


Briefing

MEMORANDUM

March 12, 2019

TO: Education and Culture Committee

FROM:  Keith Levchenko, Senior Legislative Analyst

SUBJECT: **FY19-24 Montgomery County Public Schools (MCPS) Capital Improvements Program (CIP)¹ Amendments: Enrollment Projections**

PURPOSE: To receive a briefing from MCPS on its new enrollment projection methodology and on its enrollment projections for FY20-25.²

MCPS Participants

Board of Education Members (invited)
Dr. Andrew M. Zuckerman, Chief Operating Officer
Essie McGuire, Executive Director, Office of the Chief Operating Officer
James Song, Director, Department of Facilities Management
Adrienne Karamihas, Director, Division of Capital Programming, Department of Facilities Management
Dan Schmidt, Vice President, Education Solutions Group, MGT Consulting

Attachments

- MCPS Presentation Slides: Update on Student Enrollment (©1-9)
- Letter from MCPS to Parent Partners dated March 6, 2019 (©10-13)
- Letter from Parent Partners to MCPS dated February 21, 2019 (©14-15)
- Letter from MCPS to Councilmember Rice dated March 11, 2019 (©16-18)

This E&C Committee briefing is divided into two parts:

- MCPS' new enrollment projections methodology and the enrollment projections themselves (Agenda Item #1A and covered in this Council Staff Report)
- The Subdivision Staging Policy Schools Test (Agenda Item #1B; see separate Council Staff Report)

¹The Board of Education's Requested and the Superintendent's Recommended FY20 Capital Budget and FY 2019-2024 Amended Capital Improvements Program (CIP) are both available for download at:

<http://www.montgomeryschoolsmd.org/departments/planning/cipmaster.aspx>.

² Key words: #MCPSCapitalBudget, enrollment projections, subdivision staging policy and schools test.

Status of FY19-24 MCPS CIP Review to Date

February 11 Education and Culture (E&C) Committee Meeting

The E&C Committee met on February 11 to receive an overview of the MCPS Proposed Amended FY19-24 MCPS CIP, the Executive's recommendations, County CIP spending affordability, and the status of the Maryland Legislature's state aid for school construction deliberations.

Given the likely difficulty in funding the MCPS Amended CIP at the level proposed by the Board, and the uncertainty regarding MCPS' state aid for FY20, the E&C Committee agreed to ask MCPS to review its Approved FY19-24 CIP and its proposed amendments and develop a scenario (as the Board has done in past years) that reduces the MCPS FY19-24 CIP by fiscal year down to a level that would offset the Executive's recommended reductions in its Affordability Reconciliation PDF to the Board's CIP Request. A letter from Councilmember Rice was sent to the Board of Education President on February 13 (see ©16-18).

Non-Recommended Reductions

On March 11, the Council received MCPS' package of "non-recommended reductions" (see ©16-18). The substantive changes to the Board's December 1 amendment package that would result from these reductions are summarized in the MCPS letter on ©17.

A future E&C Committee meeting will be scheduled to discuss this package in more detail.

NOTE: To ensure the Council can consider these non-recommended reductions during final CIP reconciliation in early May, Council Staff will identify any CIP amendments needed to be introduced by the Council.

February 25, 2019 Board of Education Actions Affecting the FY19-24 CIP

On February 25, the Board of Education approved two FY19 Capital Budget actions:

- The transmittal of an FY19 CIP Transfer totaling \$7.5 million from several projects (including PLAR, Restroom Renovations, and Roof Replacement) to the Seneca Valley High School Rev/Ex to build out space for the Career and Technology program at Seneca Valley High School. The Seneca Valley work was already requested as an FY19-24 CIP amendment with an FY20 appropriation. The Council introduced this request (as an FY19 Transfer/FY19-24 CIP Amendment) on March 12, 2019.
- The transmittal of an FY19 special appropriation for the Relocatable Classrooms project. This request (which occurs each year around this time) would accelerate the appropriation for this project to allow for contracting for summer work to begin this spring for the placement of relocatable classrooms in time for the beginning of the 2019-20 schoolyear. No change in expenditures is assumed. The Council introduced this request (as an FY19 special appropriation request) on March 12, 2019.

Enrollment Projections

Enrollment changes are one of the biggest drivers of both the Operating Budget and CIP for MCPS. From a CIP perspective, enrollment increases drive the need for additional classrooms as well as for core space improvements. MCPS' annual enrollment projections are also used in the Subdivision Staging Policy Schools Test to determine whether specific school service areas or clusters will go into development moratorium.

