

**MEMORANDUM**

October 29, 2015

TO: Education Committee

FROM: Elaine Bonner-Tompkins, Senior Legislative Analyst *EBT*  
Natalia Carrizosa, Legislative Analyst *NC*  
Office of Legislative Oversight

SUBJECT: **Worksession on OLO Report 2015-15: *Resources and Staffing among MCPS Schools***

On November 2, the Education Committee will hold a worksession on Office of Legislative Oversight Report 2015-15, which the Council received and released on September 22, 2015. The Executive Summary of OLO's report is attached on ©1. Councilmembers are asked to bring their copies of this report to the worksession. This report is also accessible on-line at [www.montgomerycountymd.gov/olo](http://www.montgomerycountymd.gov/olo).

Staff recommends the following worksession agenda:

- Overview of the report by OLO staff;
- Comments and from Board of Education and MCPS representatives; and
- Committee worksession on issues identified for discussion.

The following members of the Montgomery County Public Schools Board of Education are scheduled to attend this ED Committee worksession:

- |                                 |                       |
|---------------------------------|-----------------------|
| • Patricia O'Neill, President   | • Christopher Barclay |
| • Michael Durso, Vice President | • Rebecca Smondrowski |
| • Judith Docca                  | • Jill Ortman-Fouse   |
| • Philip Kauffman               | • Eric Guerci         |

Additionally, the following MCPS staff members are also scheduled to attend this session:

- |                    |                    |
|--------------------|--------------------|
| • Andrew Zuckerman | • Nicola Diamond   |
| • Maria Navarro    | • Arronza LaBatt   |
| • Laverne Kimball  | • Roland Ikheloa   |
| • Darryl Williams  | • Patricia Swanson |

## **A. Background and Methodology**

The County Council has had an ongoing concern with the achievement gap in Montgomery County Public Schools. The achievement gap refers to the gap in student performance by race and ethnicity and by service group status (i.e. eligibility for free and reduced priced meals/FARMS, special education, and ESOL). Given this concern, the Council has tasked the Office of Legislative Oversight on several occasions to describe the magnitude and the dimensions of the achievement gap and the school system's progress in narrowing the gap.

With this report, the Council tasked OLO to study whether MCPS allocated more staffing and resources to high-poverty schools to help narrow the achievement gap. The Council was especially interested in discerning whether the most experienced teachers and administrators were on average assigned to low-poverty schools or were assigned in equal measure to high- and low-poverty schools.

To complete this project, OLO worked with MCPS staff to identify and collect data on several measures of school-based staffing and resource allocations for FY11 and FY15. These included average class sizes, student-to-professional staff ratios, teacher experience and turnover, administrator tenure and turnover, and compensation among MCEA represented staff assigned to MCPS' comprehensive campuses. OLO analyzed these data points to discern whether there were any differences in staff and resource allocations among the half of MCPS campuses with the highest poverty rates (high-FARMS schools) v. those with the lowest poverty rates (low-FARMS schools).

After conducting this analysis, OLO reviewed MCPS revenue and budget data on programs serving low-income students and English language learners. These data were analyzed to compare observed differences in per student costs among low- and high-FARMS schools to anticipated differences in per student costs based on the demographics of low- and high-FARMS schools and the additional revenue that MCPS receives based on its FARMS and ESOL enrollment.

## **B. Major Findings**

Six major findings emerged from OLO's review of MCPS' resources and staffing data that are summarized below. The findings chapter from OLO Report 2015-15 is attached, beginning at © 4.

### **1. FARMS and ESOL needs are concentrated among MCPS' high-FARMS schools.**

Average poverty rates among the half of MCPS schools with the highest eligibility for FARMS were three to four times higher than the average poverty rates of their low-FARMS peers. More specifically, among high-FARMS elementary schools, 62% of students were low-income compared to 15% of students in low-FARMS elementary schools. Average ESOL rates were also two to three times higher in high-FARMS schools. For example, 33% of students in high-FARMS elementary schools received ESOL services compared to 11% of students in low-FARMS elementary schools.

2. **MCPS allocated more resources to its high-FARMS schools.** MCPS allocates additional staff to high-FARMS schools to help address their higher student need/educational load compared to low-FARMS schools. In FY15, student-to-professional staff ratios and average class sizes were lower in high-FARMS schools compared to low-FARMS schools, especially at the elementary level. MCPS also expended more on compensation per student for those enrolled in high-FARMS schools v. low-FARMS schools. This finding is consistent with the goal of targeting available resources to the highest-poverty schools to narrow the achievement gap.
3. **MCPS allocated more experienced teachers to its low-FARMS schools.** In FY15, high-FARMS schools employed a greater share of teachers with less than five years of experience than low-FARMS schools; low-FARMS schools employed a greater share of teachers with 15 or more years of experience than high-FARMS schools. In turn, the average teacher in a low-FARMS school had a salary that 3-8% higher than their peers in high-FARMS schools.
4. **MCPS receives federal and state aid to help close the achievement gap by service group.** In FY15, MCPS received nearly \$300 million in federal and state aid for pre-K and compensatory education for low-income students, ESOL programs for English language learners, and special education for students with disabilities. Half of this total aid, at \$151 million, was allocated to MCPS based on its enrollment of low-income students.
5. **MCPS budgets less than it receives for compensatory education programs serving low-income students.** In FY15, MCPS expended \$104 million in combined federal and state compensatory aid for programs that allocated additional staffing and resources to schools based on their FARMS enrollment. This includes funding for pre-K for low-income students, Title I programs, K-2 class size reduction in high-FARMS schools, and additional staff. In turn, MCPS allocated \$47 million in state compensatory aid to its overall operating budget.
6. **MCPS expends less on high-FARMS schools than anticipated by the federal and state aid it receives for compensatory education and ESOL programs.** MCPS allocates more staff to its high-FARMS schools, resulting in higher compensation costs per student in high-FARMS v. low-FARMS schools. The difference in per student costs between high- and low-FARMS schools, however, is dampened by three trends:
  - Teachers in low-FARMS schools have more experience and higher compensation costs than their peers in high-FARMS schools;
  - MCPS allocates less than two-thirds of state compensatory aid to schools based on their FARMS enrollment; and
  - Less than a third of MCPS' compensatory education budget is allocated to secondary (middle and high) schools.

Despite their higher enrollment of FARMS and ESOL students, compensation costs per student were on average only 3-8% higher for high-FARMS secondary schools v. their low-FARMS peers. Alternatively, reflecting MCPS' concentration of compensatory education resources into high-FARMS elementary schools, compensation costs per student were 21% higher for high-FARMS elementary schools than among low-FARMS elementary schools.

### C. Reactions to the Report

The Interim Superintendent of MCPS and five members of the Board of Education have submitted letters or issued statements in response to the report. These responses are attached on © 13-21. State Senator Nancy King has also submitted a letter to the County Council on the report that is also attached on © 22. A summary of their concerns and OLO's responses follows.

- **OLO does not understand state law.** The report fully acknowledges that the state does not require MCPS or any Maryland school system to use compensatory education aid solely for the benefit of low-income students. OLO, however, recommends that the County Council discuss with MCPS leadership the merits of using state aid generated by MCPS' FARMS enrollment for programs/staff allocations that do not explicitly focus on low-income students and narrowing the achievement gap by income. As noted in prior OLO reports, there is an achievement gap by income within MCPS between FARMS eligible and in-eligible students and also between high- and low-FARMS high schools within the County.
- **OLO ignores a huge list of programs dedicated to narrowing achievement gaps.** Because state compensatory aid is based on FARMS enrollment, OLO's compilation of compensatory education programs focused solely on programs that either exclusively served low-income students (e.g. Title I) or allocated additional resources to schools based on their FARMS enrollment (e.g. class size reduction). OLO did not look at programs that were designed to address the achievement gap by race or ethnicity, nor were general education programs for struggling learners included if they were not dedicated to low-income students or allocated to schools based on their FARMS enrollment. The programs recommended for inclusion by MCPS during technical review that were excluded from the report totaled \$11 million.
- **OLO recommends that all state compensatory aid be spent on the schools with the highest poverty rates.** This is actually current practice for the funds that MCPS budgets for compensatory education: Title I funds and most of the state aid spent on compensatory education goes to the highest poverty elementary schools. OLO, however, does not recommend that MCPS exclusively spend state aid for compensatory education on the highest poverty schools. Instead, OLO recommends that the County Council discuss with MCPS the impact of allocating more state compensatory aid to schools based on their FARMS rate, especially among secondary schools.

