

FY 2012 Proposed Budget

March 7, 2011

Budget Message

- As last year, the proposed budget strives to preserve two of our core responsibilities:
 - Public Safety
 - Public Education

Budget Message

- Public safety needs –
 - opening of the new courthouse in early 2012
 - increasing costs for inmate housing at Western Virginia Regional Jail
 - growing F&R capital equipment needs
- Public education needs –
 - requesting for additional operating funds
 - planning for future debt service cost for new schools proposed in Riner and Blacksburg.

Budget Message

- Continuing the vacancy freeze combined with reducing positions generates savings in the upcoming year that will offset my recommendation for a 3% salary increase for County employees.
- Our employees are the County's greatest asset; ensuring that we take care of them ensures that we continue to provide the best possible services to our citizens and businesses.

FY 2012 Proposed Budget

Total Budget = \$156.3 million

• School Operating Budget	\$ 90.8 million
• Other School Funds	\$ 3.9 million
• General Fund	\$ 40.9 million
• Debt Service	\$ 18.1 million
• School Capital	\$ 1.4 million
• County Capital	\$.7 million
• Revenue Stabilization Fund	<u>\$.5 million</u>
Total	\$156.3 million

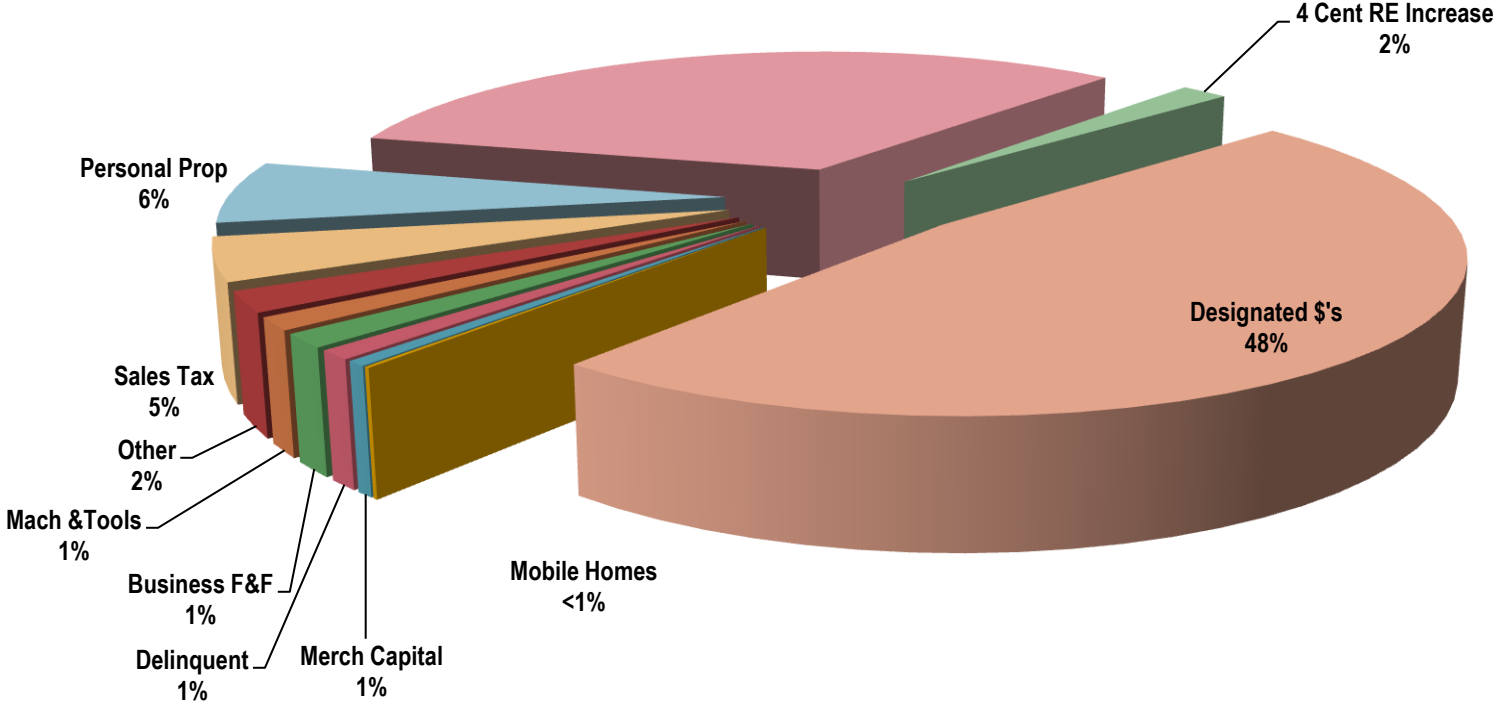
THE PROPOSED REAL ESTATE TAX RATE IS 77 CENTS AN INCREASE OF 3 CENTS FROM CURRENT 74 CENTS AND 4 CENTS FROM THE “REVENUE NEUTRAL RATE OF 73 CENTS.

