

- Enhance the growth of existing businesses; and
- Strengthen the workforce to meet present and future needs."

This statement constituted part of the Executive's comments on the Annual Growth Policy. The statement also called for a reasonably balanced ratio of jobs and housing and for more concentrated development in Metro station areas to use the County's infrastructure more efficiently. The statement is also part of Montgomery County's *Strategic Plan for Economic Development for the 1990s*.

III. RELATIONSHIP OF HOUSING TO EMPLOYMENT

* In 1990, the County-wide ratio of existing jobs to existing housing units was approximately 1.5 to 1. One measure of balance between housing and jobs is one job for each resident worker. Using this measure, the County's current situation is consistent with the General Plan's land use objective of a balanced relationship between residential growth and economic activities. Since Montgomery County households have an average of about 1.5 workers, a jobs/housing ratio of between 1.4 and 1.6 is reasonably balanced.

* The potential future County-wide ratio of jobs to housing, based on the development capacity of all currently zoned and planned acreage for these uses, could range from 2.4 to 2.7 jobs per housing unit. This zoned ratio of jobs to housing does not appear to be consistent with the General Plan's objective to "obtain a balanced relationship between residential growth and economic opportunities," although the Plan did not specify an exact ratio.

However, the buildout ratio of jobs to housing may be overstating the number of jobs that will actually develop. On average, employment sites use a smaller proportion of their zoning holding capacity than housing. Industrial and retail buildings are designed for the functional use

of their occupants more than to maximize FAR. Many commercial uses, such as shopping centers and gasoline filling stations, prefer one- or two-story buildings even when a higher FAR is allowed. Surface parking is often preferred because it is usually more convenient and is much less expensive. The combination of low structures, green area, surface parking, and setback requirements results in lower than maximum use of available FAR. On the other hand, a housing site is considered "fully developed" if it contains a housing unit of greater assessed value than the value of the land on which it is located, regardless of the size of the unit, setbacks, and other development factors.

* The General Plan objective concerning the balance of jobs and housing addressed the issue on a County-wide basis. The Plan clearly did not expect each smaller geographical area, such as an individual master plan or sector plan area, to strive for such a balance. In fact, the Growth Management Advisory Work Group questioned the use of the jobs/housing ratio in area master plans. Balance is only one element that master plans consider when establishing the vision for an area. There are many others.

IV. FUTURE COUNTY EMPLOYMENT

A. Development Capacity

* The total full development job capacity of employment-related zoned and planned land in Montgomery County ranges from 1,023,000 jobs to 1,269,000 jobs. Existing buildings account for about 41 percent of low capacity and 33 percent of the high. Of the total capacity, space for 605,000 to 850,000 jobs remains to be built. In September 1991, the pipeline of approved development contained enough space to serve about 125,000 jobs, or about 10 percent of the high capacity.

* If growth were to continue at the average annual rate of the years between 1970 and 1990, Montgomery County would have enough zoned capacity for jobs well beyond 2040, based on the

low estimate of capacity. Growth is expected to be slower in the next decades, however.

* About 17 percent of the total employment related development capacity is located in the County's ten Metrorail station sector plan areas. This percentage would increase if planned transit-oriented development in the I-270 Corridor, such as that recommended for the Shady Grove area, were included.

B. Employment Forecast

* Continued employment growth is expected in the coming decades, but at a slower rate than that of the past 20 years. Montgomery County is expected to add about 200,000 jobs over the next 20 years, boosting total employment to 650,000 by 2010. That would be about 10 percent more than the absolute growth in employment of about 182,000 over the past 20 years.

V. FISCAL FACTS

* In 1968, Montgomery County voters approved an amendment to the County's charter that mandated the annual preparation of two six-year budgets - one for the provision of infrastructure, known as the Capital Improvements Program (CIP), and the other for public services, called the Budget and Public Services Program. These budgets, which are prepared by the County Executive for approval by the County Council, provide detailed information and analysis related to proposed expenditures and revenue sources for County government and other agencies that formulate and implement public policy. Together, they provide much of the information needed to relate growth in households and jobs to the services and public works to support this growth, and to maintain and improve services and facilities for existing residents and workers. Public presentations of the capital and operating budgets, and the opportunity for review and comment that accompany them, provide a framework for citizen understanding of, and comment on, the County's fiscal policy.

A. Operating Budget

1. Distribution and Growth

* The Budget and Public Services Program, also known as the operating budget, determines the amount of money for the day-to-day operation of County government, including activities such as bus operation, public education and police protection. By law, the County must match operating budget expenditures with revenues each year. Although the budget is approved annually, fluctuating economic conditions that change expected tax revenues sometimes cause mid-year adjustments to revenues or the services they are expected to provide.

* Funding for the operations of the County's Executive Departments and the Board of Education account for over 91 percent of the operating budget. A significant portion of the remainder is allocated for paying debt incurred by borrowing funds for capital expenditures. Approximately 70 percent of the budget is spent on employee salaries and benefits.

* On average, the budget has grown at a rate of about 5 percent per year since 1974, adjusted for inflation, although that rate has not been constant over time. Budget growth was high in the early 1970s and late 1980s, while in the late 1970s, high inflation, combined with increased resistance to taxes, caused budget decreases in real terms. FY 92's budget has surpassed \$1.53 billion, compared to a budget of \$773 million in FY 70. (Both figures are adjusted for inflation in 1991 dollars.) Since 1970, Montgomery County's operating budget has grown by approximately 35 percent, when adjusted for inflation and population growth.

* Primary and secondary education currently account for over 45 percent of the operating budget. The Board of Education's proportion of the total operating budget has declined since 1971, when it accounted for over 60 percent of the budget. On the other hand, the expenditure per pupil has risen to more than \$7,200 in 1991, as