

Education Budget Forum

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Montgomery County - A Tale of Two Budgets

FY17: July 1st - June 30th

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 15

- County Executive Transmits Recommended Operating Budget to the County Council

April - May

- County Council Public Hearings for Operating Budget (April)
- Council Reviews Operating Budget (first in Committee Worksessions, then in Full Council Worksessions)

By June 1

- County Council Approves Capital and Operating Budgets and Tax Rates

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**

Fiscal Issues Regarding FY17 Budget

- MD State Comptroller v. Wynne
- Teacher pension cost-sharing has increased
- State budget uncertainty
- Other variable costs: snow removal, inflation

Montgomery College - FY17

- Largest Community College in the State
- **Montgomery College Requested Capital Budget**
 - ❖ FY Capital Budget Request is \$67.5 million
 - ❖ Includes: Rockville Student Services Center construction project
 - Total: \$53.7 million (equally funded by Montgomery County and State of Maryland)
- **Montgomery College Requested Operating Budget**
 - ❖ FY17 Operating Budget Request is \$263.7 million
 - ❖ \$12.2 million increase from FY16 (4.85%), \$10 million request from County
- **County Executive Recommended Operating Budget:**
 - ❖ \$130.3 million in county funds, increase of \$2 million (1.6% increase) over FY16 approved budget

Montgomery College -FY17 Capital Budget

Capital Budget:

- ❖ FY17 Capital Budget Request is \$67.5 million
- ❖ Keep major projects moving forward:
 - Rockville Student Services Center (Total: \$53.7 million-- equally funded by Montgomery County and State of Maryland)
 - Takoma Park/Silver Spring Math and Science Center
- ❖ Funds for deferred maintenance

Montgomery College-FY17 Operating Budget

Montgomery College Requested Operating Budget

- ❖ FY17 Operating Budget request--\$263.7 million

- ❖ \$12.2 million increase from FY16 (4.85%), \$10 million request from county

- ❖ Budget Highlights
 - *Employee Compensation and Benefits: \$7.5 million*
 - Increases driven primarily by three collective bargaining agreements, benefits, and county increase in minimum wage rate
 - Employee benefit costs increase of \$1.4 million (4.25 percent increase over last year)
 - Merit increases of 3.5 percent-\$3.9 million
 - General wage adjustment of 2.75 percent-\$3.5 million
 - Total needed is \$11.2%. MC request of the county-\$7.5 million

Montgomery College-FY17 Operating Budget Highlights (cont'd)

➤ *Driving Completion with Scholarships: \$1.15 million*

- Increase funds for Board of Trustees Scholarship to provide grants to students in need
- The average BOT award is \$1,000 per student
- Although 82 percent of students awarded BOT grants and scholarships enrolled at MC, 7,000 students qualified but did not receive a grant because resources ran out
- Assist approximately 1,000 additional students with new grants

➤ *Achieving Collegiate Excellence and Success (ACES): \$590,000*

- Expand to two additional high schools-Blake and Paint Branch-to reach 240 more students
- Hire two more ACES coaches to work on MC campus with 800+ ACES students expected on campus
- Hire an assistant director to provide program support (grant funding, increased parent education, community collaboration)

Montgomery College-FY17 Operating Budget Highlights (cont'd)

➤ *Achieving the Promise and Unleashing Student Potential: \$500,000*

- Unleash the potential of our African American and Latino/Latina students
- Create the Achieving the Promise Academy (ATPA), building on the spring 2016 pilot of 35 part-time faculty coaches
- Hire three staff associates to provide faculty training, examine data, and manage the program
- Hire eight additional part-time faculty coaches

➤ *Enhancing Teacher Education with the Early Childhood Laboratory School: \$299,000*

- Close the child care centers at Rockville and Takoma Park/Silver Spring
- Integrate the child care center at Germantown in the Education and Social Sciences Department, creating the Early Childhood Laboratory School for our education program
- Move the costs from the enterprise fund to the operating budget
- Fund four positions at the Germantown Early Learning Childhood Laboratory School

FINANCIAL AID APPLICATIONS AT MC

UP 70%



DEBT LOAD UP 154% AT MC



FY09 TOTAL LOANS
\$8,474,567



FY14 TOTAL LOANS
\$21,604,689

7,000 STUDENTS
WHO QUALIFIED FOR GRANTS BUT DID NOT RECEIVE ONE
DID NOT ENROLL AT MC
= 3 MCPS HIGH SCHOOLS



Montgomery County Public Schools FY17

- **Board of Education Requested Capital Budget**
 - ❖ FY17 appropriation of \$271 million for new additions, renovations, new schools, maintenance and facility planning, technology modernization and artificial turf program
- **Board of Education Requested a \$2.5 billion Operating Budget**
 - ❖ Increase of \$180,244,605 from FY16
- **County Executive Recommended Operating Budget:**
 - ❖ Local contribution of \$1,617.6 million, plus carryover of \$33.2 million
 - ❖ Exceeds Maintenance of Effort (MOE) requirement by \$89.3 million, total increase of \$110 million



