



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 17, 2014

TO: Craig Rice, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: FY15 Recommended Operating Budget and FY15-20 Public Services Program

In accordance with the County Charter, I am pleased to transmit to the County Council my FY15 Recommended Operating Budget and FY15-20 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 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 what I believe are our most important shared priorities:

- 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 am recommending a total FY15 Operating Budget of \$4,970,806,004 for Montgomery County Public Schools, Montgomery College, County Government, and Maryland-National Capital Park and Planning Commission (M-NCPPC). Of that total, the recommended tax supported expenditures are \$4,335,880,302.

The County government tax supported budget is \$1,477,914,980, which includes full funding of the County's Retiree Health Benefits - Other Post-Employment Benefits (OPEB). My recommended budget assumes a drop in the property tax rate from \$1.01 per \$100 of assessed value to 99.6 cents.

Effective government must begin with fiscal responsibility, with getting back to basics, and with a County government that pays its bills, lives within its means, and tells the truth about its finances; I believe this budget and my administration have done just that.

Together, we made the difficult decisions. Over an eight-year period, we have closed nearly \$3 billion in budget shortfalls.

First, the County had to stop spending beyond its means. Under the prior administration, tax supported County government spending increased by 36 percent in the three years immediately before I assumed office. That rate of growth was simply unsustainable.

From 1997 to 2007, the number of County employees increased by 2,200. This was a 28 percent increase – nearly twice as fast as the rise in County population. At the same time, the Montgomery County government tax supported budget increased from \$518.8 million in FY97 to \$1,181.3 million in FY07 – an increase of \$662.5 million or 128 percent in 11 years. From 1997 to 2007, the entire County budget increased by over 112 percent while the population increased by only 15 percent.

Just after I assumed office and started the arduous task of crafting a more sustainable budget, the Great Recession hit, and hit hard.

During my first five years, I crafted budget recommendations that did not increase our tax supported budgets. We had no increases, zero, in County government spending despite an eight percent growth in population and a 12 percent increase in inflation during that period. Even with the start of a national recovery in the last years, County government tax supported spending has only increased an average of less than two percent per year during my eight years in office.

Many difficult decisions had to be made – and I made them. Our already financially strapped residents had to pay a little more in taxes, while receiving somewhat less in some services. I recommended and implemented a plan that eliminated 10 percent of the County government's entire workforce. Dedicated County employees experienced layoffs and furloughs; they did not receive negotiated pay raises or cost-of-living increases and paid a larger share of their own health care and retirement costs – saving the County \$469 million from FY10-13, with on-going savings of tens of millions of dollars every year. These were the right and necessary decisions for Montgomery County.

As a result of these difficult decisions, we are in a much better financial position today and as we move forward into the future:

- We maintained our coveted Triple-A bond rating throughout the Great Recession, overcoming Federal government shutdowns, sequestrations, and layoffs. This success is saving taxpayers millions of dollars in borrowing costs every year.
- We have worked aggressively to increase the County's financial reserves to their highest level in our history in order to better protect the taxpayer if faced with budget shortfalls in the future. And we have, for the first time, allocated far more resources in advance to meet weather-related emergencies.
- I also developed a prudent plan to establish a trust fund that sets aside tens of millions of dollars to meet the anticipated health care obligations for retired employees, thereby averting a potentially huge financial crisis for the County in years to come.

- We have brought down the rate of growth in County government from the unsustainable levels prior to my taking office and reassured the bond rating agencies that we can manage effectively through a devastating national economic crisis.

All the while, I sought to protect critically-needed funding for education, public safety, and help for the most vulnerable in our midst. I also made critical investments in our economic infrastructure to lay the foundation for strong job growth and a larger tax base once the recession ended. This effort must be balanced with the equally important goal of preserving Montgomery County's unique environmental quality.

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

Overview

This budget continues my commitment to prudent fiscal policies that we have mutually agreed are critical to maintaining the County's sound fiscal management. I have increased our reserve levels to the highest in the history of the County to cushion the taxpayer against any additional unanticipated economic setbacks. I have also included in the recommended budget increased funds for retiree health benefits, bringing our total contribution level to the required level – a true accomplishment for all of us in the midst of the current fiscal conditions and placing us far ahead of most jurisdictions. The funding level for retiree health benefits that I am recommending is the minimum funding level that we need to contribute in order to maintain our commitment that we mutually made to the bond rating agencies.