### D. Recommended Discussion Issues

OLO offers three discussion issues to help frame the ED Committee's conversations with MCPS representatives during worksession. More details on OLO's recommended issues for discussion are described in full beginning at © 10.

1. **Allocation of all state aid for compensatory education to schools.** In FY15, \$47 million generated in state aid by MCPS based on its FARMS enrollment was allocated to non-compensatory programs. Under state law, MCPS has the discretion to allocate its state compensatory education aid to its operating budget without restrictions. Yet, given the persistent achievement gap by student income, there may be merit to explicitly allocating all state compensatory education funds to programs aimed at improving the performance of low-income students.

2. **Allocation of additional compensatory education aid to secondary schools.** MCPS invests the vast majority of its compensatory education funds into programs at the elementary school level. These include Title I programs, class size reduction teachers, and preschool programs. In FY15, 735 of 1,011 combined preschool and compensatory education positions were allocated to elementary schools. Yet, the achievement gap by income persists and often widens across the grade span. Thus, there may be some merit to allocating more compensatory education funds to secondary schools and high-FARMS ones in particular.
  
3. **Student-based budgeting.** MCPS uses a school-based budgeting process to allocate staff to schools based on student enrollment, schools' grade spans, desired class sizes, and special programs. Some school systems take a more differentiated approach that is student- rather than school-based. These systems attempt to allocate resources to schools based on the needs, or weights, of their students so that students eligible for ESOL, FARMS, and special education are allocated more funds per student than students who are ineligible for these programs. There may be some merit to using this approach to ensure that high-FARMS schools have sufficient resources to meet the needs of low-income students and English language learners disproportionately enrolled on their campuses.

ATTACHMENTS	BEGINS AT
Executive Summary of OLO Report 2015-15	© 1
Section VI, Part A of OLO Report 2015-15: Summary of Key Findings	© 4
Section VI, Part B of OLO Report 2015-15: Recommended Issues for Discussion	© 10
Letter to OLO Director Chris Cihlar from Interim Superintendent Larry Bowers, September 17, 2015	© 13
"OLO Wrongly Interprets State Education Funding Law," Statement of five members of the Board of Education, October 2, 2015	© 20
Letter to Council President George Leventhal from Maryland State Senator Nancy King, October 2, 2015	© 22

## Resources and Staffing among MCPS Schools

Executive Summary of OLO Report Number 2015-15

September 22, 2015

**Summary:** The achievement gap by student income in Montgomery County raises questions about whether the school system provides sufficient resources to schools to narrow the achievement gap. The County Council tasked the Office of Legislative Oversight to investigate whether MCPS allocates more staffing and resources to its highest poverty schools aimed at narrowing the achievement gap.

OLO's review of the data found that MCPS allocates more staffing to its highest poverty schools yielding lower class sizes and higher personnel costs per student in high-FARMS schools. The difference in per student compensation costs between high- and low-FARMS schools, however, is dampened by three trends: higher teacher salaries in low-FARMS schools, the allocation of a third of state revenue for compensatory education programs to non-compensatory education programs, and the allocation of less than a third of the total compensatory education budget to secondary schools.

These findings suggest that MCPS could provide additional resources to its high-poverty schools and its high-FARMS secondary schools in particular to help narrow the achievement gap. OLO recommends the County Council discuss three issues with the Board of Education and MCPS leadership during worksession.

### Revenue and Programs for Special Needs Students

MCPS receives state and federal aid for its ESOL, special education, and compensatory education programs based on its enrollment of English language learners, students with disabilities, and students receiving free and reduced priced meals. MCPS also receives state and federal aid for preschool programs. MCPS expended less than it received in state and federal aid for compensatory education in FY15, but expended more revenue than it received on preschool, ESOL, and special education programs.

Revenue and Costs for MCPS Preschool, Compensatory Education, ESOL, and Special Education Programs, FY15 (in millions)		
Program/Population	Revenue and Costs	2014-15
Early Childhood Education/Head Start	State & Federal Revenue	\$4.2
	Program Costs	\$17.3
	<b>Difference (Revenue - Costs)</b>	<b>(\$13.1)</b>
Compensatory Education/Free and Reduced Prices Meals (FARMS)	State & Federal Revenue	\$151.0
	Program Costs	\$90.8
	<b>Difference (Revenue - Costs)</b>	<b>\$60.2</b>
ESOL/Limited English Proficiency	State & Federal Revenue	\$59.0
	Program Costs	\$63.8
	<b>Difference (Revenue - Costs)</b>	<b>(\$4.8)</b>
Special Education / Students with Disabilities	State & Federal Revenue	\$80.8
	Program Costs	\$376.5
	<b>Difference (Revenue - Costs)</b>	<b>(\$295.5)</b>

In FY15, MCPS added nearly \$5 million in local funds to its ESOL program budget and nearly \$300 million in local funds to its special education program budget. MCPS also used \$13 million in state compensatory aid to fund preschool programs for low-income students. Conversely, MCPS yielded a \$47 million surplus in state compensatory aid that was allocated to MCPS' operating budget rather than used to fund additional compensatory education programs that served low-income students.

### **Demographics across High- and Low-FARMS Schools**

In FY15, the half of MCPS schools with the highest FARMS rates enrolled 78% of all low-income students and 74% of all English language learners. On average, poverty rates were 3-4 times higher in high-FARMS v. low-FARMS schools; and ESOL rates were 2-3 times higher in high-FARMS schools. Thus, the need for ESOL and compensatory education programs varies among MCPS schools.

<b>Key Demographics by School Type, FY15</b>			
<b>Data on...</b>	<b>All Schools</b>	<b>High-FARMS</b>	<b>Low-FARMS</b>
<b>Average FARMS Rate</b>			
<b>Elementary Schools</b>	39%	62%	15%
<b>Middle Schools</b>	35%	53%	17%
<b>High Schools</b>	29%	43%	14%
<b>Average ESOL Rate</b>			
<b>Elementary Schools</b>	23%	33%	11%
<b>Middle Schools</b>	9%	14%	5%
<b>High Schools</b>	8%	11%	4%

### **Staff Allocations across High- and Low-FARMS Schools**

OLO reviewed data on several staffing indicators to consider whether MCPS allocated more staffing resources to high-FARMS schools. These indicators included average class sizes, teacher salaries, and teacher costs per student. OLO found that MCPS allocated more staff to its high-FARMS schools, yielding smaller class sizes in these schools, particularly at the elementary school level, as well as lower student-to-staff ratios. Yet, OLO also found that more experienced and expensive teachers were allocated to low-FARMS schools and there was higher teacher turnover in high-FARMS schools.

Overall, with the additional staffing assigned to high-FARMS schools, MCPS expended more on teacher compensation per student in high-FARMS schools, yielding per student compensation costs that were:

- 21% higher in high-FARMS v. low-FARMS elementary schools;
- 3% higher in high-FARMS v. low-FARMS middle schools; and
- 7% higher in high-FARMS v. low-FARMS high schools.

## Anticipated Differences in Per Student Costs across High- and Low-FARMS Schools

When comparing differences in teacher salaries and student demographics between high- and low-FARMS schools, the 3-21% difference in per student compensation costs is less than anticipated, at least for secondary schools. In particular, the per student compensation gap would have ranged from:

- 10-25% if average salaries among high- and low-FARMS schools were equal;
- 10-16% if the ESOL and compensatory education program budgets were allocated to all schools based on their ESOL and FARMS enrollments; and
- 14-19% if the federal and state revenue MCPS received based on its ESOL and FARMS enrollments had been allocated to schools based on their ESOL and FARMS enrollments.

Moreover, the anticipated gaps in per student compensation between high- and low-FARMS schools would have been even wider if MCPS (a) targeted its budget for compensatory education programs solely to high-FARMS schools or (b) allocated all of its compensatory education aid to high-FARMS schools.

## Recommended Discussion Issues

Given this project's findings and the persistent achievement gap by student income within MCPS, OLO recommends that the County Council consider the following three issues for discussion with the Board of Education and MCPS leadership during worksession:

1. **Allocation of all state aid for compensatory education to schools based on their FARMS enrollment.** In FY15, \$47 million generated in state aid by MCPS based on its FARMS enrollment was allocated to non-compensatory programs. Under state law, MCPS has the discretion to allocate its state compensatory education aid to its operating budget without restrictions. Yet, given the persistent achievement gap, there may be merit to explicitly allocating all state compensatory education funds to programs aimed at improving the performance of low-income students.
2. **Allocation of additional compensatory education aid to secondary schools based on their FARMS enrollment.** MCPS invests the vast majority of its compensatory education funds into programs at the elementary school level. These include Title I programs, class size reduction teachers, and preschool programs. In FY15, 735 of 1,011 combined preschool and compensatory education positions were allocated to elementary schools. Yet, the achievement gap by income persists and often widens across the grade span. Thus, there may be some merit to allocating more compensatory education funds to secondary schools and high-FARMS ones in particular.
3. **Student-based budgeting.** MCPS uses a school-based budgeting process to allocate staff to schools based on student enrollment, schools' grade spans, desired class sizes, and special programs. Some school systems take a more differentiated approach that is student- rather than school-based. These systems attempt to allocate resources to schools based on the needs, or weights, of their students so that students eligible for ESOL, FARMS, and special education are allocated more funds per student than students who are ineligible for these programs. There may be some merit to using this approach to ensure that high-FARMS schools have sufficient resources to meet the needs of the diverse learners and struggling students disproportionately enrolled on their campuses.

