

# Education Budget Forum



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MONTGOMERY COLLEGE

# Montgomery County – A Tale of Two Budgets

FY16: July 1<sup>st</sup> – June 30<sup>th</sup>

## Operating Budget Services

- ▶ K-12 Education
- ▶ Community College Education
- ▶ Public safety: Police, Fire, Courts, Corrections
- ▶ Transportation: Roads, Traffic, Bus
- ▶ Social Services: Health, Income Maintenance, Other
- ▶ Parks, Recreation, and Libraries

## Capital Budget: Facilities

- ▶ Schools, College Facilities
- ▶ Roads and Bridges
- ▶ Water and Sewer Facilities
- ▶ Libraries
- ▶ Police and Fire Stations
- ▶ General Government Facilities

# Montgomery County Budget Process

March 16

- County Executive Transmits Operating Budget to the County Council

April - May

- County Council Public Hearings for Operating Budget (Early April)
- Council Reviews Operating Budget

By June 1

- County Council Approves Capital and Operating Budgets and Taxes

# State Budget Process

January -  
April

- Third Wednesday of January: Deadline for Governor to Submit Operating Budget to the General Assembly
- General Assembly Holds Hearings and Makes Decisions on the Budget (Can only cut or restrict funds, can not increase)

April

- Budget Bill Must Be Enacted by the General Assembly One Week Before End of Session (BRFA)

# Fiscal Issues Regarding FY16 Budget Montgomery County

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- ▶ Facing estimated ~~\$179~~ million budget shortfall
- ▶ Received \$96 million less than expected in Income Tax revenue from State in November 2014
- ▶ Teacher Pension cost-sharing by counties has increased
- ▶ County Government and MCPS have implemented midyear saving plans, freezing most hiring & purchasing for remainder of FY15
- ▶ County developed Interactive Fiscal Plan



