

# Montgomery

 **County Council**

*From the Montgomery County Council* May 23, 2019

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**Council approves FY20 Operating Budget and amendments to FY19-24 Capital Improvements Program**

Education, early child care and equitable services for community members are priorities;
 *Property tax stays within County Charter Limit with*
*$692 property tax credit for homeowners*

ROCKVILLE, Md., May 23, 2019—Today the Montgomery County Council unanimously voted to approve the County’s $5.8 billion Fiscal Year (FY) 2020 Operating Budget, amendments to the FY20 Capital Budget and the FY19-24 Capital Improvements Program (CIP).  The Council agreed on a $4.4 billion FY19-24 CIP to fund school construction, infrastructure improvements and community projects. The operating budget fully funds Montgomery County Public Schools and supports Montgomery College, expands public safety, provides essential health and human services programs and safety net services, invests in public transportation and earmarks $7 million in funding for one of Council President Navarro’s top priorities—early child care and education.

The operating budget meets the FY20 target for the County’s reserve—10 percent of adjusted governmental revenues. The budget also provides $128.3 million in additional resources for Other Postemployment Benefits (OPEB).  Funding for these fiscal obligation helps the County retain its triple-A bond rating.

“I am proud to say that the $5.8 billion operating budget turns our talk into action by providing strategic investments that will assist community members, enhance our quality of life and meet the complex needs of our dynamic County,” said Council President Nancy Navarro. “This budget brings together my priorities and my work on education, economic development and workforce development with a focus on equity, fiscal prudence and sustainability. This budget says we are a people-friendly and a business-friendly government, and we care about our employees.”

Council President Nancy Navarro, Vice President Sidney Katz and Councilmembers Gabe Albornoz, Andrew Friedson, Evan Glass, Tom Hucker, Will Jawando, Craig Rice and Hans Riemer voted to approve the operating and capital budgets. Council President Navarro’s statement can be read [here](https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=23113&Dept=1). All Councilmembers’ budget statements can be read [here](https://www.montgomerycountymd.gov/council/) (under Council headlines) and video clips of their remarks can be found [here](https://www.montgomerycountymd.gov/COUNCIL/budget_summary/FY20/OPB/index.html).

The budgets will go into effect on July 1. The complete list of items approved on the Council’s budget reconciliation list can be found [here](https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2019/20190516/20190516_2B.pdf). The list of County community grants can be found [here](https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/council_grants/2020/FY20CommunityGrants.pdf). The Council’s budget resolutions can be viewed at

<https://tinyurl.com/MoCo2020Budget> **.**

The County’s $4.4 billion, six-year capital budget provides funding to address the County’s most urgent building needs.  Some items of note in the CIP include: more than $10 million in additional funding for the resurfacing of residential and rural roads, which is more than double the amount currently programmed for FY19; the restoration of planning and design funds for additions at Highland View, Lake Seneca and Thurgood Marshall Elementary Schools, as requested by the Board of Education; the restoration of planning, design and construction funds for additions at Ronald McNair Elementary School and Parkland Middle School, with a one year delay; and the acceleration of funding for facilities improvements, restroom renovations and roof replacements throughout Montgomery County Public Schools (MCPS).

The budget reflects a property tax rate of $0.9786 per $100 of assessed value and includes a property tax credit of $692 for homeowners whose properties are their primary residences. The annual bill for the average homeowner will increase by $16 from FY19 because of rising assessments.  With these actions, property tax revenue did not exceed the “Charter Limit” on real property tax revenue.

*Below are some of the key budget items by funding categories.*

**Montgomery County Public Schools**

More than half of the County’s budget, $2.68 billion, funds MCPS. This amount not only fully funds the budget request from the Montgomery County Board of Education but also provides MCPS with an additional $16 million in spending authority. This represents an increase of $84.1 million or a 3.2 percent increase from the FY19 approved budget and is $8.7 million more than the required Maintenance of Effort level, which is mandated by the State of Maryland. This includes a local contribution of more than $1.7 billion.

The County continues to rank near the top of all Maryland jurisdictions for total per pupil funding.  With ever increasing student enrollment, the Montgomery County Board of Education estimates that 164,477 students will attend MCPS in FY20, which is an increase of 1,877 students.  The FY20 funding provides an additional $3.6 million to reduce elementary school class sizes, $2.2 million more to provide extended-year programs at two elementary schools, an additional $12.1 million for enrollment growth and funding for 15 counselor and 3.5 psychologist positions.