For a complete copy of OLO-Report 2015-15, go to:  
<http://www.montgomerycountymd.gov/olo/reports/2008.html>

**VI. Summary of Findings and Recommended Issues for Discussion**

The intent of this Office of Legislative Oversight (OLO) report is to improve the County Council's understanding and oversight of how MCPS funds its schools to help narrow the achievement gap. This report describes school funding and allocation patterns and trends in resources and staffing within MCPS between the half of comprehensive campuses with the lowest-poverty rates and the remaining half with the highest-poverty rates. This report also compares *actual* differences in resources between high- and low-poverty schools with *anticipated* differences in school resources based on schools' English learner and free and reduced priced meals (FARMS) enrollments.

Overall, OLO finds that low-FARMS schools employ more experienced and expensive teachers than their high-FARMS peers but MCPS allocates additional staff to high-FARMS schools. On average, class sizes are smaller in high-FARMS schools, particularly at the elementary level, and the ratio of students to staff are also lower in high-FARMS schools. As such, MCPS expends more in staff compensation per student in high-FARMS schools compared to low-FARMS schools, ranging from a difference of 3-7% at the secondary level, to a difference of 21% at the elementary level.

Yet, the actual difference in per student costs between high- and low-FARMS schools in FY15 is less than what is anticipated given (a) the concentration of English learners and low-income students among MCPS' high-FARMS schools and (b) the additional state and federal aid that MCPS receives based on its FARMS and ESOL enrollments. Had MCPS allocated all of its compensatory education aid to schools based on their FARMS enrollment, the gap in per student compensation costs between high- and low-FARMS schools would have ranged from 14% to 19%. And if MCPS had allocated these resources exclusively to high-FARMS schools, the gap would have ranged from 18% to 37%.

This summary chapter is presented in two parts to describe this report's seven key findings and to offer three recommended issues for discussion for the County Council with the Board of Education and the staff leadership of MCPS.

**A. Key Findings**

**1. MCPS receives additional state and federal aid for its ESOL, special education, and compensatory education programs.**

According to FY15 operating budget data, MCPS received \$291 million in federal and state aid for compensatory education, ESOL, and special education programs based on its enrollment of students receiving FARMS, English language learners, and students with disabilities. Of the \$619 million in state aid that MCPS received, more than a third at \$235.2 million was allocated to MCPS based on its enrollment of these three student subgroups.

Table 17 on the next page shows that if MCPS had allocated these additional state and federal resources to schools for compensatory education, ESOL, and special education programs, MCPS could have budgeted an extra \$2,866 per FARMS student, an extra \$2,906 per English language learner, and an extra \$5,031 per student with disability to the schools serving these students in FY15.

**Table 17: Total and Per Student State and Federal Revenue for MCPS Compensatory Education, ESOL, and Special Education Programs**

Program/Population	Indicators	2010-11	2012-13	2014-15
Early Childhood Education/Head Start	<i>State &amp; Federal Revenue (in millions)</i>	\$3.9	\$4.2	\$4.2
	Enrollment	2,583	2,607	2,773
	Revenue per Student	\$1,510	\$1,611	\$1,515
Compensatory Education/FARMS	<i>State &amp; Federal Revenue (in millions)</i>	\$117.8	\$136.2	\$151.0
	Enrollment	43,140	48,140	52,681
	Revenue per Student	\$2,735	\$2,829	\$2,866
ESOL/Limited English Proficiency	<i>State &amp; Federal Revenue (in millions)</i>	\$47.1	\$58.9	\$59.0
	Enrollment	19,107	19,540	20,300
	Revenue per Student	\$2,465	\$3,014	\$2,906
Special Education / Students with Disabilities	<i>State &amp; Federal Revenue (in millions)</i>	\$88.5	\$79.9	\$80.8
	Enrollment	15,598	15,805	16,059
	Revenue per Student	\$5,674	\$5,055	\$5,031
<b>All Special Programs</b>	<b>Total Revenue (in millions)</b>	<b>\$260.4</b>	<b>\$271.5</b>	<b>\$295.2</b>

\*Actual revenue data for FY 11 and FY13 and budgeted revenue data for FY15

Source: OLO analysis of MCPS budget data from Annual Operating Budgets and enrollment data provided by MCPS staff/referenced in Annual Operating Budgets.

**2. MCPS budgets less on compensatory education programs than the federal and state aid it receives for these programs.**

Table 18 shows that MCPS budgeted nearly \$91 million on compensatory education programs designed to offset the effects of poverty on student achievement by allocating additional staff to schools based on their FARMS enrollment. MCPS also used another \$13 million in state compensatory aid to fund its preschool programs for low-income children.

**Table 18: Compensatory Education Supports for High-Poverty Schools & Students, 2014-15**

Positions or programs allocated to schools or providing support to schools based on FARMS rate:	Total FTE's	Elem. FTE's	Budget (in millions)
Class Size Reduction Teachers	293.0	293.0	\$27.4
Focus Teachers	239.8	169.8	\$21.0
Title I Staff (e.g. Teachers & Paraeducators)	61.3	61.3	\$11.6
Academic Intervention Teachers	97.1	47.7	\$9.5
Special Program Teachers	66.0	14.8	\$7.8
Alternative Program Teachers	76.4	-	\$7.6
Middle School Extended Year &	1.0	-	\$1.8
Title I Central Office	13.6	13.6	\$1.3
Other Programs*	14.8	-	\$2.7
<b>Total</b>	<b>862.8</b>	<b>600.2</b>	<b>\$90.8</b>

\*Includes Career Lattice, Linkages to Learning, Intervention School Network, Read 180, Excel Beyond the Bell, George B. Thomas Academy, ACES, and AVID

*Resources and Staffing among MCPS Schools*

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Compared to the \$151 million in state and federal revenue that MCPS received for compensatory education, MCPS budgeted \$104 million for pre-K and compensatory education programs that target services to low-income students. Thus, MCPS expended about \$47 million less on compensatory education than the additional state and federal revenue it received based on its FARMS enrollment.

This gap between program revenue and budgeting for compensatory education is permissible under state law, but questionable given the persistent achievement gap by student income. Alternatively, MCPS budgeted more for ESOL and special education programs than the federal and state revenue it received for these programs in FY15.

Since only a share of MCPS' compensatory education funding was allocated to additional staff to schools based on their FARMS enrollment, the budget per student for compensatory educations is far lower than those for ESOL or special education services. In FY15, MCPS budgeted:

- \$1,724 per FARMS student for compensatory education;
- \$3,143 per English language learner for ESOL services; and
- \$23,445 per student with disability for special education.

**3. Poverty disproportionately impacts half of MCPS' 194 comprehensive campuses, which serve 78% of the system's FARMS students and 74% of all ESOL students.**

The demand for compensatory education and ESOL services to address the diverse learning needs of students is not evenly distributed across MCPS schools. In FY15, the half of MCPS campuses with the highest FARMS rates enrolled 78% of all FARMS students and 74% of all ESOL students. High-need students were especially concentrated among MCPS' high-poverty elementary schools that enrolled four out of five of low-income elementary students enrolled in MCPS and three out of four ESOL elementary students.

As a result, poverty disproportionately impacts high-FARMS elementary schools where on average more than half of all students are eligible for FARMS. For example, in FY15, 62% of students in high-poverty elementary schools received FARMS and 33% were eligible for ESOL services compared to the 15% of students in low poverty elementary schools that received FARMS and the 11% that were eligible for ESOL services. Thus, MCPS' high-poverty campuses are in need of greater resources and staffing to meet the educational needs of their student enrollments.