At the same time, as detailed in the following pages, I have focused any available increased revenue on our mutual priorities – priorities that address the critical needs of our growing community. I have increased funding for public education at all levels beyond what is required by State Maintenance of Effort laws, put more police on the beat and in our schools, expanded our Positive Youth Development programs, increased funding for programs critical to our growing senior population, and further boosted funding for life sciences and cybersecurity business growth and high quality job creation.

Recognizing that government works best in partnership with the community, I have increased funding for the many worthy community organizations that provide services to our residents in ways government cannot. For the first time, I have also identified funding for the Council community grants that you and your colleagues have supported in the past.

Economic Context and Fiscal Consequences

Responsible fiscal practices are not only essential but are the foundation for ensuring that government is able to serve our one million residents, our businesses, and our employees, both in the short term and in the long run. I established cost containment strategies and productivity improvements that have dramatically slowed the rate of growth in the operating budget from the prior administration and have therefore 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.

As the economy continues to improve, I am committed to maintaining the prudent and fiscally responsible approach we established in the midst of the economic crisis, while finding the balance that will meet the expanding needs of our growing population.

A Sustainable Budget that Meets our Residents' Needs

My FY15 Recommended Operating Budget:

- Funds Montgomery County Public Schools above the required Maintenance of Effort level – which meets 99.3 percent of the Board of Education's request;
- Funds Montgomery College above the required Maintenance of Effort level;
- Provides a 5.2 percent increase in tax supported funding for the Maryland-National Capital Park and Planning Commission;
- Continues my emphasis on public safety by adding 23 new officers including additional School Resource Officers, a Wheaton patrol unit, and a Germantown Central Business District unit, as well as two forensic scientists to assist our officers;
- 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 the most vulnerable among us;
- Increases funding for the creation of affordable housing units, bringing the total spending for new or preserved affordable housing during my administration to \$320 million and increasing this year's total funds available for the Montgomery County Housing Initiative Fund by 10 percent over last year;
- Provides resources 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. These efforts will help create at least 100,000 new, quality jobs in Montgomery County and thousands of additional housing units;
- Fully funds County reserves at the policy level of \$379.9 million – 8.4 percent of total revenues – the highest in the County's history;
- Funds PAYGO in the Capital Improvements Program at 10 percent of current revenue to match bond funding in our capital budget, consistent with our fiscal policy;
- Funds \$105.1 million to meet retiree health benefit obligations – meeting the timeline we set when I took office in 2006;
- Maintains property taxes at the County Charter limit – last year's amount plus inflation; and
- Retains the energy tax at the level approved by the Council in 2013, preserving a broad-based revenue source that includes federal institutions based in the County who otherwise pay no taxes in exchange for County services.

As we continue on the prudent course that has been set, I believe Montgomery County is emerging from this recession with a sustainable budget that maintains my commitment to quality services, while increasing efficiency and maintaining sensible fiscal policies that will serve us well into the future. Given the continued budget uncertainty at the Federal level, and the potential impact this turmoil can have on the local economy, we must remain cautious in our spending. We cannot return to the unsustainable spending of the past. This budget also keeps faith with the people who pay the bills – our County taxpayers – by matching our critical needs with the revenues available or necessary.

The spending that I have proposed in FY15 is strategically focused on our highest priorities – education, public safety, economic development, our youth and seniors:

- I recommend a total County budget for all agencies (which includes debt service, grants, and enterprise funds) for FY15 of \$4,970,806,004, an increase of \$159.6 million from the FY14 Approved Budget – a 3.3 percent increase.
- The overall FY15 tax supported budget of \$4,335,880,302 (including debt service) will increase by \$141,082,328 from the FY14 budget. This represents a 3.4 percent increase.
- I recommend to the County Council that tax supported funding for Montgomery County government increase by \$17.1 million or 1.2 percent.
- Funding for the Montgomery County Public Schools will increase by \$79.8 million – a 3.8 percent increase from FY14 and an increase of \$54.6 million in County funding over last year. The budget funds 99.3 percent of the Board of Education’s tax supported request.
- I am recommending an increase to the County contribution for Montgomery College of \$11 million, or an 11% increase. The budget funds 97 percent of the College’s tax supported request. Total funds for the College are \$290 million.
- Funding for the M-NCPPC increases by \$5.8 million, a 5.2 percent increase and 97 percent of Park and Planning’s tax supported request.

Priorities in the FY15 Recommended Budget

Education

As a teacher, a grandfather with children in our public schools, and as someone who would not be where I am today without the power of education, I know that nothing is more important than investing in quality schools.

I have increased the County’s contribution to Montgomery County Public Schools (MCPS) school construction by 36 percent over eight years. I have proposed an historic high -- **\$1.1** billion in County money – in the capital budget now before you.

