



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

MEMORANDUM

July 13, 2015

TO: Councilmembers
FROM: George Leventhal, Council President
SUBJECT: FY16 Savings Plan

A handwritten signature in blue ink, appearing to read "George Leventhal", written over the printed name in the "FROM:" field.

Like you, I have been reviewing the recommended \$51 million FY16 Savings Plan transmitted by the County Executive on July 8. Today three of our six committees (Education, Public Safety, and Planning, Housing and Economic Development) will review elements of the plan. On July 16 two other committees (Government Operations and Fiscal Policy, and Health and Human Services) will do so, and on July 20 the Transportation, Infrastructure, Energy and Environment Committee will do so as well. The Council will take up the committees' recommendations on July 28.

Historically, as you know, Councils and Executives have collaborated closely to address serious fiscal challenges. In recent years, repeated mid-year savings plans totaling \$240 million, most in the \$30 million range, were approved when needed. In my view, a savings plan is needed now, at the start of FY16, because there have been major changes in the County's revenue picture since May 14, when we determined the County's operating budget for FY16. The 5-4 decision by the U.S. Supreme Court in the *Wynne* case on May 18, combined with the impact of a shortfall in our estimated income tax revenue for FY15 that became clear in late May and June, could reduce our projected revenue for FY17 by \$150 million or more. FY16 is not the problem; our approved reserves are at their highest level ever, \$383 million or 8.2 percent of adjusted governmental revenues, \$12 million more than the target for FY16 that we set in 2011. But a savings plan in FY16 will help meet the serious revenue challenge we face in FY17.

The work of our committees will enable the Council to determine the size and composition of a FY16 savings plan that makes sense at this time. Based on our experience with past savings plans, we will support some but not all of the Executive's proposed savings and develop some alternative savings. We have a clear understanding of community priorities and concerns from the public hearing testimony and thousands of emails we received during the spring budget season. We welcome additional community input now via email and through a special link on the Council's website.

The Reconciliation List developed by the Council each year provides additional support for the values and priorities that are important to our community, including the needs of our most vulnerable residents. The list we developed in May for FY16 totaled \$18.2 million, about 0.3 percent of the County's \$5.1 billion budget. This is a characteristic aspect of the Council's work on the annual budget. As the attached table shows, the Executive has recommended cutting \$10.4 million of the Reconciliation List, more than half. The proposed cuts include \$500,000 we added to assist homeless veterans. They also include \$146,688 we added to bring the wages for developmental disability workers to 125 percent of

the minimum wage. (In fact, the recommended savings plan actually cuts another \$969,420 for this purpose that was included in the approved budget.) Other proposed cuts have equally serious consequences. In my view, cuts of this kind do not reflect the values and priorities of our community. We should reject them and look for savings elsewhere.

For example, we should take a hard look at the salaries of the County's high-level managers. Our managers do an excellent job, but my sense is that in many cases their salaries are well above those of their counterparts elsewhere and well above where they need to be. The County's high-level managers should be well compensated, but our scarce resources should go to people most in need, not to excessive salaries for our highest paid personnel. To determine the facts, I suggest an addition to the FY16 OLO work program, which is scheduled for introduction tomorrow, to review comparative data on high-level manager compensation in the federal government, the region, and our cohort of local jurisdictions nationwide, with a report due in the fall.

We also need to secure greater clarity as to whether the Council's decisions on County government expenditures in the approved annual operating budget are being fully implemented – neither reduced nor exceeded. The Charter is clear: the County's annual budget is the one approved by the Council. During budget season this spring we learned for the first time that some important items we included in last year's budget – for example, support for a mobile crisis team for children and adolescents – were not implemented, with no notice to the Council or the community. At the same time, some Executive departments make spending and personnel decisions that differ from what the approved budget provides, again with no notice to the Council or the community. The quarterly analyses and year-end transfer reports prepared by OMB do not provide adequate information on these changes. We do not seek to micromanage the government, but we need to find ways to assure greater clarity and accountability in how the budget approved by the Council is implemented, legislatively if necessary. This includes the decisions we will make this month on the FY16 savings plan. Councilmember Navarro, chair of the Government Operations and Fiscal Policy Committee, intends to bring this issue before her committee in September.

Although the time for us to weigh the best course of action on a FY16 savings plan is short, I am confident that we will make sound decisions now and sound decisions later this year if they are needed. I look forward to working with all my colleagues to this end.