MCPS' New Enrollment Projections Methodology

MCPS engaged MGT Consulting to establish a new methodology for developing enrollment projections by school, cluster, and countywide. MCPS staff, along with a representative from MGT consulting, will brief the Committee on the new enrollment methodology.³

Looking at enrollment projections by school, this new methodology utilized multiple projection models, including: average percentage increase, students per household, linear regression, and cohort survival. Actual enrollment data was used to see how predictive each of these models would have been and the models were then projected out into future years. Weights were assigned to each model to come up with a projection.

On February 21, MCPS received a letter (see ©14-15) signed by the MCCPTA CIP Chair and several Cluster Coordinators. The letter expresses several concerns and recommendations regarding the new methodology as implemented:

- MCPS subjectively applied weights to the four models used in projecting enrollment for each school.
- Housing stock numbers were drawn from 2016 data. This may mean that 2017 and 2018 data for development projects was not included.
- A one percent housing growth per year inflator was used countywide, despite historical housing growth rates varying from 0 to 4.2 percent across various clusters. The letter suggests that known sector plans and approved development should be reviewed to generate more cluster-specific housing growth rates.
- Historical data inputs used in the forecast models should be compared to enrollment figures to confirm accuracy.
- Enrollment increases attributed to turnover of existing housing should be addressed in the methodology.

On March 11, MCPS responded to the above letter (see ©10-13). MCPS cautioned that the enrollment forecast is an iterative process that needs to be allowed to play out to affirm its accuracy, that the new process is more transparent than before, and that continued community involvement will be sought. The letter also notes that disaggregated housing growth data will be available for the next round of forecasting. The letter goes on to note that MCPS' educational facilities master plan is "well designed to meet future school facility needs" as it includes projects to address major capacity needs

³ Slides from an October 29, 2018 presentation by MGT Consulting to the Board of Education are available at: [https://www.boarddocs.com/mabe/mcpsmd/Board.nsf/files/B6ARR7678E18/\\$file/Rec%20FY2020%20Cap%20Bdgt%20Amend%20FY2019-2024%20CIP%20Consultant181029%20PPT.pdf](https://www.boarddocs.com/mabe/mcpsmd/Board.nsf/files/B6ARR7678E18/$file/Rec%20FY2020%20Cap%20Bdgt%20Amend%20FY2019-2024%20CIP%20Consultant181029%20PPT.pdf).

throughout the County (such as two new high schools and three expanded high schools, and elementary school projects in “nearly every region of the county.” In addition, comprehensive elementary school solutions (Bethesda-Chevy Chase and Walter Johnson clusters) are also underway.

MCPS staff and the consultant will be available at the Committee meeting to discuss these methodology issues.

Enrollment Projections Summary

MCPS will also provide a briefing on its official enrollment for FY19-20 and a summary of its enrollment projections for FY20-25 and other demographic information. Presentation slides are attached on ©1-9. Council Staff has provided some summary information below regarding the enrollment projections:

- Official September 30, 2018 enrollment for the 2018-19 schoolyear is 162,680 students.
 - This is 1,134 students more than the 2017-18 official enrollment (161,546) and 937 students lower than projected for 2018-19 at this time last year (163,617).
 - This 1,134 increase is the smallest increase since the 2007-08 schoolyear. The slide on ©3 shows annual increases in total enrollment since 2008-09.
- Enrollment is expected to increase at the elementary, middle, and high school levels through the 2024-25 schoolyear but with some changes from last year’s projections.
 - ES: +2,725 (3.8%) (much higher than last year’s six-year projected change, which showed a decline of 117 students).
 - MS: +3,356 (9.2%) (much higher than last year’s six-year projected change, which showed an increase of 1,212).
 - HS: +5,118 (10.3%) (a large increase but lower than last year’s six-year projected change, which showed an increase of 6,485).
 - For some perspective on the above increases by school level, the increases are equivalent to 3.6 elementary schools (750 capacity), 2.8 middle schools (1,200 capacity), and 2.1 high schools (2,400 capacity).
- Overall enrollment is expected to climb to 174,322 (11,199 more students; up 7.1 percent) through the 2024-25 schoolyear.