To effectively address the future overcrowding in our schools requires the State to significantly increase resources for school construction – over and above what we now receive. Since I became County Executive, we have received \$262 million in State school construction monies – \$60 million more than the County received in the seven years before I took office. This achievement is despite the difficult fiscal challenges of the last seven years. However, more funding is required. That is what all of us in Montgomery County are fighting for in Annapolis right now, along with our allies in Prince George’s and Baltimore counties. We will continue this fight to provide the necessary classrooms for our children to learn.

As important as school construction dollars are, most critical is what goes on inside our schools. That is where we light the lamp of learning for the doctors and lawyers, entrepreneurs and musicians, doers and dreamers, and teachers that will put their mark on this County long after we have passed from the scene.

My FY15 Recommended Operating Budget includes a record-high of \$2.164 billion for the Montgomery County Public Schools, an increase of \$79.8 million – or 3.8 percent. Within this total, I am recommending an unprecedented County contribution of \$1.502 billion, \$26 million over the Maintenance of Effort requirement

of the State of Maryland and 99.3 percent of the Board of Education's request – a 3.8 percent increase in County funding. I have included a minimum of \$11 million from the MCPS fund balance to help fund the Board's request.

I am also recommending a significantly larger investment in Montgomery College – an educational institution serving thousands of County residents searching for a quality and affordable higher education.

For Montgomery College, my FY15 Recommended Operating Budget totals \$237.3 million, a \$8.9 million increase – or 3.9 percent. The County contribution is \$110.6 million – \$11 million over Maintenance of Effort and an 11 percent increase over last year.

Public Safety

When I first assumed office, one of my highest priorities was creating “safe streets.” And, right now the streets are safer, in large part because we have provided the resources needed to reduce crime. Between 2007 and 2014, while our tax supported County government budget went up 12 percent – our Police Department spending was more than double that amount – increasing nearly 28 percent. Despite our trying economic times, I increased full-time positions in the Police department – sworn and civilian – by more than 100.

The result is that in 2013, serious crime was down seven percent and all crime was down nine percent. Over the first seven years of my administration, serious crime was down 33 percent – more than twice the decrease in crime nationally over roughly the same time period. All crimes in the County were down 26 percent over the past seven years – almost three times lower than the national rate of nine percent, and the largest reduction in crime over the past twelve years.

All the men and women who work for the Montgomery County Police Department deserve our appreciation and respect. They have worked harder and smarter and more creatively to protect the lives and property of the residents of Montgomery County – and these numbers are proof of their dedication and success.

I have also made other improvements in public safety, such as opening our Family Justice Center to establish a one-stop shop to better serve families who are victims of domestic violence. My Positive Youth Development Initiative – a joint initiative of the Departments of Police, Recreation, and Health and Human Services – has established award-winning after-school programs aimed at at-risk youth, provided resources for intervention to pull kids out of gangs, and resources to suppress gang activity.

My recommended budget recognizes that there is always room for improvement. I am including a five percent, \$13 million increase for our Police Department, which includes funding for 23 additional officers and two forensic scientists. This increase is part of my multi-year plan to add 120 new sworn officers and 14 Police civilian employees – for a total of 134 additional staff. The proposal includes increasing the number of School Resource Officers, adding a Wheaton patrol unit, and also a Germantown Central Business District unit.

Under my administration, the Montgomery County Fire and Rescue Service (MCFRS), career and volunteer, have made substantial improvements in protecting the lives and property of County residents. Over the past seven years, Fire and Rescue response times have improved dramatically. For example, from the 911 call to arrival, advanced life support ambulance calls in urban areas of the County took about 16 minutes in 2007. That time has been reduced to 11.5 minutes – about a 27 percent reduction. Suburban response times were reduced by 20 percent and in rural areas by 21 percent. All of these improvements have been made despite significant population growth and a major recession.

In 2007, the time it took for fire dispatches to arrive at suburban areas of the County was 13.5 minutes. By 2013, this response time dropped to less than nine minutes, nearly a 33 percent reduction. And the response time was nearly 40 percent faster in urban areas of the County.

Montgomery County civilian fire deaths dropped from 13 in 2009 to two in 2012 and to four in 2013. Most of those fatalities were older residents. To address this troubling fact, I am including \$100,000 in the MCFRS' budget to strengthen our on-going outreach to seniors in the County who are most at risk for fire deaths. In total, I am recommending \$224.3 million for the Fire and Rescue Service, an increase of 3.4%.

