



Our Economy. Our Community. Our Future.

Warning Signals: Montgomery County Quality of Life in Jeopardy

New report says lower revenues, slow growth affecting spending on education, transportation, health, public safety

Bethesda, MD (January 22, 2019) – A period of “constrained quality of life” has already begun in Montgomery County, according to [an alarming new report](#) that takes a hard look at the economic landscape of one of the Washington region’s most affluent regions and recommends urgent measures to stem the trend.

Low private job growth, the ballooning of county government salaries and an expensive public liquor business have contributed to the county’s financial malaise, according to the report. Several areas of the County, including Rock Spring, Wheaton, Silver Spring, Rockville, and Gaithersburg, are facing building moratoriums on July 1, suspending revenue-generating development, if schools are not planned to be built as part of the Spring 2019 budget process.

“Many years of being outperformed by proximate jurisdictions inside and outside of Maryland along the dimension of economic development has left Montgomery County, MD with a weakened fiscal position and a growing inability to support quality of life through spending on education, transportation, public safety, and health and human services,” the report notes.

The Baltimore-based Sage Policy Group, headed by noted economist Anirban Basu, prepared the report, which comes on the heels of the recently recommended budget cuts and a hold-the-line capital improvement construction budget by Montgomery County Executive Marc Elrich.

Commissioned by the business-oriented Empower Montgomery, the report also offers ideas to help reverse “increasingly negative dynamics.”

Among the conclusions are specific recommendations to grow the White Oak and White Flint areas by accelerating public/private investment through accelerated infrastructure, substantial tax breaks and permit-expediting zones.

Other recommendations include:

- Ending the county’s liquor control monopoly and inviting in more attractive, customer-responsive enterprises before its dwindling profitability turns into large-scale losses
- Building a marquee STEM high school in the White Oak area to attract employers and families to the eastern portion of the county, and to balance the three STEM high schools on the west side
- Reducing county reserve funds equal to AAA-rated Arlington County (5% reserve versus 10%) to free up \$269 million to build schools in communities that have or are facing development moratoria
- Acknowledging and creating economic development public policies to deal with the 5.45% extra income tax burden and the 44%-52% extra cost of running a business in Montgomery vs. Fairfax.

The combination of weak economic growth, slow revenue growth and rising public demands has translated into annual budget shortfalls that must be closed each year. In total, Montgomery County was required to close cumulative budget shortfalls exceeding \$3.3 billion during the Fiscal Year 2008-2017 period.

“Slow economic growth is among the reasons that many Montgomery County stakeholders fret about the community’s future,” said Charles Nulsen, founder of Empower Montgomery. “They also wonder when fiscal strains will become so burdensome that quality of life will be sacrificed. This report stands for the proposition that the period of constrained quality of life has already begun.”

The SAGE report, which follows an abbreviated one in April that prompted much debate during the primary election season, focuses on big picture economics, with special attention paid to the county’s soft business formation, slow job growth, expanding tax burdens and rapid debt accumulation.

The report may be accessed here: <http://bit.ly/2B9Vzwb>

Empower Montgomery: Mission & Values

An organization formed to create positive political conditions in Montgomery County through voter outreach, education for expanding economic opportunity and enhancing quality living conditions for all residents and businesses, most especially including future generations. Empower Montgomery’s core values include job growth; expansion of the tax base; responsible government spending; AAA bond rating; world-class schools; mass transit/public transportation; transparency in government; regional competitiveness and green/sustainable practices.

www.empowermontgomery.com

Contact: Charles Maier

Charlie@MaierWarnerPR.com

###