

government. In regard to revenue, they were recommending a 10 percent increase in total revenue, and their catch-up budget would fit within that 10 percent increase. In examining revenue sources, they focused on user fees as an area of income. They proposed a \$10 million increase which could be plowed back into property tax reductions.

The task force had discussed its expenditure priorities. They agreed that additional resources should be devoted to programs for the homeless, the working poor, the elderly, the disabled, immigrants, victims of abuse, AIDS patients, and the indigent. They were recommending the county spend about \$6-7 million in these efforts. Their second priority was to improve the criminal justice system and to spend about \$4-5 million here. Their third priority was for emergency medical services with an expenditure of about \$1 million here. Mr. Hussmann indicated that they had not ignored the needs of the school system, but they recognized that MCPS had had a decade of significant improvements in educational standards, staffing, and salaries.

In regard to the capital budget, the task force had accepted the priorities which had shifted from roads to schools. They had thought about raising the debt ceiling of \$800 million which assured the county's AAA bond rating, and they had concluded that this was a prudent policy and \$800 million was a reasonable number. They had uncovered serious problems with the capital budget because past costs had been underestimated. The budget should be increased by 15 percent in FY 1991 and 10 percent thereafter for roads and 8 percent for schools. The county should raise its implementation rate for completing projects from 85 to 90 percent. In addition, there were needed projects which had not been included in the budget and which would amount to about \$100 million.

In regard to roads, Mr. Hussmann reported that the Planning Board staff had looked at this and estimated the county would need between \$4.5 and \$7.3 billion over the next 30 years for transportation. The task force concluded that transportation financing was the county's most severe unmet problem. This was complicated by the pipeline of previously approved subdivisions which consisted of about 42,000 units and 110,000 plus jobs. He said that the committee had discussed how they had gotten into the situation regarding transportation, and he called attention to maps showing plans for the county from 1966, 1972, 1977, and 1983 which demonstrated how the planned road structure had been cut back.

The task force had concluded the county was in trouble with the capital budget and did not have the revenues to implement the six-year plan. The committee did not recommend the continued use of the property tax as a principal basis for financing growth. They had looked at how they had gotten into this predicament.

Mr. Hussmann pointed out the decline in federal and state aid over the years. The future looked bleak because of the expiration of the federal highway act and the fact that the state needed all its road funds for maintenance next year. The Linowes Commission had raised issues threatening the well being of Montgomery County including an equalization formula for the piggyback income tax revenues and a proposal to limit the state's responsibility for pension plans and social security for teachers.

Mr. Hussmann pointed out that Montgomery County had 27 to 37 percent of the growth in the state but did not get that kind of support from the state in like measure. Another source of problems was the result of decisions made at the local level. During the 1980's the county only built half the roads needed and had limited the size of county government. During this time MCPS increase 17 percent while the size of the county government decreased by almost 2 percent. During this same period public expenditures as a percent of personal income went from 9.8 percent in 1978 to 8.1 percent in 1990.

The task force recommended that the County Council seek authorization from the state for gasoline and auto registration piggyback taxes. If this was not possible, a local parking tax was needed to finance transportation programs. They had also recommended a tool road and developer contributions through special development districts. They did not see any way to finance school construction other than through bonds, and for that reason they focused on transportation. Mr. Hussmann pointed out that the number of cars per household was increasing, and 180,000 people were using their road system and living elsewhere. A county transportation trust fund would be used for local highways and streets, public transportation, and pedestrian facilities. They had been advised by the Delegation that there was no chance for approval of a piggyback tax and, therefore, they were recommending a tax on non-residential parking spaces which might raise \$54 million annually. This fund would provide better management of the capital budget for schools and other government needs. They also believed that a toll on the intercounty connector could generate \$13 million a year, and that requiring developers to pay for the infrastructure would generate funds and become a planning tool to allow for orderly development.