**Table 19: Key Demographics by School Type, 2014-15**

Data on...	All Schools	High-FARMS	Low-FARMS
<b>Average FARMS Rate</b>			
<b>Elementary Schools</b>	<b>39%</b>	<b>62%</b>	<b>15%</b>
<b>Middle Schools</b>	<b>35%</b>	<b>53%</b>	<b>17%</b>
<b>High Schools</b>	<b>29%</b>	<b>43%</b>	<b>14%</b>
<b>Average ESOL Rate</b>			
<b>Elementary Schools</b>	<b>23%</b>	<b>33%</b>	<b>11%</b>
<b>Middle Schools</b>	<b>9%</b>	<b>14%</b>	<b>5%</b>
<b>High Schools</b>	<b>8%</b>	<b>11%</b>	<b>4%</b>

**4. MCPS allocates additional staff to high-poverty schools that reduces the number of students per staff and average class sizes, particularly in elementary schools.**

MCPS allocates additional staff to its high poverty schools, resulting in a lower ratio of students per MCEA professional (e.g. teachers and counselors) as well as lower average class sizes. As shown in Table 20, the gap between high- and low-FARMS schools on these measures is widest at the elementary level where average class sizes and the ratio of students to MCEA staff among high-FARMS schools are four students fewer than low-FARMS schools on average.

**Table 20: Students per MCEA Professionals and Average Class Size by School Type, 2014-15**

Data on...	All Schools	High-FARMS	Low-FARMS	Gap (H-L)
<b>Students per MCEA Professional</b>				
<b>Elementary Schools</b>	<b>14.3</b>	12.6	16.7	-4.1
<b>Middle Schools</b>	<b>15.1</b>	14.2	15.8	-1.6
<b>High Schools</b>	<b>16.7</b>	15.9	17.5	-1.6
<b>Average Class Size</b>				
<b>Elementary Schools</b>	<b>20.6</b>	18.9	22.9	-4.0
<b>Middle Schools</b>	<b>26.0</b>	25.7	26.3	-0.5
<b>High Schools</b>	<b>26.2</b>	25.3	27.1	-1.8

The large magnitude of the difference in the students per MCEA staff ratios and average class sizes between high- and low-FARMS elementary schools results from two factors:

- The Class Size Reduction Initiative that reduces K-2 class sizes in the highest-poverty elementary schools; and
- The targeting of ESOL funds to schools disproportionately serving English Language Learners (i.e. high-poverty elementary schools).

Although MCPS allocates more focus and academic intervention teachers, as well as alternative program teachers and additional ESOL staff to the secondary schools with the highest FARMS rates, there is no “class size reduction” equivalent at the secondary level.

**5. MCPS allocates more experienced MCEA staff to low-poverty schools that results in higher average salaries in low-poverty schools than in high-poverty schools.**

As noted in Table 21 on the next page, MCPS allocates more experienced staff to its lowest poverty schools. For example, 46% of teachers in low-FARMS middle schools had 15 years or more of experience in FY15 compared to 37% of teachers in high-FARMS middle schools.

Table 21 also shows a higher teacher turnover rate among high-poverty schools, particularly at the middle school level. Because new teachers are often hired to fill positions vacated by experienced teachers, the teacher experience gap between high- and low-FARMS schools will likely persist without intervention.

Since teacher compensation increases with years of experience, by allocating the most experienced teachers to low-poverty schools, MCPS also allocates the most expensive teachers to its lowest-poverty schools. This is demonstrated in Table 22 that shows that average salaries in low-poverty schools were 3% to 8% higher than their peers in high-poverty schools.

**Table 21: Teacher Experience and Annual Turnover by School Type, 2014-15**

Data on...	All Schools	High-FARMS	Low-FARMS	Gap (H-L)
<b>Low Experience (Less than 5 years)</b>				
Elementary Schools	21.6%	24.0%	18.3%	5.7%
Middle Schools	18.3%	23.6%	13.6%	10.0%
High Schools	13.8%	15.8%	11.5%	4.3%
<b>High Experience (15 years or more)</b>				
Elementary Schools	39.9%	37.3%	43.4%	-6.1%
Middle Schools	41.9%	36.8%	46.4%	-9.6%
High Schools	45.7%	44.0%	47.5%	-3.5%
<b>Annual Turnover Rate (FY14)</b>				
Elementary Schools	16.3%	17.2%	15.1%	2.1%
Middle Schools	17.5%	20.5%	14.8%	5.7%
High Schools	11.5%	12.1%	10.8%	1.3%

**Table 22: MCEA Salary Costs per FTE by School Type, 2014-15**

Data on...	All Schools	High-FARMS	Low-FARMS	Gap (H-L)	% Difference
Elementary Schools	\$73,799	\$72,180	\$76,039	-\$3,856	5.3%
Middle Schools	\$76,383	\$73,113	\$79,278	-\$6,165	8.4%
High Schools	\$78,396	\$77,339	\$79,521	-\$2,182	2.8%

**6. MCPS spends more per student on staff compensation in high-poverty schools than in low-poverty schools.**

As noted in Finding 4, MCPS allocates additional staff to its high-poverty schools, particularly at the elementary level, but allocates more experienced and expensive staff to its low-poverty schools, as indicated in Finding 5. So, what is the net effect of the different staffing levels and salary costs on MCPS' overall compensation costs for high- and low-poverty schools?

Table 23 on the next page describes data on compensation costs per student, calculated as the ratio of the sum of the salaries and estimated benefits for school-based MCEA staff to the number of students for each school. In FY15, MCPS expended 21% more per student on MCEA compensation in high-poverty elementary schools compared to low-poverty schools. At the middle school level, the difference was 3% per student and at the high school level, the difference was 7% per student.

**Table 23: MCEA Salary and Compensation Costs per Student by School Type, 2014-15**

Data on...	All Schools	High-FARMS	Low-FARMS	Gap (H-L)	% Difference
<b>MCEA Salary Costs per Student</b>					
Elementary Schools	\$5,251	\$5,847	\$4,631	\$1,216	20.8%
Middle Schools	\$5,097	\$5,158	\$5,048	\$110	2.1%
High Schools	\$4,748	\$4,925	\$4,579	\$346	7.0%
<b>MCEA Compensation Costs per Student</b>					
Elementary Schools	\$6,290	\$7,005	\$5,547	\$1,458	20.8%
Middle Schools	\$6,177	\$6,262	\$6,108	\$154	2.5%
High Schools	\$5,738	\$5,951	\$5,534	\$416	7.0%

**7. MCPS expends less per student in high-poverty schools than anticipated by the share of FARMS and ESOL students enrolled in these schools.**

MCPS expends more on MCEA compensation per student enrolled in its high-poverty schools as noted in Finding 6. However, the actual difference in per student costs between high- and low-FARMS schools in FY15 is less than what is anticipated given the concentration of English learners and low-income students among MCPS' high-FARMS schools and the additional state and federal aid that MCPS receives based on its FARMS and ESOL enrollment. Additionally, higher average salaries in low-poverty schools effectively reduce the difference in per student costs.

To compare the actual difference in per student compensation costs between high- and low-FARMS schools to the anticipated difference in per student expenditures based on salary, revenue, program costs, and enrollment data, OLO generated FY15 estimates of per student compensation costs for MCEA staff in high- and low-FARMS schools under five assumptions:

- Assumption 1: Equal average salaries between high- and low-FARMS schools
- Assumption 2: Budgeted costs for compensatory education and ESOL programs allocated to schools based on their FARMS and English learner enrollments
- Assumption 3: Budgeted costs for compensatory education allocated exclusively to high-FARMS schools with high-FARMS elementary schools receiving 70% of program costs
- Assumption 4: All federal and state aid for compensatory education and ESOL programs allocated to schools based on their FARMS and English learner enrollments
- Assumption 5: All federal and state aid for compensatory education exclusively allocated to high-FARMS schools with high-FARMS elementary schools receiving 70% of revenue

**Table 24: Actual and Estimated Differences in Per Student MCEA Compensation Costs between High- and Low-FARMS Schools, 2014-15**

<u>Assumptions</u> Data on...	-0- FY15 Salary Gap	1 Equal Average Salaries	2 Budget for All Schools	3 Budget for High- FARMS	4 Revenue for All Schools	5 Revenue for High- FARMS
Elementary Schools	21%	25%	16%	24%	19%	37%
Middle Schools	3%	10%	13%	11%	17%	23%
High Schools	7%	10%	10%	12%	14%	18%

Table 24 shows that in a majority of scenarios, the anticipated gap in per student expenditures between high- and low-FARMS schools is wider than the actual gap. In every scenario considered among secondary schools, the anticipated gap is significantly wider than the actual gap in per student costs among both middle and high schools. And in three of five scenarios, the anticipated gap in per student expenditures is wider at the elementary level.

