

**2016 BUDGET PRESENTATION**  
**MONTGOMERY COUNTY, PA**

NOVEMBER 19, 2015

As of today, the fiscal state of the County is strong

- A budget which focuses on meeting County missions to its citizens, while equalling nearly \$30 million less than the 2012 Operating Budget
- A structurally balanced budget with several years of annual operating surpluses
- A Fund Balance which is at the recommended level, allowing the County to eliminate short term borrowings
- A Capital Budget which invests primarily in existing County Infrastructure including Parks, Trails, Roads, Bridges and County buildings
- Three consecutive years of making Pension Fund payments
- A twenty-first century IT infrastructure which can support a mobile workforce

## 2016 NEW BUDGET CHALLENGES

If costs primarily stayed the same between 2015 and 2016, the County would be able to continue to fund current operations with current revenue levels

There are nearly \$10 million in new costs beginning in 2016:

- **Prison Health Care contract increase (\$3.2 million)**
- **Increasing Debt Service Costs (\$2.6 million)**
  - Increased SWAP costs from 2007 issuances (\$500,000)
  - Costs associated with failed Logan Square investment in 2010 (\$300,000 in 2016 and climbing thereafter)
  - Municipal interest costs for Radio Purchase Program (\$500,000)
  - Costs for new 2016 Debt for Roads, Bridges, and other County infrastructure (\$1.3 million)

## 2016 NEW BUDGET CHALLENGES

## 2016 New costs (continued):

- **Corrections Officers Arbitration Award (\$1 million)**
- **Departmental Mission and Inflationary Factors (\$2.4 million)**
  - Voters Services costs in a Presidential election year
  - Increase in IT software and licensing fees, allowing for a more efficient and mobile workforce
  - Increased Public Safety technology costs
  - Replacement of outdated and end-of-useful life equipment across multiple departments
  - Increased lab fees for the District Attorney's Office to deal with the heroin epidemic

## 2016 NEW BUDGET CHALLENGES

Attempting to cover the new expenditures at current revenue levels would require:

- Reducing or eliminating the Pension Fund Payment
- Cutting the Capital Budget and halting investment in critical infrastructure in order to reduce future Debt Service
- Significant cuts to the Community College
- Across the Board Cuts to Staff and Services
- Spending down the Fund Balance below recommended levels, while utilizing one-time funds for recurring costs (ie, deficit spending)

**2016 BUDGET - FLAT REVENUE**

The alternative is a modest tax increase equal to less than \$1 a week for the average taxpayer, that would continue the fiscally responsible approach to budgeting that prioritizes the government missions which serve County residents.

- **Making an \$8 million Pension Fund Payment (increase of \$4.2 million) which should represent the full payment based on recent trends and estimates for our Actuarially Defined Contribution.**
- **Addressing inadequate staffing in County Parks and Security (\$650,000)**
- **Recognizing increasing costs for Court Appointed Fees (\$300,000)**
- **Maintains recommended Reserve Fund levels**
- **Investing in our workforce by providing a 1.5 percent salary increase for unrepresented employees (\$1.3 million)**

## **2016 BUDGET – TAX INCREASE IMPACT ON BUDGET**

## Additional Budget highlights:

- Continues the wide array of County services currently being provided, including support for our most vulnerable populations, assisting veterans, and providing for public safety
- Allows for expanded programming and maintenance of the County's expanded Parks and Trails system
- Provides County match to leverage additional State funds for Children and Youth programs
- Funds efforts to improve Adult Probation operations
- Funds Planning initiatives to improve utilization of public transportation consistent with the 2040 Plan
- Funds efforts to identify new strategies to utilize the County's GIS data to better serve the public

**2016 BUDGET – TAX INCREASE  
IMPACT ON BUDGET**

# The Average Residential Assessment in Montgomery County is: \$168,901

	Millage	Tax	Net Change from 2015 to 2016
2015 Millage	3.152	\$532.38	
2016 Millage (proposed)	3.459	\$584.24	
			\$51.85 (9.8%)

Represents an increase for the average homeowner in Montgomery County of less than \$1 per week.

**2016 BUDGET – TAX INCREASE  
IMPACT ON INDIVIDUALS**



## Millage Comparisons

County	2016 Mills	Common Level Ratio	2016 County Property Tax per \$100,000 Market Value *
Delaware	5.604	67.8	\$379.95
Bucks	23.2	10.8	\$250.56
Chester	4.163	57.7	\$240.21
Montgomery (proposed)	3.459	57.5	\$198.89

\* This is the standard measure for comparing effective tax rates

**2016 BUDGET – TAX INCREASE  
COMPARATIVE DATA**

**Given the County's commitment to maintaining a transparent and fiscally responsible budget, which provides the services needed to meet the mission of the County, and is structurally sound, I recommend that the Commissioners agree to post the proposed budget which includes a modest tax increase.**

## **2016 BUDGET – RECOMMENDATION**