Mr. Hussmann commented that the task force had started with the assumption that there would be no down turn in the local economy; however, at present there was uncertainty about the economy. They were recommending that the Council should initiate a legislative spending affordability committee similar to that undertaken by the state. They suggested that the county no longer maintain separate thinking about the capital and operating budgets. They urged the Council to get involved with the state

and federal government regarding transportation funding. They supported Mr. Hanna's housing initiatives. They believed that the county did not have a comprehensive growth policy and should formulate such a program. They also urged greater efficiency and productivity in government.

Dr. Shoenberg noted that the report had made certain assumptions about growth in employee benefits; however, the school system had seen enormous growth in the cost of health insurance, and there was talk about a reduction in social security contributions by the state. He asked how the committee's figures squared with the reality. Mr. Hussmann replied that they had allowed a total wage adjustment of 6.5 percent which included the full amount for salary increments, 75 percent of the cost of living, and an 8.5 percent increase in benefits. Anything over that would require additional funding to their recommendations.

Mrs. Praisner inquired about opportunities for the public to discuss the report and understand the debate behind the deliberations of the task force. She understood that the only opportunity was a morning session. Mr. Hussmann replied that he was presenting the report to two or three organizations per week. Mr. Culp agreed that it was a mistake to have only the one session and to schedule that during the day. Mr. Spengler thought that people could comment on the report during the public hearings on the capital and operating budget.

Mrs. Praisner said she was interested in knowing whether the task force had discussed other scenarios before coming up with the three proposals. Mr. Hussmann replied that their first vote was to support the lower number to be supplemented by additional funding. By the time they had focused on additional needs, they were at 10 percent. However, Jim Culp had filed a minority reporting on spending this year.

Mrs. Praisner said the unmet needs did not include those of the school system, and she wondered about the extent to which they were influenced by the perception that the school system had not suffered to the extent other departments of government had. Mr. Hussmann replied that their conclusions were based upon presentations made by responsible community and county officials regarding problems in the community at the present time. This was not based on increases in staffing or budget but rather on unmet needs in the human services area. Mrs. Smith added that needs did impact the school system and should be met before the student got to the school system.

Mr. Ewing stated that it was possible to read the report and conclude that education would not have as high a rank henceforth. He was bothered by the section in the report on human services needs because it failed to take account of the fact that the school system was already faced with the necessity to come to

grips with the problems the child brought to school. For example, they had more students who were seriously emotionally disturbed and more foreign students who were illiterate in their own language, and they had not solve the problem in being successful in educating minority students. Schools had to continue to address these problems, and it would continue to be expensive to address these issues. Mr. Hussmann replied that they were not discounting what Mr. Ewing had said. While they were recommending additional funding in this area, they were not recommending which agency should provide these services.

Mrs. Smith suggested that they needed to improve the infrastructure regarding service delivery to people. The school system should not be working on these problems in isolation, and other government agencies should complement their work. She said that government agencies had to be more efficient. For example, there was no incentive for agencies to save money because the money went back to the general fund and not to the agency saving the funds. Mr. Ewing suggested that the incentive should be for the agency to have pride in being efficient. He did not think the notion of giving people back money to spend on things that were no priorities was a mistake.

Mr. Culp thought that one of the barriers that both County Council and the Board of Education would face was confidence among the voters. A lot of mechanisms in their report were intended to provide some measure of assurances that funds raised would be used in a particular way. This reassured citizens that the dollars they were paying in taxes were being well spent.

Dr. Cronin shared Mrs. Praisner's concern about the lack of public exposure of the task force report. He thought that what was causing the problem this year with the taxpayer was the lifting of the 15 percent cap and the Council's decisions to keep the property tax bill constant by reducing the rate when assessments went up. He asked if they had examined the amount of lost revenue from that decision-making process. Mr. Hussmann replied that they had shown that the percentage of personal income going into the county budgets had gone down. In looking at comparable jurisdictions, they found that Montgomery had similar trends. They did not point out if the tax rate had not been reduce, the county would have had X-number of dollars more.

