

County budget gap widens to \$400 million

■ Executive orders 2 percent cuts in agency budgets and agrees to work with council on saving \$64 million

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Now that lawmakers have resolved the state's budget deficit, Montgomery County must close its own \$401 million budget gap.

The county executive has a plan, but the County Council, which has the final say on budget matters, is balking.

Earlier this month, County Executive Isha Leggett (D) predicted a \$308 million deficit for fiscal 2009, which begins July 1. By last week, the gap had grown to \$400.8 million. Lower-than-expected revenues from income, transfer and recodation taxes are to blame, finance officials said.

Leggett warned council members last week of the implications: When he took office in December, Leggett promised to maintain the county's property tax rate at the charter limit in his first budget recommendation. But with a downturn in the housing market and decreased rev-

enues, repeating that promise may not be possible.

To rein in current spending by \$64 million before considering tax increases, Leggett has directed all county agencies to identify a 2 percent reduction in their budgets. With the fiscal year already half over, some are predicting the cuts may have to be closer to 4 percent.

But getting there began roughly this week.

In a meeting with a council finance committee on Monday, county budget director Joseph F. Beach laid out Leggett's plan: Approve the savings goal, but let county administrators handle the details.

Council members balked. "What you're asking is would it be OK for us to approve the overall target and wash our hands of the details in deference to the expertise of the executive branch and other agencies," said Councilman Roger Berliner (D-Dist. 1) of Potomac.

Berliner and others also questioned Leggett's statement that he was not asking agency heads for detailed savings plans.

"How do we get to these savings without the details?" asked Councilman George L. Loventhal (D-At large) of Takoma Park.

In a budget presentation for the full council on Tuesday, Leggett was more conciliatory.

"Whether we save 2 percent across the board or a different amount, we'll work with the council on a more line-item basis," Beach said. "It will take more time, but if we get going the difference in timing should not be that much."

Leggett plans to present a savings plan next month, or after the council's return from its winter recess in January. There are also plans to revise the broad reductions.

Council Vice President Michael J. Knapp welcomed the changes.

"One of the concerns when you start doing an across-the-board reduction is that you perceive all agencies and all initiatives to be equal and the reality is that's not true," said Knapp (D-

Dist. 2) of Germantown. "There are a number of ways to reduce the budget this year, but you'll never get there with an across-the-board reduction. To put everybody in a talisman, to me, is the wrong message."

With a hospitalized Council President Marilyn J. Pralnsner (D-Dist. 4) of Calverton slated to miss the year's remaining sessions, working through the budget and working with county leaders has fallen to Knapp. As a member of a council savings committee four years ago, Knapp — who is expected to be elected as council president next week — has been down this road before.

"We've worked on these things in the past and we'll do it again. There is no need to overreact," he said.

Whether a 2 percent reduction or more is needed, the success of the savings plan relies on agency directors trimming their budgets.

"From a statutory perspective, we can ask the Board of Education and Park and Planning — which are state agencies — to participate, but we don't have the

authority to pull the funds back anyway and it's important that we remember that," Knapp warned.

Of particular concern to council members is whether would the school board — whose 2 percent reduction would amount to \$36 million — will agree to cut its budget.

"We consider ourselves partners to county government and will have to work with the executive to determine how they want us to put together our savings plan," said Marshall C. Spatz, the school system's budget director. "About 90 percent of our budget goes for personnel, so you can't just switch that in the middle of the school year."

Montgomery College spokesman Steven Simon said the community college has the same concerns: finance officers are working on the plans.

"We will look at the numbers and see if and how we will comply," said Valerie Berton, a spokeswoman for Park and Planning. "We can't commit at this time without taking a closer look, but we will look at [Leggett's] recommendations and will look for ways to comply."