

"Federation Corner" column
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A year of mixed results

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As we look forward to a new year that we already know will present significant challenges, on a national and county level, we close the book on a year of gains and losses. And the mixed results came on several fronts.

The economy was in the forefront of everyone's mind in 2010--individuals, companies and governments. In the aftermath of the near collapse of the world economy in 2008, the country's major financial institutions showed signs of stability this year. The stock market has gained nearly 5% in the past two months, and is poised to make double digit gains for the year. Banks that were propped up with taxpayer funds have repaid those loans and show sizeable cash reserves, but they seem reluctant to lend. Mortgage rates remained very low, yet home sales were sluggish for much of the year as banks tightened the standards to qualify for a loan.

In Montgomery County in 2010, thousands more homes were lost to foreclosure--so many that some bank owned properties remain vacant, held off the market for fear the glut of for-sale homes would further drive down prices. Even with pressure from the Feds, banks were reluctant to refinance mortgages at more reasonable rates for those borrowers who owe more than their homes are now worth. And, unfortunately, this year those having trouble keeping up with home payments were preyed on by con artists running fraudulent mortgage assistance scams.

The county and state governments both face tough fiscal challenges. When Ike Leggett began his first term as County Executive in December 2006, the county faced a \$200 million shortfall, and Maryland was facing a structural deficit of \$1.7 billion. This month, as Mr. Leggett began his second term as County Executive, the county is facing a \$300 million shortfall for next fiscal year, and the state is tackling a structural deficit of \$1.6 billion.

Of particular concern is the fact that several key options used to meet past shortfalls will not be available to help balance next year's budget. Nearly 1,100 positions in county government have been eliminated over the past two years--about 10 percent of the county workforce. It will be nearly impossible to make further cuts without negatively impacting the delivery of critical services. And there will be no Federal recovery money next year, to help fund infrastructure projects and create jobs.

The dire fiscal situation will leave little money or personnel available for needed basic maintenance of county infrastructure. The recent reductions in the 20 year backlog for maintenance and replacement of county infrastructure, which was documented in October 2005, will now probably be reversed. And routine maintenance, such as cleaning of public buildings or mowing grass along roadsides, will likely happen less frequently.

Positive news came when the county was told it would retain its triple A bond rating from the Wall Street rating agencies, which means it can continue to borrow money at a very low interest rate. We will just have to keep our fingers crossed that some of the expenditures being approved actually result in a net revenue gain, as our officials expect. In November, the Council locked the county into paying \$376 million over the next 40 years for new infrastructure in the White Flint area, much of the funding to be spent before any increase in tax revenue is realized from new development there. And the Executive approved a \$4 million

economic grant to Westfield ShoppingTown to prepare a spot in Wheaton Plaza for a Costco, and a \$3.2 million loan to cover cost overruns for the Fillmore Music Hall being built in Silver Spring.

County Executive Leggett has put forth 100 proposals "to restructure the organization of county agencies and streamline the way our County does business to realize all possible efficiencies." In December, the Council's Office of Legislative Oversight released a 2-part report entitled "Achieving a Structurally Balanced Budget in Montgomery County." And the Commission on Organizational Reform, with members appointed by the Council and Executive, is scheduled to release its final report and recommendations at the end of January.

For the second consecutive year, this year county employees went without their promised cost-of-living salary increases. And on December 14, the new Council unanimously approved legislation requiring that when collective bargaining with county employee unions results in an impasse, the arbitrator must first weigh the ability of the county government to afford a proposed contract as the first of six factors to be considered. Again, fingers are crossed that efforts to streamline county government and make it more efficient will result in sufficient cost savings to balance the budget without too much additional pain.

This year has brought changes in staffing of key county positions, too. School Superintendent Jerry Weast has announced he will be leaving his post, and the same search company that brought us Mr. Weast has been hired to help find the next Superintendent. Inspector General Tom Dagley will be leaving at the end of the year, too. The Council has appointed a Search Committee to recommend his replacement. The residents of the county were dealt a serious blow when the Council "de-funded" Peoples' Counsel Martin Klauber's position this year. But, on the plus side, the Council appointed Francoise Carrier as Chair of the Planning Board, her appointment resulting in a female majority on the five member Board.

This was also a Council election year, and there was mixed news there, too. All nine members of the new Council are Democrats, and three of the District Democratic candidates faced no competition in their Primary races from fellow party members. Membership on the Council from all parties would bring a diversity of opinions and approaches to issues that is often not present in a one-party body. Still, on the positive side of the ledger is the fact that no Montgomery official is under indictment, something that cannot be said by our neighbor county to the east.

The views expressed in this column do not necessarily reflect formal positions adopted by the Federation. To submit an 800-1000 word column for consideration, send as an email attachment to theelms518@earthlink.net