

"Federation Corner" column
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An analysis of the proposed FY2014 county budget

by Chuck Lapinski
MCCF Public Finance Chair

The following is an excerpt from a longer analysis I wrote entitled "Early Review of State and County Budget Positions."

Pressure to grow the county budget comes from all directions. But it is also under pressure of a projected shortfall of at least \$135 plus million for the FY2014 fiscal year, which begins on July 1 of this year.

Over the past five years, the County has made numerous cuts to the size of government and to the services that it delivers. Last year some small additions were made for some services such as libraries, which had endured over 40% in cuts. It also gave County employees a one time bonus of \$2000 in lieu of step increases and guaranteed wage adjustments. Even that size of the bonus exceeded the size of wage increases given to the employees in the private sector and industry.

The County also increased taxes and fees multiple times over the same period. It still suffers by historical standards very high unemployment, and in addition, an under-employment rate estimated to be in the 15-20% range. None of these rates bodes well for new revenue any time soon.

Only preliminary data is available on budget requests for the FY14 budget. Montgomery College wants to fund raises for the professors who have gone three years without raises. This idea has real merit, as the College staff and professors did not benefit from a one time bonus as County employees did. (In contrast, the Montgomery County Public Schools Board of Education flaunted its defiance of requests from the County Executive and the Council to respond to continuing severe budget issues and treat all school employees and teachers similar to all County employees by denying pay increases, and to increase the medical/dental premiums paid by teachers and school employees to a percentage similar to that for Federal employees and now for County employees.) Montgomery College also wants to implement a flat tuition over two years. Overall it seeks a 7.5% increase in funding for its budget.

Hot on the heels of Montgomery College's requests, and not to be outdone, Montgomery County Public Schools seeks increased funding to over \$2.2 billion, which covers Maintenance of Effort (MOE, unfortunately, is required by law) plus funding for an estimated additional 2900 new students. The increase would also continue funding for step/general wage adjustments which all other county employees did not receive!

The current schools budget accounts for over 55 percent of the total county budget. As to the teacher pay increases, I agree negotiated contracts have a certain sanctity about them but they are not economically sustainable over the near and long term. The Board of Education (BOE) made no attempt to ameliorate the rates of increase or condition them in any way to the woeful economic conditions. The BOE went so far as to cancel requisitions and funding of education support staff such as school counselors, psychologists, social workers etc. These positions could have been easily funded if the raises and health benefits were limited similar to all the other county employees. And there would have been some funding left over for other education purposes.

To throw salt into the budget wounds, the BOE is seeking an additional \$10.7 million to fund the very education support positions that it canceled or chose not to fund last year. (This amount exceeds the MOE and must be added in the recalculation of future MOE levels, which has a future years' multiplier effect.) Something is really wrong here. Why were the positions not funded by BOE last year if they are a must?

Throughout the recession, MCPS received more than adequate funding which met or exceeded MOE to the detriment of other County budget needs. But, they spent contrary to then and current mantra of budget frugality and prudence. Already we hear the weeping and crying from parents and PTAs. Where were they making their case during past BOE budget deliberations?

On a side note, I have had several teachers come up to me and say, "I have students in my classes that have one or both parents out of work!" This didn't surprise me, as it has happened in other recessions. I wonder if they know how many more of the working parents are under-employed. This is unfortunate for all parties.

Finally, just this past week County Executive Isiah Leggett announced that he wants to grant union employees a pay increase that exceeds 13 percent over the next two years--6.25 percent per year compounded. As stated above, we have a structural deficit that is projected to be \$135 million for the new budget year, and staff directors were requested to find across the board budget cuts.

Now comes this step and guaranteed wage adjustment in a fiscal environment that shows no real indication of economic acceleration, with continuing high unemployment and under-employment rates in the County. Additionally, private industry has been averaging about a 2 percent annual wage increase, where employees have been given one, and we have seen a local/regional cost of living increase that has barely averaged 1 percent annually over the last five years. The proposed step and guaranteed wage adjustment is just unsustainable, both immediately and in the long term.

The views expressed in this column do not necessarily reflect formal positions adopted by the Federation. To submit an 800-1000 word column for consideration, send as an email attachment to montgomerycivic@yahoo.com