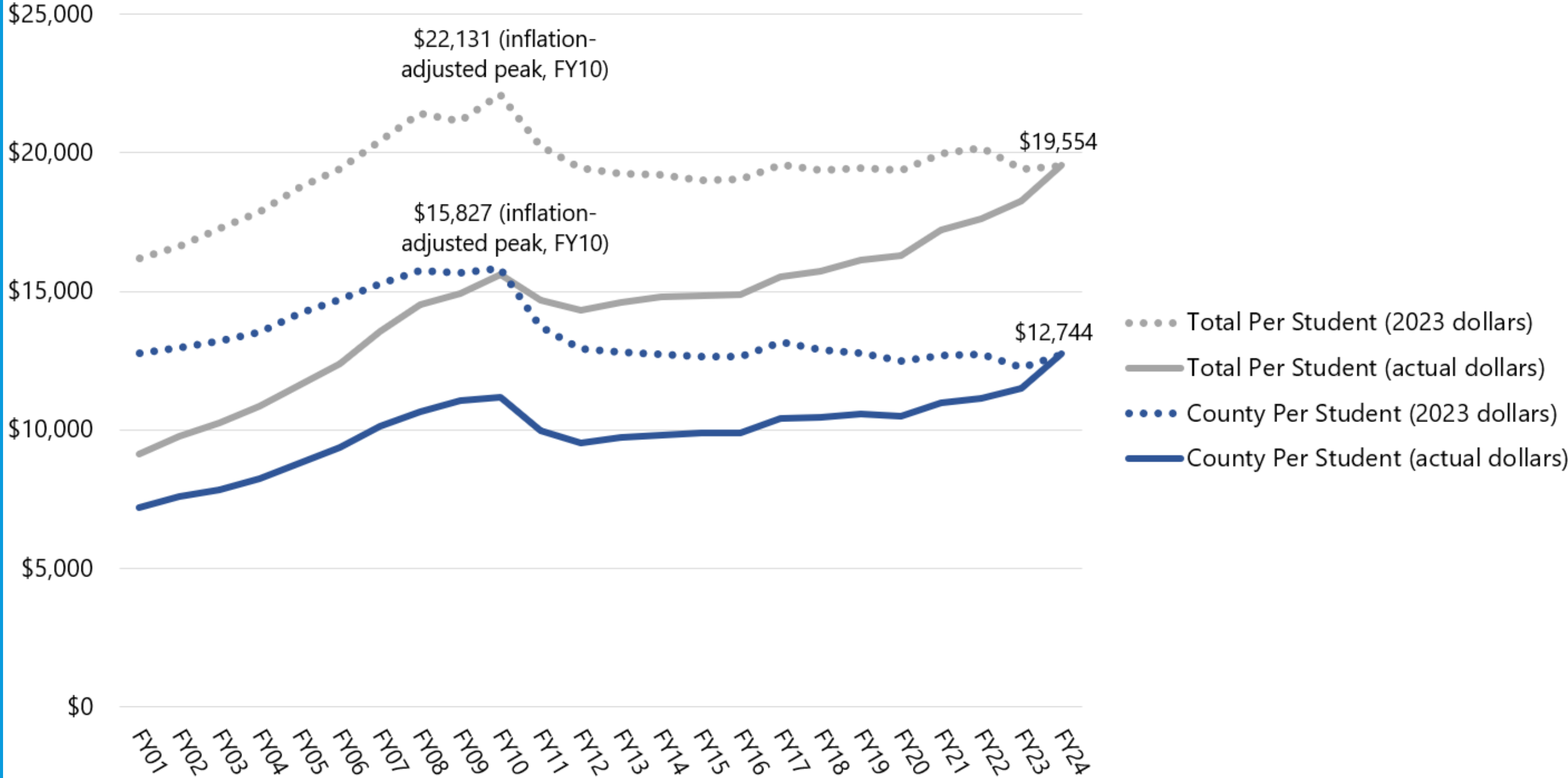


Framing the FY24 Montgomery County Budget (Cont.)

