



# Montgomery County Council

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**For Immediate Release**

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**May 15, 2003**

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***Adds back needed dollars for Fire & Rescue and most vulnerable residents, bolsters reserve, rejects increase in property tax...***

## **COUNCIL BALANCES \$3 BILLION BUDGET WITH PROGRAM CUTS, REVENUE INCREASES, COUNTY EMPLOYEE PAY CHANGES**

The Montgomery County Council today announced agreement on a budget for tough economic times that restores funding for fire and emergency protection and addresses critical health and human services needs while closing a \$320 million funding gap with program cuts, increases in the energy, telephone, and income taxes, and a delay in County employee cost-of-living raises.

The budget preserves progress on Council initiatives to reduce class-size in the schools and establish all-day kindergarten and makes a significant down payment on meeting County transportation needs.

The \$3 billion budget for the fiscal year beginning July 1 does not include a three-cent increase in the property tax proposed by the County Executive. That increase was defeated by the Council.

The budget approved for the County by the Council today totaled \$3.081 billion, an increase of \$155 million, or 5.3 percent, over last year's budget of \$2.93 billion and \$17 million, or 0.6 percent, more than the \$3.064 billion proposed by the County Executive.

"There is plenty of pain in this budget – and we've done our best to make sure that pain is shared equitably," said Council President Michael Subin. "We've separated out 'wants' from 'needs' and cut services in many areas. We've raised additional revenue by approving the County Executive's proposed County income tax increase and also increasing the energy and telephone taxes. We've asked all our County employees to contribute to the solution by delaying cost-of-living raises. They've stepped up to the plate to help, netting almost \$20 million."

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The Council reduced the agency requests for the Montgomery County Public Schools by \$19.5 million (\$14.4 million in compensation, \$3 million in staff development, and \$1 million each in central office and materials reductions), Montgomery College by \$1 million, and the Maryland-National Capital Park and Planning Commission by \$5 million.

“With this balanced approach, the County should be able to weather these lean times while still meeting most of our critical needs in the schools, in public safety, in transportation, and in looking out for our most needy,” said Subin.

The Council restored nearly \$1 million to fill gaps in Fire and Rescue Services, increased health and human services for our most vulnerable residents by \$1.4 million, and included \$22.2 million for “Go Montgomery” transportation projects.

Despite the loss of \$10 million in Highway User Fees due to State cuts and the uncertainty about \$18.5 million in possible County Vehicle User revenue, the Council found funding to begin critical planning for future new road projects and at the same time bolstered transit services.

“We’ve been hit by a bad economy, buffeted by \$12 million in over-budget winter storm costs, and suffered \$33 million in state budget cuts, with more bad news likely to come from the Governor,” said Subin.

The Council acted with fiscal prudence to increase the County’s reserve fund, raising it to 5.5 percent of the budget from the five percent recommended by the County Executive. In addition, the Council replaced \$2.7 million of the \$21.7 million in recordation tax revenue earmarked for school construction that were used by the County Executive to balance his proposed operating budget.

“Let’s be honest, folks – there are losers in this budget,” said Subin. “There are no new initiatives in the school system. There’s work with at-risk youth that won’t get done, recreational programs cancelled, and fewer new library books on the shelves. And we don’t nearly have the money we need to build the schools and the roads that ought to be built.

“This year may well be only the beginning of lean fiscal years. We have to get used to doing more with less.”

Among the budget highlights, the Council:

#### *Fire & Rescue Services*

- Restored \$343,000 in cuts that would have reduced staffing by three work-years each in Kensington Station Number 21 and Burtonsville Station Number 15, eliminating career staffing during the day of the

ambulance in the former and reducing career staffing at night and on weekends in the latter.

- Restored administrative personnel to individual Fire/Rescue stations, rejecting a proposal to place them in a centralized location, and reduce their number from 21 to 11, funding that at \$619,530.
- Voted to keep the new West Germantown Fire Station in the fast-growing Up County on schedule to open in 2005, rather than delay it a year as proposed by the County Executive.

### Police

- Increased the number of recruits in the July police academy class for the coming year from 30 to 50 to replace retiring officers and fill vacancies at a cost of \$1 million.

### Montgomery County Public Schools

- Approved \$1.5 billion for County schools – 99 percent of the Board of Education’s request.
- Preserved Council initiatives to reduce class size and introduce full-day kindergarten without expansion due to fiscal constraints.
- Included \$451,451 for County Pre-Kindergarten Programs to keep the number of children in both Federal Head Start and County Pre-Kindergarten at the current level of 2,363 children.
- Added \$600,000 for 16 additional maintenance workers to keep school buildings in good repair as State funding for modernizations lags.
- Included \$15 million in MCPS savings and efficiencies.