Attachment

A	B	C	D	E	F	G
1		FY16 OPERATING BUDGET	Revised 7/10/15			
2		FINAL RECONCILIATION LIST	9:50am			
3						
4		Agency/Department	Council	CE Reductions		
5		I. Budgets included in the definition of spending affordability				
6		COUNTY GOVERNMENT GENERAL FUND:				
7		DEPARTMENTAL ACCOUNTS:				
8		Board of Elections				
9		Outreach/advertising to explain new voting equipment and encourage voter participation	50,000	(50,000)		
10		Staffing for new voting equipment	100,000			
11		Circuit Court				
12		Restore CINA Juvenile Mediation	3,900			
13		Restore Supervised Visitation	11,200	(11,200)		
14		Restore Child Custody and Access Mediation	12,250			
15		Correction & Rehabilitation				
16		Restore Deputy Warden Position	171,335	(171,335)		
17		Restore Food Services Management Position	145,773	(145,773)		
18		Economic Development				
19		Mobile Ag Lab	61,000			
20		Montgomery Business Development Corporation (implement FY16-FY18 marketing strategy)	50,000	(50,000)		
21		Workforce Training Scholarships for Montgomery College	300,000	(300,000)		
22		Environmental Protection				
23		Residential Energy Manager	72,581			
24		Energy Outreach Specialist	72,581	(72,581)		
25		General Services				
26		Enhance deferred maintenance and cleaning for Libraries	150,000	(150,000)		
27		Enhance deferred maintenance and cleaning for Recreation	100,000	(100,000)		
28		Sustainability Program Manager to implement Bill 2-14, Benchmarking, and Bill 6-14, Office of Sustainability	75,662	(75,662)		
29		Operating funds to implement Bill 2-14, Benchmarking	150,000	(50,000)		
30		Operating funds to implement Bill 6-14, Office of Sustainability	45,000			
31		Program Manager to implement Bill 8-14, Clean Energy Renewable Technology	82,035			
32		Health and Human Services				
33		2% inflation adjustment to non-profits	683,790			
34		2% inflation adjustment to residential treatment providers	20,950			
35		Funding for supplemental child care subsidy payments for children ages 2-5 in the lowest income brackets	550,880			
36		Planning for Anti-Poverty Pilot Program	32,700	(32,700)		
37		Bonding and attachment services for Child Welfare involved children and families through the Lourie Center	49,910	(49,910)		
38		Expenses - Resource Coordination for 500 Clients (revenue offset \$749,752)	960,045			
39		Revenue Offset	(749,752)			
40		Grants for assisting emerging villages in diverse neighborhoods	10,000	(10,000)		
41		Funding to offset portion of minimum wage impact on DD Providers	146,688	(146,688)		
42		Montgomery Cares - expand behavioral health	50,000			
43		Montgomery Cares - Increase reimbursement rate to clinics by \$2	160,056	(80,028)		
44		Montgomery Cares - Increase Specialty Care	75,000			
45		Montgomery Cares - expand dental program to Muslim Dental Clinic	182,000	(91,000)		
46		Care for Kids - Sustain FY15 Funding Level	125,000	(62,500)		
47		County Dental Clinic - increase capacity	100,000	(50,000)		
48		FY16 Impact for enactment of Bill 13-15 - Child Care Expansion and Quality Enhancement Initiative	253,095	(126,548)		
49		Add Positive Youth Services at Wheaton High School Wellness Center	271,300	(135,650)		
50		Outreach to contractor for Bill 14-14, Health Insurance reporting	30,000	(30,000)		
51		Inspector General				
52		Restore operating expenses to current level	23,401			
53		Add 2 new term positions	235,720			
54		Merit System Protection Board				
55		Increase staff hours for Director and OSC	30,000			
56		Paralegal Training	5,000			
57		Police				
58		Pedestrian Safety Initiative	80,000	(80,000)		
59		Procurement				
60		Office of Procurement and Business Relations and Compliance staff support and Operating Expenses for Health Insurance Wage Requirements (Bill 14-14)	101,468	(101,468)		

