"Federation Corner" column
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What's up with the county's bottom line?
by Jim Humphrey, member, MCCF Executive Committee

While Montgomery County legislators are off on vacation working on their tan lines, workers in the Executive Branch are worrying over the county's bottom line. They are already forecasting a $375 million shortfall for fiscal year 2011, which starts next July 1. And a couple of the financial sleights of hand that officials used to make this year's $630 million shortfall disappear can not be used a second time.

This past spring, through a series of delicate negotiations which he handled skillfully, County Executive Ike Leggett got agreements from the county's employee unions to forego the cost of living increase in salaries they expected in this year's budget. Union leaders will likely not be receptive to such a proposal again next year.

A reduction in the size of the county workforce was achieved by offering early retirement to some staff. This is another cost cutting measure which it will be difficult to repeat next year, since many of those eligible already took the deal this year. The county is also requiring most employees to take a minimum number of days off with no pay. But, with no commensurate reduction in the work output which is expected of these employees, this scheme will get old fast and protests from union reps will probably grow louder the longer it continues.

And this year the State School Board refused to accept the Montgomery County Public School (MCPS) "maintenance of effort" proposal, and insisted the county put an additional $50 million into the schools budget. The solution was a bit of creative bookkeeping that involved charging MCPS with making their own payments this year for school construction loans, to the tune of $50 million. Again, this bit of fiscal smoke and mirrors will likely not work for another year.

One tried and true method of meeting a budget shortfall in the past has been to raise property taxes by more than the charter limit. But a referendum recently passed by county voters requires a vote of all nine members of Council to exceed this limit. It seems unlikely that the County Executive and all nine Council members will push for a property tax increase above the charter limit in 2010, a year in which they will be running for reelection.

Faced with this bleak fiscal outlook, the Planning Board has taken a puzzling step in recommending the County Council approve changes to the growth policy that would decrease the amount of revenue the county government receives from new development, which is used to pay for the additional infrastructure--the increased roads, transit, and schools capacity--required to accommodate that development. In July, the Board voted to recommend that fewer development projects planned for areas with inadequate school capacity should pay a school facilities payment to fund new classrooms. The Board also proposed that new construction projects in transit center areas pay less toward needed transportation improvements in those areas.

When they return after August recess, the County Council will consider the growth policy changes recommended by the Planning Board, with a November 15 deadline for a vote required by law. At the same time, the Council is in process of considering revisions of the master plans for three transit center areas along the I-270/MD 355 corridor: Germantown; Gaithersburg West and White Flint. Combined, the three plans will increase the allowed density of development on properties and permit construction of a total of 26,000 more housing units and enough new commercial space to create 80,000 jobs in these communities.

The increased density in the Gaithersburg West, or 'Science City,' plan alone is predicted to require five grade-separated intersections in the area to handle the additional traffic volume expected to be generated, at a cost of $30 million per intersection. And the increased density of development planned for Germantown and Gaithersburg West is supportable only with construction of the Corridor Cities Transitway (CCT), and creation of a feeder bus system to carry commuters from outlying areas to the proposed CCT stations, at a total cost of billions of dollars. Why, then, is the Planning Board so eager to reduce the amount of revenue collected from developers to pay for the infrastructure needed to support the development projects?

The Planning Board is not alone in attempting to ease the financial burden on developers. The County Executive has proposed that the inflation adjustment increase in development impact taxes, used to pay for road, transit and school improvements, be postponed for two years to help developers cope with the national economic downturn. But if developers don't pay their fair share for infrastructure needed to accommodate the projects from which they profit, then other county businesses and residents will have to be billed to make up the difference with higher taxes, user fees, charges for licenses and permits...you name it.

The current economic crisis is affecting everyone. Our county government officials need to be sure their financial relief plans extend to everyone, too.

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 theelms518@earthlink.net