

MontCo predicts 2.7 percent budget shortfall for FY13

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Montgomery County officials, who just closed a \$300 million budget gap for the fiscal year that starts Friday, expect to cut an additional 2.7 percent in spending the following fiscal year.

The projected cuts are smaller than in recent years as the nation comes out of the recession and property and income tax revenues improve. Still, agencies are worried because they've made major budget cuts in the last two years.

The prediction assumes a 2.5 percent increase in property taxes and 6.4 percent increase in income taxes during the next fiscal year. The County Council also predicts a steady rise in property and income tax revenues over the next five years.

The predicted shortfall could easily change before county officials approve a new budget next May, but they already are looking at ways to manage a potential budget gap.

"We're looking at another difficult year," said Councilman Phil Andrews, D-Gaithersburg/Rockville. "It's not too early for agencies to start planning."

The cuts would come from county government, public schools, Montgomery College and the County Planning Board.

Representatives of the affected agencies say cutting won't be easy, although it is too early to know where the cuts would be.

Donna Dimon, chief budget and management studies officer at Montgomery College, said reductions might mean postponing

necessary facility expansions at a time when enrollment is growing.

Montgomery County Public Schools receives about 67 percent of its operating budget from the county, according to Larry Bowers, the school system's chief operating officer. In the last three years, the schools have eliminated 1,200 positions and skipped almost \$150 million in pay increases, and this cut would be "even more of a reduction," he said.

He suggested the county find new revenue by raising taxes or not allowing the increase in the energy tax -- which rose by 150 percent in 2010 -- to expire as scheduled in June 2012. Renewing the energy tax would mean an additional \$110 million in revenue.

Teachers union President Doug Prouty agreed.

"The idea that they think somehow we're going to be able to deal with an additional 2.7 percent cut in local revenues is absurd."