ED COMMITTEE #2
April 30, 2008
Worksession

MEMORANDUM

April 28, 2008

TO: Education Committee

FROM: Essie McGuire, Legislative Analyst

SUBJECT: **Worksession – FY09 Operating Budget for Montgomery County Public Schools, *continued***

Today the Education Committee will continue its review of the FY09 Operating Budget for the Montgomery County Public Schools. Members of the Board of Education, MCPS Superintendent Jerry Weast and other MCPS staff, and staff from the County's Office of Management and Budget are expected to participate in the discussion.

The Committee has held three worksessions to review the MCPS budget to date. In these worksessions, the Committee has:

- received an overview of the Board's FY09 budget request, including an overview of enrollment and demographics, revenues, and expenditures;
- reviewed the proposed budget initiatives, reductions, and selected other operational cost issues; and
- reviewed special education programs and selected compensation and personnel cost issues.

Today the Committee will review potential reductions that could be necessary given fiscal constraints facing the Council in reconciling the FY09 budgets for all County agencies.

AFFORDABILITY GUIDELINES

County Executive: As the Committee has discussed, the County Executive recommended an overall reduction of $51.1 million from the Board's request. Council President Knapp requested that the Executive provide additional detail regarding his recommended reduction; to date no further details have been received.

Spending Affordability Guidelines: On April 15, the Council reviewed its SAG agency allocations, and left in place the SAG allocations adopted in December. These guidelines set an agency allocation for MCPS of $1,873,300,000 for tax-supported funds (excluding grants and enterprise funds). This would represent a $104.8 million reduction from the Board request of $1.978 billion (again excluding grants and enterprise funds).

As required by law, the Superintendent prepared for the Board's consideration a list of non-recommended reductions that would be necessary to meet spending affordability. The Board is scheduled to review these non-recommended reductions at its April 28 meeting. The Superintendent's memorandum to the Board is attached on circles 1-3. It indicates that the reductions would be taken across all categories and "would have a direct and serious effect on schools, including the significant loss of classroom staff" (circle 3).

COUNCIL STAFF POTENTIAL NON-RECOMMENDED REDUCTIONS

For the purposes of this initial discussion, Council staff has compiled a list of potential areas for reduction, if necessary, to meet affordability targets. Council staff has assumed the Board of Education's FY09 request as the base starting point.

Summary of Council staff potential non-recommended reductions

Mark Twain *(MCPS rec. accelerated phase-out)*	$1 m
FY09 requested initiatives *(all)*	$10.2 m
FY08 non-classroom initiatives *(planning and coordination time for teachers and counselors, data assistants, ES IT user support)*	$1.6 m
Non-classroom teachers *(equivalent to 25)*	$2.5 m
General reductions	$4 m
Administration	
Staff Development	
Technology	
Assume FY08 fund balance *(above Exec assumption)*	$2.7 m
OPEB *(reduction based on Exec assumptions; possible further change pending Council action)*	$3.2 m
Total	**$25.2 m**

Fuller descriptions of these reductions follow.

Mark Twain: $1 million reduction

The Committee has discussed MCPS' revised recommendation to phase out this program at the end of FY08; at the Committee discussion, MCPS estimated an FY09 savings of $1 million (net savings after some staff redeployment).

FY09 Requested Initiatives: $10.2 million reduction

The Committee had a thorough review of the requested FY09 initiatives. This total represents all initiative funding. For the Committee's discussion, Council staff had grouped the initiatives into the following categories.