	FY 11 Approved	FY 12 Proposed	Difference
School Operating Fund	\$88,616,820	\$90,775,326	\$2,158,506
Other School Funds	\$3,804,715	\$3,880,810	\$76,095
General Fund	\$39,552,504	\$40,888,135	\$1,335,631
Debt Service Fund	\$17,762,983	\$18,100,690	\$337,707
School Capital Fund	--	\$1,400,000	\$1,400,000
County Capital Fund	\$340,000	\$700,000	\$360,000
Revenue Stabilization Fund	\$564,248	\$500,000	(\$64,248)
Law Library	<u>\$17,600</u>	<u>\$17,600</u>	\$0
TOTAL	\$150,658,870	\$156,262,561	\$5,603,691

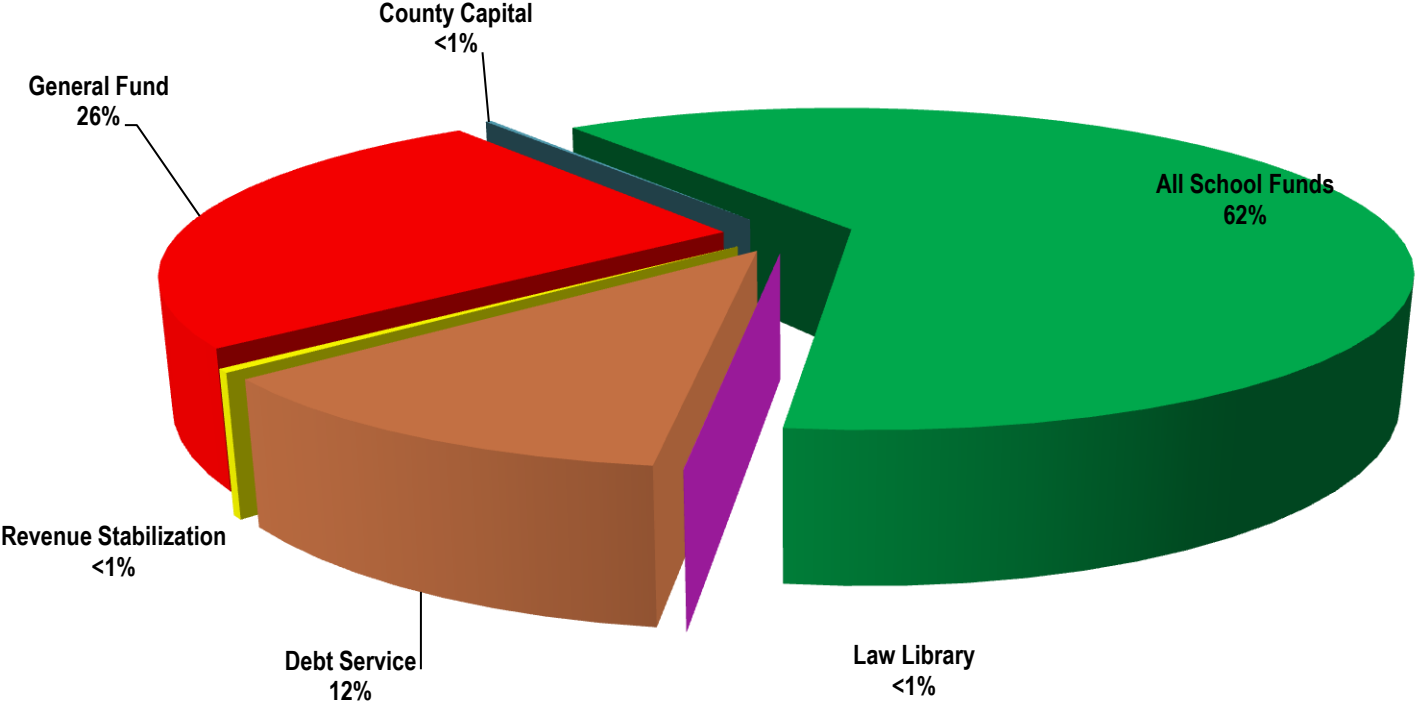
Where It Comes From

FY 2012 Proposed Budget

\$156.3 Million



Where It Goes
FY 2011 Proposed Budget
\$154.1 Million



Revenue Added

COUNTY DOLLARS ADDED

