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Council News - Press Releases & Statements

Montgomery County Council Approves \$4.4 Billion Total Operating Budget for FY12 All-Agencies Budget Has 2.2 Percent Increase

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ROCKVILLE, Md., May 26, 2011—The Montgomery County Council today unanimously approved a \$4.4 billion total County operating budget for Fiscal Year 2012. The budget reflects a 2.2 percent increase over the approved budget for FY11 and includes several changes in regard to employee benefits that Council President Valerie Ervin said create “a blueprint for addressing our long-term structural deficit.”

The budget includes several actions as part of a fiscal protection package to make the budget sustainable in future years and protect the County’s AAA bond rating. The budget will go in effect on July 1.

Even with this year’s increase of 2.2 percent, the budget is less than the approved budget for FY10. The FY11 adopted budget was 4.5 percent less than the approved budget for FY10—marking the first decrease in a total budget since the adoption of the current County Charter in 1968. The FY12 budget is 2.5 percent less than the FY10 budget.

Since March 15, when County Executive Isiah Leggett presented his recommended budget, the Council has worked to achieve equity in the allocation of limited funds as the County deals for the third consecutive year with the impact of the deep recession that has affected jurisdictions nationwide.

The Council appropriated \$1.951 billion in current tax-supported funds for Montgomery County Public Schools. That is \$31 million, or 1.6 percent, more than was appropriated in tax-supported funds for FY11. The funding level is based on an assumption that MCPS will adjust its benefit package for employees as the Council changed benefits for FY12 for County Government employees. Even with those adjustments, MCPS employees will still receive more generous health and retirement benefits than most Federal, County and private sector employees.

The Council’s funding level for MCPS is \$45 million below the level recommended by the County Executive, but the only significant differences are reductions in areas that do not affect the classroom. Specifically, the reductions are for employee benefit adjustments and to shift funding for retiree health benefits to a centralized account. The Council is also acknowledging additional resources available from State Aid and current year savings.

“Let me assure you that the County Council’s commitment to our world-class school system is unwavering, and that we will work with our colleagues on the Board of Education to minimize the impact of any funding decisions on the classroom,” said Council President Ervin. “In this period of limited funds, we used all available resources to create a stable, sustainable future for our County.”

The budget includes reserves of 6.1 percent, consistent with the new reserves policy approved by the Council last year.

The aggregate operating budget as defined in the Charter of \$3.77 billion reflects an increase of \$167.5 million from the FY11 adopted budget, an increase of 4.6 percent.

“Tough budget times require difficult choices,” said Council President Ervin. “How we respond to these times says everything about what kind of community we are, and what we want to be when we emerge in more prosperous times. Today is a watershed moment for the County Council because we are not just passing next year’s budget; we are creating a blueprint for addressing our long-term structural deficit.

“While the national economic crisis has dramatically impacted the County’s budget, I am confident that this Council has produced a budget that protects taxpayers, achieves greater equity among employees, preserves core education funding for Montgomery County Public Schools and Montgomery College, and protects public safety and services for our most needy residents.”

In a budget year complicated by the national and regional economic downturn, the Council’s budget protects core services and “safety net” programs, but does not exceed the County’s Charter Limit on property tax revenue. For the second consecutive year, it freezes pay for employees of County government, Montgomery College, the Maryland-National Capital Park and Planning Commission (M-NCPPC) and MCPS. The budget does not include furloughs.

The Council believed that the Executive’s proposed reductions for several County functions were too large and restored limited funds to core departments, including Police, Fire and Rescue and Health and Human Services. The Executive’s recommended budgets for the departments of Public Libraries and Recreation were 33.6 percent and 21.8 percent, respectively, below the FY08 approved levels, and the proposed position reductions were 35.7 percent and 42.3 percent, respectively, below the FY08 approved levels. The Council restored \$1 million for library materials and added back numerous library positions that had been recommended for elimination. The Council also restored funding for recreation programs and staff support at recreation facilities. It also restored significant cuts to the Maryland-National Capital Park and Planning Commission and Montgomery College.

The budget includes the Executive’s recommendation to increase the property tax rate by 4.2 cents to 94.6 cents and to provide a \$692 property tax credit for owner-occupants of principal residences. Total property taxes only increased only 0.8 percent.

