

Leggett budget proposal would increase Montgomery spending 3.9 percent

Leggett's spending plan holds school system to maintenance of effort

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2012 Gazette file photo

Montgomery County Executive Isiah Leggett has proposed a \$4.8 billion budget that increases county government spending 3.9 percent.

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In the face of sequestration and a complicated state tax case, Montgomery County Executive Isiah Leggett has proposed a \$4.8 billion budget for fiscal 2014 that increases county government spending 3.9 percent while holding education funding to state mandated levels.

His budget continues his pledge to restore gradually deep cuts to public safety and libraries, and pays for those restorations through increased income tax revenue, increased property taxes and continuing current energy tax rates.

The budget proposal also holds Montgomery County Public Schools at state funding minimums, or \$10 million below what the county Board of Education has requested.

"We are making what I call strategic adjustments in the budget," Leggett (D) said in an interview with The Gazette on Thursday. "The choices that we've made, I think, are wise, strategic positions."

Leggett officially released his budget to the County Council at 9 a.m. Friday and to the public an hour and a half later.

Montgomery County property owners can expect their monthly tax bills to go up about \$6.67. Property taxes should generate \$1.5 billion for the county in fiscal 2014.

Income tax revenue is expected to generate \$1.2 billion and the energy tax \$222.3 million, according to county revenue assumptions.

Councilman Philip M. Andrews was disappointed Leggett would not follow the council's 2010 pledge, albeit a broken one, to sunset the energy tax increases.

Those increases were to sunset June 30, 2012, but the council continued in the fiscal 2013 all but 10 percent of the nearly 60 percent hike imposed in 2010 to balance the fiscal 2011 budget.

Andrews (D-Dist. 3) of Gaithersburg said in a statement the county “needs to keep its promise to eliminate the very large increase in 2010 to the County energy tax.”

“At the very least, the County needs to continue making progress in phasing out the increase by reducing the energy tax on a yearly basis until the 2010 increase is eliminated,” he wrote.

County spokesman Patrick Lacefield said Leggett never supported the sunset, imposed by the council as a condition of passing the increase, adding “hence he is not ‘failing to meet a commitment.’”

Leggett said the county has begun to see signs of economic recovery but uncertainty at the federal level and potential effects of pending state litigation requires the county to remain prudent in its spending.

His spending proposal would continue investment increases for the funding of economic development projects in White Flint, White Oak Science Gateway and the Great Seneca Science Corridor as well as transit oriented development around Shady Grove, collectively projected to bring 100,000 new jobs and thousands of housing units to Montgomery.

But jobs will come first to county government.

After eliminating 1,254 jobs to help close \$2.7 billion in prior budget gaps, Leggett has proposed restoring 128 positions in fiscal 2014, most in public safety and libraries.

In the interview, Leggett admitted his nearly 30 percent cut to libraries perhaps went too deep in past budgets, and his fiscal 2014 budget would continue efforts begun in the current plan to restore funding to libraries by restoring another 34 positions, expanding hours of operation and adding resources.

Council Vice President Craig Rice, the council’s lead for libraries, said the extra funding Leggett has proposed for libraries is encouraging.

“I’m very happy to see the restoration of library hours and staffing for all of our libraries, so that’s tremendous,” he said.

Among the 40 new police positions he has proposed, 12 will be school resource officers, providing two more officers in each police district, he said. About 30 employees would be added to the county fire and rescue service.

For existing employees, Leggett’s budget proposal would increase base pay for the first time in three years.

Freezing pay saved the county \$224 million in the past four fiscal years but cost the average worker \$30,000 of income, Leggett said.

His proposed package of pay increases for county employees will cost the county \$31.6 million, adding \$15 million to his fiscal 2014 budget.

Though his plan misses the school system’s budget target for county contribution by \$10 million, the school system budget would receive \$55.8 million more. The state’s maintenance of effort law requires counties to fund education at the same amount per pupil as the year before.

The Leggett budget meets the state funding minimum and provides more than 99 percent of the school system's \$2.2 billion request. However, where the school board budgeted for \$17 million from its fund balance, Leggett's budget reflects \$27 million in carryover funds. Leggett said he felt that the school system would have the flexibility to find the other \$10 million in its own funds.

If it came from the county, he said he would have been forced to reduce his proposed funding for libraries, public safety or other county department.

While Leggett said the county's economy is improving, it faces challenges from sequestration and the state tax case.

To prepare, Leggett said he has reduced income tax revenue estimates to cushion the county about \$60 million should sequestration's mandated furloughs choke \$500,000 in daily revenue.

A Maryland Court of Appeals ruling in a "double taxation" case could require the county to repay \$72.5 million to taxpayers.

Overall, Rice (D-Dist. 2) of Germantown said the budget is pretty much in line with what we would have expected.

Council members knew the county would have to do something to increase pay of employees but whether or not the council tweaks the edges of Leggett's proposal remains to be seen, specifically the energy tax.

But Rice said the council is starting its work from a very reasonable point.

"The less we have to do in terms of major deconstruction and reconstruction of the budget the better it is for all of us," he said.

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