Attachments

KML:f:\levchenko\mcps\fy19 24 cip amendments and supplementals\e&c enrollment discussion 3 14 2019.docx

Montgomery County Public Schools

Presentation to the Education and Culture Committee

**Update on Student Enrollment
March 14, 2019**



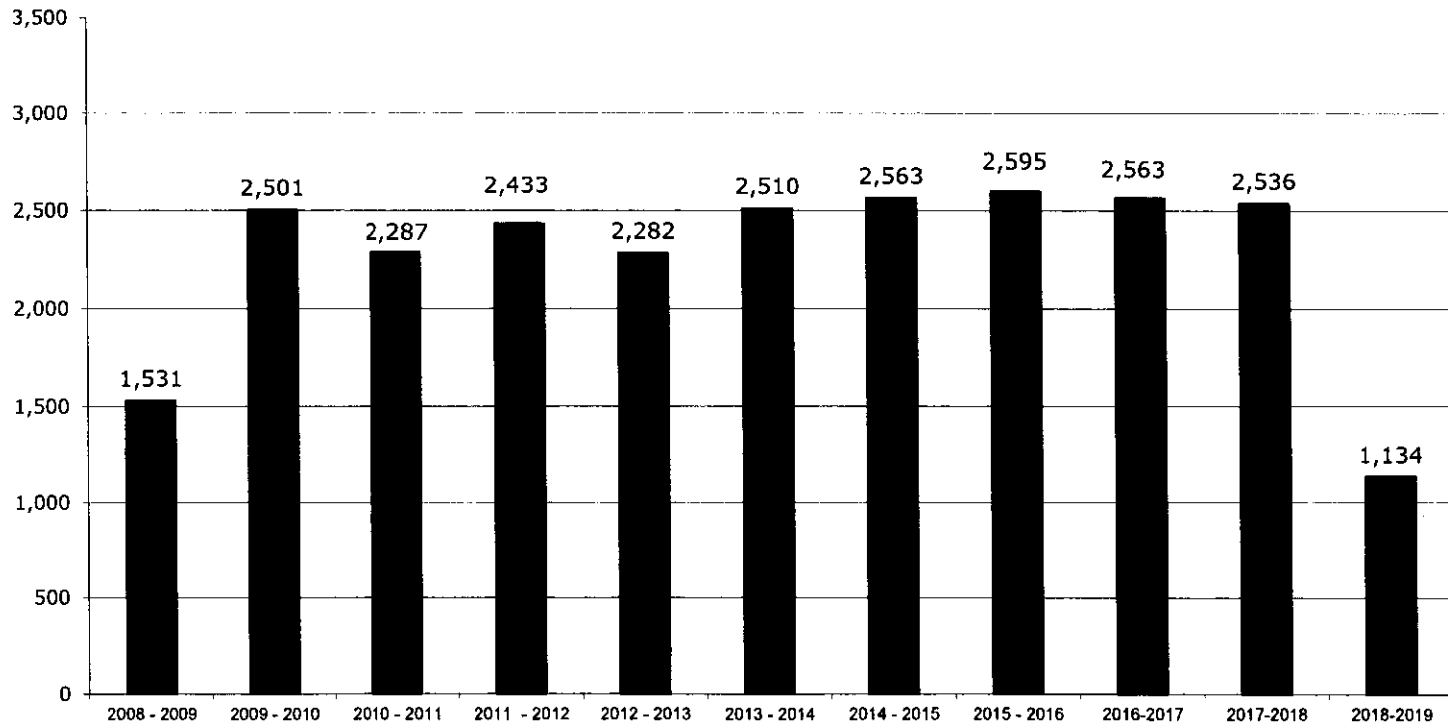
MONTGOMERY COUNTY PUBLIC SCHOOLS

Enrollment Change 2017-2018 to Official 2018-2019

| Grade | Official 2017-18 | Official 2018-2019 | One-year Change |
|--------------------|-----------------------------|-------------------------------|----------------------------|
| K | 11,263 | 11,334 | 71 |
| 1 | 11,694 | 11,610 | -84 |
| 2 | 12,002 | 11,813 | -189 |
| 3 | 12,190 | 12,039 | -151 |
| 4 | 12,660 | 12,379 | -281 |
| 5 | 12,405 | 12,702 | 297 |
| 6 | 12,117 | 12,343 | 226 |
| 7 | 11,927 | 12,200 | 273 |
| 8 | 12,036 | 12,025 | -11 |
| 9 | 13,652 | 13,674 | 22 |
| 10 | 12,968 | 13,156 | 188 |
| 11 | 11,151 | 11,604 | 453 |
| 12 | 11,058 | 11,222 | 164 |
| K-2 | 34,959 | 34,757 | -202 |
| 3-5 | 37,255 | 37,120 | -135 |
| 6-8 | 36,080 | 36,568 | 488 |
| 9-12 | 48,829 | 49,656 | 827 |
| K-12 | 157,123 | 158,101 | 978 |
| H.S./Pre-K | 2,969 | 2,978 | 9 |
| Pre-K Sp.Ed | 1,454 | 1,601 | 147 |
| TOTAL | 161,546 | 162,680 | 1,134 |