Libraries

Due to the recession, the Department of Public Libraries saw some of the deepest reductions in County government, 26 percent between FY07 and FY12. Over the past two budgets, I started the process of rebuilding the most essential library services – hours, materials, and staffing. Just this spring, we have reopened renovated libraries in Gaithersburg and Olney.

My recommended budget continues to restore funds and services to the Department of Public Libraries. I have included nearly \$37.2 million for Libraries, a 6.7% increase from FY14. My recommended budget represents a 30 percent increase in Library funding since FY12.

This fall we will celebrate the opening of the new Silver Spring Library – and this budget includes the funding to fully staff that long-awaited facility. In addition, I am continuing my effort to increase services to library patrons around the County by increasing hours at 11 library branches: Davis, Marilyn Praisner, Potomac, Aspen Hill, Chevy Chase, Damascus, White Oak, Kensington Park, Little Falls, Long Branch, and Twinbrook. Altogether, library public service hours will increase by over five percent.

Positive Youth Development

The County's Police, Recreation, and Health and Human Services departments are working closely with community groups in my Positive Youth Development Initiative. This program ensures a coordinated, comprehensive approach to provide positive after-school opportunities for at-risk youth, interventions to keep them out of gangs, and resources to prevent and stop gang activity.

I am proud to say that these efforts have resulted in an almost 50 percent reduction in gang-related crimes from 2007 to 2012.

Last year, I added a sixth middle school site for our award-winning "Excel Beyond the Bell" Middle School program and added the summer component to all existing "Excel" middle schools. This year, I propose expanding "Excel" to an additional site in the Watkins Mill Cluster and adding a High School Sports Academy as well. I am also adding a new Linkages to Learning site at South Lake Elementary School. The successful multi-faceted program that brings together County government and MCPS' resources in the Kennedy Cluster will be expanded to the Watkins Mill Cluster. This program significantly expands services and targets the comprehensive needs of at-risk students and their families.

Senior Initiatives

My recommended budget expands our efforts to make Montgomery County a “community for a lifetime.”

My FY14 budget included a variety of enhancements to services for our senior population. For example, I improved senior transportation options through a public/private partnership with the Jewish Commission on Aging, which transports residents to and from our five senior centers – and to points in-between. We also expanded senior housing options through a \$6 million commitment to help develop 140 units of senior housing in Silver Spring.

My FY15 budget continues that focus. In addition to more resources dedicated to senior fire safety, I am proposing to restore operating hours at the County’s three senior centers that were reduced during the Great Recession. I am increasing County resources for adult protective services, adult foster and day care, for a senior ombudsman, and for caregiving services. I am increasing the income eligibility guidelines for the County’s Call ‘N’ Ride program to make sure more seniors can use the program. This change will increase services for over 900 residents of Montgomery County. We are also increasing funding for Ride On’s Kids and Seniors Ride Free programs.

Economic Development

Creating the jobs of the future in Montgomery County has been one of my top priorities.

In December 2013, the County’s unemployment rate fell to 4.1 percent – the lowest since 2008 and a nearly 30 percent decrease since its high during the Great Recession. Over the past two years of recovery, Montgomery County jobs are up three percent – a higher rate of job growth than in Fairfax County. Construction of new residential units in the County has more than tripled in the last three years. Non-residential construction has gone up more than 140 percent during that period – and its value has more than doubled.

Understanding their importance to our economic future, I provided leadership on critically-important County master and sector plans. In my first year, I successfully negotiated the purchase of Site Two in the East County from Washington Suburban Sanitary Commission. This parcel is crucial to ensuring the success of our White Oak Science Gateway. Working with businesses, the community, the Planning Board, and the Council, we will create 100,000 new jobs in the County through the Smart Growth Initiative, the Great Seneca Science Corridor, the White Flint sector plan, and the White Oak Science Gateway. That will be the biggest single growth in jobs in County history – more jobs than were added over the last 20 years combined. These projects will grow life sciences, stimulate quality jobs and commerce, and foster walkable communities, connected by transit, where residents can live and work.

My FY15 Recommended Operating Budget includes funding to repurpose the William Hanna Innovation Center to become the National Cybersecurity Center of Excellence. It increases Life Sciences and Incubator support by \$400,000. I am also recommending \$500,000 in County funding for BioHealth Innovation, the public-private partnership designed to take our County’s biotech excellence to the next level by enhancing the commercialization of critical research done in the County. This budget also provides continued County support for our successful Local Small Business Reserve Program and for the American Film Institute.

