

The Washington Post

MoCo budget: ‘Puts and Takes’ bring Leggett’s 2014 spending plan into balance

By [Bill Turque](#), Published: March 15

Montgomery County Executive Isiah Leggett called the proposed [FY 2014 budget](#) he unveiled Friday “a better day” after several recession-wracked years. Agency spending would grow 4.1 percent under his plan, including pay raises ranging from 13.5 percent to 19.5 percent over two to three years for most county employees.

It was only 100 days ago that the county’s outlook for FY 2014 was significantly bleaker than today, at least according to OMB director Jennifer Hughes. On Dec. 5, she warned in a memo that county agencies faced a 4.9 percent cut just to balance the budget and meet the state-mandated “maintenance of effort” funding for Montgomery County Public Schools. The budget shortfall stood at about \$136 million — not like the gaping deficits of a few years ago, but not exactly small change either.

Hughes added that the fragile economic recovery, along with uncertainty over income tax revenues and the impact of the federal sequester “argues for caution in the County’s spending plans.”

So what’s changed?

“There’s been a lot of puts and takes,” Hughes said Friday, meaning a combination of revenue that was expected, and costs or outlays that didn’t materialize. The puts and takes that emerged over the last three months amount to \$176.6 million and produce a net gain of \$136 million.

Here’s how Leggett aides said he closed the gap:

— \$36.6 million in extra cash through a combination of higher than expected income tax revenues and unexpended funds carried over from FY 2012.

— \$25 million in less than expected funding for Montgomery County Public Schools. County officials said they estimated that the Board of Education would ask for \$25 million above “maintenance of effort.” It asked for \$10 million, and Leggett recommended that the school system find that amount within its own coffers. The

county gained another \$2 million when Montgomery College reduced its initial budget request.

— \$16 million in additional state aid for RideOn buses.

— \$5 million in additional state aid for police.

— \$8 million in reimbursement from FEMA for storms.

— \$7 million in reimbursement from insurance companies for the first full year of the ambulance fee.

— \$32 million taken from the capital improvements program. This is regular tax revenue and not money borrowed through the sale of bonds. Officials said it will not affect any projects.

— \$17 million in reduced debt service. Hughes said the county was able to refinance some of its bond debt. “People ask why our AAA rating is such a big deal. This is why,” she said.

— \$25 million from funds set aside for contingencies such as snow and storm clean up. The county had originally assumed \$35 million, which leaves \$10 million set aside. This does not include the county’s \$355 million in cash reserves.