**Montgomery College**

The Council added $3.1 million to the budget for Montgomery College bringing the total operating budget to $314.7 million. County funding for the College is above the required Maintenance of Effort level for the eighth year in a row.  The added resources will expand early college enrollment programs, provide additional scholarship for students, add three new financial aid counselors and fully fund negotiated compensation agreements for College staff. The College’s budget assumes a tuition increase of 3.1 percent by increasing per semester hourly rates as follows: $4 for in-County students, $8 for in-state students and $12 for out-of-state students.

**Public Safety**

The operating budget for the Department of Police is $295.2 million.  This is a 5.4 percent increase from last year’s budget.  The Council added $122,514 to fund two new school resource officer positions to protect students. The budget also includes two recruit classes totaling 44 officers and restores funding for six police officer positions that were lapsed last year. The department also received funding for one new forensic scientist for its crime lab. In the Sheriff’s Office, an additional $135,722 was added to the budget to hire two new sheriffs.

The operating budget for the Fire and Rescue Service is $223.2 million.  This is an increase of 2.4 percent from FY19. The budget also includes 20 new firefighter positions and an additional $2.18 million in overtime to address overtime cost overruns.

**Economic Development**

The Council funded more than $5 million in FY20 to support the work of the Montgomery County Economic Development Corporation (MCEDC).  This organization implements the County’s economic development strategic plan, which includes marketing, business attraction and retention, entrepreneurship and promoting the County’s economic base.

The Council allocated $1.7 million in funding for WorkSource Montgomery, which implements the County’s workforce development policies to promote job growth and attract talent. In addition, the Council allocated approximately $200,000 to the Department of Correction and Rehabilitation to restore funding for the job center inside the Correctional Facility.

The Council funded approximately $3 million for the County’s incubator programs. This includes funding for a FY20 incubator study, additional funding to support biohealth programs and the Wheaton Small Business Technical Assistance Program.

The budget includes $1.6 million, from the County’s hotel/motel tax, to fund the County’s Conference and Visitors Bureau, which promotes and markets the County as a destination and provides information to County visitors.

**Transportation**

The Council funded the Department of Transportation’s budget at more than $227 million.  This includes funding for items like road maintenance, leaf collection, Ride On and the parking lot districts.  The Council added $100,000 in funding to the transportation budget for pedestrian safety audits to make County roadways safer for those walking or biking.

The Council added more than $1 million to expand the Kids Ride Free program to cover all bus service hours and provided $603,938 to restore four out of seven Ride On routes that were targeted for service reductions. Funding in the amount of $500,000 also was added to restore the FareShare program, which encourages the use of transit and vanpooling by employees working in the County by offering a subsidy matching program through employers.

**Children, Youth and Families**

Continuing the Council’s commitment to helping children, families and individuals thrive, the Council funded $85.7 million for Children, Youth and Family services.  The public funding of Head Start and prekindergarten programs in the County is $84.1 million.   The Council added $200,000 for mental health therapists to provide school-based services at two schools; $75,646 to provide full staffing for the Linkages to Learning program at Kemp Mill and Summit Hall Elementary Schools; $287,275 in funding for the Paint Branch and Springbrook Cluster Project, which is an interagency, multidisciplinary approach to providing wraparound services to children and families experiencing crisis; and $150,000 to expand Crittenton Services to respond to the needs of adolescent girls, pregnant women who are financially insecure and teen mothers in East County.  The budget also includes $7 million in earmarked funding to support the Montgomery County Early Care and Education Initiative, which was initiated by Council President Navarro and supported by the County Executive.  This four-year action plan will expand quality early care and education opportunities for infants, toddlers and preschoolers, including adding seats for approximately 600 children in the first year.   A portion of this funding ($1 million) will support the opening of the new MCPS Upcounty Early Childhood Center.

**Health and Human Services**

The Council agreed to fund $327.8 million for the Department of Health and Human Services. This is a 2.9 percent increase from last year’s approved budget.  The Council agreement will fund 1,445 full-time positions and 343 part-time positions.