These observations strongly suggest that the actual difference in per student compensation costs between high- and low-FARMS schools noted in Finding 6 is lower than the gap anticipated if MCPS allocated (1) MCEA salaries more equitably among high- and low-FARMS schools and (2) its funding and budgets for compensatory education and ESOL programs to schools based on their FARMS and ESOL enrollments.

## **B. Recommended Discussion Issues**

The achievement gap by student income in Montgomery County raises questions about whether the school system provides sufficient resources to schools to narrow the achievement gap. The County Council tasked OLO to investigate whether MCPS allocates more staffing and resources to its highest poverty schools aimed at narrowing the achievement gap.

OLO's review of the data found that MCPS allocates more staffing to its highest poverty schools yielding lower class sizes (particularly at the elementary school level) and higher personnel costs per student in high-FARMS v. low-FARMS schools. The difference in per student compensation costs between these schools, however, is dampened by three trends:

- Teachers in low-FARMS schools have more years of experience and earn higher salaries on average than their peers in high-FARMS schools.
- Only two-thirds of the state aid that MCPS receives based on its FARMS enrollment is allocated to compensatory education programs that target and benefit low-income students.
- Less than a third of MCPS' compensatory education budget is allocated to secondary students enrolled in MCPS' middle and high schools.

These findings suggest that MCPS could provide additional resources to its high-poverty schools to help narrow the achievement gap by allocating a greater share of its state compensatory education revenue to schools based on their FARMS enrollment. OLO recommends that the County Council discuss with MCPS and the Board of Education three issues described below to better understand MCPS' rationale for how compensatory education aid is currently used and the potential consequences of adopting any of the three alternative budget approaches presented.

### **Issue #1: Allocation of Additional State Aid for Compensatory Education to Schools**

As noted in prior OLO reports, the achievement gap by student income persists in MCPS, impacting graduation and suspension rates and student performance on state assessments and measures of college and career readiness, such as Advanced Placement scores.<sup>24</sup> Further, the achievement gap by income combined with the concentration of low-income students among a subset of MCPS high schools translates to an achievement gap between low- and high-poverty high schools.<sup>25</sup>

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<sup>24</sup> <http://www.montgomerycountymd.gov/olo/resources/files/oloreport2013-4.pdf> ;  
<http://www6.montgomerycountymd.gov/content/council/olo/reports/pdf/2008-2.pdf>

<sup>25</sup> <http://www.montgomerycountymd.gov/OLO/Resources/Files/OLO%20Report%202014-7%20Final.pdf>

## *Resources and Staffing among MCPS Schools*

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MCPS received \$151 million in federal and state aid for compensatory education programs in FY15 that were designed to narrow the achievement gap by student income. Yet, OLO's review of MCPS' FY15 Program Budget identifies only \$104 million in expenditures that provided significant additional staffing and programs to schools based on their FARMS enrollment, including funding for preschool programs for low-income children.<sup>26</sup>

Unlike federal compensatory education requirements under Title I, the Maryland State Department of Education (MSDE) does not require that school systems allocate all of their compensatory education aid to programs that serve low-income students or schools. Instead, MSDE requires school systems to submit annual Master Plans and demonstrate progress among each student subgroup, including low-income students. As such, up to \$47 million in state aid for compensatory education was expended on staff and programs that did not target low-income students or schools in FY15.

The persistent achievement gap by student income coupled with the concentration of poverty among a subset of MCPS schools suggest that spending all state aid for compensatory education on staffing and programs aimed at narrowing the achievement gap by student income is warranted.

Recommended questions for discussion include:

- What is the rationale for the current allocation of state aid for compensatory education to schools and high-FARMS schools in particular?
- What would be the budgetary consequences of allocating additional state aid for compensatory education to schools based on their FARMS enrollments? What would be the impact among high-FARMS schools? Low-FARMS schools?
- If the Board allocated additional state aid for compensatory education to schools based on their FARMS enrollment, what programs would MCPS recommend or endorse as effective investments for improving student outcomes and narrowing the achievement gap?

### **Issue #2: Allocation of Additional Compensatory Education Aid to Secondary Schools**

Of the 863 positions that MCPS funded to provide compensatory education (i.e. additional supports and services to high-FARMS schools), two-thirds of these positions (586 FTE's) were allocated to elementary schools in FY15. Additionally, MCPS used state compensatory education dollars to fund an additional 148 of 197 pre-K positions in FY15. Thus compensatory education programs in MCPS are typically elementary school programs with limited additional resources allocated to middle and high schools based on their poverty rates. Yet, as noted in prior OLO reports, the achievement gap by student income is evident across the grade span and tends to widen as students' progress from elementary school into secondary school.

The persistence of the achievement gap by student income among MCPS secondary schools coupled with MCPS allocating few additional resources to high-FARMS secondary schools to offset the impacts on student poverty suggest that allocating a greater share of compensatory education resources to secondary schools based on their FARMS enrollment is warranted.

Recommended questions for discussion include:

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<sup>26</sup> In FY15, \$91 million was budgeted for K-12 compensatory education programs and another \$13 million was budgeted to offset the costs of pre-K programs

- What is the rationale for the current allocation of state aid for compensatory education between elementary and secondary schools?
- What would be the budgetary consequences of allocating additional compensatory aid to secondary schools based on their FARMS enrollments? What would be the impact among middle schools? High schools? Elementary schools?
- If the Board allocated additional aid for compensatory education to secondary schools based on their FARMS enrollment, what programs would MCPS recommend or endorse as effective investments for improving student outcomes and narrowing the achievement gap at the secondary level?

**Issue #3: Student-Based Budgeting**

MCPS currently utilizes a school-based budgeting process via its K-12 budget staffing guidelines that allocates staff to schools based on the size and grade span of the school and the number of students enrolled. To enable students with special needs to receive the additional resources they often need to be successful, some school systems use a student-based budgeting approach that explicitly allocates additional funding to schools based on the differentiated needs of their student enrollments.

Under student-based budgeting, funds per student are weighted per the needs of students. Students eligible for FARMS, special education, and ESOL services typically receive greater weights – funding allocations – than their program ineligible peers. Through this approach, the “dollars follow the student” and schools enrolling students with greater weights receive more resources per student than schools enrolling fewer “high weight” students. Beyond eligibility for FARMS, special education, and ESOL services, other determinants of student weights can include grade level and academic needs as reflected by test scores or other measures.

Although MCPS targets additional staff to its highest poverty elementary schools and to a lesser extent to high-FARMS secondary schools, MCPS does not use an explicit student-based budgeting approach to allocate resources among schools. Nevertheless, student-based budgeting aligns well with how MCPS receives state and federal revenue – student subgroups that could receive greater weights in staffing allocations generate supplemental state and federal revenue that could be dedicated to the school system’s special education, ESOL, and compensatory education programs.

Recommended questions for discussion include:

- What is the rationale for the school-based budgeting approach utilized by MCPS?
- Has the Board of Education and MCPS considered the use of student-based budgeting (weighted per student funding) to ensure that schools receive the resources they need to effectively serve low-income students? What would be the benefits of this approach? The drawbacks?
- What would be the budgetary consequences of utilizing a student-based budgeting approach to allocate resources to schools? What would be the impact on elementary, middle, and high schools? What would be the impact among low-FARMS vs. high-FARMS schools?
- If the Board utilized a student-based budgeting approach to allocate resources or staff to schools, what programs would MCPS recommend or endorse as effective investments for improving student outcomes and narrowing the achievement gap among schools?



**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
MARYLAND  
www.montgomeryschoolsmd.org

September 17, 2015

Dr. Chris Cihlar, Director  
Montgomery County Office of Legislative Oversight  
Stella B. Werner Council Office Building  
100 Maryland Avenue  
Rockville, Maryland 20850



Dear Dr. Cihlar:

Thank you for the opportunity to comment on the Office of Legislative Oversight (OLO) report: *Resources and Staffing Among MCPS Schools*. Montgomery County Public Schools (MCPS) has collaborated with the OLO over the years on a variety of reports that have helped us improve as a district. Together, we share a commitment to excellence and equity to make certain that we are giving the children of this county the best possible education and that we are providing this education in an efficient and effective manner. This report furthers this work as it relates to teacher equity; however, we have several concerns about the report. Our main concerns fall into the following areas:

- OLO has not accurately presented the purpose and use of Bridge to Excellence (BTE) revenue in Maryland school districts, leading to an incomplete analysis of resource allocation.
- OLO's analysis is based on a methodology that groups schools into only two groups—50 percent of schools that are above the median FARMS rate and 50 percent that are below the median. Similar schools that differ by less than a percentage point are placed in separate groups—those with “high” FARMS rates and those with “low” rates. As a result, the report does not accurately capture the way MCPS differentiates resources based on an incremental model used for allocations.
- OLO implies that student-based budgeting models provide for more differentiation in resource allocation in school districts. This analysis does not accurately present student-based budgeting or the MCPS approach to resource allocation to support its schools with greater needs. There also is no research that shows there are better student outcomes in school systems that use student-based budgeting models.
- OLO's suggestions to address staffing and compensation costs do not reflect a viable solution for MCPS.