- COVID has had a tremendous impact on our students
 - enormous learning losses that are well documented
 - Staff challenges driven by burnout, non-competitive salaries, and staffing shortages – local and national issue
- School Board requested an increase of \$296 million in funding primarily focused on pay competitiveness that is essential to retaining and recruiting staff
- School Board request is not attainable without revenue enhancement (without forcing us to reverse the progress we've made in other areas important to county residents)
- Proposed \$0.10 property tax increase solely devoted to schools to fund school board request
- It is imperative that we make greater investments in public education and the following slides explain

Why We Need Greater Investment In Our Public Schools

MCPS Per-Student Appropriation: Actual & Adjusted for Inflation
FY01 to FY24 Recommended

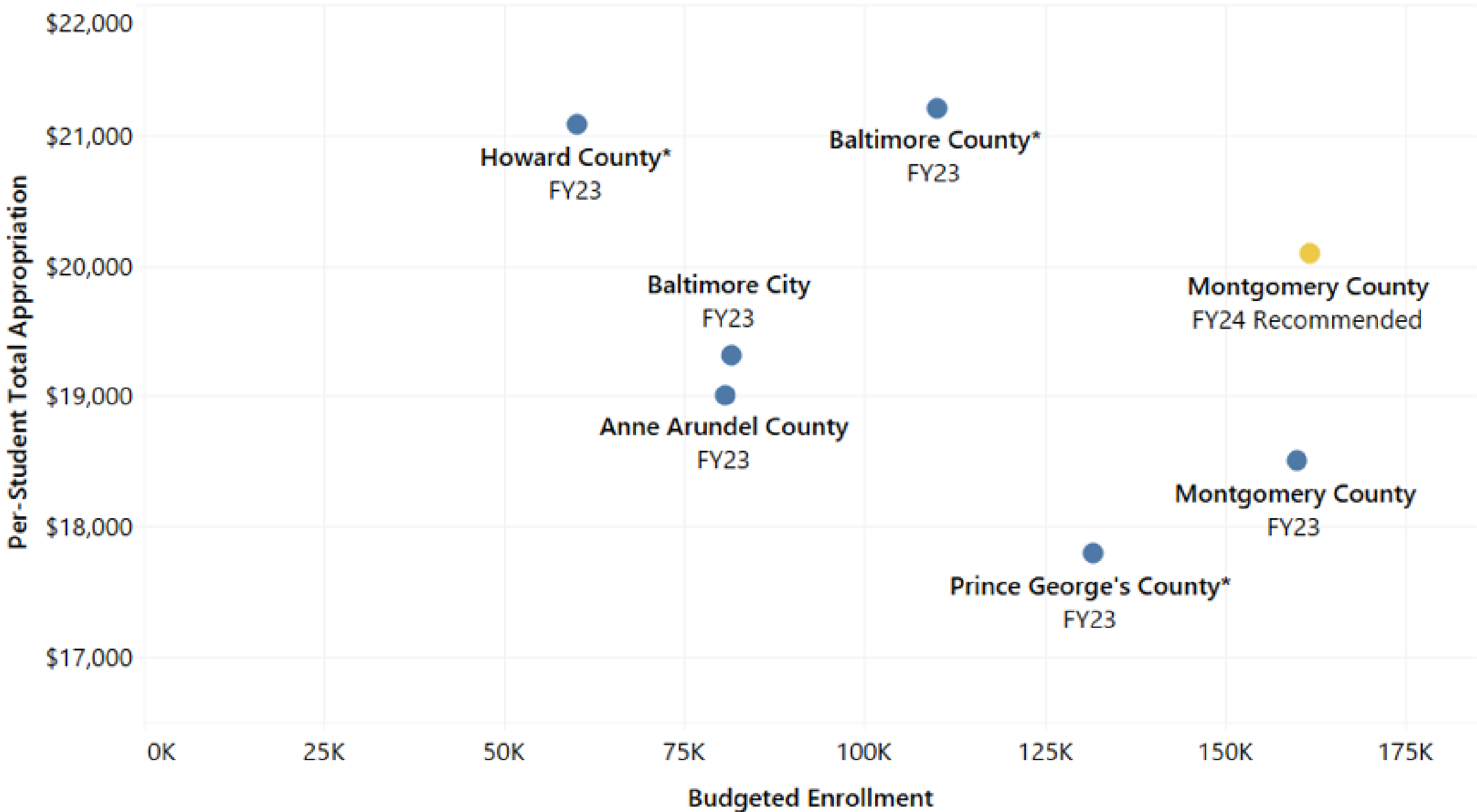


"2023 dollars" removes the effects of inflation from the budget figures so that their real values can be compared over time. The dotted, inflation-adjusted lines show the buying power that the budgeted amounts in past years would currently have in 2023.