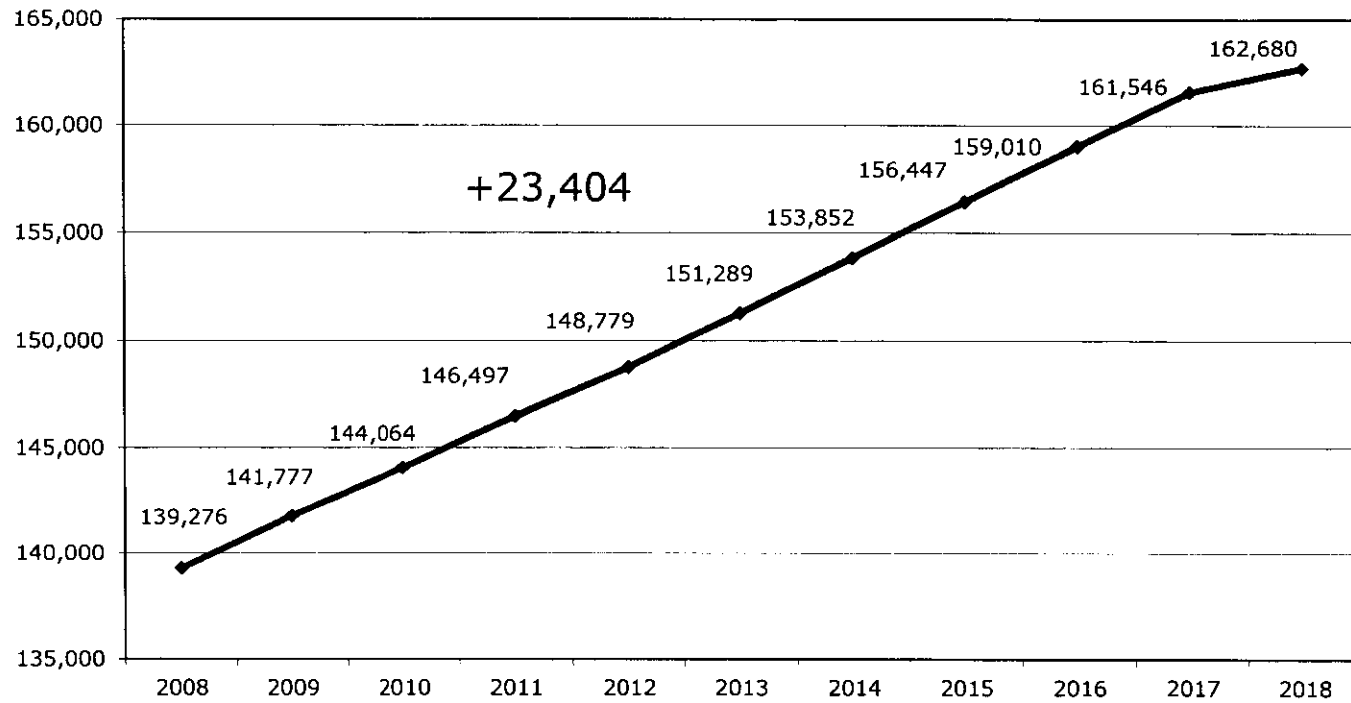


Annual Change in Total MCPS Enrollment: 2010-2018

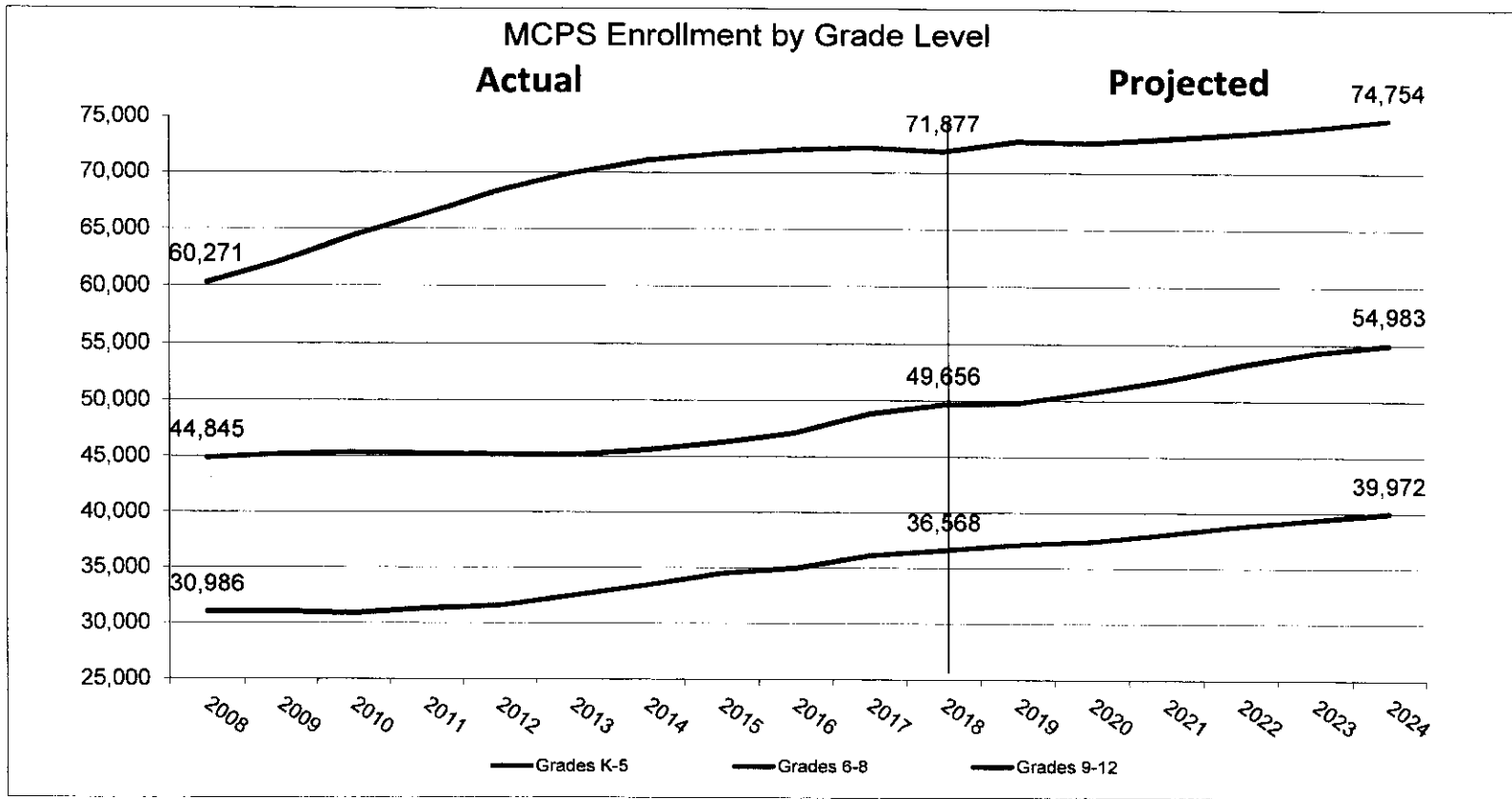


MONTGOMERY COUNTY PUBLIC SCHOOLS

