

TESTIMONY ON CA'S FY11 and FY12 BUDGET

By

Tom Scott

Alliance for a Better Columbia

Good evening. My name is Tom Scott, and I am here to testify on the budget for the next two years on behalf of the Alliance for a Better Columbia (ABC). ABC is committed to the goal of lowering CA's annual assessment charge by 7 % in each of the next two years, and we are proposing several steps the Board could take to facilitate the achievement of this goal without adversely affecting the projected budget balance. Eliminating the payment of employee incentive bonuses as well as limiting the growth of employee benefits would be a major step in this direction. Unnecessary capital spending as well as Sports and Fitness programs requiring substantial subsidies should also be reduced or eliminated. CA should not be conducting business as usual in these harsh economic times but should instead follow the example of many local governments, including Howard County, in controlling costs. The Howard County Operating Budget for FY 2010 was 4 % lower than in the previous year. In sharp contrast, CA's recent budgets have consistently allowed operational spending to increase at a rate exceeding the anticipated growth rate of revenues. No one can make a reasonable argument that the services provided by CA are anywhere near as critical to the quality of life of Columbia residents as those provided by the county. ABC recommends that operational spending should be held constant for a minimum of the next fiscal year.

Operating Budget

Removing "performance incentives" from the next budget should save nearly \$500,000, based on the growth trend of these payments in recent years. There is no justification for bestowing such generosity on CA's senior management, who are the prime beneficiaries, when their regular compensation already greatly exceeds that of their counterparts in the Howard County Government, whose responsibilities are much greater.

The Board should make a serious attempt to control the costs of employee benefits next year, which are budgeted at \$3.2 million in the current fiscal year. In recent years, salaries and wages have increased at nearly three times the rate of increase in FTEs. When many local governments in our area are reducing staff and/or freezing wages, the CA bureaucracy should not be allowed to grow in absolute size nor should staffers expect to continue reaping increases in salaries and wages that exceed the rate of inflation. In fact, a reasonable argument could be made that CA staff should not receive any increases in compensation based on increases in the cost of living in these difficult times. Social Security recipients will not be receiving a COLA increase this year. CA should also be attempting to shift more of the responsibility for financing health care and retirement costs to the staff, as several corporations and local governments have done in recent years.

The golf courses are expected to lose \$902,000 in the current Fiscal Year. Expectations that the golf courses would become self-supporting expressed 5 years ago

after the completion of extensive renovations on the Hobbins Glen Course have not been realized. In contrast to this performance, the Timbers at Troy Golf Course, which is operated by the county, has been self-supporting over the past several years. The Board should investigate whether contracting out this operation could save money. In the meantime, measures such as closing one course in the winter months, making Fairway Hills a nine-hole course, or less frequent mowing of fairways on either or both courses could reduce this drain somewhat.

ABC has learned that 32 employees have been paid monthly business mileage allowances, and an additional 12 have been assigned take-home vehicles. ABC was informed by Maggie Brown, former President of CA, that these monthly business mileage allowances are reported to the IRS as compensation and therefore taxed, which raises the possibility that the reimbursed travel was not related to employees' job duties. In addition, the high number of take-home vehicles seems to be a luxury CA can no longer afford as opposed to an essential need. How many employees on call outside of normal business hours would not be able to use their own personal vehicles if an emergency arose? The Howard County government is in the process of reducing the use of take-home vehicles by 60%, which was expected to result in a saving of \$700,000.

The CA Board needs to more closely oversee spending on contracts. A prime example of a lack of oversight is the Customer Services System Project (CSS), which is designed to allow residents to make reservations for activities on CA's website. This project, which was originally budgeted at \$431,000 three years ago, has now cost residents well over \$1 million after Board approval of two requests for additional funding necessitated by the contractor's inadequate performance. Another request for more funds is likely since none of the system's components has been successfully tested, while the expected delivery date was recently moved back two years and is now May 2010. The fact that this wasteful and avoidable spending has not apparently affected senior staff bonuses is an indication of a serious lack of accountability in the organization.

The Board can also save well over \$200,000 by eliminating grants to the Columbia Foundation, the Economic Development Authority, and ending the Sister Cities Program. The Columbia Foundation has greatly expanded its funding over the years while the CA annual grant of \$100,000 has not changed. Columbia residents should also not be billed twice for receiving same economic development services from the county. There are also many international exchange programs available in the area, lessening the need for a program which serves so few participants at a cost of over \$100,000.

ABC intends to provide the CA Board with a specific list of recommend cuts to its capital budget when it has a chance to review the list of projects that have been placed in this budget for the upcoming couple of years.