Why We Need Greater Investment In Our Public Schools

Enrollment and Per-Student Total Appropriation by Jurisdiction

(* indicates health centers are part of school budget)



Note: Montgomery County FY23 and FY24 Recommended appropriation figures include Enterprise Funds.



Why We Need Greater Investment In Our Public Schools

- To Recruit and retain outstanding educators and other essential school staff
- To be competitive with teacher salaries and benefits in neighboring jurisdictions
- To address the increase in special education enrollment, which requires additional staff
- To provide students more teaching assistance
- To improve student performance.
 - According to 2022 Maryland Comprehensive Assessment Program (MCAP) test results:
 - Only 31% of MCPS students scored proficient in math
 - Only 53% of MCPS students scored proficient in English



Public Schools & Services for Children

- Largest budget ever for Montgomery County Public Schools if approved - \$3.2 billion
- Largest increase EVER - \$223 million Increase in County funds from FY23
- \$264 million ABOVE the State's Maintenance of Effort requirement
- \$23 million in total funding available in FY24 for the Early Care and Education Initiative (ECEI) including:
 - \$9.5 million to subsidize childcare for an additional 400 children ages 0 to 4 in low-income households
 - \$7 million for a facilities fund to increase the supply of childcare seats and the quality of care
 - \$1.2 million towards workforce training and higher education scholarships to support teacher certification
- \$730,000 for the Children's Opportunity Alliance
- A Total Budget of \$1.9 million for the KID Museum



Support for Individuals and Families

- Critical investments that we need to make when federal COVID funding ends.
- \$6.2 million for initial funding for Food Staples Program in FY24 to continue to directly provide food to individuals and families most at need
- \$5.8 million budgeted for future potential COVID outbreak response (testing, vaccination administration, outbreak management, & COVID sheltering)
- \$1.1 million to fund Office of Food Systems Resilience
- \$2 million increase to Montgomery Cares reimbursement rates to begin to right-size the County's share of the total cost of care
- Significant funding increases for the African American Health Program (\$800,000) Latino Health Initiative (\$950,000), and Asian American Health Initiative (\$775,000)
- \$735,000 increase for the third year of the Guaranteed Income Pilot Program



Support for Individuals and Families

- Significant funding for mental health services for adults and children, including:
 - \$20.8 million through Linkages to Learning and community youth services programs
 - \$12.3 million for the 24-hour Crisis Center
 - \$14.6 million for mental health services delivered at High School Wellness Centers, afterschool programs, safe spaces, and the Street Outreach Network
- \$7.4 million in additional County funds to reshape the County's Working Families Income Supplement to match a total of 70% of federal EITC (when combined with State EITC)
- 2% increase to the County's Supplemental Payment Programs to service providers of developmentally disabled residents and adult medical day care providers



Environmental Sustainability & Climate Change

- Record funding to address climate change - \$272.6 million total in BOTH the operating and capital budgets
- \$19.3 million for the Montgomery County Green Bank – an Increase of almost \$700,000
- Additional funding for the Department of Environmental Protection to address climate change
 - \$250,000 increase for climate grants
 - \$250,000 Increase for energy audits for buildings subject to BEPS
 - \$250,000 increase for community choice energy consultant support
 - \$100,000 for Electric Vehicle Co-op Management Program
- \$750,000 increase from the Tree Canopy Fund to plant more shade trees
- Enhancements to water quality programs: \$370,000 in additional funding for illicit discharge detection and elimination to reduce pollution and \$200,000 increase for Rainscapes Grant Program



Transportation and Transit

- \$61.7 million in the FY24 operating budget for Vision Zero traffic, bicyclist, and pedestrian efforts.
- Maintains Ride On service at current levels pending recommendations of the Ride On Reimagined Study
- Adds over \$300,000 to replace the aging Bethesda circulator buses with electric buses
- Additional targeted investments to increase frequency of inspections for short span bridges
- Reduced parking revenues have created budget pressures in parking district services. To maintain service levels and condition of garages:
 - Instituting Saturday enforcement
 - Reducing parking district transfer to the urban districts