Under my administration, Montgomery County was the first local jurisdiction in the nation to establish a local Biotech Tax Credit, to give incentives for investment in local biotech firms. This year the County provided \$500,000 to eligible firms. Thanks to Council approval this spring, we also have a local Cybersecurity Tax Credit to similarly stimulate investments in County-based firms. My budget includes \$500,000 in available cybersecurity incentives in FY15.

Affordable Housing

Providing affordable housing opportunities for Montgomery County residents has been a priority of mine since I assumed office. This budget brings the County's total investment in affordable housing, during the last eight years, to nearly \$320 million, increasing the total resources available to spend in the Housing Initiative Fund by 10 percent over last year's level. This funding has enabled us to add housing units to the inventory of affordable housing and continue affordability for units which otherwise would have become unaffordable to our low and moderate income residents. These efforts have made housing available and affordable to 9,000 families in the County. Another benefit to the County has been the \$1 billion investment in housing development and rehabilitation leveraged with these funds during this recent period of economic uncertainty.

While many of the units produced and preserved were rental, we have also used some of these resources to provide direct rental assistance to 1,925 households in FY14, increasing to 2,069 in FY15 – an increase of 7.5 percent.

Funding in this budget continues our efforts to reduce the incidences of foreclosure in the County. In partnership with the State of Maryland Department of Housing and Community Development and local housing counseling agencies, we have held nearly 400 workshops and counseled over 13,000 residents facing foreclosure. These efforts have directly contributed to the decline of foreclosures in the County outpacing most in the region. We will continue our efforts to keep families in their homes. Preventing homelessness is the most effective means of addressing the homeless issue.

Health and Human Services

I have long believed that how we care for our most vulnerable residents is the best indicator of the quality of our community. I have included in my recommended budget significant additional resources for a variety of public health, behavioral health, and other critical safety net services.

These additional resources provided to HHS will include among other initiatives:

- Replace the federal Community Services Block Grant shortfall to continue service provision for low-income persons to achieve greater self-sufficiency;
- Replace the federal Emergency Solutions Grant shortfall to continue providing housing services to individuals and families experiencing a housing crisis or homelessness;
- Add funds for the Developmental Disability Supplement to support program growth due to increased enrollment and expanding service requirements among current clients;
- Provide nurse monitoring services to more than 2,000 senior and disabled clients receiving services through the State's new Medicaid waiver program, Community First Choice;
- Raise the Adult Foster Care reimbursement rate to reduce the gap between the County and State subsidy for senior assisted living group homes;
- Add funds for a Social Worker position in the Adult Protective Services/Social Services to Adults Program to address an increase in investigations of financial exploitation resulting from new bank mandatory reporting requirements;
- Add funds for Adult Day Care subsidies to increase the number of clients able to attend an Adult Day Care program two days per week for socialization and medical supervision;

- Add funds for a Caregiver Support Senior Fellow and operating costs to coordinate outreach to seniors and persons with disabilities regarding the available services to ease the burden on caregivers;
- Add funds for a Program Manager in the Long Term Care Ombudsman Program, allowing the program to add volunteers and provide more long-term care facility residents with protection and advocacy;
- Add a therapist in Trauma Services to expand clinical service capacity in the Abused Persons Program and address waitlists for victims of domestic violence;
- Increase contract psychiatric service rates to improve the County's ability to attract skilled psychiatrists to provide qualified services for Behavioral Health programs;
- Expand the Kennedy Cluster Project, a multi-agency collaborative service model, to enhance early childhood services, add one Linkages to Learning site at South Lake Elementary School, and increase staff support to reduce institutional barriers for students and families in the high-need areas to engage school activities and improve academic achievement;
- Create a Children's Trust to direct resources to county inter-agency and across-system collaborations among County agencies, MCPS, businesses, and communities in order to aggressively close the academic achievement gaps in Montgomery County and impact the social determinants that affect outcomes for children and their families;
- Enhance Saturday School Program through the George B. Thomas Learning Academy to serve the County's most at-risk students;
- Enhance the County's Welcome Centers to provide a wide array of support services, including financial literacy, legal counseling, and job placement and training, to meet the needs of low-wage and contingent workers;
- Provide a two percent adjustment for the developmental disability supplement and other tax supported contracts with non-profit organizations and residential treatment providers; and
- Add funds to support the Financial Reporting and Management Institute for Nonprofit Montgomery and to improve the capacity of nonprofit organizations and strengthen collaborations among all stakeholders.