Mrs. Smith said they had recommended a 10 percent increase and had to be responsible in their approach to revenues. Part of their charge was to come up with scenarios about generating revenue to pay for what they had suggested. Dr. Cronin asked how they defined existing levels of services. Mr. Spengler replied that it was the current budget adjusted for growth and inflation. Dr. Cronin said that one argument going back and forth was whether salary increases were existing benefits or improvements. Mr. Hussmann reported that there was a serious conflict with

labor over whether or not there should even be a report. Increases in the past decade had gone into employee compensation as opposed to program improvements.

Dr. Cronin pointed out that the state was paying for two stadiums in Baltimore which could fund a lot of services in Montgomery County. Throughout the report there were statements that the Delegation should get money from the state. The Montgomery County delegation was continually rebuffed in its attempts. More and more Montgomery County money was going out of the county, and he wondered if the task force had suggestions about getting the money back. Mr. Hussmann said that one suggestion was no more county spending on state programs. Another suggestion was to pay for programs and put less pressure on Annapolis. The state was not funding schools or roads. In Prince George's county they did only what the state paid for in health and social services. However, Montgomery County had found it prudent to take care of its own needs.

Mrs. Smith stated that the Committee for Montgomery County had been established to pull the county together in a unified force to have some impact on Annapolis. The task force knew that no matter how successful they were, that it would take two years to get additional funds. Therefore, the task force tried to come up with something that would generate money in Montgomery County. Mrs. Praisner pointed out that one of those recommendations was a toll road which was not likely to be built in the next two or even six years. Mr. Hussmann explained that there were very few roads of sufficient length to justify tolls. Mrs. Smith explained that they were really focusing on parking fees rather than toll roads. She commented that even though they had home rule, they had very few places to generate revenue.

Mrs. Praisner said it was important for the community to get a sense of the thinking of the task force. They should have an airing of these countywide issues. She wondered how feasible their alternatives were and asked about the debate they might have had on the parking tax, the toll road, and the charges to developers. Mr. Hussmann agreed to provide Mrs. Praisner with background materials on the development districts.

Dr. Shoenberg asked if they had had an opportunity to examine whether development actually paid for itself and whether some of their problems were due to the fact that development had not generated the revenues to pay for the services that it demanded. Mr. Hussmann thought that as a community they had reached the level of standards that they might not be able to afford. For example, the state and federal government could not keep up with transportation needs, particularly when suburbs had become employment centers.

Mr. Ambach reported that they had also looked at user fees as a source of revenue. He noted that the school system had assumed a number of tasks that used to be handled by the family. He asked whether they had considered user fees in these areas. Mr. Ewing replied that the very services they were providing were services that went to people who could not afford them. Dr. Cronin explained that they were mandated to provide a free public education. He asked whether the task force thought they should charge a counseling fee or a health services fee. He thought that all of those would be challenged as a violation of free public education.

Mrs. Praisner asked whether they had looked at the infrastructure necessary to establish user fees and maintain and operate the fee schedule. She asked what fees they could collect that would not put a burden on the infrastructure to collect. Mr. Hussmann said that one fee suggested was tuition costs for Montgomery College. Mrs. Smith thought that perhaps some supplementary programs in MCPS could be tuition programs. Mr. Goldensohn said there was very little in the entire school system to look at for user fees. For example, the food service program was designed to operate at a break-even system. The athletic and theatre programs received very little tax support.

Dr. Shoenberg reported that the major problems they grappled with tended to be for students that were down on the socioeconomic scale. They were also the kinds of programs where they did not want to institute a means test in order to know whether people had to pay for these programs.

Mrs. Hobbs asked about the composition of the task force and whether they had any voting members representing the minority community. Mr. Culp replied that they all represented the minority community from their experiences; however, no one on the task force was a minority. Mrs. Hobbs asked about the positions or titles of the memberships, and Mr. Hussmann agreed to share a list of the task force which showed the affiliation of its members.

Dr. Shoenberg thanked the task force for sharing their report with the Board. He expressed his appreciation for the volunteer effort involved in producing such an interesting compilation of materials.

Re: ADJOURNMENT

The president adjourned the meeting at 10:20 p.m.

PRESIDENT

SECRETARY

PLV:mlw