# Interactive Fiscal Plan

MONTGOMERY COUNTY COUNCIL  
OFFICE OF LEGISLATIVE OVERSIGHT

# What is the Fiscal Plan?

## County Executive's Recommended FY15-20 Public Services Program Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App FY14	Est FY14	% Chg. FY14-15	Rec. FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20
<b>Total Revenues</b>	5-23-13		App/Rec	3-17-14										
1 Property Tax (less PDs)	1,504.9	1,506.9	2.3%	1,538.9	2.5%	1,577.2	2.8%	1,621.1	2.8%	1,666.2	3.2%	1,720.1	3.0%	1,771.5
2 Income Tax	1,299.2	1,365.9	3.2%	1,340.6	9.9%	1,473.5	5.4%	1,553.5	5.4%	1,636.9	4.5%	1,710.6	3.2%	1,765.7
3 Transfer/Recordation Tax	142.3	151.4	12.9%	160.7	5.5%	169.6	6.4%	180.4	7.3%	193.6	7.7%	208.5	5.5%	220.0
4 Investment Income	0.2	0.3	130.7%	0.5	153.4%	1.3	49.4%	2.0	43.6%	2.8	39.5%	4.0	29.9%	5.2
5 Other Taxes	276.6	288.4	3.3%	285.8	1.4%	289.7	1.6%	294.2	1.6%	298.8	1.7%	304.0	1.8%	309.4
6 Other Revenues	932.0	934.3	2.5%	955.2	-1.4%	942.1	0.4%	946.1	0.4%	950.3	0.4%	954.3	0.4%	958.1
7 <b>Total Revenues</b>	<b>4,155.3</b>	<b>4,247.3</b>	<b>3.0%</b>	<b>4,281.7</b>	<b>4.0%</b>	<b>4,453.4</b>	<b>3.2%</b>	<b>4,597.4</b>	<b>3.3%</b>	<b>4,748.6</b>	<b>3.2%</b>	<b>4,901.4</b>	<b>2.6%</b>	<b>5,029.9</b>
8														
9 <b>Net Transfers In (Out)</b>	<b>38.4</b>	<b>37.7</b>	<b>-10.6%</b>	<b>34.3</b>	<b>2.2%</b>	<b>35.1</b>	<b>2.5%</b>	<b>35.0</b>	<b>2.6%</b>	<b>36.9</b>	<b>2.4%</b>	<b>37.8</b>	<b>2.3%</b>	<b>38.7</b>
10 <b>Total Revenues and Transfers Available</b>	<b>4,193.7</b>	<b>4,285.0</b>	<b>2.9%</b>	<b>4,316.0</b>	<b>4.0%</b>	<b>4,488.5</b>	<b>3.2%</b>	<b>4,633.3</b>	<b>3.3%</b>	<b>4,785.5</b>	<b>3.2%</b>	<b>4,939.2</b>	<b>2.6%</b>	<b>5,068.5</b>
11														
12 <b>Non-Operating Budget Use of Revenues</b>														
13 Debt Service	313.3	305.5	9.8%	344.1	7.3%	369.4	5.7%	390.4	1.4%	395.8	3.9%	411.3	3.6%	426.2
14 PAYGO	29.5	29.5	10.0%	32.5	0.0%	32.5	0.0%	32.5	0.0%	32.5	0.0%	32.5	0.0%	32.5
15 CIP Current Revenue	54.2	56.2	-14.8%	46.2	54.4%	71.3	-5.1%	67.7	4.9%	71.0	8.8%	77.2	0.3%	77.4
16 Change in Montgomery College Reserves	-8.3	-4.3	8.6%	-7.6	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
17 Change in MNCPPC Reserves	-4.7	-4.3	-3.0%	-4.8	101.3%	0.1	77.5%	0.1	1.9%	0.1	18.7%	0.1	-4.6%	0.1
18 Change in MCPS Reserves	-27.0	-11.0	-41.8%	-38.2	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
19 Change in MCG Special Fund Reserves	-6.6	-15.3	94.2%	-0.4	98.6%	0.0	1829.7%	0.1	-34.3%	0.1	5.0%	0.1	-0.6%	0.1
20 Contribution to General Fund Undesignated Reserves	-60.2	-18.8	-16.4%	-70.1	99.2%	-0.6	1829.7%	9.8	-34.3%	6.4	5.0%	6.7	-0.6%	6.7
21 Contribution to Revenue Stabilization Reserves	21.8	22.3	3.9%	22.7	3.7%	23.5	2.7%	24.1	3.1%	24.9	3.1%	25.6	2.6%	26.3
22 Retiree Health Insurance Pre-Funding	138.0	138.0	-27.1%	100.6	-4.2%	96.5	0.1%	96.5	0.4%	96.9	-5.0%	92.0	-2.4%	89.8
23 Set Aside for other uses (supplemental appropriations)	0.1	22.1	-100.0%	0.0	n/a	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
24 <b>Total Other Uses of Resources</b>	<b>450.2</b>	<b>519.9</b>	<b>-5.6%</b>	<b>424.9</b>	<b>44.2%</b>	<b>612.6</b>	<b>4.7%</b>	<b>641.2</b>	<b>1.0%</b>	<b>647.6</b>	<b>2.8%</b>	<b>665.6</b>	<b>2.0%</b>	<b>679.1</b>
25 <b>Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)</b>	<b>3,743.4</b>	<b>3,765.1</b>	<b>3.9%</b>	<b>3,891.1</b>	<b>-0.4%</b>	<b>3,875.9</b>	<b>3.0%</b>	<b>3,992.2</b>	<b>3.6%</b>	<b>4,137.9</b>	<b>3.3%</b>	<b>4,273.6</b>	<b>2.7%</b>	<b>4,389.4</b>
26														
27 <b>Agency Uses</b>														
28														
29 Montgomery County Public Schools (MCPS)	2,084.3	2,069.8	3.8%	2,164.1										
30 Montgomery College (MC)	228.5	221.0	3.9%	237.3										
31 MNCPPC (w/o Debt Service)	104.7	104.7	5.6%	110.6										
32 MCG	1,325.9	1,369.6	4.0%	1,379.1										
33 <b>Agency Uses</b>	<b>3,743.4</b>	<b>3,765.1</b>	<b>3.9%</b>	<b>3,891.1</b>	<b>-0.4%</b>	<b>3,875.9</b>	<b>3.0%</b>	<b>3,992.2</b>	<b>3.6%</b>	<b>4,137.9</b>	<b>3.3%</b>	<b>4,273.6</b>	<b>2.7%</b>	<b>4,389.4</b>
34 <b>Total Uses</b>	<b>4,193.7</b>	<b>4,285.0</b>	<b>2.9%</b>	<b>4,316.0</b>	<b>4.0%</b>	<b>4,488.5</b>	<b>3.2%</b>	<b>4,633.3</b>	<b>3.3%</b>	<b>4,785.5</b>	<b>3.2%</b>	<b>4,939.2</b>	<b>2.6%</b>	<b>5,068.5</b>
35 <b>(Gap)/Available</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>