OVERVIEW OF MCPS OPERATING AND CAPITAL BUDGETS



MONTGOMERY COUNTY PUBLIC SCHOOLS

A Growing School System with Growing Needs

- **Eight years of record enrollment growth**
 - **17,171 more students since 2009**
 - **Projected to grow by 10,151 students to 166,598 by 2021**
- **Increasing needs of students**
 - **44% increase in students impacted by poverty**
 - **32% increase in students receiving ESOL services**

Overview of Operating and Capital Budgets

- **Budgets have not kept pace with growth and increasing needs of students**
- **Operating Budget**
 - **Budget increases limited to minimum required by law**
 - **County spends less per student today than in 2009**
- **Capital Budget**
 - **Shortfall in state and county funding**
 - **Projects delayed for multiple years**
 - **Infrastructure needs continue to grow**

Operating Budget—Building a Strong Foundation

The \$2.5 billion FY 2017 Operating Budget will—

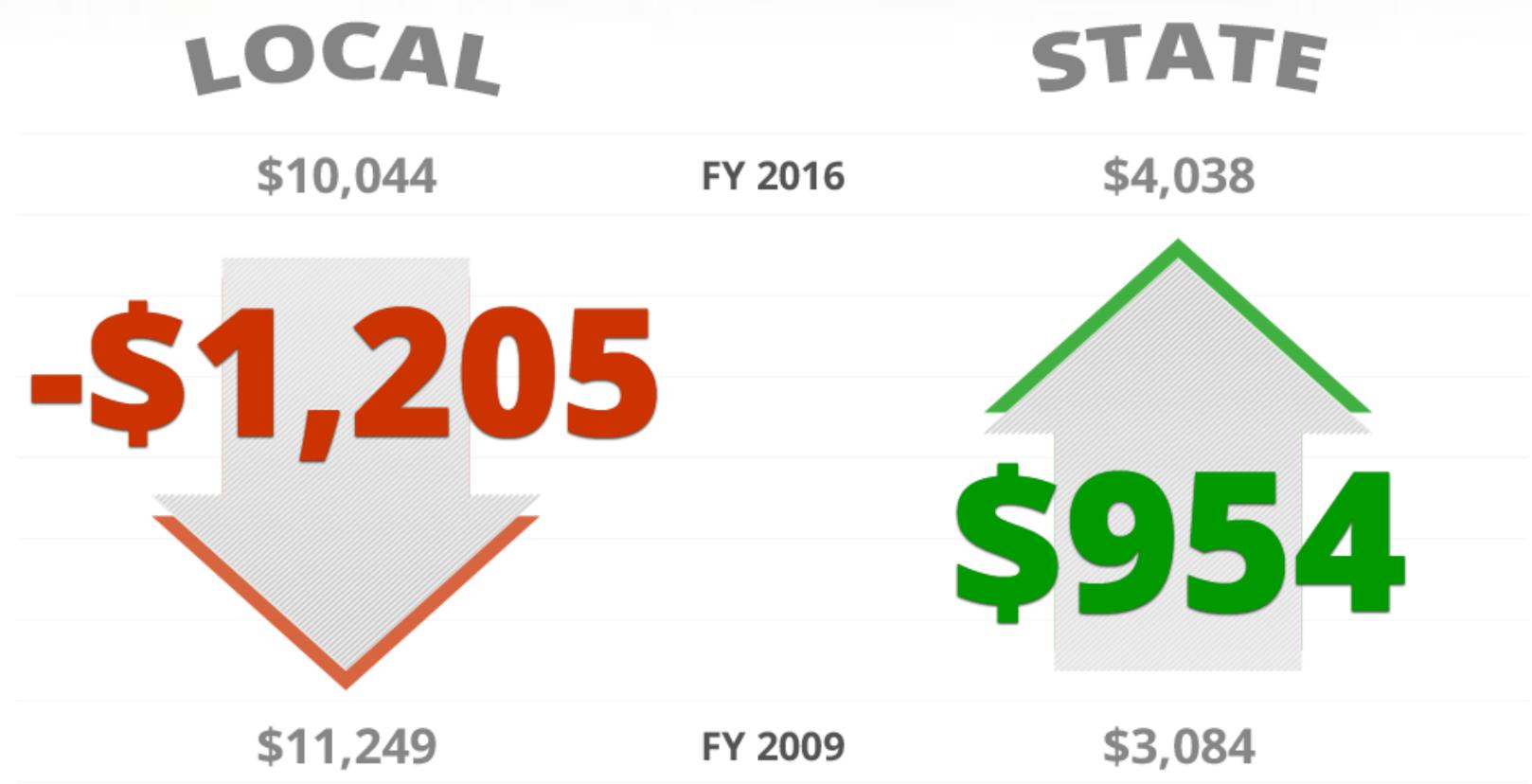
- Create a strong foundation for the future**
- Restore investments in education**
- Accelerate efforts to close the achievement gap**