The suggestions made in the report would require shifting millions of dollars in resources from schools with lower FARMS rates (those below the median) to those with higher FARMS rates at a time when the county's contributions have decreased by \$1490 per student since 2009. The shift that is suggested would create dramatic reductions in resources from schools that have already experienced significant reductions since 2009 and would greatly impact our ability to maintain the high quality of instruction across the district. As this response will illustrate, our funding strategies target more resources to higher need schools. For example, it is not uncommon to have 20 additional positions in a more impacted elementary school than in a less impacted school of the same size. The cost per student also varies depending on the staffing levels with the investment in higher poverty schools being \$3,000 to \$4,000 more per student than a school less impacted by poverty. Instead of recognizing such investments, the report suggests going further, which would make it impossible at current funding levels to meet the basic needs of all schools.

Office of the Superintendent of Schools

850 Hungerford Drive, Room 122 ♦ Rockville, Maryland 20850 ♦ 301-279-3381

### **Bridge to Excellence Compensatory Funding**

At the crux of the analysis in this report is OLO's description of how MCPS and other school districts use state and federal funding designated as compensatory funding. Throughout the analysis, OLO suggests that MCPS should allocate compensatory funding exclusively to what OLO is referencing as compensatory programs.

However, as noted in the Bridge to Excellence Act Fact Sheet 63 (January 2012), "(s)chool systems can decide how to spend the money, as long as the system demonstrates improvement in student achievement and develops a satisfactory 'master plan,'" noted as a "five-year master plan that documents the school system's goals and strategies for improving achievement among *all* students."

Indeed, this state aid is *unrestricted* funding that school districts across Maryland apply to support their master plans and strategic plans to increase student achievement. We are not aware of school districts in Maryland that use compensatory funding in the way OLO suggests it should be used, because that is not consistent with how the funding is intended for local education agencies (LEAs). LEAs treat state and local revenue as general revenue in support of the overall operating budget and then utilize the operating budget to implement strategies for equitable funding of schools as we do in MCPS. One of the many reasons we do not use compensatory aid as suggested by OLO is the data in Table 4 on page 8 of the report. As OLO can see, MCPS spent (\$295.5M) more on at-risk populations than the revenue received based on those populations. The vast majority of this funding gap is in special education. Special education funding is guided by the Individualized Education Program (IEP) for students with disabilities and by a federal requirement for Maintenance of Effort (MOE). The federal law stipulates that a district for the upcoming fiscal year must equal or exceed expenditures in special education from the preceding fiscal year for which actual expenditures are available. If we were to use the same logic for special education funding as proposed with compensatory funding, the district would only spend \$80M on special education. This would not only violate federal law but this level of funding would be insufficient to meet the needs of special education students.

It is important to note that federal, state, and local funding all work together in service of our strategies aimed directly at closing the achievement gap and improving student achievement. Our Strategic Planning Framework, *Building Our Future Together: Students, Staff, and Community*, makes clear that "MCPS is committed to educating each and every student so that academic success is not predictable by race, ethnicity, or socioeconomic status. We will continue to strive until the achievement gap has been eliminated for all groups." This is the core strategic challenge of MCPS, and our work for many years has been focused on eliminating this gap. As noted in our District Implementation Plan, *Equitable Funding and Support* is a core strategy to ensure equity and excellence across our schools. In short, as we stress in our plan, we invest greater resources and supports to schools with greater need. We combine the funding sources we have, including compensatory funds, to support a plan focused on equity and excellence for all students, specifically closing the achievement gap. There are a plethora of programs and strategies that are part of our plan whereby we differentiate funds to ensure that students with greater needs—often those impacted by poverty—have greater supports. Examples of this support range from lower class size to academic intervention teachers, from extended programs to minority achievement programs. Thus, while we do not separate the compensatory funding and allocate it dollar for dollar to students impacted by poverty, our work is intensely focused on ensuring we have differentiated support for students based on needs. The *Equitable Funding and Support* core strategy employed by MCPS drives how allocations, supports, and resources are provided to schools. MCPS can provide examples of the numerous programs and supports that are differentiated based on needs. Our work in this area must continue, and we look forward to discussing ways in which we can differentiate funding to support our most impacted students.

**Methodology for Grouping Schools**

In an effort to create a construct for analysis, OLO grouped schools into only two categories—those impacted versus those not impacted by poverty. As a result, we are concerned that the report uses an overreliance on averages leading to distorted conclusions. By drawing a single line differentiating impacted and not-impacted schools, the reality of the numbers is distorted. Since we allocate on a continuum of FARMS rates rather than just low or high, our schools with very high FARMS rates receive the most resources. We allocate this way because of the impact high concentrations of poverty have on educational outcomes, not just poverty itself. In fact, when the federal government allocates Title I dollars, it does not look at total poverty, but it looks at concentrations of poverty in a jurisdiction. Therefore, when the line is drawn to include schools with a range of FARMS rates, the average for both impacted and not-impacted schools are more accurately reflected. In other words, OLO’s analysis has not accurately captured the true differentiation occurring in MCPS.

To illustrate these important points more clearly, the following three charts outline how differentiated staffing formulas apply to schools with similar enrollment but different FARMS rates. They clearly delineate how the differentiated formulas address different levels of impacted schools and why using averages—as OLO does for its methodology—does not accurately depict the reality of how differentiated formulas impact resource allocations.

<b>Elementary School Allocations</b>			
	<b>Enrollment=600 FARMS=6% ESOL = 37</b>	<b>Enrollment=615 FARMS=50% ESOL = 113</b>	<b>Enrollment=609 FARMS=82% ESOL = 317</b>
Kindergarten	4.000	6.000	6.000
Classroom teacher 1-5	21.600	24.000	24.000
Non-teaching	4.000	4.000	4.500
AMPE	3.000	3.900	3.900
Clerical	2.500	2.500	2.500
Focus/ Academic Intervention	0	2.700	5.800
ESOL	.700	2.000	7.200
Educational Assistant	3.750	6.000	5.177
	<b>39.550</b>	<b>51.100</b>	<b>59.077</b>

<b>Middle School Allocations</b>		
	<b>Enrollment=920 FARMS=9% ESOL = 31</b>	<b>Enrollment=921 FARMS=64% ESOL = 119</b>
Classroom Teachers and Teacher Leaders	47.800	49.400
Non-teaching	5.800	5.800
Clerical/Security	7.250	7.250
Educational Assistant	1.625	2.375
Focus/ Academic Intervention	0	3.200
ESOL	.800	4.000
Alternative Programs	.400	1.000
Special Programs	0	.800
	<b>63.675</b>	<b>73.825</b>

High School Allocations		
	Enrollment=1600 FARMS= 5% ESOL=31	Enrollment=1591 FARMS=47% ESOL=268
Classroom Teachers and Teacher Leaders	76.100	77.700
Non-teaching	9.100	9.700
Clerical/ Security/ Technology	14.000	14.500
Educational Assistant	6.000	7.250
Focus/ Academic Intervention	0	4.800
ESOL	.800	10.400
Alternative Programs	.400	1.000
Special Programs	1.600	3.000
	<b>108.000</b>	<b>128.350</b>

Finally, it is evident that a large data component is missing from this analysis. This data would include how many FARMS students also fall into another subcategory (i.e., special education, English for Speakers of Other Languages (ESOL), etc.), because it is important to understand the additional resources that help support students who come from circumstances of poverty. Clearly, additional resources would be provided to serve those students who are not captured in the analysis of resources to schools with high FARMS populations. In school year 2014–2015, 41.3 percent of special education students were FARMS eligible and 71.2 percent of ESOL students were FARMS eligible.