### Assumptions:

1. Property taxes are at the Charter Limit with a \$692 credit.
2. Reserve contributions are at the policy level and include a portion in the designated general fund reserve to provide a contingency in the event of an unfavorable outcome in the Wynne case.
3. PAYGO, debt service, and current revenue reflect the Recommended FY15-20 Capital Improvements Program, and additional proposed current revenue amendments.
4. Retiree health insurance pre-funding is fully funded in FY15.

# What is the Fiscal Plan?

- Official estimate of operating budget revenues and expenditures for upcoming six fiscal years.
- Single set of revenue and expenditure assumptions that result in a balanced budget in each fiscal year.

# What is the Interactive Fiscal Plan?

- Budget model that measures multi-year effect of alternative revenue and expenditure assumptions.
- User inputs alternative budget assumptions; model displays the cumulative six-year effect.

# Sample Page: Local Revenues

Interactive Fiscal Plan: Fiscal Years 2015-2020

- Revenue Assumptions
- Variable Local Revenue**
- Variable State Revenue

How to Use this Page

## 1. Revenue Assumptions - Local Sources

Return to Dashboard

	FY15 Amount (\$ millions)	Latest Fiscal Plan		Variable	
		Average Annual Growth Rate <a href="#">Historic Data</a>	FY20 Amount (\$ millions)	Average Annual Growth Rate	FY20 Amount (\$ millions)
County Property Tax <a href="#">Reset</a>	\$1,539	2.9%	\$1,773	- 2.9% +	\$1,773
County Income Tax <a href="#">Reset</a>	\$1,341	5.1%	\$1,722	- 5.1% +	\$1,722
County Energy Tax <a href="#">Reset</a>	\$209	0.7%	\$217	- 0.7% +	\$217
Other County Revenue <a href="#">Reset</a>	\$471	2.1%	\$523	- 2.1% +	\$523
<b>Total</b> <a href="#">Reset All</a>	<b>\$3,559</b>	<b>3.5%</b>	<b>\$4,234</b>	<b>3.5%</b>	<b>\$4,234</b>

Revenue **More** / **Less** than Fiscal Plan: **+\$0**

FY20 Budget Status (\$ millions): **Balanced**

# Sample Page: Agency Allocations

Agency Assumptions

Variable Agency Funding

How to Use this Page

## 3. Local Resources Available For Agency Use

Return to Dashboard

	Fiscal Plan at MOE			Variable		Overall Average Annual Growth Rate (incl. State Aid)
	FY15 Amount (\$ millions)	Average Annual Growth Rate	FY20 Amount (\$ millions)	Average Annual Growth Rate	FY20 Amount (\$ millions)	
<b>Available County Resources</b>	<b>\$3,143</b>	<b>2.4%</b>	<b>\$3,531</b>	<b>2.4%</b>	<b>\$3,531</b>	
MCPS <input type="button" value="MOE"/>	\$1,519	1.2%	\$1,614	<input type="button" value="-"/> <input type="button" value="+"/>	\$1,713	1.7%
Montgomery College <input type="button" value="MOE"/>	\$210	0.0%	\$210	<input type="button" value="-"/> <input type="button" value="+"/>	\$237	2.0%
County Government / MNCPPC <input type="button" value="Balance Budget"/>	\$1,413	3.8%	\$1,707	<input type="button" value="-"/> <input type="button" value="+"/>	\$1,582	1.9%

Spending **More** / **Less** than Fiscal Plan: **+\$0**

FY20 Budget Status (\$ millions): **Balanced**

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Office of Legislative Oversight

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**LEGISLATIVE BRANCH OFFICES**  
**OFFICE OF LEGISLATIVE OVERSIGHT**

**Mission**

The mission of the Office of Legislative Oversight (OLO) is to provide accurate information, analysis, and independent findings and recommendations that help the County Council fulfill its legislative oversight function. Legislative oversight is the process by which a legislative body monitors the performance of publicly-funded activities and applies this knowledge to its primary functions of enacting laws, establishing public policy, approving budgets, and raising revenues.