As in years past, the Council substantially increased funding for Health and Human Services. The Council added funding to ensure that nonprofit providers are receiving fair rates for their services by adding $1.35 million to increase payments for nonprofit contracts and $1.85 million to restore the County’s Developmental Disabilities Supplement to the FY19 amounts. The budget also includes an additional $175,000 to expand hours for the Safe Passage Center to provide supervised child visitation and monitored child custody exchanges in a family-friendly environment and $273,323 to enhance security at Progress Place, which offers services to individuals who are homeless. The Council also increased funding for Montgomery Cares, with $161,400 to provide an additional 2,000 primary care visits, $100,000 for essential immunizations, $55,000 for specialty medical care and $155,950 for reimbursement rate increases. In addition, the Council provided $150,000 for enhancements to minority health programs and initiatives.

**Community Grants and Working Families Income Supplement**

The Council funded more than $14.5 million for 335 different grants to nonprofit community partners that provide essential services for County residents. This amount includes the grants recommended by the County Executive. View the full list of FY20 grants [here](https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/council_grants/2020/FY20CommunityGrants.pdf).

The County’s budget includes $20.1 million for the Working Families Income Supplement Non-Departmental Account, which provides funds to supplement Maryland’s Earned Income Tax Credit (EITC) and is intended to benefit low-income working families in the County. The federal government authorizes the federal EITC for working people with low- to moderate-incomes. The County supplements the State’s refund by 100 percent for County residents, in effect doubling the amount received.

**Affordable Housing**

The Council funded nearly $65.2 million for the Housing Initiative Fund for affordable housing.  This includes both funding appropriated to the operating and capital portions of the Housing Initiative Fund (HIF).  The Council added $5 million to the capital appropriation to increase the preservation and production of affordable housing.  The HIF also includes funding for the Building Neighborhoods to Call Home Program and the Inside (Not Outside) Initiative to end homelessness.  The Council also agreed to a $18.16 million cap for the Payment In-Lieu of Taxes Program that helps promote the construction of affordable housing throughout the County.

The County continues to support the goal of making homelessness rare, brief and one-time only.  The 2019 Point-in-Time Count identified 647 homeless individuals, which is a decrease of 23 percent from 2018.  The number of chronically homeless individuals went from 167 in 2017 to 11 in 2019, which a decrease of 93 percent.  Since January 2016, the County has ended chronic homelessness for more than 400 people.

**Recreation**

The Council funded total expenditures of $45.2 million for the Recreation Department. This is an increase of more than $6.4 million from last year’s approved budget.  The Council added funding for several service enhancements for the Recreation Department to improve facilities maintenance ($50,000) and to enhance services for residents, especially those focused on positive youth development. The enhancements include: $250,000 for the Skills for the Future Fund for STEM Grants and Pilot Programs; $239,550 for expanded hours for youth programming at the Wheaton, Plum Gar, Good Hope, White Oak and Long Branch Community Centers; $11,500 for funding for the Clarksburg Senior Program; $837,620 for four new Excel Beyond the Bell elementary school programs; and $157,211 for three new RecXtra programs. MCPS employees will also be provided with access to recreation facilities as part of a wellness initiative.

**Environment**

The Council provided $115.7 million in funding for solid waste services in the Department of Environmental Protection (DEP). This is a $5.8 or 5.3 percent increase from last year’s approved budget. Refuse collection services are maintained at their current levels with the annual collection charge increasing $18 from $77 per household in FY19 to $95 per household in FY20 primarily because of increases in contractual hauling costs.

The Council funded $32 million for the non-solid waste portion of DEP. This includes expenditures of $28.8 million for the Water Quality Protection Fund (WQPF) and $3.1 million for the General Fund. The WQPF covers County costs associated with water quality and the inspection, maintenance and rehabilitation of stormwater management facilities. The Equivalent Residential Unit rate for FY20 is $104.25, which is the same rate as approved for FY19.

The Council also added $400,000 in funding for a new Climate Change Planning non-departmental account (NDA). This NDA provides funding for the prioritization of greenhouse gas reduction strategies and the development of an implementation plan to meet the County’s goal of an 80 percent reduction in greenhouse gas emissions by 2027 and a 100 percent reduction by 2035.  Funding in this NDA can also be used to develop climate change adaptation strategies.  Any excess appropriation available after this planning work is completed may be used to fund other climate change-related initiatives.

