




OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

April 25, 2011

TO: Valerie Ervin, President, County Council
FROM: Isiah Leggett, County Executive 
SUBJECT: FY12 Budget Adjustments

Set forth on the attached pages are adjustments to the FY12 Recommended Operating Budget, which I recommend the Council consider in its budget worksessions. This memorandum covers items not yet communicated to you by earlier actions. Each year, events subsequent to the transmittal of the budget in March, including actions by the General Assembly, require that certain changes should be proposed.

FY12 Operating Budget

My expenditure recommendations to date, if approved by the Council, would continue to maintain fiscal balance in both the Operating Budget and the Capital Budget. Included in my proposed adjustments is recognition of the increases in State Aid for Highway User Revenue, as well as K-12 Education funding. I am also recommending increases in the County Government State Tax Property Services Non-departmental Account of \$5.2 million to reimburse the State for 90% of the costs of State personal and property tax assessments, as well as increases in the Montgomery College and the Montgomery County Public Schools (MCPS) budget to reimburse the State for the administrative cost of teacher and College faculty retirement costs.

The MCPS costs can of course be absorbed within their additional State Aid allocation, but I am recommending an increase in the local contribution to Montgomery College to address the increased retirement costs. In addition to these amendments, I am recommending additional funding and expenditure changes detailed on the attached pages to address either additional revenues that have been identified since transmittal of my Recommended FY12 Operating Budget or expenditure needs.

Because I anticipated that there could be potential additional expenditure needs including the shifting of the costs of the State property tax assessment system, I maintained adequate set asides to fund these contingencies.

I also want to recommend one change to the FY12 Non Competitive Contract List to transfer responsibility for the annual Holiday Giving Program from Interfaith Works to A Wider Circle. The cost of this contract is \$15,000 and the scope of services will remain the same as previously provided.

Valerie Ervin, President, County Council
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Included in the amendments are the estimated revenues from the Disposable Carryout Bag Tax (Council Bill 8-11), as well as the proposed uses of these resources to implement the legislation and expand our efforts to improve water quality within the County. I urge the Council to maintain the January 1, 2012 implementation date for this new excise tax. A six month delay will provide adequate time for a public communication and outreach campaign to local residents and businesses. Any delay beyond this point however risks the County's program from being pre-empted by a proposed Statewide disposable bag tax initiative, which would not only deprive the County of these sorely needed resources for our clean water programs, but would divert Montgomery County revenues to other jurisdictions within the State. The January 1, 2012 proposed implementation date will ensure that these revenues remain within the County for our own critical environmental priorities.

FY12 Capital Budget

The most recent revenue estimates project a reduction in Recordation Tax revenues of \$4.8 million in FY12. These revenues are used primarily to fund MCPS and Montgomery College Information technology (IT) project costs. To respond to the write down of these revenues in FY12, I am recommending amendments that will require changes to IT projects within the Capital Improvements Program for MCPS and Montgomery College. The details of these amendments are attached.

As always, my staff will be available to discuss these changes with the Council in its deliberations on the FY12 Budget.

IL:jfb

Attachment: Recommended Budget Adjustments

c: Timothy L. Firestine, Chief Administrative Officer
Dr. Jerry D. Weast, Superintendent, Montgomery County Public Schools
Dr. DeRionne Pollard, President, Montgomery College
Francoise Carrier, Chair, Montgomery County Planning Board
Stephen B. Farber, Council Staff Director
Kathleen Boucher, Assistant Chief Administrative Officer
Department and Office Directors

AMENDMENTS TO THE CE RECOMMENDED BUDGET FY12 OPERATING BUDGET

Tax Supported

RESOURCE AMENDMENTS

Montgomery County Government

DTS	Shady Grove Transportation Management District	100,000
LIB	Increase State Aid from formulas - in Governor & House budgets	114,200
TRN	Increased State Payment for Signal Maintenance	308,500
TRN	Increased Highway User Revenue	665,000

Subtotal MCG Resources **1,187,700**

Montgomery County Public Schools

MCPS	Additional State Aid	6,559,000
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Subtotal MCPS Resources **6,559,000**

Total Tax Supported Resources **7,746,700**

EXPENDITURE AMENDMENTS

Montgomery County Government

DEP	Restore: Support for Maryland Clean Energy Center	140,000
DTS	Add: Shady Grove Transportation Management District	100,000
HHS	Restore: Partial Funding for the Developmentally Disabled Budget Contract	238,140
LIB	Restore: Information staff at Neighborhood Libraries	460,000
LIB	Restore: Materials	1,000,000
NDA	Restore: Montgomery County Coalition for the Homeless, Inc.	48,460
NDA	Increase Cost: Reimburse State for Property Tax Assessments	5,203,000
NDA	Increase Cost: Revised Speed Camera Revenues to Municipalities	162,210
OCE	Add: AmeriCorps staffers to support two strategic priorities	80,000
POL	Increase Cost: Olney Police Satellite Facility	11,030
TRN	Increase Cost: Increased State Payment for Signal Maintenance	308,500
TRN	Increase Cost: Increased Highway User Revenue	665,000

Subtotal MCG Expenditures **8,416,340**

Montgomery County Public Schools

MCPS	Increase Cost: Additional State Aid	3,769,331
MCPS	Increase Cost: MCPS Payment to the State for Retirement Administration	2,789,669

Subtotal MCPS Expenditures **6,559,000**

Montgomery College

MCC	Increase Cost: College Payment to the State for Retirement Administration	145,230
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Subtotal MC Expenditures **145,230**

Total Tax Supported Expenditures **15,120,570**

Recommended Budget Adjustments**Non-Tax Supported****Non-Tax Supported****RESOURCE AMENDMENTS****Montgomery County Government**

DEP	Collection, Administration, and Use of Bag Tax Revenues	561,640
	Subtotal MCG Resources	561,640
	Total Non-Tax Supported Resources	561,640

EXPENDITURE AMENDMENTS**Montgomery County Government**

DEP	Add: Collection, Administration, and Use of Bag Tax Revenues	533,580
	Subtotal MCG Expenditures	533,580
	Total Non-Tax Supported Expenditures	533,580

Recommended Budget Adjustments

Internal Service Funds

Internal Service Funds

EXPENDITURE AMENDMENTS

Montgomery County Government

OHR	Decrease Cost: Anticipated Total Costs Due to Prescription Plan Changes	-1,036,280
	Subtotal MCG Expenditures	-1,036,280
	Total Internal Service Funds Expenditures	-1,036,280