

2026-04-09 FY2026 Montgomery County Operating Budget Public Comments

Good afternoon Council President Fani-Gonzalez, Vice President Balcombe, Councilmembers, and community members. My name is Esther Wells. I am a CPA, a lifelong resident of Montgomery County, President of the Montgomery County Taxpayers League, and a candidate for County Executive.

I strongly urge this Council to reject both the property and income tax increases and eliminate the estimated structural deficit. A total reduction of \$446.3 million is required. We must operate under the core belief that the primary role of government is to fund public safety, education, and transportation. This requires tempering pay adjustments to reflect the actual economic conditions of our residents. Leadership requires logic, not feelings. Stay within the data-driven spending affordability guidelines.

Due to eight years of failed leadership, lack of fiscal discipline, tax and spend policies, inadequate oversight and accountability of taxpayers funds, inadequate investment in the private sector to expand the tax base and a "closed for business" reputation, we no longer have the luxury of framing the FY2027 budget around "priorities." We are forced to look at this budget through the lens of taxpayer affordability.

County Executive Marc Elrich has proposed an \$8 billion budget that does not protect taxpayers. It makes life less affordable and worsens our economic competitiveness. It's time for our elected officials to pass a budget that "acts its wage," lives within its means, and does the hard work now—before we hit a point of no return. Taxpayers live within their means; so must our government.

In this stagnant climate, safety net programs alone will not win the day. Prioritizing the asks of special interest groups that fund your campaigns is not just unethical, it is a conflict of interest and the reason Montgomery County is struggling. You have bitten the hand that feeds you, forgetting that taxpayers are the engine of this county. Without policies that attract and retain them, we are left with stagnant income and weakened revenue.

In February, Council staff reported that our economic conditions are noticeably worse than a year ago. Personal income growth for taxpayers is stagnant at 1.09%, yet this budget proposes pay adjustments between 6% and 8.75%. Why are these raises not based on a comparative review of worker salaries, a study that hasn't been done since 2011?

To make matters worse, the Elrich proposes using \$181.5 million in one-time rainy-day reserves to fund ongoing expenditures. It is financially illiterate and fiscally undisciplined to propose both massive tax hikes and a projected structural deficit of over \$257 million next year, requiring another 9.85 cent tax increase next year to close the deficit. This is next level

incompetence and is quite frankly dangerous in these economic times. We can't afford four more years of tax and spend budgets.

Let me be clear as to who is accountable for defunding your family's future: Marc Elrich, Will Jawando, Kristin Mink, and Laurie-Anne Sayles. These four have failed to improve our quality of life, failed to make housing affordable, and failed to equalize outcomes for low-income students.

They have not earned another term. **Vote them out!**

Source: <https://www.youtube.com/live/zGaMZ0Mx054?si=Zq6iAVbVavg4Gy6q>

Source:

https://montgomerycountymd.granicus.com/MetaViewer.php?view_id=169&clip_id=18516&meta_id=211025



CE's Recommended FY27 Budget

Tax Supported Budget (\$ millions)

Agency	FY27 CE Rec.	Change from FY26	
		\$	%
Montgomery County Government	2,486.6	138.3	5.9%
Montgomery County Public Schools	3,546.9	192.3	5.7%
Montgomery College	308.1	12.4	4.2%
M-NCPPC	200.7	7.4	3.8%
Debt Service	463.5	24.9	5.7%
Total	7,005.7	375.2	5.7%

CE's Recommended FY27 Budget



FY26 Approved Tax Supported Expenditures	\$6,630.5 million
Montgomery County Government	\$138.3 million
Annualization of FY26 compensations adjustments	\$7.9 million
Proposed FY27 compensation adjustments	\$41.6 million
FY27 retirement and group insurance increases (net)	\$5.8 million
Proposed additions/enhancements (including new positions)	\$27.6 million
State pension shift (for MCPS and Montgomery College employees)	\$28.8 million
All Other Changes (net)	\$26.6 million
MCPS	\$192.3 million
Increased local contribution	\$179.6 million
Increased non-County funds	\$12.7 million
Montgomery College	\$12.4 million
Increased local contribution	\$6.3 million
Increased non-County funds	\$6.1 million
M-NCPPC	\$7.4 million
Debt Service	\$24.9 million
CE Recommended FY27 Tax Supported Expenditures	\$7,005.8 million