- Dollars from 4 Cent Real Estate Tax Increase =\$2.7 million
- Dollars from Change in Motor Vehicle Value =\$0.7 million

OTHER REVENUE

- Increased Fee Revenue and increases in
Department of Social Services Funds =\$0.4 million
- Increase in Federal Dollars
School proposed budget =\$0.1 million

State Revenue Reductions

Based on former Governor Kaine's proposal, state dollar reductions include:

- **Reduction to Schools = (\$5.89 Million)**
 - **Reduction to Constitutional Officers = (\$1.37 Million)**
 - **Reduction in Other Areas = (\$0.16 Million)**
- TOTAL = (\$7.42 Million)**

General Fund State Cuts

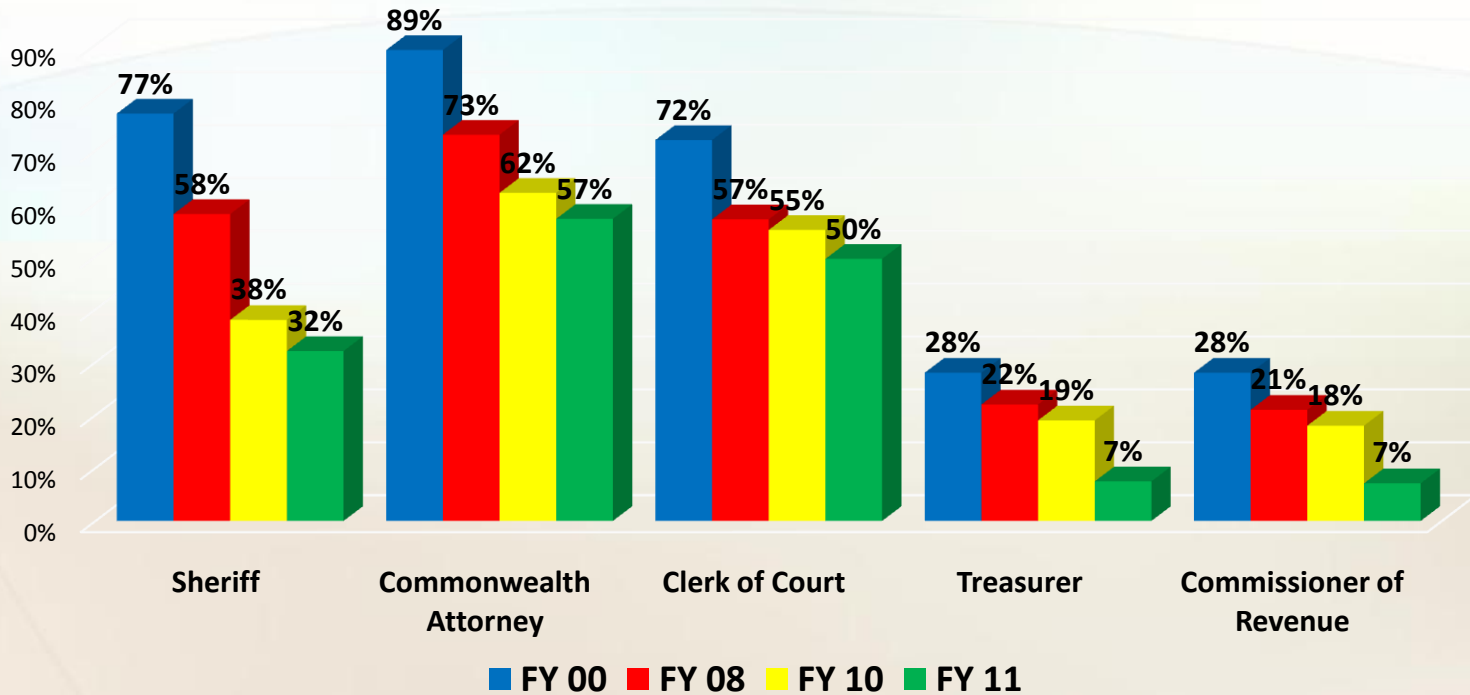
State Budget Impact on Montgomery County's General Fund