The Council took several actions as part of a fiscal protection package to make the budget sustainable in future years and protect the County's AAA bond rating. Among those actions were:

\$49.8 million to pre-fund retiree health benefits for all agencies (compared to 0 in FY11)

\$31.0 million in PAYGO (cash to replace bonds) in the capital construction program (compared to 0 in FY11)

\$5.9 million in a new reserve for storm and snow removal costs (compared to 0 in FY11)

Made structural changes to employee group insurance and retirement benefits to save \$33 million in FY12 and \$273 million in FY12-17

Lowered the annual bond issuance ceiling from the level set last year, \$325 million in FY11-16, to \$310 million in FY12 and \$320 million in FY13-16

Agreed to create a consolidated retiree health benefits trust for retiree health benefits across County agencies

Reserves of 6.1 percent pursuant to the policies adopted last year to strengthen the County's reserves

Councilmember statements on the approved budget:

Council Vice President Roger Berliner: "While there is no joy in this budget, there is small satisfaction I knowing that we put our County on a sustainable fiscal path in these difficult economic times."

Councilmember Phil Andrews: "Although I strongly disagree with the Council's decision to approve the County Executive's recommendation to increase the property tax rate, I strongly agree with the Council's far-reaching reforms to employee benefits and pensions, which are necessary to achieve sustainable levels of spending and—because of improvements made by the Council to the Executive's proposals with regard to health care and retirement benefits—will be implemented in a way that is reasonable and treats our dedicated public employees fairly.

"As chair of the Council's Public Safety Committee, I led efforts to restore funding for the Montgomery County Volunteer Fire and Rescue Association (MCVFRA), which the County Executive had most unwisely proposed eliminating funding for. I am very pleased that the Council—recognizing that the remarkably successful recruitment efforts by the volunteers save taxpayers millions of dollars annually—restored 90 percent of the funding for the MCVFRA. I am also very pleased that the Council restored proposed cuts to services for the neediest among us, including people with severe disabilities."

Councilmember Marc Elrich: "The Council has had to tackle another year of dwindling resources while trying to maintain core county services. Working with the Executive's budget submission, we've tried to minimize damage to those services our residents depend on. To avoid more drastic service cuts and to stay within the property tax limits, this budget has reduced the workforce, does not include pay increases, and changes

benefits that actually reduce employee compensation.

“We tried to make the impacts as equitable as possible across the entire workforce, and we’ve also tried to identify structural changes in benefit packages that can create greater savings for the County, to lessen the cost shifting onto our employees. After all, our employees did not create the fiscal crisis that has had such a damaging impact on governments at all levels. County employees – whether they are teachers, police officers, firefighters, librarians or social workers – work hard and seldom get all the thanks they deserve. In the end, this budget follows on the work that started with last year’s council to bring budgets in line with likely resources, to put money aside now so we can meet future obligations, and to refocus spending priorities around core services. This budget also improves the foundation for next and future years spending decisions and choices.”

Councilmember Nancy Floreen: “This Council took very responsible steps toward addressing our structural deficit and adhering to our six-year fiscal plan, which we implemented at my urging last year. There’s no question that many of the cost-saving measures in this budget are difficult, but they are necessary to balance the current budget as well as to ensure our long-term financial health. While the pain is spread far and wide, residents and employees need to know that this is an act of responsible government, taking into account the future as well as the present.”

Councilmember George Leventhal: “No one is happy with the decisions we had to make in this budget, but we must live within our means and make the hard choices. Everyone knew there would be sacrifices required, but that doesn't make it any easier when the time finally arrives. We all look forward to the day our economy improves.”

Councilmember Nancy Navarro: "I am pleased we were able to make long-term structural changes while funding many of our important priorities, including an increase in the MCPS budget, 16 additional officers in Briggs Chaney and the Route 29 Corridor and reinstating Kids Ride Free.”

Councilmember Craig Rice: “I believe that this council has proven to disbelievers that we on the council can work together to achieve what some thought was impossible—a structurally balanced budget that will not only help us this year but will help protect us from some of the fiscal unknowns in coming years.”

Councilmember Hans Riemer: “The Council's budget responds aggressively to the economic challenge of our time. I have strived to uphold my progressive values in my policy positions and I have worked hard to protect our schools, libraries, public safety, parks and social services.”

Key Council Actions Regarding FY 2012 Montgomery County Operating Budget:

Montgomery County Public Schools

Approved \$1,950,909,291 in tax-supported funding, an increase of \$31 million (1.6

percent) over FY11 adopted budget.

The overall MCPS budget will be \$2,086,786,613.

The approved funding level is \$45 million below the level recommended by the County Executive, but the only differences are reductions in areas that do not affect the classroom. Specifically, the reductions are for employee benefit adjustments and to shift funding for retiree health benefits to a centralized account.

Montgomery College

Approved the college's full request for a 1 percent increase in the current fund.