FY27 Proposed Pay Adjustments



Montgomery County Government	
General Wage Adjustment	<ul style="list-style-type: none"> • 3.00%, FOP and PLS • 2.50%, IAFF and Fire Management • 2.85%, MCGEO (except as below), Non-Represented, MLS • 2.85% + salary schedule adjustment, MCGEO Deputy Sherriff and Correctional Officer
Service Increment	<ul style="list-style-type: none"> • 3.5% if not a top of grade (MCGEO, Non-Represented, IAFF, FOP) • Performance-based pay (MLS/PLS)
MCPS	
General Wage Adjustment	<ul style="list-style-type: none"> • 3.25%
Service Increment	<ul style="list-style-type: none"> • 1.5%-5.5% if not at top of grade, average of 3.5%

FY27 Budget Impact - Pay and Benefits



Component	MCG	MCPS
Pay Adjustments	\$41.6 million	\$133.8 million
General Wage Adjustments	\$28.5 million	\$80.7 million
Increments/Longevity	\$13.1 million	\$53.1 million
Benefit Cost Increases	\$5.8 million	\$27.8 million
Retirement Costs	\$9.8 million	(\$15.1 million)
Proposed RSP/GRIP Enhancement	\$3.2 million	--
Active Employee Group Insurance	\$11.5 million	\$2.9 million
Group Insurance Fund Contribution	--	\$40.0 million
Retiree Group Insurance	(\$18.7 million)	--
Totals	\$47.4 million	\$161.6 million



Potential FY28 Structural Deficit

FY28 Known/Likely Commitments	
Annualization of MCG FY27 compensations enhancements/new positions	\$14.8 million
Replacing use of one-time reserves in FY25 for ongoing expenditures	\$181.5 million
Total	\$196.3 million
Projected FY28 Available Resources	(\$61.0 million)
Projected FY28 Surplus/(Deficit)	(\$257.3 million)



CE's Recommended FY27 Budget: Fiscal Policies

Reserves - Ending

- **FY26:** 13.3% of Adjusted Govt. Revenues, \$951.1 million
- **FY27:** 10.6% of Adjusted Govt. Revenues, \$781.9 million

One-Time Revenues

- Executive proposes using \$181.5 million in one-time resources from the reserves to fund ongoing expenditures

Revenue Stabilization Fund

- Council likely will need to approve language in the budget resolution, so the RSF does not exceed 10% on its own

CE's Recommended FY27 Budget: Fiscal Policies



Spending Affordability

- Exceeds Aggregate Operating Budget ceiling by \$293.6 million

G.O. Bonds and Debt Service

- CE recommends increasing borrowing costs by \$83.4 million annually by FY32 based on his recommended CIP

OPEB

- Aligns with County policy for pre-funding and utilization of OPEB Trust

Budget Scenarios Early Tax Rate and Reserve Options



Three illustrative scenarios to show broad options:

Scenario 1: The Council does not support both property and income tax increases AND eliminates estimated structural deficit.

Scenario 2: The Council does not support both property and income tax increases, reserves at the CE-recommended level.

Scenario 3: The Council does not support the income tax increase BUT supports a 3.0 cent property tax increase, reserves at the CE-recommended level.

Budget Scenarios



Scenario 1: The Council does not support both property and income tax increase AND eliminates the estimated structural deficit.

Total reduction: **\$446.3 million**

Agency	Reduction Amount
County Government	(\$203.7 million)
MCPS	(\$222.4 million)
Montgomery College	(\$6.3 million)
M-NCPPC	(\$13.9 million)
Total	(\$446.3 million)

Budget Scenarios



Scenario 2: The Council does not support both property and income tax increases, reserves at CE-recommended level

Total reduction: **\$189.0 million**

Agency	Reduction Amount
County Government	(\$80.5 million)
MCPS	(\$96.8 million)
Montgomery College	(\$6.3 million)
M-NCPPC	(\$5.4 million)
Total	(\$189.0 million)

Budget Scenarios



Scenario 3: The Council does not support income tax increase BUT supports 3.0 cent property tax increase, reserves at CE-recommended level

Total reduction: **\$110.6 million**

Agency	Reduction Amount
County Government	(\$46.6 million)
MCPS	(\$56.0 million)
Montgomery College	(\$4.9 million)
M-NCPPC	(\$3.1 million)
Total	(\$110.6 million)