

July 17, 2009

TO: Prince George's County Council

FROM: Fraternal Order of Police, Lodge No. 89  
By Ismael "Vince" Canales, FOP President

RE: CR-47-2009, Employee Furlough Plan, Revisited

Following last week's hearing on the Employee Furlough Plan, several Members of the County Council asked Lodge 89 of the Fraternal Order of Police for additional information on why the Furlough Plan should be rejected by the Council. This memo provides that information.

I. A useful place to begin is the number of police officers available to staff the Police Department, and the resulting impact on crime and safety in our communities.

Two key facts are not disputable. First, **a furlough of 80 hours or two weeks per police officer during Fiscal Year 2010 is the equivalent of removing 60 police officers from the streets** of Prince George's County. (If 1,500 officers are furloughed for 2 weeks each, there are 3,000 fewer weeks of police service, and at 50 weeks per officer, that is a total of 60 fewer police officers for the year.) Second, **even without the furloughs, the Police Department is facing a monumental staffing shortfall.** The County's budget in Fiscal Year 2009 called for 1,786 sworn police officers, which was later amended to 1,700. During a briefing of the Council on April 21, 2009, Budget Director Seeman informed you that the actual funded number for sworn officers was 1,600; however, he added that our actual staffing for the Department was down to approximately 1,500. The question that must be asked is where did those funding dollars for 200 officers, approximately \$20 million, go?

The overtime budget has been drastically reduced, so that even the officers available to work are unable to contribute extra hours. New hiring has been decreased and delayed so many times, that any hope of properly staffing is several years off into the future. And the County estimates that another 80 officers will retire or resign each fiscal year, so the number of police officers will soon be substantially below 1,500.

Indeed, the actual number of retirements or resignations during Fiscal Year 2009 exceeded the projection of 80 officers. What is more, during the month of June 2009 alone, 24 police officers left the Department, and at the

current mid-point in the month of July 2009, already at least 6 officers have indicated that they will be leaving the Department by July 31. That is 30 officers retiring or resigning in less than two months.

It simply is not sound public policy in these circumstances for the County Council to allow additional cuts in the staffing of the Police Department. And, as noted, a furlough of police officers for 80 hours per year is the functional equivalent of reducing the sworn police force by 60 officers. The County Executive likes to say that the County is equally safe with 60 fewer officers on the streets, but this is simply a rhetorical flourish that has no basis in reality.

There may be a glimmer of sun in this gathering storm. Each time that an officer retires or resigns, there is a salary and benefits lapse of more than \$100,000 per year. In other words, when the 24 separations in June 2009 and the 6 or more separations this month are combined, the County will benefit from a reduction in expenditures for salaries and benefits of more than \$3 million during Fiscal Year 2010. This \$3 million is not currently reflected in the FY2010 budget. That is approximately the same amount of money that would be saved by furloughing all police officers during the current fiscal year. So, unless the County were to hire scores of new police officers (admittedly, with no experience, but at approximately half the cost) to replace those officers already separated from the Department – a hiring program that the County is not ready, willing, or able to implement now, or at any time in the foreseeable future – the County already has saved an additional \$3 million from the Police Department during Fiscal Year 2010, and more savings from furloughs are simply unnecessary. Stated another way, any furlough of police officers that may be approved by the Council at this point in time is economically unjustified. In these circumstances, the FOP cannot fathom how the Council could approve a furlough of police officers, and certainly not an 80-hour furlough of police officers, knowing that such a furlough would decrease the number of police on the streets of the County, and put the lives and property of the citizens and the officers at unjustified risk.

II. Even if the Police Department's staffing needs and the savings already guaranteed from the salary and benefit lapse caused by 30 police separations in June and July 2009 were not by themselves sufficient to reject any furlough of police officers, there still is no evidence that the County's current economic situation requires a furlough of 80 hours per officer.

At the most recent hearing, on July 14, 2009, the Council correctly focused on the County's economic situation as represented by its Undesignated Fund Balance. As the FOP noted last week, the budget adopted by the Council on June 1, 2009 was premised on the County Executive's projection that the Undesignated Fund Balance as of June 30, 2009 would contain only \$7.5 million. (This is the fund balance that the County retains in addition to the 5%

Contingency Reserve (\$131.2 million) mandated by the Charter and the 2% Operating Reserve (\$52.5 million) that the County retains “as a matter of policy.”) Only 5 weeks later, on July 7, 2009, the Budget Director changed this projection to an Undesignated Fund Balance of \$21.6 million.