**Annual Work Program**

OLO staff conduct program evaluations, budget analyses, audits investigations, and other special studies. OLO receives its assignments from the nine elected members of the County Council, which annually adopt a Council Resolution that sets forth the Work Program for the office. For each assignment, OLO prepares a written report that provides information.

**Interactive Fiscal Plan**



Before using the model, please read the [Introduction and Quick Guide](#). For a detailed explanation on how the model works, see the [Step-by-Step Instructions](#).

# Montgomery County Public Schools

## FY16

- ▶ Enrollment SY 2014-2015: 153,852 students (increase of 2500 over last year)
- ▶ **Board of Education Recommended Capital Budget**
  - ❖ Adds \$191 million for new additions, renovations, new schools, maintenance and facility planning
- ▶ **Board of Education Recommended a \$2.39 billion Operating Budget**
  - ❖ \$93.4 million increase over FY15
  - ❖ MCPS will receive about \$25.5 million less in state aid than expected
  - ❖ Board has already reduced its budget request \$10 million

# Supplemental Public School Construction Matching Fund Program (Senate Bill 228)

- Would provide MCPS with supplemental state funding for our school construction program.
- Would pay the cost of public school construction projects at a ratio of \$1 of state funding for every \$2 of county funding.
- For a county to qualify, it must
  - Have at least 140,000 full-time equivalent students enrolled in Fiscal Year 2015; and
  - Consistently maintains a AAA bond rating from at least two of three identified rating agencies
- The \$60 million revenue stream (\$20 million from the state and \$40 from Montgomery County) can support up to \$700 million in bonds to fund additions, new schools, and revitalization/expansion projects over the next 6-year period.

# Shovel-Ready Projects

<b>Elementary Schools</b>	
Ashburton	Addition
Lucy V. Barnsley	Addition
Brookhaven	Addition
Brown Station	Revitalization/Expansion
Burtonsville	Addition
Diamond	Addition
Glen Haven	Addition
Highland	Addition
Kemp Mill	Addition
Kensington-Parkwood	Addition
S. Christa McAuliffe	Addition
Richard Montgomery #5	New School
Northwest ES #8	New School
Luxmanor	Revitalization/Expansion
Judith Resnik	Addition
Sargent Shriver	Addition
Wheaton Woods	Revitalization/Expansion
<b>Middle Schools</b>	
Bethesda-Chevy Chase #2	New School
North Bethesda	Addition
<b>High Schools</b>	
Bethesda-Chevy Chase	Addition
Clarksburg	Addition
Northwest	Addition

**Total of 22**  
**Shovel-**  
**Ready**  
**Projects**  
(Can be completed by  
8/2019)

# Projects in the Pipeline

Elementary Schools	
Burnt Mills	Revitalization/Expansion
Rachel Carson	Addition
Cedar Grove	New School*
Clarksburg	New School*
Captain James Daly	Addition
Fields Road	Addition
Forest Knolls	Addition
Gaithersburg	Addition
Greencastle	Addition
Highland View	Addition
Lake Seneca	Addition
J. Leleck at Broad Acres	Addition
Thurgood Marshall	Addition
Rolling Terrace	Addition
Rosemont	Addition
South Lake	Addition
Strawberry Knoll	Addition
Summit Hall	Revitalization/Expansion
Wilson Wims	New School*
Woodlin	Addition

## Total of 32 Projects in the Pipeline

(can be completed by 8/2022)

Middle Schools	
Col. E. Brooke Lee	Addition
A. Mario Loiederman	Addition
Parkland	Addition
Silver Spring International	Addition
Takoma Park	Addition
Thomas W. Pyle	Addition
High Schools	
Montgomery Blair	Addition
Albert Einstein	Addition
Walter Johnson	Addition
Richard Montgomery	Addition
Northwood	Addition
Walt Whitman	Addition

\*A new school is proposed for these three overutilized schools.