#### **Student-based Funding Formula Analysis**

As OLO has noted in the report, LEAs approach equitable funding of schools in different ways. Prince George's County Public Schools (PGCPS) for example, utilizes a student-based budgeting approach to school funding which was highlighted in the report. In practice, PGCPS uses the compensatory funding from the state in exactly the same way we do; however, OLO suggests in the report that it is a more differentiated approach to allocating resources to schools. In PGCPS, state and local funding contribute to a general pot of money which supports the school system's strategic plan. From that general pot, this method basically distributes dollars based on the number of students in the school and the characteristics of those students. What is important to note is that the state compensatory funding that OLO suggests should be used for compensatory programs is actually used to build the general pot that funds schools, not in addition to it. This is a critical point that OLO does not discuss in the report. In PGCPS, of the \$450 million allocated through the student-based budgeting process (benefit costs for employees are paid centrally and not part of the allocation), \$377 million went to the base allocation leaving \$73 million for additional allocations based on student and school characteristics. Yet, the district is anticipating \$277 million in compensatory education revenue in Fiscal Year (FY) 2016. Thus, when OLO states that "some school systems use a student-based budgeting approach that allocates additional funding to schools based on the differentiated needs of their student enrollments" (p. 35), it is important to note that PGCPS uses the compensatory funding from the state to build its general pot and then distributes resources to schools according to student factors. In addition, in PGCPS for example, FARMS is not a factor in the weighted formula. Page 59 of the FY 2016 PGCPS Requested Budget Document shows that PGCPS has a large base allocation and weights grade level, student performance, ESOL, school size, as well as a hold-harmless provision.

We take a very similar differentiated approach to allocations in MCPS but not through a student-based budgeting model. Instead, we build a general pot, like PGCPS, and then allocate resources according to school need. So, as noted in our staffing guidelines, positions including academic intervention teachers,

focus teachers, and alternative program teachers are allocated based on FARMS rates. In addition, class sizes in identified focus schools (those with higher FARMS rates) are calculated at lower numbers for Grades K–2. Schools with higher numbers of FARMS students receive more money, as in PGCPs and elsewhere. However, we should point out that we have a core instructional program to which we believe all students are entitled. Thus, while we offer flexibility to schools to meet the needs of students, we will not compromise core beliefs that all students should have access to a guidance counselor or be exposed to art and music. While many districts that implement student-based budgeting allow that type of flexibility, MCPS will not permit decisions to be made that are contrary to the core educational program that all students should receive.

To suggest that districts in Maryland using a student-based budgeting model utilize state compensatory funding in significantly different ways than those that do not use a student-based budgeting approach is not accurate. It also is inaccurate to imply that student-based budgeting models are the only budgeting models that can differentiate resources in an equitable way. Therefore, while student-based budgeting is one approach to differentiating support to schools, the PGCPs example makes it clear that it does not mean additional funding is allocated for FARMS students specifically. The funding is used, and was always intended to be used, in unrestricted ways to improve student achievement.

#### Staffing and Compensation Costs

The following examples demonstrate how we implement our differentiated funding strategy within MCPS. The charts illustrate actual teacher and paraprofessional budgets from schools with the highest and lowest FARMS rates in the district. What we see across the board are lower student/teacher ratios in the higher FARMS schools and a much higher cost per student in the higher FARMS schools. For example, Sargent Shriver Elementary School (Shriver) (FARMS rate is 81.6 percent) which has an enrollment of 755 students, spends approximately \$8,714 per student on teachers and paraprofessionals with a student/teacher ratio of 12.4. Meanwhile, Wyngate Elementary School (Wyngate) (FARMS rate of less than 5 percent) in Bethesda has a slightly higher enrollment of 770 students and spends about \$5,620 per student on teachers and paraprofessionals with a student/teacher ratio of 19.2. There are overall 23 more professionals in Shriver working for students than at Wyngate. Shriver's budget exceeds Wyngate's by nearly 49 percent. As stated earlier, using averages as the OLO analysis has done masks the true differentiation of schools of similar type (elementary) with comparable enrollments.

**Highest FARMS Rate Elementary Schools**

School	Enrollment	Farms %	Total FTE	Total \$	Cost/ Student	Student Teacher Ratio
JoAnn Leleck Elementary School	749	≥95.0	75.975	7,270,707	9,707	11.162
New Hampshire Estates Elementary	517	91.3	59.575	5,595,084	10,822	10.423
Harmony Hills Elementary School	730	87.7	69.175	6,574,390	9,006	12.207
South Lake Elementary School	850	83.5	78.825	7,370,351	8,671	13.138
Wheaton Woods Elementary School	534	83.1	51.575	4,923,328	9,220	11.814
Summit Hall Elementary School	627	82.3	61.014	5,832,386	9,302	11.676
Sargent Shriver Elementary School	755	81.6	68.538	6,578,967	8,714	12.357
Gaithersburg Elementary School	802	81.3	74.475	7,173,794	8,945	11.952
Highland Elementary School	541	81.3	53.625	5,136,741	9,495	11.389
Georgian Forest Elementary School	574	79.4	51.675	4,898,106	8,533	12.957
<b>Total</b>	<b>6,679</b>		<b>644.452</b>	<b>61,353,854</b>		

Lowest FARMS Rate Elementary Schools

School	Enrollment	FARMS %	Total FTE	Total \$	Cost/Student	Student Teacher Ratio
Wayside Elementary School	531	≤5.0	31.800	2,383,459	5,778	18.438
Cold Spring Elementary School	335	≤5.0	21.825	1,635,063	6,279	17.005
Darnestown Elementary School	309	≤5.0	19.500	1,459,724	6,071	17.657
Westbrook Elementary School	455	≤5.0	28.700	2,147,769	6,064	17.704
Bradley Hills Elementary School	632	≤5.0	38.750	2,903,295	5,911	18.057
Wood Acres Elementary School	714	≤5.0	40.100	2,991,658	5,359	20.342
Burning Tree Elementary School	492	≤5.0	30.000	2,246,607	5,871	18.222
Bannockburn Elementary School	407	≤5.0	27.450	2,049,879	6,451	16.818
Wyngate Elementary School	770	≤5.0	45.075	3,371,331	5,620	19.154
Potomac Elementary School	474	≤5.0	30.050	2,253,264	6,123	17.363
<b>Total</b>	<b>5,119</b>		<b>313.250</b>	<b>23,442,049</b>		

With respect to OLO's analysis of teacher experience, we commend OLO for examining what educators refer to as teacher equity—an issue that we have already begun to address. In July 2014, U. S. Secretary of Education Arne Duncan, issued a letter to all Chief State School Officers requiring state education agencies (SEAs) to develop "educator equity plans." These plans have been designed to ensure that SEAs and LEAs put strategies and practices in place to provide effective educators for all students. The OLO report rightly points out that higher poverty schools in MCPS have, on average, less experienced teachers. This is data that we have been examining as we design and implement our human capital management strategy. We do not agree, however, with the assertion made by OLO that less experience automatically means that someone is less effective. Experience is not the only measure of educator effectiveness, but it is a measure that we believe is tied to educator equity and one that is important to analyze as we consider our practices moving forward.

Regarding educator equity more broadly, one of our five core district improvement strategies is *Human Capital Management*, and we have taken steps already to implement some of the strategies referenced in Maryland's educator equity plan and others' plans to address this issue. Our career lattice, for example, is a human capital strategy that provides incentives for high performing teachers to work in high poverty schools and exercise teacher leadership in service of broad scale school improvement. While this is a strong start, we believe we can do more, and we look forward to designing and implementing additional strategies based on our data.

#### **The Impact of Reallocating Resources from Lower FARMS Schools**

Regarding OLO's assertion that differences in compensation costs between higher and lower poverty schools are less than anticipated, we are concerned about the approach OLO has taken to reach this conclusion. OLO again suggests that MCPS could effect greater differentiation if only it allocated the BTE Compensatory Aid to higher FARMS schools. As previously stated, any reallocation would have drastic impacts on other programs that serve all students in MCPS. There is no recognition in this section that

there are finite resources and that to offer a baseline educational program for all students requires a significant amount of resources that MCPS and school districts provide. As it stands, Montgomery County spends \$1490 less per student than it did in FY 2009, even though the needs of MCPS students have continued to intensify. We think it is important to consider some scenarios adopting the logic of the OLO report showing the reallocations from lower FARMS schools. Importantly, the report includes no discussion on the actual—and likely negative—impact on lower FARMS schools that also serve FARMS students. By showing only the per pupil difference, the report masks the fact that we will see class sizes increase significantly in half of our schools. Earlier in our response, we presented a chart that outlined the significant differentiation between higher FARMS schools and lower FARMS schools. Following the suggestion made in the report MCPS could reduce funding from lower FARMS schools, and reallocate these funds to higher FARMS schools. The impact would be dramatic in the lower FARMS schools. For example, the 10 schools noted in the lowest FARMS chart would lose 39 teachers at a cost of almost \$3 million. Schools would lose funding, equating to a student/teacher ratio increase and class size increase of between two and four students per class. In real terms, this means the elementary schools would be forced to eliminate programs, such as the media program, reading program (reading specialist), and school-based professional development (staff development teacher) program, to maintain class sizes. Conversely, in order to keep the instructional support positions in the school, schools would have to increase class sizes by two to three students per class.