Total MCPS Enrollment: SY 2008-2018



*Official September 30, 2018 Enrollment

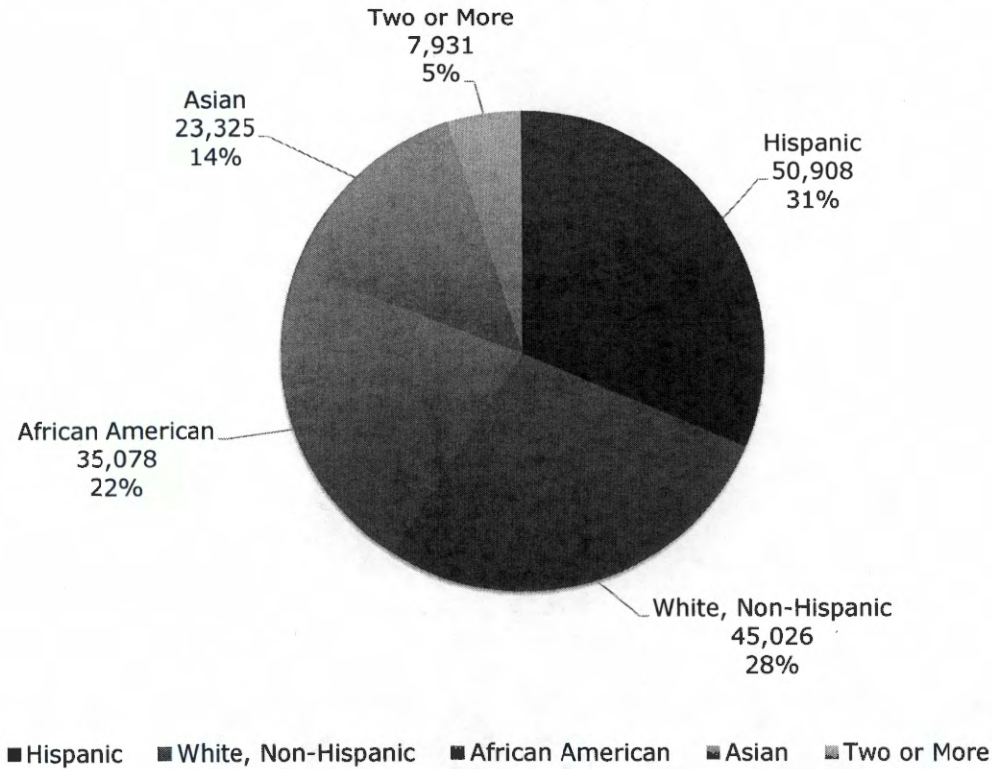


*Official September 30, 2018 enrollment.