# MCPS State Aid Funding for FY 2016\*

State Aid Increase Superintendent's Recommended Budget	State Aid Increase Governor's Budget	Change Compared to Superintendent's Recommended Budget	Reduction in State Aid in Governor's Budget	Total State Aid Increase Based on Current Law
<b>+\$15,190,042</b>	<b>+\$4,895,034</b>	<b>-10,295,008</b>	<b>-25,508,758</b>	<b>+\$30,403,792</b>

\*Excludes \$644,000 in funding from programs financed through state grants.

# Funding Requirement for MCPS FY 2016 Operating Budget

Revenue Source:	Amount in millions:
Local	\$115.6
General Fund Balance	(5.0)
State	5.5
Other	0.6
<b>Total</b>	<b><u>116.7</u></b>

# Funding Requirement for MCPS FY 2016 Operating Budget

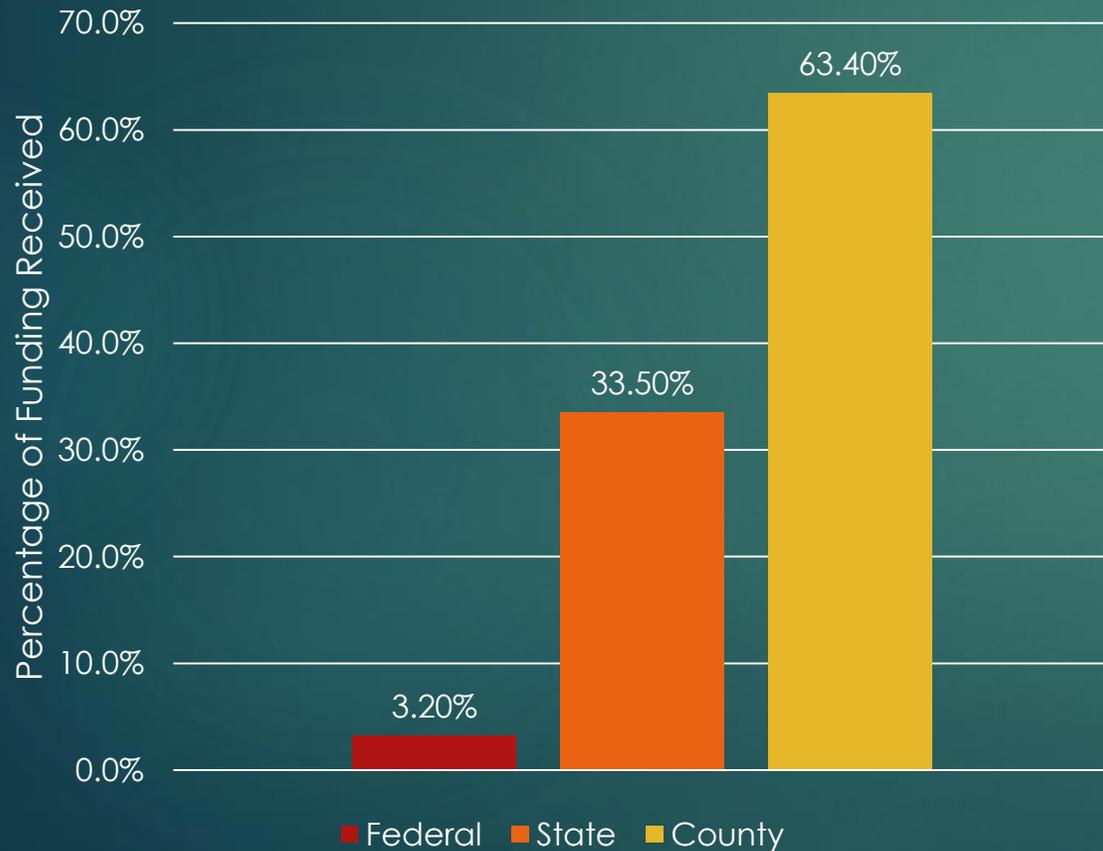
Local Funding:	Amount in millions
Maintenance of Effort	\$24.3
Pension Shift	<u>6.6</u>
Restore One-Time Funding Taken From:	
General Fund	5.0
Retiree Health Fund	<u>23.3</u>
	28.3
Amount Required Above Maintenance of Effort to Fund Same Services	<u>56.4</u>
	<u>\$115.6</u>
Amount Above Maintenance of Effort	<u>\$84.7</u>

