

FY'22 Budget Request Testimony 4/7/21 Montgomery County Taxpayers League, Gordie Brenne Treasurer

This budget squanders the \$204M Federal rescue on inefficient and ineffective programs, hurting our poorest residents the most while enriching employees with above market compensation increases, and fails to fully fund reserves or the employee retirement trust.* Also, adding 83 positions (pg. 8-1) is an ill-advised use of this one-time funding, and increased spending in the face of uncertain revenue projections (pgs. 5-12 to 5-15) may require spending cuts next year.

Proposed above market pay raises of 4.5% (1% GWI plus step and longevity) on top of bloated base pay, reduce productivity** without corresponding performance improvements, and add to the compensation increase the Council approved in March. This insults hard working taxpayers and squashes fixed income retirees.***

Poor management absent incentives and budgets tied to annual performance improvement targets also reduces productivity. For example:

Transportation- nearly empty Ride-On buses continue a 4 year slump with no ridership projection increases.

Public Safety- 911 call center response delays and staffing increases are not tied to innovative process improvements. Create a spin-off organization similar to Fairfax's to incentive performance, innovation and cost controls. Also, the bloated Investigation Division has a mediocre closure rate per employee

MCPS- summer class-rooms will be nearly empty, and no new interventions tied to achievement gap reduction targets have been set. Hold the budget to MoE, and reduce bloated 45% overhead to increase instruction for at risk kids.

WSSC- Above market rate increase (5.9%) for WSSC is largely devoted to replacing lost revenues with no public analysis of why sewage and teleworker consumption shift revenues were lost, or how this will be fixed to avoid insolvency and a taxpayer bailout. Record low budget for vital large diameter pipe and large valve replacement is a time bomb.

Affordable housing- inventory supply is stuck at 2009 levels and falls way short of demand by our poorest residents (30% AMI).

Economic development- lags our neighbors placing more pressure on our overtaxed homeowners, and forces our residents to leave the county for jobs (OLO-2021-2, Figures 3-7 to 3-10).

* The 3 year plan to fully fund reserves is not acceptable. Reserves are being under-funded (just 9.6%) to pay for unjustified compensation increases. Employee retirement trust (OPEB) prepayments should not use the artificially higher discount rate proposed by the Executive (pg. 4-8 and pg. 70-27).

** Productivity improvement is cited three times in the proposed budget as a policy objective (Fiscal Policy for expenditure reduction, pg. 4-5; Budget Process policy for budgeting for outcomes, pg. 3-5; Government Management policy for productivity, pg.4-13). When looking at productivity, both base and incremental spending must be evaluated against performance.

*** The outdated, 2011 high level employee wage survey (OLO 2011-2) needs to be updated to show how much our employees are overpaid compared to peers in Howard and Fairfax counties. The management salary survey done 5 years ago showed we pay managers 18-24% more than our neighbors OLO-2016-1). This waste insults the average taxpayer who is lucky to have a job, let alone a pay increase, and those on fixed incomes struggle to pay property taxes partly because Finance's exemption of rebuilt McMansions from "new construction" gives them charter protection which limits increases, and results in their subsidy by unimproved home owners (pg. 4-15 and OLO 2018-1).