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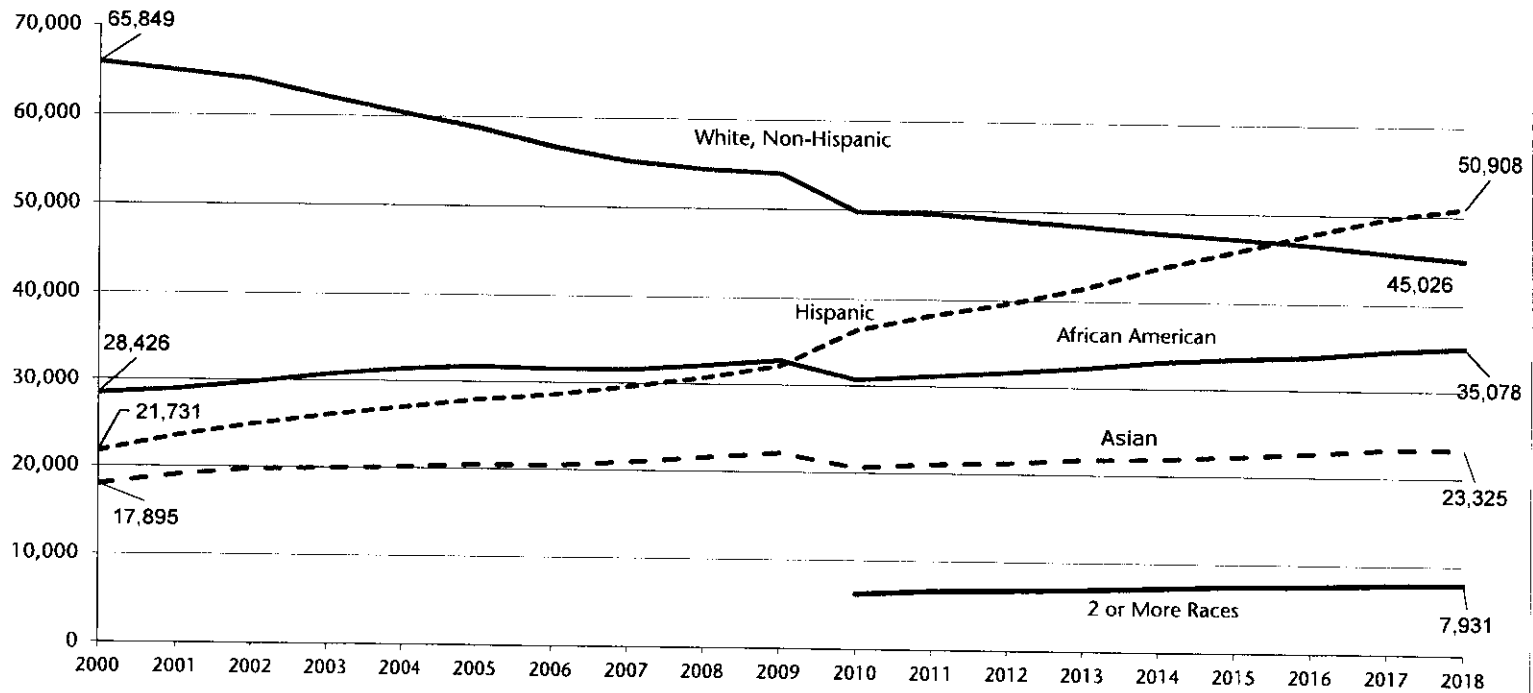
MCPS Percent Race/Ethnic Composition 2018-2019*