### Health & Human Services

- Added \$100,000 for new clinics for the uninsured through the Primary Care Coalition and increased funding for six existing clinics for the uninsured for \$240,000.
- Restored \$200,000 for home health aides and \$50,000 for chore services for in-home services for seniors and those with disabilities.
- Added \$150,000 for an inflationary adjustment for non-profit County contractors.
- Restored \$65,000 for transportation of seniors to centers for meals and programs.
- Restored \$70,140 to the Housing Opportunities Commission to maintain two of the County’s five Parent Resource Centers.
- Added \$80,000 for an HOC Family Resource Center program director
- Restored \$120,000 in funding for an intense, structured program that will help emotionally disturbed adolescents and their parents.

- Restored \$44,300 for the Senior Health Insurance Program that assists seniors with health insurance access.
- Restored \$140,000 for Baby Steps, a program that makes sure all children born in County hospitals get a risk assessment to ensure a healthy start in life.
- Restored \$250,000 in funding for the George Thomas Learning Academies, serving County youth with Saturday academic school programs.
- Added \$100,000 for the African American Health Initiative and \$100,000 for the Latino Health Initiative.

### Transportation

- Funded \$22.2 million in “Go Montgomery” projects.
- Approved \$1.9 million for new Ride-On service with 15 buses.
- Approved the purchase of two new natural gas-powered buses for \$570,000.
- Restored \$183,000 to the Fare Share/Super Fare Share transit incentives for businesses and their employees.
- Restored \$258,000 for residential road resurfacing to FY 03 levels.
- Included \$367,000 for pedestrian safety enhancements.
- Funded \$100,000 in intersection improvements.
- Approved \$210,000 for technology planning to locate buses in emergencies.
- Approved \$123,000 for Transportation Management District work.
- Extended the “Kids Ride Free” from 2 PM to 7 PM on Metrobus until December for \$200,000.

### Taxes

- Rejected the County Executive’s proposal to increase the County property tax by three cents per \$100 of assessed valuation due to the already heavy burden placed by rising assessments and Governor Ehrlich’s five-cent increase. The Executive’s proposal would have raised \$30 million and cost \$90 more annually on a house valued at \$300,000.
- Approved the County Executive’s proposal to increase the County income tax from 2.95 percent to 3.20 percent. This would raise \$21.9 million in the coming budget year and cost an additional \$125 per \$50,000 in taxable income.
- Approved a tripling of the fuel/energy tax, 70 percent of which is paid by non-residential customers, including federal facilities located in the County which otherwise contribute little in the way of taxes to the County. The measure will raise \$47 million and cost the average residential household an additional \$40 per year.
- Deferred measures that would have increased the current development impact tax and instituted a new development impact tax to benefit school

construction, opting to consider these during the fall's work on the County's Annual Growth Policy.

- Approved an increase in the County tax on wired and wireless telephones to \$2 a month per line. This would raise \$23.5 million more, with the impact on an average household depending on the number of phone lines.

### Savings

- Saved \$1.1 million in a review of group health costs, with potential for more significant savings in the future.
- Reduced MCPS staff development funding by \$3 million and MCPS central staff and materials operations by another \$2 million.
- Eliminated two senior library administrative positions, saving \$213,000, and also cut back by 25 percent on printer purchases for the libraries, saving \$30,000.
- Reduced the library materials budget by \$268,000.
- Saved \$305,000 by reducing daily and weekly cleaning of most County-owned facilities.
- Saved \$188,000 by implementing a "carry-in, carry-out" policy of waste disposal in County parks.
- Approved a three percent reduction in routine ballfield maintenance to save \$45,000 and also a reduction of \$300,000 in the capital budget for the Ballfield Initiative to renovate and add ballfields.
- Eliminated all funding for personal County government computer replacements in the coming year and asked for an examination of moving to a five-year replacement cycle rather than the current four-year cycle.
- Saved \$76,000 by reducing the consultants budget for the Inspector General.
- Saved \$41,000 by reducing County funding for ongoing maintenance at the federally-owned Glen Echo Park.
- Reduced each Councilmember's office budget by \$5,000.

### Fees

- Rejected the County Executive's proposal to charge County residents as much as \$650 for ambulance services, which was projected to earn \$4 million, and deferred the matter for further study.
- Agreed with the County Executive to increase fees at County Recreation facilities by \$459,000.
- Agreed to increase Library late fines from 25 cents to 35 cents for adult materials and 50 cents to \$1 for other than children's videos, resulting in \$166,000 in additional revenue.
- Agreed to a College budget that increases Montgomery College tuition by 9.2 percent.

- Increased adult education fees for Montgomery County Public Schools by \$300,000.
- Approved \$968,000 in late and flagging fees for photo red light violators
- Agreed to a proposal by the County Executive to increase fees for solid waste, leaf vacuuming, and refuse collection by \$2.9 million.
- Agreed to increase alarm fees from \$1.4 million to \$1.9 million.
- Increased Animal Services Fees from \$316,400 to \$572,550.
- Increased fees for regional and recreational park ballfield permits by 20 percent, netting \$45,000 more.
- Increased in permit fees for recreation center rentals by 20 percent, for \$79,000 in additional revenue.