# Montgomery College – FY16

- ▶ Largest Community College in the State
- ▶ **Montgomery College Recommended Capital Budget**
  - ❖ FY16 Capital Budget Request is \$54.9 million total
  - ❖ Includes: FY16 Construction Appropriation for Germantown Science & Applied Studies Building
    - State \$6,050,000 (House – March 20<sup>th</sup> at 1 pm/ Senate March 23<sup>rd</sup> at 1 pm)
  - ❖ Total CIP Request \$358.8 million – Increase of \$9.9 Million Over Approved FY15-20 CIP
- ▶ **Montgomery College Recommended Operating Budget**
  - ❖ FY16 Operating Budget Request is \$253.7 million
  - ❖ Governor's Proposed Budget Funds \$1.2 million Less To Montgomery College Than FY15 Amount
  - ❖ State aid important to keep tuition affordable: financial aid applications increased by 70% since 2009

# Revenue for Public Schools Fiscal 2014

Revenue for Montgomery County  
Public Schools



County	Federal	State	Local
(1) Worcester	4.1%	25.1%	70.8%
(2) Talbot	4.9%	30.0%	65.1%
(3) Montgomery	3.2%	33.5%	63.4%
(17) Prince George's	5.9%	58.5%	35.6%
(24) Baltimore City	8.2%	72.6%	19.2%

# County Teacher Pension Contribution



# Bridge to Excellence in Public Schools Act

## How The State Funds Local Jurisdictions

- ▶ Foundation Program: basic per pupil funding allocation
  - ❖ Wealth Equalization: state compensation for differences in district wealth
- ▶ At Risk Programs: Compensatory (FARMS); Limited English Proficiency; Special Education
- ▶ Geographic Cost of Education Index (GCEI): provides additional funding to counties where delivering education is more expensive
  - ❖ Supplements 13 counties in the State (Montgomery County included)
- ▶ Net Taxable Income (NTI) Grants: accounts for taxpayers who file later in year

# Governor Recommended FY16 Budget

- ▶ Capital Budget: Governor's budget proposes \$290 million statewide for school construction –
  - ❖ 85-90% of state funding has been allocated
  - ❖ Montgomery County has currently received \$27 million.
  - ❖ Less than what we received last year
- ▶ \$6.1 billion allotted for education statewide (Governor states \$45.3 million increase in state aid to Public Schools)
- ▶ \$144 million cut from full funding from State for school systems statewide
  - ❖ Budget eliminates any adjustment for inflation this year (should be 1.4%)
  - ❖ Cut GCEI in half (\$68 million reduction statewide)
  - ❖ Froze NTI grants to last year's level (\$12 million statewide)
  - ❖ Caps inflation at 1% for next three years (estimated to be 1.5%-2%)
- ▶ **Montgomery County Public Schools expected to get \$25 million less in state aid than expected**

# Advocating For State Educational Funding

## Every Voice Matters!

- ▶ Find out who your state legislators are: (Handouts Available)  
[www.montgomerycountydelegation.com/](http://www.montgomerycountydelegation.com/)
- ▶ Contact them regarding the need for greater state funding for Montgomery County
- ▶ Remember to:
  - ❖ Personalize your message – avoid form letters
  - ❖ Keep the message concise
  - ❖ Be direct and utilize factual information to make your case
  - ❖ Ensure your message is local – provide anecdotal evidence
  - ❖ Ask for their support
  - ❖ Thank them for their time

# Dates and Locations Of Education Budget Meetings Throughout the County

March 2 <sup>nd</sup>	Silver Spring Civic Center
March 9 <sup>th</sup>	Sherwood High School, Cafeteria
March 11 <sup>th</sup>	Gaithersburg High School, Cafeteria
March 16 <sup>th</sup>	Kingsview Middle School, Cafeteria
March 23 <sup>rd</sup>	Churchill High School, Cafeteria