Description	FY 2010 Budget	FY 2011 Budget	\$ Impact from FY 10 to FY 11	% Impact from FY 10 to FY 11
Public Safety (Sheriff; Jail Block; Comm Atty)	\$ 4,858,718	\$ 3,846,902	\$ (1,011,816)	-21%
Other Constitutional Offices	\$ 825,545	\$ 463,333	\$ (362,212)	-44%
Other State Support for County Operations	\$ 2,949,261	\$ 2,788,738	\$ (160,523)	-5%
Total Impact County	\$ 8,633,524	\$ 7,098,973	\$ (1,534,551)	-18%

Based on Governor Kaine's Introduced Budget

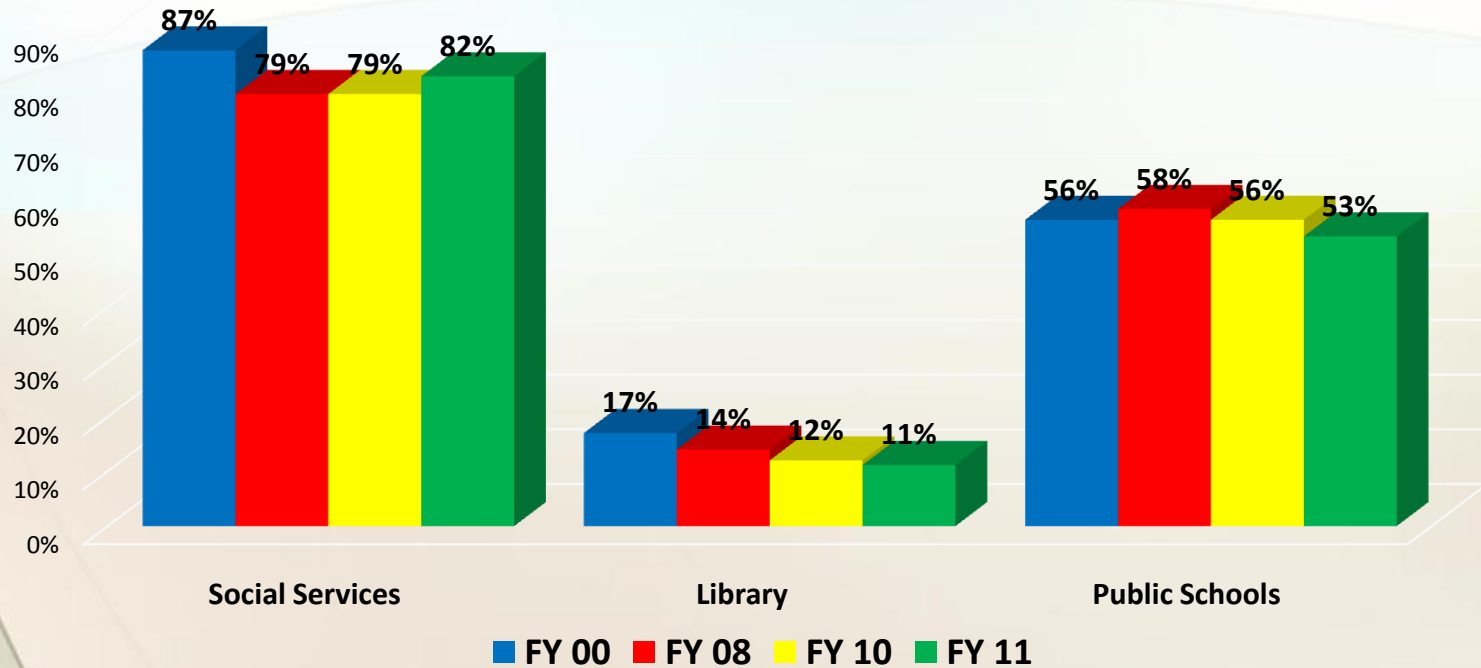
State Funding for Constitutional Officers