	A	B	C	D	E	F	G
4	Agency/Department			Council	CE Reductions		
61	Public Libraries						
62	Increase library materials (includes \$50,000 for Spanish language materials)			150,000	(150,000)		
63	Restore hours at branches (Potomac, Chevy Chase, Kensington Park, Little Falls and Twinbrook) to pre-recession levels			638,880	(638,880)		
64	State's Attorney						
65	Convert Truancy Court Coordinator to Permanent Position			18,168			
66	Transportation						
67	Restore cut to sidewalk repair			40,000	(40,000)		
68	Restore cut to traffic signal retiming			100,000	(100,000)		
69	Restore cut to stump removal			500,000	(500,000)		
70	Pedestrian safety education			100,000	(100,000)		
71	Sidewalk inventory			200,000	(200,000)		
72	Sidewalk digital map			150,000	(150,000)		
73	Rustic road street name signs			25,000	(25,000)		
74	Subtotal, Dept. Accounts			7,002,616	(4,076,923)		
75							
76	NONDEPARTMENTAL ACCOUNTS:						
77	Arts and Humanities Council						
78	Increase for Administration			20,500	(20,500)		
79	Increase - Large Organizations			128,089	(128,089)		
80	Increase - Small/Midsize Organizations			82,326	(82,326)		
81	Community Grants - Council Grants						
82	Additional funding for Council Community Grants NDA			114,232			
83	Care for Your Health - home based health support for seniors			29,473			
84	Chinese Cultural Community Services - equipment and furnishing for clinic expansion			50,000			
85	Community Ministries - Rockville Kaseman Clinic - support for nurse and medical staff			71,372			
86	Community Ministries - Rockville Kaseman Clinic - patient navigator			35,000			
87	Mercy Health Clinic prescription management program			35,000			
88	Mobile Medical Care - Diabetes Program			50,000			
89	Muslim Community Center Quality Assurance Program			25,000			
90	Proyecto Salud Clinic - Patient Centered Medical Home Nurse Manager			48,552			
91	Municipal Tax Duplication						
92	Increase Friendship Heights (*technical correction*)			9,761			
93	Public Election Fund						
94	Public Election Fund			1,000,000			
95	Subtotal, NDAs			1,699,305	(230,915)		
96							
97	TOTAL, COUNTY GOV. GENERAL FUND			8,701,921	(4,307,838)		
98							
99	OTHER COUNTY GOVERNMENT TAX-SUPPORTED FUNDS:						
100	(EXCLUDING DEBT SERVICE)						
101							
102	Recreation (excluding Debt Service)						
103	Expand hours at Wheaton, Mid-County and White Oak Recreation Centers			53,826			
104	Funding for Adventist Community Services to support Piney Branch ES Pool Operations			145,000	(145,000)		
105	Piney Branch ES Pool Maintenance			15,000	(15,000)		
106	Subtotal, Recreation			213,826	(160,000)		
107							
108	Urban Districts						
109	Bethesda						
110	Enhance Bethesda Urban District services (Non-baseline transfer from General Fund)			150,000	(150,000)		
111	Wheaton						
112	Enhance Wheaton Urban District services (Non-baseline transfer from General Fund)			150,000	(150,000)		
113	Subtotal, Urban Districts			300,000	(300,000)		
114							
115	TOTAL, OTHER COUNTY GOVERNMENT TAX SUPPORTED FUNDS (excluding Debt Servi			513,826	(460,000)		
116							
117	TOTAL COUNTY GOVERNMENT TAX SUPPORTED FUNDS (excluding Debt Service)			9,215,747	(4,767,838)		
118	OUTSIDE AGENCIES & DEBT SERVICE						
119							
120	College:						
121	Current Fund						
122	Approve College's Tuition Plan			2,100,000			
123	Increase Ending Reserve			2,400,050			
124	Compensation and program enhancements			3,399,950			
125	Total, College			7,900,000	(5,000,000)		
126							
127	MNCPPC:						

	A	B	C	D	E	F	G
4	Agency/Department			Council	CE Reductions		
128	Park Fund						
129			Deer Management Expansion	273,489			
130			Improved Information Technology Services Through Contractual Help Desk Support	100,000			
131			Total, Park Fund	373,489	0		
132							
133			Total, MNCPPC	373,489	0		
134							
135			GRAND TOTAL, OPERATING BUDGET	17,489,236	(9,767,838)		
136			(ALL TAX SUPPORTED FUNDS AS DEFINED FOR SPENDING AFFORDABILITY)				
137							
138			TOTAL APPROPRIATIONS,	17,489,236	(9,767,838)		
139			(ALL TAX SUPPORTED FUNDS AS DEFINED FOR SPENDING AFFORDABILITY)				
140							
141							
142			AGGREGATE OPERATING BUDGET	17,489,236	(9,767,838)		
143							
144			II. Budgets excluded from the definition of spending affordability				
145							
146			MONTGOMERY HOUSING INITIATIVE				
147			Veteran Homelessness	500,000	(500,000)		
148			Rapid Re-Housing for Families	150,000	(150,000)		
149			Partnership for Permanent Housing	37,500			
150			Total, Montgomery Housing Initiative	687,500	(650,000)		
151							
152			GRAND TOTAL, RECONCILIATION LIST	18,176,736	(10,417,838)		