

"Federation Corner" column  
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### **County Council unilaterally capitulates to union demands**

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In what could perhaps be described as the most complete abandonment of its budget responsibility in the 58 years that the Montgomery County Council has existed, Councilmembers voted unanimously last Friday to close much of the largest operating budget gap ever by balancing it on the backs of property owners. This Council did not require that even one cent be contributed by the county's unionized employees to help close the gap. Instead, these well-paid workers will receive generous wage and benefit increases equal to 8 to 10% of their current earnings.

As a result of the curse of compounding, generous step increases, cost of living adjustments (COLAs) and benefits equaling as much as 7% or more per year have all helped cause the county operating budget to double in 10 years. In 1995, the operating budget was \$1.8 billion. By 2005 it had doubled to \$3.6 billion. Between 1995 and 2005, while the total overall county operating budget and the MCPS operating budget were being increased by 100%, inflation only increased by 31%, the county population increased by just 15.6%, and MCPS enrollment increased by only 16%. Put another way, county spending increased during those years at twice the rate of the combined inflation rate and the general and student population growth rates. For 2008, the operating budget will be \$4.3 billion, an increase of \$700 million - 20% - in just 3 years. By 2015, it could easily double again from 2005 to reach \$7.2 billion.

The only way that the county government can continue to grow at such a breathtaking rate, and pay its employees such extraordinarily generous wages, is if all of the real estate-based revenues - property taxes, real estate transfer taxes and real estate capital gains income taxes - continue to grow as fast as they have. Will real estate sales prices continue to double and even triple in the next 10 years as they did in the 10 years between 1995 and 2005? If not, then the county will have to freeze its work force and the salary and benefits for them, or it will have to even more drastically increase property tax rates year after year, something it did last week by approving the largest property tax increase in 20 years.

Despite the effort of 2 Councilmembers to stand their ground by insisting on a reduction in the union COLAs, in the end, they too abandoned any effort to say no to the unions. By initially saying no and then surrendering their high ground of shared sacrifice by joining in a so-called compromise, these Councilmembers look even weaker than if they had just given the unions what they demanded in the first place. There was much posturing by all of the Councilmembers last Friday as they tried to rationalize and even conceal their failure to set limits for the unions for the future. There was self-serving talk about honoring current contracts, either because it was a noble and just thing to do, or because Montgomery County has the best, hardest working employees of all, or because the Council had already accepted and paid for the first year of the current union contract last year.

There was wishful talking about the Council telling the unions ahead of time what they would accept for the next union contract. This was said as if such a statement could possibly constrain unions from relentlessly demanding ever-expanding wages and benefits in the secret negotiations of collective bargaining where the county negotiators are also unable to stand up to hardened union negotiators.

The wild card in all of this are residential property owners who may eventually rebel when their property taxes keep going up by hundreds of dollars year after year even as their tax assessments level off or drop. Councilmembers seemed to quake in fear in 1990 at the prospect of having to get 7 of 9 of them to vote to exceed the property tax charter limit. They lowered property taxes in 1990 even more than the charter limit

would have required, standing up to the unions in the process, to try to forestall such a change and to get reelected. With this Council's unanimous vote last week to greatly exceed the charter limit, even the unlikely passage of Ficker's latest charter amendment requiring unanimity for such future votes would present no obstacle. The unions would continue to act as intimidating enforcers toward any Councilmember daring to stop the others from exceeding the charter limit.

This Council has further strengthened a pattern that will again force them to act as if they have no choice but to approve the next round of new union contracts in 2010 which will be even more lucrative. There may come a point in 2010 or 2012 when very angry property owners, tired of paying more and more for mediocre schools and unexceptional county services, and tired of a County Council that cannot control spending, could rally behind a charter amendment to prohibit an override of the property tax charter limit under any circumstances.

Having gambled and lost to the unions' bluff by throwing away an historically strong hand, there is no reason to believe any Councilmember's rhetoric. To read the self-congratulatory announcements made by some of them this week, an uninformed resident would have no idea how quickly last week's sorry history is being rewritten. The County Executive might deserve some of the blame for this debacle by not proposing cuts to union contracts in the first place, but then he is the only elected official making a serious effort at this time to require government to be more accountable and more efficient through his CountyStat program.

It would be extraordinary if this Council would stop posturing for advantage and would instead make some meaningful commitments to try to salvage the integrity of County government finances.

First, they would pass an unequivocal resolution stating that MCPS, MNCPPC, WSSC, and other independent agencies would have to become active participants in the CountyStat process. If any refused to participate or to heed good advice, then the Council would, at a minimum, promise to freeze their budgets at current levels and would reserve the right to make their own cuts of an additional 5%.

Second, the Council would require the setting up of a public database that would track the salaries and benefits of government workers in comparable jurisdictions, such as Fairfax County, and in the private sector in Montgomery County.

Third, the Council would specifically state what it would and would not fund in the next union contracts, including creating an easily understood formula that would use both government and private sector salaries and benefits to decide what is fair for both the workers and the taxpayers.

Fourth, the Council would begin serious and comprehensive budget discussions in the fall, rather than waiting until the last weeks in the spring while rushing to make the final decision.

This Council has begun to vigorously dig a hole of fiscal irresponsibility. It needs to stop digging and to climb out of this hole while it still can. Otherwise, things will end up badly for all of us.