The Council agreed to support the County Executive’s recommendation to shift the County’s Conservation Corps contract from the Department of Health and Human Services to DEP. This represents a total of $574,176 split between the General Fund, where it will help with clean energy and energy conservation projects, and the WQPF, where it will help with stormwater management projects, maintenance and other areas.

The Council’s approved FY20 Solid Waste Services portion of the DEP budget also includes an additional $489,000 for DEP’s food waste composting effort and $1.8 million in funding for equipment replacement at the Recycling Center.

**Park and Planning**

The Council funded $161.4 million for the Maryland-National Capital Park and Planning Commission (M-NCPPC), excluding debt service. This is more than a 4.6 percent increase from last year’s approved budget.  Included in this amount is nearly $109 million to enhance and maintain the County’s park system, which includes 422 parks and almost 37,000 acres of land.  The Council agreement funds needed infrastructure maintenance and upgrades and provides $300,000 to support the Parks’ program to improve the quality and playability of ballfields and $100,000 to support WiFi in the parks through the Connected Parks project. The Council also added $164,582 to fully fund an intern program and provided additional funding for studies focused on placemaking and ethnically diverse retail centers.

**Libraries**

The Council funded $42.8 million for the Department of Public Libraries.  This amount is a slight increase from FY19 and supports the anticipated grand opening of the Wheaton Library and Recreation Center in Aug. 2019. In addition, the Council added $215,788 in funding to expand library hours at the Damascus and Long Branch locations.

**Washington Suburban Sanitary Commission**

The Montgomery and Prince George’s County Councils held their bi-county meeting and reached a budget agreement for the Washington Suburban Sanitary Commission (WSSC). The Council approved an FY20 operating budget of $817.4 million. The new budget includes a five percent rate increase for WSSC water and sewer customers starting July 1, 2019. In addition, a new rate structure was approved by WSSC’s Commissioners last year and will also take effect on July 1.

**Negotiated Agreements**

As part of the deliberations on the negotiated agreements, the Council emphasized the importance of the steps that will need to be taken to reduce compensation costs over the long term. Some of these options include: formalizing a structure for the annual review of compensation cost sustainability and providing that information to County Executive Elrich to be used in the collective bargaining process; evaluating changes that could be made to the County laws that govern the collective bargaining process; looking for savings by reviewing the benefit costs across all agencies; and reducing the size of the County’s workforce.

On April 30, the Council signaled its intent to reject the agreement that the County Executive negotiated with the Municipal and County Government Employees Organization of the United Food and Commercial Workers, AFL-CIO (MCGEO) because

it was more generous than, and not in parity with, the other agreements. The parties renegotiated their agreement.

The Council approved MCGEO’s renegotiated agreement that provides a reduced general wage adjustment (GWA) of 2.25 percent beginning after Dec. 1, 2019, instead of a 2.4 percent GWA starting in Nov. 2019. The renegotiated agreement also includes a 3.5 percent service increment for employees who are not at the top of their grade and a one percent additional service increment for each employee who was eligible for the FY11 service increment that was not funded in 2010, which was reduced from 3.5 percent in the original agreement. The MCGEO agreement also provides longevity increments of between 3 and 3.5 percent for eligible employees and a $1,000 lump sum, which was reduced from $1,200 in the original agreement, for employees who are not eligible for any service increment. The Council also tentatively approved a 2.25 percent general wage adjustment for non-represented County employees beginning after Dec. 1, 2019 that matches the general wage adjustment approved for MCGEO employees.

The Council approved the Executive’s negotiated agreements with Local 1664 of Montgomery County Career Fire Fighters (IAFF) and the Fraternal Order of Police (FOP), Lodge 35 on April 30. IAFF employees will receive a general wage adjustment of 2.4 percent after Nov. 10, 2019; a service increment of 3.5 percent, if they are not at the top of their grade; and a 3.5 percent longevity increment for each eligible employee at 20 or 24 years of service.

FOP employees will not receive a general wage adjustment; however, they will receive a 3.5 percent service increment, if they are not at the top of their grade, and an additional service increment of 3.5 percent for employees who were eligible for either the unfunded FY12 or FY13 service increments. The FOP agreement also provides a longevity increment for employees after 16 years of service and a lump sum payment of $1,000 for employees who are not eligible for the additional service increment not funded in FY12 or FY13.

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