### Compensation

- Worked together with unions representing about 28,000 County employees to achieve \$18.5 million in compensation savings. General Wage Agreements (also known as cost-of-living increases) will be delayed for 4.6 months. This would affect firefighters and represented employees of County Government, Montgomery College, the Montgomery County Public Schools, and Park & Planning. Non-represented employees in the last three would have a similar delay, saving \$715,000. County police and non-represented County Government employees, whose 2 percent COLA is lower than other negotiated agreements, will not have a delay. Total compensation savings will be \$19.2 million.
- Apart from the COLA delays, the Council will continue to fund 100 percent of its share of health and retirement benefits, as well as scheduled “step” increases for eligible employees.

### Reserve

- Increased the County’s reserve to 5.5 percent rather than the five percent recommended by the County Executive.

### Capital Spending

- Restored \$2.72 million of the \$21.7 million in recordation tax monies earmarked for school construction that were used by the County Executive in balancing his Operating Budget.
- Approved \$7.6 million for design and land acquisition for Montrose Parkway West.
- Approved \$5 million for planning on new road and transit projects.
- Approved \$405,000 for planning and design of the Matthew Henson Trail in Aspen Hill and \$62,000 for four bikeway connectors.
- Agreed to purchase the BlackRock Center for the Arts, along with another \$220,000 for maintenance for the coming year.

- Funded nearly all the Board of Education's request for school construction of \$18 million, filling in a more than \$7 million shortfall in State aid Included \$10 million in state aid for school construction
- Approved \$2.75 million for Integrated Justice Information System
- Appropriated \$2.4 million for Public Safety 2000 radio system
- Delayed the construction of the Damascus, North Bethesda, White Oak, and North Potomac community recreation centers by one year.

### Libraries

- Restored to the budget 10 information and circulation staff at Bethesda, Gaithersburg, Rockville, and Wheaton libraries at a cost of \$340,000 to help implement self-service checkout machines.
- Added \$125,000 to open the renovated Bethesda library in October, rather than after Thanksgiving.
- Agreed reluctantly with the County Executive's recommendation to reduce staff at the Special Needs library, saving \$270,130, but directed that the department staff the facility most weekdays plus every other Saturday, instead of eliminating Saturday service altogether.
- Restored a half-time senior librarian position for Special Needs Library.
- Eliminated the large County bookmobile, saving \$116,000.
- Eliminated contract staffing for the County archives, saving \$40,000, with the Montgomery County Historical Society assuming responsibility for the archives.

### Montgomery College

- Restored \$3.5 million in funding compared to the County Executive's March 17 budget.
- Expanded the College Institute to Gaithersburg for \$240,000
- Restored \$400,000 in funding cut by County Executive for the Maryland College of Art and Design
- Provided a College reserve fund of \$1.85 million.

### Washington Suburban Sanitary Commission

- Approved a WSSC budget that assures a sixth consecutive year of zero rate increase for water and sewer service.

### Housing

- Approved \$16.1 million in spending authority for Housing Initiative Fund to create and preserve affordable housing.

### Miscellaneous

- Approved an increase of \$500,000 to \$5.5 million to boost the County Earned Income Tax Credit to help the working poor.
- Added \$348,000 to ensure that County solid waste facility workers earn a living wage.
- Increased funding for the Humane Society contract to run the County Animal Shelter by \$23,400.
- Restored \$30,000 for Montgomery Youthworks.
- Approved \$25,000 for the Rockville Arts Place.

Grants added by the Council:

- Rebuilding Together Montgomery County \$25,000
- Great Strides Therapeutic Riding \$20,000
- Tobytown Computer Lab \$35,000
- Top Banana \$25,000
- Korean Community Service Center \$10,000
- Caribbean Help Center \$10,000
- African Immigrant and Refugee Foundation \$12,700
- League of Korean Americans \$15,000
- Alpha Phi Alpha Fraternity \$4,500
- Washington Chiefs Youth Service Organization \$12,180
- Independence Now \$31,240
- Olney Theatre \$20,000
- IMPACT Silver Spring Community Empowerment \$24,000
- First Tee \$10,000
- Jewish Foundation for Group Homes \$40,000
- Jewish Community Center of Greater Washington \$33,500
- Metropolitan Center for Assault Prevention \$147,000
- Boys and Girls Clubs \$20,000
- Montgomery Bar Association \$45,000
- Community Bridges (Adelante Ninas) \$47,940
- Food and Friends \$10,000
- Catholic Charities (wellness Works) \$47,750
- Mental Health Association (Voices Vs. Violence) \$71,400
- Korean American Senior Citizens Association of Md. \$25,000
- ARC \$50,000
- National Chamber Orchestra \$80,000
- TransCen \$30,000

The Council gives formal approval to the budget documents on Thursday, May 22.

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