

Montgomery council to take final budget vote Thursday

Ervin on tentative budget: 'We think what we've done is something extraordinary'

by Erin Cunningham | Staff Writer

The Montgomery County budget informally adopted last week requires government employees to pay a greater share for their health care and retirement benefits — a bold step that council members say was needed to bring spending under control.

In a unanimous decision, the council also approved a property tax increase and layoffs for an unknown number of government employees.

The council agreed to a \$4.4 billion operating budget for fiscal 2012 — a 2.2 percent increase in county spending over fiscal 2011, which ends June 30.

County Executive Isiah Leggett (D) said he was pleased with the budget the council is set to adopt, which he believes incorporates 98 percent of what he proposed in March.

The council will finalize its budget Thursday.

"We think what we've done is something extraordinary and very important," said council President Valerie Ervin (D-Dist. 5) of Silver Spring.

She said the council's decisions will make operating Montgomery County government more affordable next year — and for the foreseeable future. Ervin predicted that the county would retain its AAA bond rating — considered the gold standard — which determines the interest rate at which the county can borrow.

"We recognized going into this year that it would not be business as usual," Ervin said.

It is still unclear how many government employees will be laid off, said council Staff Director Stephen Farber. Leggett's proposal called for the elimination of 216 jobs, 139 of which are filled.

Farber said Tuesday that it's likely that number will be reduced as laid-off employees are hired for other, vacant positions in county government. In fiscal 2011, 23 government employees were laid off from an original pool of 237.

Under the council's fiscal 2012 spending plan, property taxes also will increase by 4.2 cents per \$100 of assessed property value — raising the rate from 90.4 cents to 94.6 cents.

A property tax credit — \$692 for all homeowners — would stay the same under the plan.

The council's preliminary budget requires employees to pay more for their health care and retirement benefits in fiscal 2012.

The council is seeking to save \$33.15 million in fiscal 2012 by increasing the share that employees pay for most health care plans from 20 percent to 25 percent. Employees in HMOs will continue to pay 20 percent.

Leggett proposed that the share employees contribute be increased to 30 percent.

The council also has agreed to phase in a 2 percent increase in what employees pay toward their retirement.

At the same time, the council is putting \$50 million more toward retiree health benefits in fiscal 2012 — up from zero in fiscal 2011 — and creating a reserve fund for storm cleanup and snow removal (\$5.9 million).

Ervin said the council will introduce legislation Thursday — the same day it approves a fiscal 2012 budget — that will create a type of trust fund for retiree benefits that would be managed by the county government, ensuring that the money cannot be used for other expenses.

"What's happened is that agencies have been using the retirement health fund to raid it," Ervin said.