



OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

Memorandum

June 26, 2015

To: Executive Branch Department and Office Directors
From: Timothy L. Firestine, Chief Administrative Officer
Subject: FY2016 Savings Plan Development

Timothy L. Firestine

Due to revenues that are lower than expected in FY2015 and further revenue reductions projected for FY2016, the County Executive has determined that we must implement a savings plan immediately. The most recent income tax distributions in FY2015 have resulted in a shortfall of approximately \$21.4 million. It is prudent to assume that shortfall will continue into FY2016 and FY2017. In addition, the recent Supreme Court decision in the case of Wynne vs. the Comptroller for the State of Maryland will further reduce our FY2016 revenues by approximately \$15.1 million and FY2017 revenues by approximately \$76.7 million. Altogether, the cumulative revenue loss by FY2017 could reach well over \$150 million.

With this fiscal reality in mind, the Executive has directed the development of a savings plan for transmission to the Council by the week of July 6, 2015. It is clear from our past experience with savings plans, that the earlier these plans are implemented, the less painful they may be. I am asking all County Government departments to identify realistic and practicable reductions of 2% to their FY2016 approved budget. Additionally, the Executive has directed that the vast majority of new programs and positions approved in the FY2016 Operating Budget be included in the proposed savings plan. In addition to the reductions required of County Government Departments, we are asking the outside agencies (MCPS, Montgomery College and Maryland National Capital Park and Planning Commission) to also identify operating budget savings. The savings plan will also include savings in FY2016 current revenue expenditures contained in the Capital Budget.

The Executive is aware of the disruption and difficulty this action creates and greatly appreciates the ongoing efforts to implement your programs and provide services in the most cost efficient and effective manner possible. All departments should continue to identify creative and innovative means of accomplishing our priorities.

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Detailed instructions for submitting your proposed savings plan will follow. Due to the Council's recess schedule and the desire to implement the plan as quickly as possible, your responses will be due to OMB by July 2, 2015. I realize the difficulty this compressed time frame also creates, but it is in our collective best interest to have decisions made quickly so that the impact to programs and services is minimized.

If you have any questions about the process or necessary procedures, please contact Alex Espinosa at (240) 777-2767 or your OMB analyst.

TLF:rsd