Budget Challenges Since 2009

- **Impact of Great Recession**
- **County and state still recovering**
- **Minimal funding at or below Maintenance of Effort level, resulting in significant reductions**

Local and State Aid Per-Student Funding

FY 2009 - 2016 Operating Budget



Staffing Allocations

Position	FY 2009	FY 2016	Change- FY16 from FY09	Change- FY16 from FY09
Executive	19.0	19.0	0.0	0.0%
Administrative	223.0	195.7	-27.3	-12.2%
Business/Operations Administrator	85.5	89.7	4.2	4.9%
Other Professional	242.7	186.4	-56.3	-23.2%
Principal/Assistant Principal	485.0	491.5	6.5	1.3%
Teacher	10,247.0	10,940.3	693.3	6.8%
Special Education Specialist	449.5	506.7	57.2	12.7%
Media Specialist	203.5	195.5	-8.0	-3.9%
Counselor	468.0	467.5	-0.5	-0.1%
Psychologist	98.8	106.0	7.2	7.3%
Social Worker	13.5	14.8	1.3	9.9%
Pupil Personnel Worker	47.0	51.0	4.0	8.5%
Instructional Aide and Assistant	2,521.5	2,652.2	130.7	5.2%
Secretarial/Clerical/Data Support	1,081.9	964.2	-117.7	-10.9%
IT Systems Specialist	131.0	109.0	-22.0	-16.8%
Security	228.5	232.0	3.5	1.5%
Cafeteria	579.7	561.4	-18.2	-3.1%
Building Services	1,315.2	1,363.2	48.0	3.6%
Facilities Management/Maintenance	349.5	350.5	1.0	0.3%
Supply/Property Management	51.5	51.5	0.0	0.0%
Transportation	1,693.8	1,673.2	-20.6	-1.2%
Total	20,769.5	21,445.5	676.1	3.3%
Enrollment as of 9-30 each FY	139,276	156,447	17,171	12.4%

Staffing Allocations

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FY 2017 Operating Budget Highlights

6.4 percent increase

Enrollment growth	\$22.4 million
Benefit cost increases	26.4 million
Negotiated agreements	55.3 million
Inflation and other increases	1.5 million
Strategic enhancements	48.6 million
Savings	-5.8 million
Budget increase	\$148.4 million

FY 2017 Operating Budget Highlights

Budget request also includes—

- \$24 million to restore one-time funding from the OPEB trust fund**
- \$7.9 million for teacher pension costs shifted from the state to the county**

Total requested increase: \$180.2 million

FY 2017 Operating Budget Highlights

Investing to close the achievement gap—

- **\$26.1 million and 383.7 positions to restore class sizes to 2009 levels**
- **\$2.2 million and 33.2 positions for Focus teachers**
- **\$3.0 million and 34.5 positions for elementary counselors, psychologists, and pupil personnel workers**
- **\$0.4 million and 11.3 positions for elementary mathematics support**
- **\$3.0 million for Chromebooks**

FY 2017–2022 Capital Improvements Program

Investing to catch up with growth and keep up with maintenance—

- **Board of Education request—\$1.728 billion**
 - **Increase of \$185 million from approved CIP**
- **County Executive Recommended CIP—\$1.568 billion**
 - **\$160.2 million less than the Board’s request**
 - **FY 2017 expenditure recommendation of \$284.9 million is \$60.7 million less than the Board’s request**
 - **Only \$24.4 million more than current six-year CIP**

Funding Gap Could Be Larger Depending on State Aid

- Previous CIPs assumed \$40 million per year in state aid
- County Executive recommendation is for \$55.5 million per year, an increase of \$15.5 million per year or \$93 million for the six-year period
- Assumption of increased funding is based on legislation approved by the Maryland General Assembly in April 2015
- The current legislation includes \$20 million for school construction to counties with significant enrollment growth. MCPS received \$5.9 million of that \$20 million last year
- MCPS would need to receive \$15.5 million from the grant, as well as \$40 million from the statewide allocation, to meet the \$55.5 million assumption for state aid
- Unless the current legislation is amended, it will not be likely that Montgomery County will receive \$15.5 million from this state grant