Community Grants

As our County grows larger and more diverse, it becomes more challenging to meet the needs of that growing population. County government cannot and should not do it alone. We depend on the incredibly rich array of community organizations to supplement and augment County services. Very often, these groups are able to accomplish our mutual goals in a more cost-effective and culturally appropriate manner that best serves the community. They are also able to leverage other resources that are simply unavailable to County government.

These organizations provide services that include public health, behavioral health, safety net services, housing, the arts, early childhood, positive youth, seniors, veterans' services, and many other community building services. Montgomery County would not be the community we are without their existence.

I have made partnerships with these organizations an important hallmark of my administration and my recommended budget reflects the importance of these relationships. I am increasing the funds for community grants by nearly \$975,000 for a total of nearly \$5.9 million. Also, I have included approximately \$1.08

million within my CIP amendments for capital improvement grants to our community partners. In addition, I am including \$1.6 million for the separately determined Council community grants. This amount represents the total request by organizations that have historically received funding through the Council. However, as is true in the past, the Council determines the amount and distribution of community grant funding for their grant program.

In keeping with my belief that our County's diversity contributes to its strength, my Recommended Budget increases County funding for English adult literacy programs by 10 percent. In addition, this budget increases County funding for the Arts and Humanities by \$440,000 – or more than 11 percent.

Funding the Budget

My budget holds the line on property taxes for County homeowners at the Charter limit. In fact, the average County homeowner will see a \$17 reduction in property taxes over the next year. I am recommending a reduction in the property tax rate from \$1.01 per \$100 of assessed value to 99.6 cents. Because of the many difficult decisions we have made, along with prudent fiscal management, for the last three years, property taxes have been well below the rate of inflation. 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.

During my administration, all County taxes, as a share of personal income, have gone down from an average of 4.41 percent in FY07 to a projected 4.0 percent in FY15 – a ten percent reduction.

My FY15 recommended budget assumes no increase in the Water Quality Protection Charge or the solid waste charges for County residents.

I am recommending a Washington Suburban Sanitary Commission (WSSC) budget that would result in an increase in water and sewer rates of six percent in FY15 in accordance with the budget recently approved by the WSSC.

Focusing on Productivity, Performance, and Accountability

We should continue to make every effort to make our operations more efficient, productive, and effective.

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 provides a forum for on-going 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 <https://www.montgomerycountymd.gov/countystat/>. 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 311 phone and online system represents a significant step forward in responsiveness and accountability. We have expanded MC 311's hours in order to better serve working families and commuters and opened up the Call Center 24/7 during emergencies to complement County emergency efforts. In order to provide residents with the 24-hour ability

to request service, the 311 web portal was created. So far, the 311 system has fielded more than two million calls since inception – and we're well prepared to accommodate millions more. Additionally, more than 40,000 service requests annually are made through the County's 311 web portal.

I launched the County's Open Data program in December 2012, a good example of a program that is bearing positive results, increasing the transparency of County government and saving resources. The program is looked upon as a model among local governments. I met with agency heads and the heads of our municipalities in January 2014 to launch a Cross-agency Open Government Partnership in Montgomery County. These steps are in line with my belief that having already achieved much success with accountability systems such as MC311 and CountyStat, a responsive and accountable County government can continue to facilitate sustainability and resilience in the profit and not-for-profit sectors in our community.

In the future, we must continue to expand the Open Data program to unlock the power of government data to spur innovation, economic development, and improve the quality of services and life for our community. I have asked that the Open Data program be extended within County government to additional internal uses. Several departments are using it to collaborate internally and with external entities to develop programs in food recovery, right-of-way projects, and inspections of County managed assets. We are also working on extending Open Data uses to publishing an Open Checkbook and On-line Budgets.

Final Thoughts

Working together, we have accomplished a great deal under difficult economic circumstances. Thanks in part to the tough decisions we have made in these past, challenging years, Montgomery County is strong – and growing stronger. 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.

We have put our financial house in order and our budgetary foundation is much stronger. As a result, we are able to move forward to better provide the services and programs for our communities. Our job market is expanding. Our streets are safer. Our public school system is excelling. Our County is 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 to build a future where there is opportunity for all.