Maintenance of current programs

- Middle School Magnet Consortium, $1.2 million, 14.75 FTE
- Poolesville HS Whole School Magnet, $120,960
- IB Diploma Program at Kennedy and Seneca Valley HS, $79,310

Continuation of recent initiatives

- Middle School Reform, $3,317,097 and 26 FTE
- Expansion of MS magnet courses to other schools, $744,871 and 1 FTE
- ES Assistant Principals, $1.1 million and 10 FTE
- Hours-Based Staffing, $923,102 and 17.75 FTE

Additions to support specific student populations

- Focus Schools, $573,789 and 6.25 FTE
- Class size adjustment for special education students, $602,187 and 10 FTE
- Support for ESOL students with interrupted education, $163,711 and 2.6 FTE

Other

- Lunch Hour Aides, $103,037 and 4 FTE
- ES Guidance Counselors, $529,092 and 6 FTE
- Positive Behavioral Interventions and Supports (PBIS), $173,862
- Parent Community Coordinators, $444,491 and 6 FTE
- Professional Learning Communities Institute, $88,183 and 1 FTE

The Committee may want to prioritize the initiatives or identify which specific initiatives it would place on the reconciliation list for restoration.

FY08 non-classroom initiatives: $1.6 million reduction

Council staff identified the following initiatives funded in FY08 that did not have direct classroom impact and that could be reduced if necessary. These related to increased planning and coordination time, data assistants, and ES IT user support, as follows:

$123,188	Increase elementary team leaders to at least 7 at every school to coordinate grade level curriculum
$84,255	Provide high school resource counselors with eight days of additional summer planning time
$545,912	Provide time to high school resource teachers to coordinate intervention programs, one additional period per day
$647,661	Increase instructional data assistants to a minimum of six hours daily to allow for increased analysis of student data
$226,430	Addition of 3 IT user support specialists to allow more time at each school

Non-classroom teachers: $2.5 million reduction

For this reduction, Council staff is referring to the categories of teachers, both ten and twelve month, that are not in direct classroom settings. Some of these are counted with classroom teachers, and many of these are positions in the "other professional" category of twelve month MCEA positions who are not teachers. For example:

- staff development teachers, consulting teachers, staff development specialists;
- instructional and curriculum specialists; and
- supervisory and coordinator positions.

Council staff also notes that MCPS took reductions in these areas, particularly instructional specialists, in its FY09 PEAR reduction process.

Since these teachers are at a senior level, Council staff used a budget estimate of $100,000 per position. This amount is based on two factors: 1) the cost of staff development teachers; and 2) the average annual salary of "other professionals", listed in the Staff Statistical Profile as $102,108. Thus, the $2.5 million reduction is intended to be equivalent to 25 positions.

Although these positions are not directly in classrooms, Council staff acknowledges that the reduction would have a significant programmatic impact on how MCPS conducts many of its professional and curriculum development efforts, as well as supervisory structure. Council staff envisions that this reduction could:

- affect staff development ratios;
- reduce the number of curriculum development or other instructional specialists; or
- reduce supervisory positions, requiring restructuring or increased span of control.

Council staff suggests that if more extensive reductions are necessary, this is an area that the Committee could consider for further reduction of positions that would not affect class size.

It is important to note that most of the reductions identified in the areas above are budgeted in State Category 3, Instructional Salaries; this includes the FY08 and most of the FY09 initiatives as well as the non-classroom teachers. **If the Council takes this approach, the Board would then determine how to allocate these reductions according to its priorities.** The Council can give guidance as to its intent in the reductions; for example, indicating specific initiative areas and stating that position reductions should occur in certain groups but not affect class size. However, the Board has the final responsibility to allocate funds within the category appropriations.

General Reductions: $4 million across Administration, Staff Development, and Technology

This represents a general operating reduction across these three non-classroom areas. Council staff assumes these would be primarily operating dollars. In the case of staff development, these could occur in reduced stipends, substitute funds, or course offerings and development. However, in Administration and Technology Council staff acknowledges that it would likely affect positions as well.