Such massive under-reporting of the Undesignated Fund Balance by the current Administration is not uncommon. Last year, in March 2008, when the County Executive’s proposed budget for Fiscal Year 2009 was first disseminated, the County projected an Undesignated Fund Balance of \$35.8 million as of June 30, 2008. This same estimate was used by Budget Director Seeman when he made presentations to the New York-based bond rating houses in May 2008. On June 1, 2008, however, in the offering statement issued to potential purchasers of the County’s bonds, the estimate for the Undesignated Fund Balance as of June 30, 2008 was suddenly \$70 million. Then, less than four weeks later, the Budget Director prepared a powerpoint presentation that was shared with the unions at a June 26, 2008 meeting, at which time the County Executive personally urged the employee representatives to give up their negotiated wage increases for Fiscal Year 2009. In this powerpoint, the Undesignated Fund Balance as of June 30, 2008 was estimated to be only \$16.7 million. Finally, by September 2008, when the Employee Furlough Plan for FY2009 was both proposed and adopted, the Administration knew that the audited Undesignated Fund Balance as of June 30, 2008 was actually \$65 million, but neither the County Executive nor the Budget Director informed the County Council of this fact or considered that fact relevant to eliminating or mitigating the furlough plan. To the contrary, the Administration misled the Council into believing that the Undesignated Fund Balance was dangerously small. And, as we later discovered, the County ended up with a surplus of approximately \$20 million, \$16 million of which were from the unnecessary FY2009 furloughs.

The Administration’s idea of discussing the matter is a “do as I say or else” approach! During FY2009, the County Executive told every employee labor union to either give-up a COLA or be furloughed. On Tuesday, July 14, 2009, Budget Director Seeman told the Council that any alteration from the proposed furlough plan would result in additional RIFs. The notion that a healthy discussion to look at possible alternatives to address an issue of this magnitude is not acceptable to the County Executive and his staff should be considered insulting and a dereliction of everyone’s duty.

The arbitrary nature of this budgeting process is illustrated by testimony that Budget Director Seeman provided, under oath, on March 17, 2009:

Q. [by FOP attorney] But on June 26, 2008, you presented a \$16 million undesignated fund balance to the unions?

A. [by Budget Director Seeman] Correct.

Q. Asking them to give up approximately \$13 million in compensation, correct?

A. That's correct.

Q. In September you imposed a \$20 million cut through furloughs, correct?

A. Correct.

Q. And around the same time the county became aware that the actual undesignated fund balance was \$65 million as of June 30th; is that right?

A. Yes.

Q. Did anyone in the county consider saying to the employee[s] we no longer need the furlough in order to balance our budget this year because our undesignated fund balance is much larger than expected?

A. No.

This year, the County Administration has continued its game of hide-and-seek with regard to the Undesignated Fund Balance. And once again, the Council is being asked to approve a Furlough Plan without a complete audit – or even a surface understanding – of the Undesignated Fund Balance, the Operating Reserve, or any other funds available for spending by the County. As noted, on June 1, 2009 the Council adopted a budget that was premised on the County Executive's projection that the Undesignated Fund Balance as of June 30, 2009 would contain only \$7.5 million. That budget relied, in part, on employee furloughs of 80 hours. On July 7, 2009, only five weeks later, the Council was informed by the Budget Director that the Undesignated Fund Balance is now projected to contain \$21.6 million as of June 30, 2009. So \$14 million has suddenly been discovered, which is more than sufficient to eliminate all furloughs of County police officers, as well as all furloughs of the County's other public-safety employees.

III. For each of the reasons discussed above – staffing shortages in the Police Department, the savings already generated by separated police officers, and the County's inability to demonstrate an economic need for police furloughs – the FOP believes that the Council must reject the proposed Furlough Plan.

But even if, contrary to what already has been shown, the Council somehow concluded that some furloughs were justified, how possibly could the Council conclude that precisely 80 hours of furloughs are justified for all police

officers and all other County employees? This is not simply a rhetorical question. The Council has the authority, indeed the Council has the duty, to examine the Furlough Plan to determine (a) which categories of employees or which agencies should be subject to furloughs, if any, and (b) how many hours those furloughs should be. There are only two bases on which to impose 80 hours of furloughs on police officers: the fact that 80 hours were imposed last year, and the fact that the County Executive has proposed 80 hours. The citizens have elected the Members of the Council to exercise their independent judgment, in light of the underlying facts and circumstances presented. The FOP simply is asking each Member of the Council to do the job for which he or she was elected.

Thank you for your review and attention to this memorandum. The FOP is available to respond to any further questions.