Percent of State Funding for Constitutional Officers
FY 2000-FY2011



Other State Funding Cuts

Percent of State Funding
FY 2000-FY2011



General Assembly Budget Amendment Highlights

House Amendments

- House restores a portion of funding for Commissioner's and Treasurer's Offices by taking the County's local telecommunications tax revenue and keeping it at the state. (This creates an additional shortfall in local revenue—it is not an increase in state revenue to the county.)
- Restores a majority of the reductions to Sheriff and Commonwealth Attorney's offices.
- Increases the reduction in revenue to public schools by an additional \$3.3 million coupled with VRS savings of an estimated \$3.2 million. However, the local share of the savings from VRS must be paid to the state which results in an net reduction of an estimated **(\$1.7 million) added to the \$5.9 million.**

General Assembly Budget Amendment Highlights

Senate Amendments

- Restore funds for Constitutional offices but then includes the “flexible cuts” on local government that are calculated on reduced state revenues for these offices.
- Includes the reduction in revenue to schools totaling over \$2.3 million coupled with a savings of \$2.8 million in VRS which would restore a net of \$.5 million of the **\$5.9 million reduction.**

General Assembly Schedule

- First conference on budget bills to be complete by midnight March 9.
- Conference report to be available March 11.
- General Assembly Session to end March 13.

FY 2011 Proposed General Fund Budget

General Fund

General Fund Budget

FY 09 Approved General Fund	= \$39.3 Million
FY 10 Approved General Fund	= \$39.3 Million
FY 11 Proposed General Fund	= \$39.7 Million

General Fund Expenditures

- Sheriff's Office -State reductions were projected to reduce 27 positions- Proposed budget restores positions except for 3 vacant positions the Sheriff has frozen.
- Commonwealth Attorney- State reductions were projected to reduce 2 positions- Proposed budget restores these positions.
- Clerk of Court -State reductions were projected to reduce 3 positions- Proposed budget restores these positions.

General Fund Expenditures

	FY 10 Approved Budget	FY 11 State Budget Reductions	FY 11 County Proposed Restorations	FY 11 Proposed Positions	Notes
Constitutional Office					
Treasurer					Of the 5 reductions, 2 positions are vacant -1 state and 1 county
Constitutional Officer	1	-	-	1	
State Funded Employees	8	(8)	3	3	
County Funded	8	-	-	8	
Total	17	(8)	3	12	
Commissioner of Revenue					Of the 5 reductions, 1 vacant county position is eliminated.
Constitutional Officer	1	-	-	1	
State Funded Employees	10	(10)	6	6	
County Funded	8	-	(1)	7	
Total	19	(10)	5	14	

Position Reductions are Effective January 1, 2011

General Fund Expenditure Increases

<u>Required Expenditures</u>	
Regional Jail Increase	360,465
911 Authority	25,000
Fringe Benefit Increases	384,895
Health Clinic	16,000
Utility Increases	55,580
Outside Agencies	47,145
	Total
	889,085

The Proposed Budget includes \$262,500 for a Retirement Incentive program to reduce positions in FY 11 and FY 12.