Fund Balance: $2.7 million assumption

This is not a reduction to the Board's request; rather it is an assumption of additional resources available from the savings MCPS has achieved in FY08 as a result of the savings plan. This assumption represents the amount currently projected by MCPS less the amount assumed by the Executive in his recommendation, as follows:

- MCPS projected year end fund balance as of February 29: $15.9 million
- County Executive assumed beginning fund balance for FY09: $13.2 million
- **Difference available for Council to fund FY09: $2.7 million**

OPEB: $3.2 million reduction

This amount represents the difference between the amount assumed in the Board's budget ($32.2 million, based on year two of a five-year phase-in) and the amount assumed by the Executive under his newly recommended eight-year phase-in ($29 million). The Council has received the material referenced at the April 21 worksession regarding revised contribution amount and schedule. The Management and Fiscal Policy Committee will continue its review of this issue on May 9. On May 14, the Council is scheduled to determine the appropriate OPEB contribution schedule and amount for MCPS consistent with the approach taken across all agencies.

OTHER AREAS FOR CONSIDERATION

If the Committee or the Council requires further reductions to meet fiscal constraints, Council staff suggests the following as potential areas for discussion. Council staff would also work to identify further programmatic reductions, if required.

Additional reductions to non-classroom teachers: The Committee could take additional reductions in the non-classroom teacher and other professional categories discussed above:

- staff development teachers, consulting teachers, staff development specialists;
- instructional and curriculum specialists; and
- supervisory and coordinator positions.

General Wage Adjustment: As the Committee has discussed, MCPS estimates the cost per 1% General Wage Adjustment for tax-supported employees to be $14.3 million. The MFP Committee will continue its review of compensation for all agencies on May 9.

Increase class size: MCPS estimates that an increase of one student in the average budgeted class size ratio is equivalent to 175-180 teacher positions. **Council staff estimates that a one student increase would yield approximately $11.16 million in savings for next year.** This is based on the FY09 salary schedule that shows a $49,995 salary for teachers at the budget level for a new hire. Estimating benefits at 25% (budget rate for MCEA members) equals a total position cost for a new teacher of approximately $62,000; 180 positions at this rate equals a total of $11.16 million. **Council staff emphasizes that these are ballpark estimates of savings,** and that the impact would not be a uniform one student added to each class.

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DISCUSSION/ACTION
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Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 28, 2008

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools

Subject: FY 2009 Operating Budget: Non-recommended Reductions

On April 15, 2008, the County Council considered Spending Affordability Guidelines (SAG) for the Fiscal Year 2009 Operating Budget. The Council decided to leave in place the preliminary SAG adopted on December 10, 2007. The SAG allocates $1,873,300,000 (excluding grants and enterprise funds) to the Montgomery County Public Schools (MCPS). This total is $104.8 million (5.3 percent) less than the Board of Education's Requested Budget of $1,978,149,523 (excluding grants and enterprise funds). This is $53.7 million less than was recommended by the county executive in his FY 2009 Recommended Operating Budget.

As noted in my earlier review of the county executive's recommended cuts, reductions of this magnitude would significantly impact the ongoing efforts of the Board of Education to continue raising the bar for student achievement and closing the gap in student performance by race and ethnicity and for students with disabilities, students with limited English proficiency, and students challenged by the effects of poverty. Members of the Board are well aware of the changing demographics of our county and the increased demands on our schools for improved performance and accountability, while at the same time meeting the needs of an increasingly diverse student enrollment. The Board has adopted and reaffirmed a multiyear strategic plan for MCPS. It is critical to continue the progress we have made in our elementary schools through ongoing funding of our Early Success Performance Plan. We also must build on this success by increasing our investment in middle school reform, continuation of the Middle School Magnet Consortium, and increased hours-based staffing for special education in middle schools.

At the same time, the Board is aware of the financial difficulties that Montgomery County faces this year. The Board's operating budget request is the lowest percentage increase in more than a decade, excluding the mandatory contribution to the Retiree Health Trust Fund. Nevertheless, the reductions implied by the adopted SAG would be unprecedented in total and nearly as great as a percentage as the reductions made during the early 1990s. Such reductions would have a direct and serious effect on the quality of instruction in schools, including a significant loss of

classroom staff. This memorandum provides my recommendations to the Board to comply with the SAG requirements.