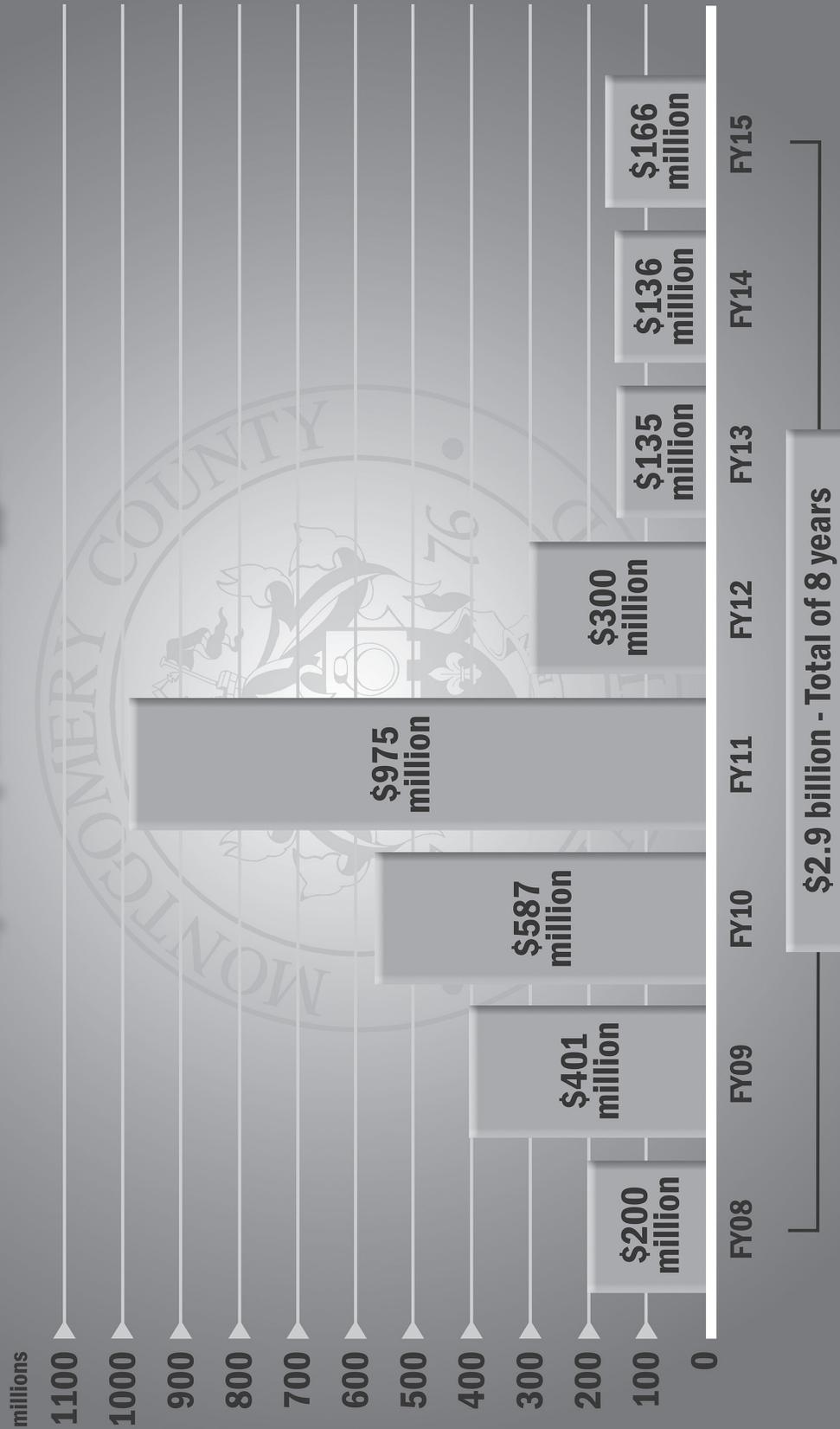
Finally, I want to thank those who contributed to the development of this spending plan including the Board of Education and the Superintendent at Montgomery County Public Schools; the Trustees and President of Montgomery College; the Chair of the Maryland-National Capital Park and Planning Commission and the Planning Board; the Commissioners and General Manager of the Washington Suburban Sanitary Commission; individual residents, as well as members of boards, commissions, and committees; 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, the College, M NCPPC, 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. As always, Executive Branch staff is ready to assist you in your review and deliberations.

