Montco passes 2013 budget with no tax increase

Norristown, PA (December 6, 2012) – The Montgomery County Commissioners today unanimously adopted a $409.6 million budget for 2013 that makes the first contribution to the county’s pension fund, begins to rebuild the county’s reserve fund, and does it without raising taxes.

The budget projects $412.2 million in revenues in 2013 and reserves $2.5 million for replenishing the county’s Fund Balance, which had shrunk from nearly $100 million to $20 million during the four years of the previous administration.

“This is an honest and transparent budget,” said Josh Shapiro, chairman of the board of commissioners. “This budget reflects the need to repair errors of commission and omission by prior administrations as well as absorbing state cuts to human services and continuing to grapple with the effects of the national recession.”

Vice Chair Leslie Richards praised the work of Chief Financial Officer Uri Monson and said the new budget ensures that the county’s reserve fund will not be used to pay county expenses. “It is a tough budget. It is a responsible budget. It is a transparent budget. We will continue to help others find other avenues for funding that we are unable to provide because it is not in the core responsibilities of what the county has to do,” Richards said.

Commissioner Bruce L. Castor, Jr. called the budget “mean and lean.” He continued saying, “this budget gives us a base upon which to build and return Montgomery County back to its previous fiscal position.”

One of the most discussed sections of the budget involved the elimination of earmarks to 20 agencies in the county, several of which provide social services to county residents.

“In order to protect the vital services that this county provides, we eliminate all earmarks from this budget,” Shapiro explained. “While these earmarks supported many worthwhile organizations,
legitimate questions were raised about the legality of these payments. Upon researching this issue, it became clear that the commissioners are not authorized to make these kinds of appropriations under the Second Class County Code, and that such transfers of taxpayer dollars are further prohibited by provisions of the Pennsylvania State Constitution.

Shapiro said the law authorizes the county to enter into formal contracts with these organizations, to deliver those services and programs that the county would otherwise itself provide. “This is in keeping with what I and the other Commissioners have said since we began this budget process - that the County must focus its limited resources on providing the core services of government,” Shapiro said. “That is why we have worked closely with several of these organizations over the past few weeks to do just that.”

Through these contractual arrangements, the county will be positioned to provide these vitally important services in a more targeted, constructive, and transparent manner, all while operating within the framework of the laws of our Commonwealth. (A listing of those contracts approved today by the commissioners appears at the end of this press release.)

Shapiro detailed six other highlights of the budget during his remarks:

• This budget is balanced without using any gimmicks. It eliminates waste, duplication, and the fiscal malpractice that allowed for undercounting and overestimating.
• Shapiro and Commissioner Leslie Richards made a commitment during the 2011 campaign not to raise taxes this year and this budget assumes no tax increase.
• Commissioner Castor rightfully complained that the County did not make a payment to the pension fund for the past four years. This budget makes a significant contribution to the pension fund.
• Past budgets were often balanced on the backs of county employees. By contrast, this budget actually invests more in our county employees by improving their health benefits at no additional cost to them through savings we realized with our new broker.
• When the previous administration took office the county’s reserve fund was nearly $100 million. When this administration took office it was a mere $20 million. In fact, the erosion of the reserve fund was the stated reason by the ratings agency for the downgrade in the county’s bond rating. This budget makes a serious down payment on the future by growing the reserve for the first time in four years.
• This budget contains real reforms that will make tax dollars go further and yield savings in the future from efforts like departmental consolidation.
Shapiro reiterated that the budget adopted today was in many ways dictated by the “mess” that the previous administration created including:

- A $10 million budget shortfall that necessitated immediate cuts.
- County government buildings that were crumbling and will take at least $50 million to fix.
- An emergency radio system that will require at least $45 million to upgrade.
- The need to borrow money our first month in office just to make the initial payrolls and pay operating expenses.

“If we fail to make these tough choices now, we will simply perpetuate a broken system that costs taxpayers more while giving them less,” said Shapiro. “In other words, these cuts are necessary in order to meet the County’s core responsibilities to our constituents. Notwithstanding the challenges, let me be clear—we are moving in the right direction. We effectively managed the short-term crises and now with this budget we establish a positive, long-term path forward for our county.”

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The following is a list of contracts approved by the commissioners with agencies that lost their earmarks in the new budget:

- A contract, not to exceed $200,000, with Legal Aid of Southeastern Pennsylvania for assistance with housing-related legal matters
- A contract, not exceed $70,000, with Legal Aid for case coverage assigned by the courts to represent lower income parents in Juvenile Court and Parental Terminations in Orphans/Juvenile Court
- A contract with Montgomery County Child Advocacy Project (MCAP), not to exceed $20,000 for case coverage assigned by courts for child advocacy
- A contract with the Women’s Center of Montgomery County, not to exceed $10,000, for assistance with Protection from Abuse Orders