



OFFICE OF MANAGEMENT AND BUDGET

Douglas M. Duncan
County Executive

Beverley K. Swaim-Staley
Director

MEMORANDUM

July 8, 2005

TO: Interested Readers

FROM: Beverley K. Swaim-Staley, Director
Office of Management and Budget *BKS*

SUBJECT: FY06 Operating and Capital Budgets
Amendments to the FY05-10 Capital Improvements Program (CIP)

These volumes contain the Approved FY06 Operating and Capital Budgets and amendments to the FY05-10 Capital Improvements Program for Montgomery County. In accordance with law, the County Council, after receiving the recommendations of the County Executive and the advice of interested parties through public hearings and other means, approved the budgets on May 27, 2005, for the fiscal year that began on July 1. These budgets reflect the judgment of the County Executive and the County Council on how best to provide a level of services and capital investment commensurate with the expectations of Montgomery County residents at affordable and fair levels of taxation.

The total FY06 Operating Budget from all sources of funds is \$3,561,986,208, up \$240,546,232 or 7.2 percent from the Estimated FY05 Budget. Because Capital Budget appropriations can be made for multiple fiscal years, comparisons from one fiscal year to the next do not provide useful information.

The County Charter provides for a biennial Capital Improvements Program (CIP). The biennial CIP permits the development of a six-year program only in even-numbered years. In the odd-numbered calendar years, like 2005, the County Executive recommends and the County Council approves only a limited number of CIP amendments, in this case amending the FY05-10 CIP. Because it is a State agency, the CIP for the Washington Suburban Sanitary Commission (WSSC) is developed annually. In every year, the development of a Capital Budget for all agencies is required.



Office of the Director

The Operating Budget continues our educational investments for our county's students at all levels. Once again, the largest portion of the Operating Budget is targeted for educational programs. For this fiscal year, Montgomery County Public Schools funding is increased by \$112.5 million, or a 7.0 percent increase above the estimated FY05 budget. This supports the enrollment of 139,477 students, with an average investment of \$12,287 per student. This budget sustains the initiatives of the past four years, including the expansion of full-day kindergarten to an additional 20 schools, class size reduction and curriculum improvements. For Montgomery College, total funding is increased by \$29.7 million to \$196.7 million, with the County's contribution to the College increased by \$6.5 million to \$76.3 million. This increase supports staffing at the new Takoma Park Student Services Center and the expansion of the College Institute Program.

The Operating Budget sustains the investments in programs and services begun in previous budgets, while funding a select array of initiatives. Ride On fares are maintained at FY05 levels, and service is expanded in selected areas. A countywide Gang Prevention Initiative offers programming within the schools, at selected community and neighborhood centers, and at the new jointly funded Crossroads Youth and Community Opportunity Center in the Takoma Park/Langley Park area. The Police begin implementation of a staffing plan, adding 34 new positions, of which 29 are sworn officers. Fire service improvements at multiple stations will improve response time serving our citizens and businesses in Germantown, Clarksburg, central Rockville, Laytonsville, Damascus, Potomac and neighboring environs. For our most vulnerable populations, this budget provides more than \$19 million to acquire and rehabilitate affordable housing. A \$3 million expansion of the Montgomery Cares Health Care Program begun last fall continues our county's commitment to provide access to health care. Funding for subsidy programs is increased. To reaffirm our county's commitment to seniors, a strategic plan and inventory of senior programs and services will be developed.

This budget, approved at the County Charter limit on property taxes, is balanced through a combination of expenditure restraint and revenue adjustments while providing our citizens with significant tax relief. A continuation of the Fuel Energy Tax scheduled to sunset at the end of FY05, the withdrawal of \$30.0 million in PAYGO funding from the Capital Improvements Program, and new fees and selected fee increases cover rising program costs and modest improvements. A four cent reduction in the property tax rate provides tax relief, and coupled with one-time rebates, partially offsets rising property assessments for all our residents. An increased level of targeted tax relief is available for those on limited and fixed incomes. Adequate undesignated reserves are provided for unforeseen contingencies.

You are invited to read the contents of these volumes for a description of the Approved Capital and Operating Budgets and the descriptions of amendments to the FY05-10 CIP. Please call the Office of Management and Budget at (240)777-2800 for further information. This information is also available on the Internet on the Montgomery County home page at www.montgomerycountymd.gov/omb.