### Conclusion

MCPS appreciates the efforts of OLO to help us and other governmental entities improve. We are certainly committed to providing the best possible education for our students and an outstanding value for our community stakeholders. It is always important to carefully examine what you are doing so that you can improve. Our commitment to differentiating resources to meet the varied needs of our students is clear and evidenced by all that we do as a district. In this report, however, it appears that OLO has relied on a premise that school districts, including MCPS, are not using compensatory aid properly to achieve equity in school funding and support. We believe that we have been using our resources appropriately and that we have maintained our investments in our most impacted schools despite years of budgetary challenges. With limitations on our funding, the only way to provide more funding in one place at this point is to take from someplace else—beyond the significant equitable distribution of funding and support we already provide to our schools. The evidence is clear that MCPS has had a long standing commitment to this issue and has invested heavily to improve student performance in our most impacted schools. We do not believe the approach advocated for in this OLO report is sustainable or realistic for MCPS. We look forward to discussing this report with the County Council in greater detail as well as how best to approach differentiating limited resources across our 202 schools to serve all students.

Sincerely,



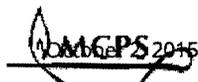
Larry A. Bowers  
Interim Superintendent of Schools

LAB:AMZ:sln

Copy to:

Mr. Leggett  
Mr. Leventhal  
Members of the Board of Education  
Dr. Navarro  
Dr. Statham

Dr. Zuckerman  
Dr. Kindt  
Mr. Klausling  
Ms. Diamond  
Mr. Ikheloa



# Montgomery County Public



The Montgomery County Board of Education strongly believes in providing our schools with the highest needs more resources to support students. This is a fundamental part of our core value of equity and an essential strategy we believe will help narrow our achievement gaps. In many of our higher need schools, we invest as much as \$4,000 more per student. Perhaps that is why we find the most recent Office of Legislative Oversight (OLO) report *Resources and Staffing in MCPS Schools* so offensive.

The OLO has a history of independent analysis of issues impacting Montgomery County Public Schools (MCPS). In the past, the reports have been produced through respectful collaboration with MCPS staff. This report dents that reputation. We have studied the report and we are appalled; rather than recognize our efforts or provide useful suggestions, the report suggests we embark down a path that no other school district in Maryland follows and ignores efforts already under way to address our achievement gaps. The report blithely misinterprets state education financing under **the Bridge to Excellence Act of 2002**. More puzzling and troubling, by its own admission, the OLO ignores in its analysis a huge list of well-funded programs and initiatives dedicated to narrowing achievement gaps, specifically those providing support for our black and Hispanic students. We are happy to have a conversation about what we as a county should be investing in our children but this deeply flawed report would be an inappropriate basis for such a conversation.

The OLO report doesn't give MCPS and Montgomery County any credit for the investments it does make to close our minority achievement gaps. OLO faults MCPS for not spending all of the state compensatory funding on students impacted by poverty. But what the OLO considered in their analysis was the result of an arbitrary determination that failed to include many of the additional investments the Board and the County have made to meet the needs of our diverse student body. Not included were programs that ensure that our staff have the professional development they need, through cultural competency training, ESOL Teachers Coaching and Study Circles. Indeed, the costs of our entire Equity Unit were not considered. The costs associated with our diversity hiring initiative were excluded. Programs that foster integration, such as our magnets and consortia were not included. It is ironic that OLO has devoted two reports on the consortia as tools for closing the achievement gap, but does not include their costs in this report. Other investments ignored in the report include our bringing the International Baccalaureate program to highly impacted secondary schools, including Watkins Mill and most recently Seneca Valley high schools and the establishment of a project-based learning environment at Wheaton High School. The Board added counselors to the budget to be allocated to high needs schools, yet those costs were excluded. Other programs which should fairly be considered as addressing the needs of our most at-risk students include High School Intervention, Interim Instructional Services, Summer School, Minority Achievement Program, Extracurricular Funds, HSA Bridge Program, and Language Assistance. Yet OLO did not consider all these programs in their analysis.

We are further dismayed by the glib conclusions in the OLO report. It suggests for instance that all of the state funds that MCPS receives for "compensatory" education only should be spent in the schools with the highest poverty rates. Because we

Mr. Larry A. Bowers, our Interim Superintendent, provided a **detailed response** to the flawed analysis contained in the report. In addition to providing OLO with the data and information requested, we spoke to the authors once we realized that they were veering away from the initial stated charge of this report—to discover how MCPS differentiates resources—to focusing almost exclusively on compensatory funding. We identified misconceptions in the draft report about the role of compensatory funding and the amount that MCPS spends on programs for students in need. Very few of those changes made it into the report, leading us to wonder if the OLO ever had an interest in presenting a fair, balanced picture of resources and staffing in MCPS.

Here's the truth: MCPS provides as much as \$4,000 more per student to schools that have the greatest needs. And, we direct millions of dollars each year to programs that serve students and families that have the greatest needs. We would love to do more, but seven years of severe economic challenges has made that difficult.

We appreciate Council member Craig Rice's **statement on the OLO report** in which he acknowledged the work the Board has done to provide equitable funding. We join him in pledging to work together as a team to discuss and implement productive strategies, initiatives and programs for all our children. As our student enrollment continues to grow and change, the Board is very interested in being an effective partner with the County Council to meet the needs of our most impacted students. But that conversation cannot center on giving more resources to some at the expense of others. We must have a productive conversation about how we can invest more in education and ensure we get a strong return on that investment.

That is the morally right thing to do.

Patricia B. O'Neill, President

Phil Kauffman, Chair, Policy Management Committee

Christopher S. Barclay, Chair, Strategic Planning Committee

Dr. Judith Docca, Member

Eric Guerci, Student Member of the Board

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39th Legislative District  
Montgomery County



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Budget and Taxation Committee

Capital Budget Subcommittee

*Chair*  
Education, Business, and  
Administration Subcommittee

*Senate Chair*  
Joint Committee on  
Children, Youth, and Families

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

October 2, 2015

The Honorable George Leventhal  
President, Montgomery County Council  
Stella B. Werner Office Building  
100 Maryland Avenue  
Rockville, Maryland 20850

Dear Mr. Leventhal,

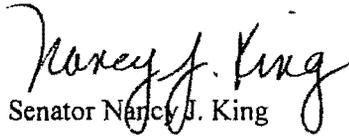
As a former Montgomery County Board of Education member and President, and as a Maryland State Senator, I have often relied on the stellar work of the Montgomery County Office of Legislative Oversight (OLO). Historically, the OLO has had a well-deserved reputation for excellence and their reports were very helpful in shaping important debates especially on issues relating to Montgomery County Public Schools. I have just finished reading OLO's recent report, *Resources and Staffing Among Schools*, and I must say that I am disappointed by its flawed premise and the conclusions drawn from it.

I am particularly concerned by the report's claims that millions of dollars intended for students impacted by poverty are being spent elsewhere. The implication is that resources meant for closing the achievement gap are being supplanted. This is a serious charge, but OLO's conclusion is based on a complete misrepresentation of the intent and purpose of funding under the *Bridge to Excellence in Public Schools Act of 2002*. As a member of the Senate Budget & Taxation Committee and Chair of the Education subcommittee, my colleagues and I have spent countless hours reviewing the *Bridge to Excellence in Public Schools Act of 2002* and OLO's recent interpretation of the *Act* is certainly not my understanding of the vision for the deployment of those funds.

The coming legislative session is going to be quite challenging; we will need all hands on deck to ensure that Montgomery County gets all the funding that our classrooms so desperately need. The work of the Montgomery County Council in partnership with our delegation and the school system has been invaluable in advocating for and receiving funding. Reports and messages that send conflicting signals to Annapolis are not helpful; especially to the extent that we might be spending precious time in Annapolis debunking the assertions in this report.

The Montgomery County school system has provided a comprehensive response to the report; I hope that the Montgomery County Council takes that response into consideration as you go into the operating budget season. Indeed, the report makes the point that we need to continue our ongoing conversation on the important topic of achievement for all our children and I couldn't agree more. As chair of the Montgomery County Senate Delegation, I look forward to our continued partnership in the interest of our county.

Sincerely,

  
Senator Nancy J. King

Copy to:

Montgomery County Council Members  
Montgomery County Board of Education Members  
Mr. Larry Bowers, Interim Superintendent