Background

In accordance with the Montgomery County Code, Section 20-63, each county agency and the county executive "must provide ...prioritized expenditure reductions that would be necessary to comply with the recommended budget allocation." In accordance with this provision, I am submitting a recommendation for the Board's consideration to comply with SAG. I requested through staff that the Council provide a formal request to the Board of Education to submit a list of potential reductions. County Council staff indicated that it was not necessary to make this request and expects the Board to comply with legal requirements.

If reductions in the MCPS FY 2009 Operating Budget Request of the magnitude suggested by SAG are required as a result of Council action, then it will be necessary to reduce a variety of positions in state Category 1, Administration; Category 2, Mid-level Administration; Category 3, Instructional Salaries; Category 6, Special Education; Category 10, Operation of Plant and Equipment; and Category 11, Maintenance of Plant. The exact number and type of positions would depend on the amount of reductions made by the Council in each state category.

Therefore, I am recommending the following for the Board's consideration and action.

WHEREAS, On April 15, 2008, the County Council declined to modify the preliminary Spending Affordability Guidelines for the FY 2009 Operating Budget as adopted on December 10, 2007; and

WHEREAS, The Spending Affordability Guidelines include an allocation to the Montgomery County Public Schools of $1,873,300,000 (excluding grants and enterprise funds), $104.8 million less than the Board of Education's Request of $1,978,149,523; and

WHEREAS, The Board of Education supports implementation of the negotiated agreements with each of the Montgomery County Public Schools employee associations; and

WHEREAS, Implementation of the strategic plan for the Montgomery County Public Schools requires continuing the funding for the elementary school initiatives that have resulted in significant gains in student achievement and increasing our investment in middle school reform, continuation of the Middle School Magnet Consortium, and expansion of hours-based staffing for special education in middle schools; and

WHEREAS, In accordance with the Montgomery County Code, Section 20-63, each county agency and the county executive "must provide ...prioritized expenditure reductions that would be necessary to comply with the recommended budget allocation"; and

WHEREAS, If the County Council requires reductions in the FY 2009 Montgomery County Public Schools Operating Budget Request of the magnitude implied by the recently adopted Spending Affordability Guidelines, then it will be necessary to reduce a variety of positions in state Category 1, Administration; Category 2, Mid-level Administration; Category 3, Instructional Salaries; Category 6, Special Education; Category 10, Operation of Plant and Equipment; and Category 11, Maintenance of Plant; and the exact number and type of positions would depend on the amount of reductions made by the Council in each state category; and

WHEREAS, Reductions of this magnitude would have a direct and serious effect on schools, including the significant loss of classroom staff; now therefore be it

Resolved, That the Board of Education is aware of the financial difficulties that confront the county, but believes that the magnitude of reductions envisioned by the Spending Affordability Guidelines adopted by the County Council would significantly reduce the quality of education available in the Montgomery County Public Schools; and be it further

Resolved, That the Board of Education reaffirms its support for the implementation of negotiated agreements with its employee associations; and be it further

Resolved, That the Board of Education supports continued funding for the Early Success Performance Plan and expansion of middle school reform initiatives, continuation of the Middle School Magnet Consortium, and expansion of hours-based staffing for special education in middle schools; and be it further

Resolved, That the Board of Education requests the County Council to close the gap between the Board of Education's FY 2009 Operating Budget Request and the County Council's operating budget Spending Affordability Guidelines; and be it further

Resolved, That if budget reductions are required by the County Council, it will be necessary for the County Council to make non-recommended reductions harmful to students and schools, including a variety of positions in state Category 1, Administration; Category 2, Mid-level Administration; Category 3, Instructional Salaries; Category 6, Special Education; Category 10, Operation of Plant and Equipment; and Category 11, Maintenance of Plant; and the exact number and type of positions would depend on the amount of reductions made by the County Council in each state category; and be it further

Resolved, That a copy of this resolution be sent to the county executive and County Council.

JDW:LAB:MCS:sz