

2027 Operating Budget Testimony- Montgomery County Taxpayers League
Gordie Brenne, Treasurer, April 7, 2026

Our county is in an economic ditch. The Taxpayers League wants to see more jobs, not increased spending or higher taxes.

1. **County spending should be frozen** until the next County Executive can update the 2010 comparative compensation study, eliminate waste that's accumulated over the last 8 years by tying jobs to workloads, and place a priority on funding strategies for low-income residents.
2. **MCPS can be funded at a Maintenance of Effort level** and achieve academic objectives if you insist spending be cross-walked to strategies that deliver annual proficiency gain targets, not hollow promises. The Council needs to do this to establish accountability, while scaling back spending increases for lower enrollment and compensation parity with Fairfax County schools.
3. **WSSC water rates are double Fairfax and spending should be frozen** until the next County Executive can link costs to workloads and sustainability analyses in accordance with the state reform law passed last year and the county delegation's 2022 study that showed WSSC costs were way above neighboring utilities. Lower rates for large families whose efficient use is being discriminated against are needed.

The structural deficit has increased due to bad planning and poor management. At the same time the rate of property assessment increases is slowing as our population growth rate levels off, and housing affordability diminishes. The property tax rate increase of 4.7% three years ago was supposed to fix MCPS reading and math proficiency problems, but didn't work: literacy- 35%, and math-15% are the dismal proficiency rates of our low-income students, who are almost half our kids (43% FARMS rate).

Our shrinking commercial tax base should be central to the debate over affordability, and how to pay for government while resolving our structural deficit. Poor commercial job growth hasn't kept pace with increased government spending and is the primary reason our residents have high property and income tax rates, and utility fees. Failure to expand the tax base is why the Executive had to propose tax rate increases.

Howard and Fairfax counties are doing a much better job of economic development. We have been overly dependent on government jobs due to our proximity to the Federal government, and have too many employers that don't pay property or income taxes. Our policies, regulations, costs and taxes, and limited talent networks discourage economic development.

In sum, over half our residents now have low-incomes and would answer **no** to these questions:

1. Are your kids getting a better education?
2. Do your housing choices meet your needs?
3. Do you feel safer?

4.. Do you have a job, or feel financially secure?

5. Can you get to work quicker?

6. Can you afford increases in your water/sewer bill?

The Council should use the budget process to incentivize restructuring county services to help low-income residents.

Compensation too High - The last comparative compensation study in 2010 showed we pay county employees even more than Federal employees. It's much worse today. MCPS now has a strategic plan that can be used to prioritize spending, fix the health trust that's blowing up, and assign teachers who are paid on average 13% more than Fairfax school teachers to our low-income schools to implement their school improvement plans.

Employee FTEs too High- we have too many county, school and WSSC employees because the budget process doesn't link the number of employees to workloads and outcomes. Over the last 10 years for every new student, ½ an overhead FTE was added to MCPS. Recently MCPS made indiscriminate collaboration time allocations that reduced the number of classes teachers have daily in high performing schools. Also, the Supt has noted old teacher allocation formulas have favored higher income schools. For overhead employees, a crazy high MCPS overhead rate of 45% (vs. 37% in Fairfax schools- the difference is \$250 million) is better than the county's crazy high 30%, but no one's bragging. The county OIG doesn't review the MCPS budget for corrective actions or waste. WSSC never implemented recommendations of a 2016 benchmarking study and its Asset Management function needs to be reinvented to prioritize spending for high rate of return projects.

Taxes too High- we shouldn't raise taxes to sustain a bloated government that is increasingly less effective at helping our low-income residents. In addition to restructuring to "right size" the county, MCPS and WSSC, taxes should be cut to stimulate economic development. Start with the wasted 4.7% property tax hike 3 years ago that went mostly to fund general county government activities through supplemental appropriations from the general fund money pot that comingles property and income taxes, and punishes low-income renters.

Tax Base too Narrow- For example, to get another hospitality employer like Marriott to come to our county we'd need the technical and financial talent, and colleges that Northern Virginia has, and would have to improve bridge transportation to and from Northern Virginia. So, Hilton moved there instead. Same for life sciences when we lost Howard Hughes, and growth among retained employers like AstraZeneca happens in Frederick and elsewhere. The loss of Discovery was a talent network problem. No amount of property tax forgiveness will overcome our talent network competitive disadvantage. No amount of expansion of government programs and activities will offset the economic reality that residents and businesses are getting less each year for their tax dollars.