Restored \$1.5 million for academic programs and student services

Restored \$1.48 million for institutional support functions in information technology, human resources and facilities.

Police

Approved \$2.39 million to support the Executive's recommendation to enhance police coverage in the 3rd Police District, which includes the Silver Spring Central Business District and the Ida Sector (Northeastern part of the 3rd District). This initiative will provide 10 additional police officers and two sergeants in the Central Business District to help with crowd control, traffic management and other issues related to the opening of the Fillmore and the Sarbanes Transportation Center. It will also provide 16 additional police officers in the Ida Sector, an area of the County that has a significantly high, sustained amount of crime.

Restored six School Resource Officers.

Restored three police satellite facilities in Olney, Piney Branch and East County.

Restored one Victim Services Position located in the local police stations. This employee provides assistance to victims of crime, including domestic violence.

Restored overnight front desk service at the 2nd District Police Station (Bethesda) and the 6th District Police Station (Gaithersburg).

Restored community policing funds for local police districts to provide neighborhood outreach and other crime prevention initiatives.

Approved funding for a new 2nd District Police Station in Bethesda, located at Cordell Avenue between Woodmont Avenue and Wisconsin Avenue.

Fire and Rescue Service

Restored 90 percent of County funding for the Montgomery County Volunteer Fire Rescue Association.

Added funds to begin a second recruit class.

Correction and Rehabilitation

Restored the Job Shop program that provides meaningful employment training for inmates, increases security within the jail for staff and inmates and helps reduce overall costs related to an inmate's length of stay.

Transportation

Maintained essential Ride On services. No service reductions are expected.

Restored Kids Ride Free Program, allowing students 18-and-under to ride free on Ride On and Metrobus in Montgomery County between 2-7 pm weekdays.

Increased tree maintenance.

Initiated funding of the Greater Shady Grove Transportation Management District.

Created a new \$5.9 million reserve for snow removal and storm cleanup.

Raised long-term parking fees by \$0.10 per hour in Bethesda and Silver Spring starting July 2011 and January 2012, respectively. (The Executive had recommended a \$0.10/hour in both areas starting in July 2011. He also recommended charging for parking on Saturdays in lots and garages in Bethesda, but the Council did not approve that.)

Raised monthly Ride On pass by \$10 (not by \$15, as recommended by the Executive), starting July 2011.

Recreation

Restored the Teen Escape Club in the East County.

Restored and enhanced staffing at recreation centers to ensure emergency and safety coverage and increase programming.

Health and Human Services

Restored \$1,010,000 to make sure that 75,000 primary visits can be provided through the community clinics of the Montgomery Cares program at the current reimbursement rate of \$62. The primary medical care program serves low income uninsured County residents through a partnership with community clinics and county hospitals.

Restored \$16,290 for quality pre-kindergarten services offered by Centro Nia.

Restored \$200,000 to support the delivery of Conservation Corps services in FY12.

Restored \$109,540 to the Latino Youth Wellness Program that works with youth and their families to develop health plans and learn how to access needed healthcare and human services.

Added \$25,000 to increase Hepatitis B education and vaccination efforts in the Vietnamese community.

Restored \$388,250 to help organizations that provide hands-on assistance to people with developmental disabilities.

Restored \$44,570 to programs for those in need of residential community treatment centers to offset the high cost of providing services in Montgomery County compared to other parts of the State.

Approved \$238,140 for the Kennedy Institute's Community Options program that provides day services to vulnerable people with severe developmental disabilities.

Without the restoration of funds, the program was expected to close.

Approved \$100,000 in additional funding for the in-home aide program that provides low-income disabled and elderly people assistance with daily tasks, including bathing and

dressings, so that they may continue to live independently at home.

Restored \$238,280 to retain two therapists who provide critical services to victims of crimes.

Added \$283,000 to address very recent reductions from the State of Maryland to the Community Mental Health Block Grant and the Alcohol and Drug Abuse Administration's Treatment Grant. These funds will ensure that detoxification and residential treatment services are available to those seeking treatment for alcohol and substance abuse.

Restored \$23,200 to maintain dental services at the County's dental clinic noting the relationship between poor oral health and other serious health problems.

Maryland-National Capital Park and Planning Commission

Restored funding to allow the Planning Department to complete its master plan work program without delay and to prevent delays in regulatory approvals.

Funded detailed analysis of all options for Bus Rapid Transit throughout the County.

Accelerated review of the Transportation Policy Area Review test.

Provided funding to staff the Planning Department information counter.

Restored critical park maintenance services that would have been eliminated under the Executive's proposal.