General Fund Reductions

Frozen positions @12.975	(549,104)
10 Positions Eliminated January 1- 3 FTE currently vacant	(220,246)
Eliminate mileage reimbursement for Electoral Board per state cuts	(2,133)
Adjust Outside Agencies to reflect units of service	
Reduces New River Community Action	(6,382)
Reduces Womens Resource Center	(9,631)
Reduces New River Valley Senior Services	(1,543)
Reduces NRV Cares	(1,647)
Reduce Social Services to reflect 1% state reduction	(24,759)
Adjust Outside Agencies based on Reduced Requests-Health, CSB etc	(25,262)
Total	(840,707)

FY 2011 Proposed School Operating Fund

School Operating Fund

School Operating Budget

FY 09 Approved School Operating Fund = \$97.4 Million

FY 10 Approved School Operating Fund = \$96.4 Million

FY 11 MCPS Proposed Operating Fund = \$90.9 Million*

FY 11 Proposed School Operating Fund = \$91.9 Million*

*Includes \$913,539 in one-time funding

School Operating Fund

- FY 2010 State Funding = \$56,781,036
- FY 2011 State Funding = \$50,890,018
 - Based on Gov. Kaine's Budget = **(\$ 5,891,018)**

Reduction = (10.37%)

- FY 2010 County Funding = \$35,103,980
- FY 2011 School Budget Proposed = \$34,401,900
- FY 2011 County Proposed = \$35,403,980

The Proposed County Budget Increases \$'s 1 Million over School Proposed Budget

What happens if a 4 cent tax increase is not approved?

- If the final outcome of the General Assembly budget deliberations results in additional dollars— these dollars will be included- (if there are additional reductions—they will also be included).
- Additional budget reductions will be required to offset any reduced revenue.

What happens if a 4 cent tax increase is not approved?

Recommendations for additional reductions include:

- Reduce outside agencies -5%/10%/15%/20%
- Reduce hours at consolidated sites-12%/ 26%/39%/50%
- Reduce Library Materials 5%/10%
- Reduce DSS local funds 3%/8%/10%/15%
- Reduce or eliminate the Revenue Stabilization Fund
- Eliminate compensation for members of Commissions
- Eliminate Part time salary funding in:
 - County Administration
 - Commonwealth Attorney
 - Commissioner of Revenue
- Reduce/eliminate the funding provided to schools above their request

Recommendations for Additional Reductions

- Eliminate funding for :
 - Lyric Theatre
 - Montgomery Museum
 - Smithfield Plantation
 - Rosa Peters park
 - Riner Cannery
 - Fire Hydrant Maintenance
 - Gas Cards for Fire and Rescue volunteers
- Reduce additional positions

Dollar Impact of a 4 Cent Tax Increase

IMPACT OF TAX INCREASES						
	Average *	Current	Total	Percent	Inc Cost on Each	Monthly
Tax Increase	Home Value	Tax Bill	Increase	Inc	Of 2 Tax Bills	Cost Inc
4 cents	201,122	1,428	\$ 80.45	5.63%	\$ 40.22	\$ 6.70
3 cents	201,122	1,428	\$ 60.34	4.23%	\$ 30.17	\$ 5.03
2 cents	201,122	1,428	\$ 40.22	2.82%	\$ 20.11	\$ 3.35
1 cents	201,122	1,428	\$ 20.11	1.41%	\$ 10.06	\$ 1.68
Note						
Actual Ave based on Land Records.						
23,675 houses						
4,761,574,000 total value						
Average = \$201,122						

Next Steps

- Establish a budget and tax rate to advertise for public hearing on March 29.
- Vote on an Advertised Budget and Advertised Tax Rate
- Resolution included on tonight's agenda to vote on the advertised rate.
- Budget Calendar included a worksession for March 15 if needed before the public hearing.