Affordable Housing



- Allocates almost \$124 million to expand the preservation and production of affordable housing
 - \$57.7 million for the Montgomery Housing Initiative operating budget
 - \$32.0 million for the affordable housing acquisition and preservation capital budget project
 - \$4.1 million in federal grants
 - \$30.2 million for the Naturally Occurring Affordable Housing (NOAH) capital project
- Nearly \$35 million in rental assistance funding
 - \$18.6 million in the Department of Health and Human Services
 - \$16.3 million in the Montgomery Housing Initiative fund
- \$3 million in funding to continue providing overflow sheltering in hotels



Economic Development, Workforce Training, & Montgomery College

- \$5.0 million in funding for University of Maryland Institute for Health Computing
- Fully funds Montgomery College's budget request, including funding for the new East County campus
- \$6.4 million in total funding for Montgomery County Economic Development Corporation
- \$4 million in total funding for the Economic Development Fund
- \$2.2 million in total funding for WorkSource Montgomery
- Two additional business liaison positions to proactively assist and engage small businesses throughout the County
- Funding to support a marketing plan and business development efforts for the White Oak Science Gateway



Public Safety

- Police Department
 - \$20,000 hiring bonus for new officers
 - Launching the “drone as a first responder” pilot program
 - Development of a police survey platform to collect community feedback
 - Advances major recommendations made in the final Effective Law Enforcement For All report by creating a civilian curriculum developer to invest in education and training and adds public safety instructors to improve officer training
 - \$500,000 allocated to fund rebates for purchasing security cameras
- Correction and Rehabilitation
 - Additional mental health support for DOCR personnel
 - Addresses structural budget deficits for food and pharmacy services due to inflationary pressures
 - Additional targeted funds to enhance recruitment efforts

Public Safety

- Fire and Rescue Service
 - Leverages funds from the State's Emergency Service Transporter Supplemental Payment Program (ESPP) to:
 - Add human resources and procurement support
 - Add support to expedite misconduct investigations to reduce unnecessary overtime
 - Add fleet and technology support to keep apparatus in good repair and support technology that keeps first responders safe
 - Create civilian diversity equity and inclusion officer
 - Adds community action coordinator and community risk reduction specialists to deliver targeted prevention and education services and address community needs in the aftermath of a traumatic event
 - Adds mental health and critical incident stress management support
 - Creates team in Department of General Services to oversee maintenance of volunteer owned fire stations using State ESPP funding





Libraries and Recreation

- Montgomery County Public Libraries (MCPL)
 - \$825,000 in additional funding so that MCPL can fill additional librarian positions to improve customer service
 - \$100,000 in additional funds to increase world languages collection (Spanish and Chinese)
 - Funding for security enhancements
 - Targeted reductions to substitutes budget and pages budget and eliminating subscriptions with high cost and low usage
- Recreation
 - Continues “Free in 23” Initiative that provides free recreation fitness passes to individuals



Community Partners

- Expands capacity of Office of Grants Management by adding two staffers
- 3% inflationary adjustment for nonprofit service provider contracts across County Government
- 28 programs previously funded through community grants non-departmental account budget moved to base budgets of departments (\$1.7 million)
- Reforms community grants process based on community and provider input
 - Establishes multiple rounds of funding for community grants programs that will be awarded throughout the year
 - Provides a space for new programs and partners while also offering opportunities for traditional partners and programs
 - Provides bridge funding for nonprofits currently funded in community grants budget
- \$2 million for capital cost sharing community grants



Effective & Sustainable Government

- \$1.6 million increase for Board of Elections for election support
- \$250,000 to fully fund the recommendation for the Public Elections Fund
- Additional critical support for the Office of Human Resources targeted to recruitment and retention efforts, leadership training, updating the county's outdated classification system, decreasing human resources transaction time
- Recognizes the reality of a higher than normal vacancy rate by targeting reductions to departments with a relatively high number of long term vacant positions
 - OHR, OMB, and OLR will work to evaluate the continuing need for those vacant positions
- Significant enhancements to the county's technological infrastructure, including funding to revamp the county's websites
- Recognizes structural funding issues of the cable fund by reallocating or reducing expenditures



Other Government Operations

- Maryland-National Capital Park and Planning Commission – total budget increase of \$8.9 million
- WSSC Water – 7.0% rate increase per the Council’s Spending Affordability Guidelines
- Payments to municipalities budget increases by \$1.6 million to implement the second year of the three-year negotiated plan to increase tax duplication payments and fund speed camera payments
- Fully funds the request of the County Council and adds two additional staffers to the Office of Inspector General to support investigations
- Adds funding to restore the Office of the People’s Counsel in the Legislative Branch



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