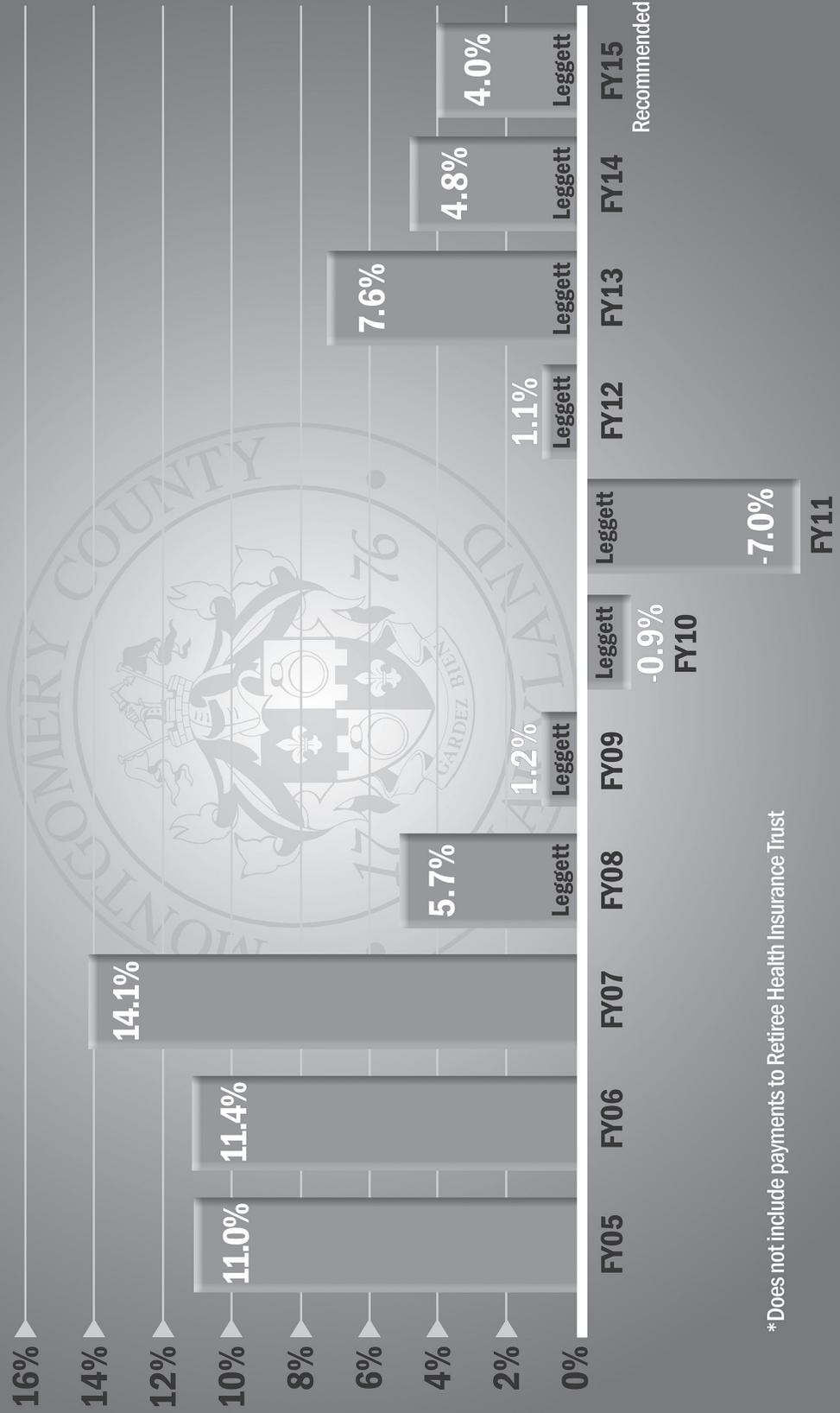
Budget Shortfalls Closed

by County Executive Leggett



County Government Spending

(Tax Supported)



*Does not include payments to Retiree Health Insurance Trust

Reducing Property Taxes

	FY14	FY15
Average Assessment	\$443,591	\$448,118
Property Tax Rate	\$1.010	\$0.996
Tax Credit	\$692	\$692
Estimated Tax Bill	\$3,788	\$3,771
Percent Increase/Decrease	2.06%	-0.45%
Inflation	2.24%	1.50%

The average Montgomery County homeowner will pay **\$17 less** in FY 2015, well below the rate of inflation.

Results by the Numbers:

Good News in the Midst of the Great Recession

Job Growth
2011-2013
Up 3%

Higher than Fairfax

County Reserves
FY10-FY15
Up 390%

New Residential
Construction
2010-2013
Up 300%

Increase in
Residential Road Repair
2007-2015 vs 1999-2006
Up 676%

What's Down

All Crime Over 7 Years
Down 26%

Serious Crime Over 7 Years
Down 33%

Unemployment Rate
Since 2010
Down 30%

All County Taxes as
% of Personal Income
2007-2015
Down 10%

Fire and Rescue
Response Times
Down 11-38%

What's Up