Implications of County Executive's Recommended 2017–2022 CIP

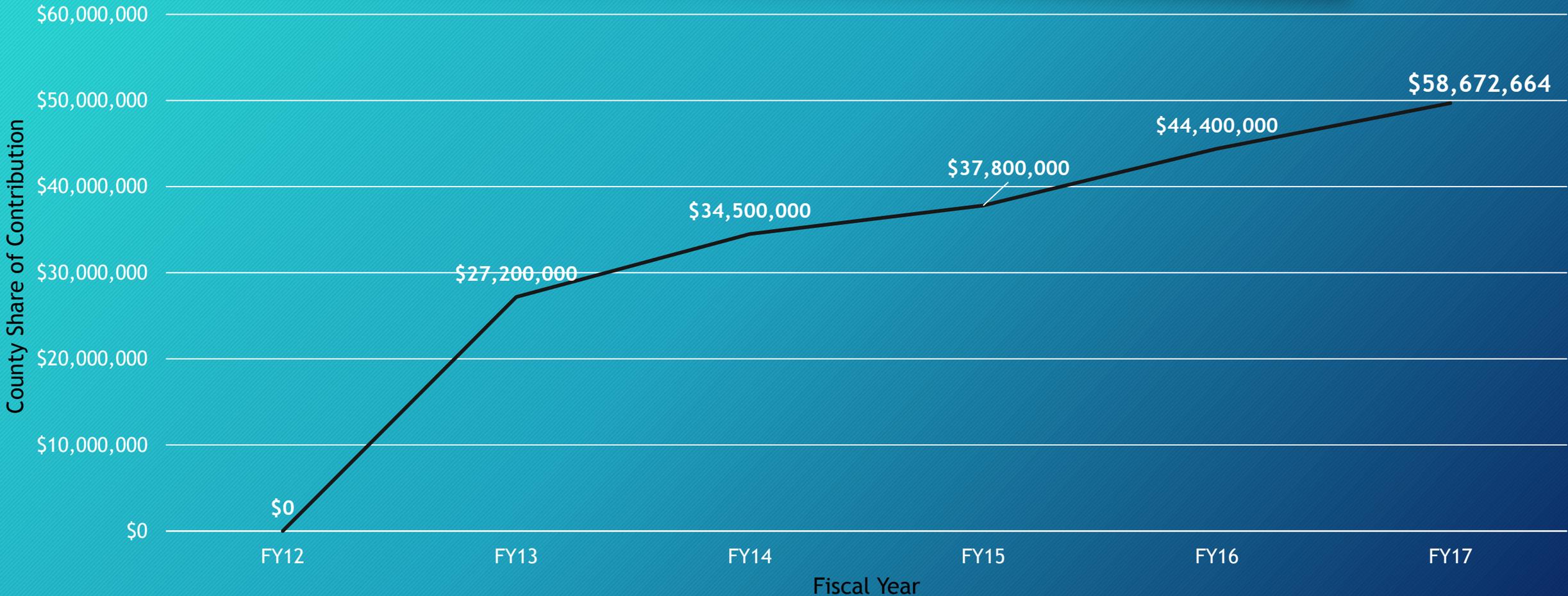
Increased delays and less investment in maintenance

- **Approved individual projects (additions, new schools) delayed, especially projects with planning starting in FY 2017**
- **New individual projects (additions, new schools) delayed or eliminated from the six-year CIP**
- **Elementary and secondary revitalization/expansion projects delayed**
- **Board's request for increased funding for countywide systemic projects will have to be reduced for projects such as—**
 - **Heating, Ventilation, and Air-Conditioning (HVAC) Replacement**
 - **Planned Life-cycle Asset Replacement**
 - **Roof Replacement**

Governor Recommended FY17 Budget

- **Capital Budget**: Governor's budget proposes \$314 million statewide for school construction
- **Operating Budget**: \$6.1 billion allotted for education statewide (Governor states \$45.3 million increase in state aid to Public Schools)
- SB271 (Senator Nancy King): Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms - Funding

County Teacher Pension Contribution



Dates and Locations of Education Budget Meetings Throughout the County

- February 17: Montgomery College, **Germantown**
- February 24: Albert Einstein High School, **Kensington**
- March 9: Gaithersburg High School, **Gaithersburg**
- March 16: Col. Zadok Magruder High School, **Derwood**
- March 23: Thomas S. Wootton High School, **Rockville**