

Resolution No.:	<u>16-94</u>
Introduced:	<u>April 17, 2007</u>
Adopted:	<u>April 17, 2007</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Revisions to Spending Affordability Guidelines for the FY08 Operating Budget

Background

1. Charter section 305 and Chapter 20 of the Montgomery County Code require the Council to set spending affordability guidelines for the operating budget for the next fiscal year.
2. The guidelines must specify:
 - a) A ceiling on property tax revenues, which are used to fund the aggregate operating budget.
 - b) A ceiling on the aggregate operating budget. The aggregate operating budget is the total appropriation from current operating revenues, including appropriations for capital projects but excluding appropriations for: enterprise funds, the Washington Suburban Sanitary Commission, specific grants for which the spending is contingent on the grants, and expenditures equal to the estimated tuition and tuition-related charges at Montgomery College.
 - c) The spending allocations for the County Government, the Board of Education, Montgomery College, the Maryland-National Capital Park and Planning Commission, debt service and current revenue funding of capital projects. As noted above, the College's allocation excludes expenditures equal to the estimated tuition and tuition-related charges.
3. The legislation lists a number of economic and financial factors to be considered in adopting the guidelines, requires a public hearing before the Council adopts guidelines, and requires that the Council adopt guidelines no later than the third Tuesday in December for the fiscal year starting the following July 1.

4. On December 12, 2006, in resolution 16-18, the Council approved the following guidelines for the FY08 Operating Budget.

a) The ceiling on property tax revenues, at the staff estimate of the Charter limit, achieved entirely by reducing the property tax rate:

Total	\$1,209.6
Less Parking Districts tax	11.7
All other	\$1,197.9

b) The ceiling on the aggregate operating budget and the agency allocations:

MCPS	\$1,787.7
Montgomery College	126.5
County Government	1,190.8
MNCPPC	90.3
Prefund retiree health costs-GASB 45, first year phase in	31.9
County Debt Service	245.6
MNCPPC Debt Service	4.4
Current Revenue, PAYGO	41.4
Current Revenue, specific projects	52.7
Unallocated Resources	0.0
AGGREGATE OPERATING BUDGET	\$3,571.3

5. Although not a guideline, the components of reserve at the end of FY08 for the tax-supported funds were:

Revenue Stabilization Fund	\$121.1
Designated reserve	4.0
Undesignated reserve	99.0
Total reserve	\$224.1

6. The legislation permits the Council to revise the guidelines no later than the second Tuesday after the State General Assembly adjourns its regular session. The General Assembly adjourned on Monday, April 9, 2007. The limit on the increase in the aggregate operating budget is the projected net increase in resources, applying the tax rates that were assumed in adopting that guideline and considering the rates of any tax approved or repealed since that guideline was adopted. On April 17, 2007, the Council revised the guidelines, as shown in the Action section.

Action

The County Council for Montgomery County approves the following resolution:

1. The revised spending affordability guidelines for the FY08 Operating Budget in **millions** of dollars are:

- a) The ceiling on property tax revenues, at the staff estimate of property tax at the Charter limit achieved entirely by giving a credit in the amount of \$613 for every owner-occupied principal residence.

Total	\$1,219.2
Less Parking Districts tax	11.7
All other	\$1,207.5

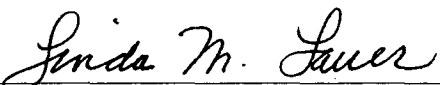
- b) The ceiling on the aggregate operating budget and the agency spending allocations are:

MCPS	\$1,838.3
Montgomery College	130.5
County Government	1,261.3
MNCPPC	98.0
County Debt Service	239.1
MNCPPC Debt Service	4.7
Current Revenue, PAYGO	27.5
Current Revenue, other	56.6
Unallocated resources	0.1
AGGREGATE OPERATING BUDGET	\$3,656.1

2. Although not a guideline, the components of reserve at the end of FY08 for the tax-supported funds are:

Revenue Stabilization Fund	\$119.6
Designated reserve	5.7
Undesignated reserve	104.3
Total reserve	\$229.7

This is a correct copy of Council action.


 Linda M. Lauer, Clerk of the Council