Provided funding for core seasonal and weekend employees.

Libraries

- Restored \$1 million for the department's materials budget.

- \$460,000 to restore information staff at the four Neighborhood Libraries (Silver Spring, Longbranch, Twinbrook and Chevy Chase).

- \$110,840 for one workyear of staffing to the Aspen Hill Library to mitigate impact on the branch as a result of the temporary closure of the Olney Library.

- \$762,230 to further restore capacity in the libraries.

Community Grants

Approved \$1,464,110 for a total of 57 grants to nonprofit organizations to support a variety of programs and services, including food, eviction prevention, utility assistance and other safety net services to help low income families facing severe economic hardships. They include A Wider Circle's donated furniture distribution to low income families, and Manna Food Center, the County's main food bank for families in need.

Funded several youth development proposals from community nonprofit organizations working to help low income first generation students get into college, provide workplace internships, and needed after school programs for County youth.

Provided \$100,000 to assist with capital improvements for the Ivymount School, a special education school for students with disabilities; \$200,000 to CHI Centers to assist with

renovations of a closed public school leased by the organization and that houses several programs for people with disabilities; and \$125,000 to Catholic Charities to assist with renovations of the organization's McCarrick Center which provides a wide range of health and human services to Montgomery County families in need.

Municipal Tax Duplication

Restored the Executive's 5 percent reduction
Gave City of Takoma Park a 0.5 percent increase for police.

Historic Preservation

Retained last year's funding levels (\$254,840 in the non-departmental account) for the Historic Preservation Commission's responsibilities.

Environment

Voted along with Prince George's County Council to increase water and sewer charges for the Washington Suburban Sanitary Commission by 8.5 percent to provide sufficient resources for WSSC to continue a number of important efforts, including an aggressive large diameter water main inspection, repair and acoustic fiber optic monitoring program. Provided full funding for WSSC's FY12 operating budget.

Provided full funding for WSSC's FY12-17 Capital Improvements Program.

Approved solid waste charges with minimal to no increases for residential customers.

Approved an increase in the annual Water Quality Protection Charge (from \$49 to \$70.50 per equivalent residential unit) to provide resources to:

- Implement the National Pollution Discharge Elimination System (NPDES) permit, consistent with a draft plan submitted by the County to the State of Maryland earlier this year.

- Transfer the Department of Transportation's stormwater maintenance costs (\$2.05 million and 30 workyears) from the General Fund to the Water Quality Protection Fund as recommended by the Executive.

- Cover (for the first time) \$1.9 million in water quality related work currently being done by the Maryland-National Capital Park and Planning Commission.

Approved \$350,000 for a sanitary study of the Glen Hills area in Potomac to document existing septic issues and to identify potential next steps.

Arts and Humanities

Provided over \$3 million for the Arts and Humanities Council to assist Montgomery County arts and humanities organizations.

Economic Development

Provided more than \$4 million to the Economic Development Fund for various businesses to expand and to bring jobs to the County including \$2 million for Westfield Wheaton's Costco project.

\$100,000 to plan for the expansion of the Universities at Shady Grove to include a fourth building of 220,000 square feet to house science/engineering classrooms as well as clinical training laboratories. Programs will include health, allied health, science and engineering/technology in both traditional and bioscience areas with education degrees focused on science, technology, engineering and mathematics.

\$350,000 for marketing to attract business and provide jobs to the County.

Liquor Control

Approved Organizational Reform Commission's recommendations to fund a financial and performance audit of the Department of Liquor Control—including a warehouse contracting study--and to move forward with operational efficiencies.

FY 2011-16 Capital Improvements Program (CIP) amendments for Montgomery County Public Schools

The FY11-16 CIP amendments requested by the Board of Education and adopted by the Council will provide an additional \$8.6 million in FY12 for a number of important systemic projects as detailed below:

- An additional \$6.5 million in FY12 for HVAC Mechanical Systems Replacement (a 77 percent increase over approved funding for FY12)

- An additional \$394,000 in FY12 for Indoor Air Quality Improvements (a 23 percent increase over approved funding for FY12)

- An additional \$948,000 in FY12 for Planned Lifecycle Asset Replacement (an 18 percent increase over approved funding for FY12)

- A new project to comply with new requirements from WSSC regarding fats oils and grease management (new funding of \$775,000 in FY12)

Approved several new "placeholder" projects totaling \$18.3 million through FY16 to address overcrowding issues (and avoid building moratoria) in the Bethesda-Chevy Chase, Northwest, Downcounty Consortium and Richard Montgomery cluster