*Official September 30, 2018 Enrollment, American Indian, Alaskan Native, Native Hawaiian, and Pacific Islander are not shown as they are less than 0.2%.



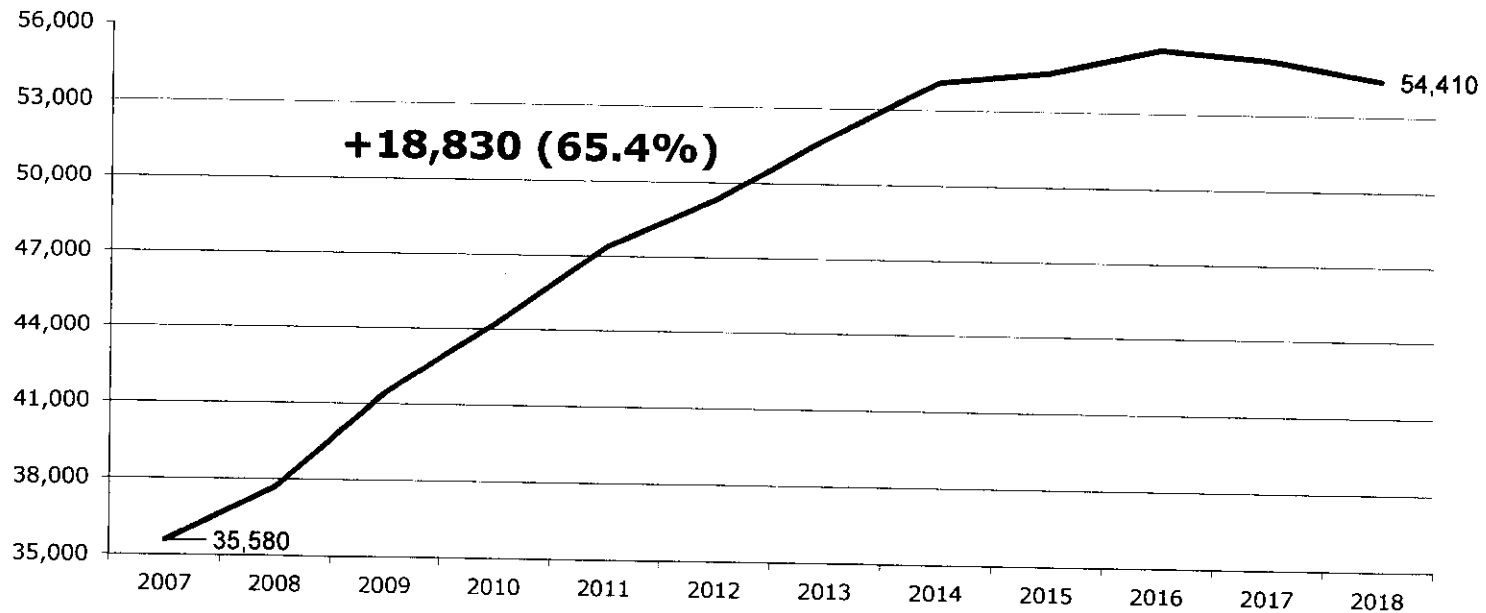
Enrollment by Race and Ethnicity 2000-2018



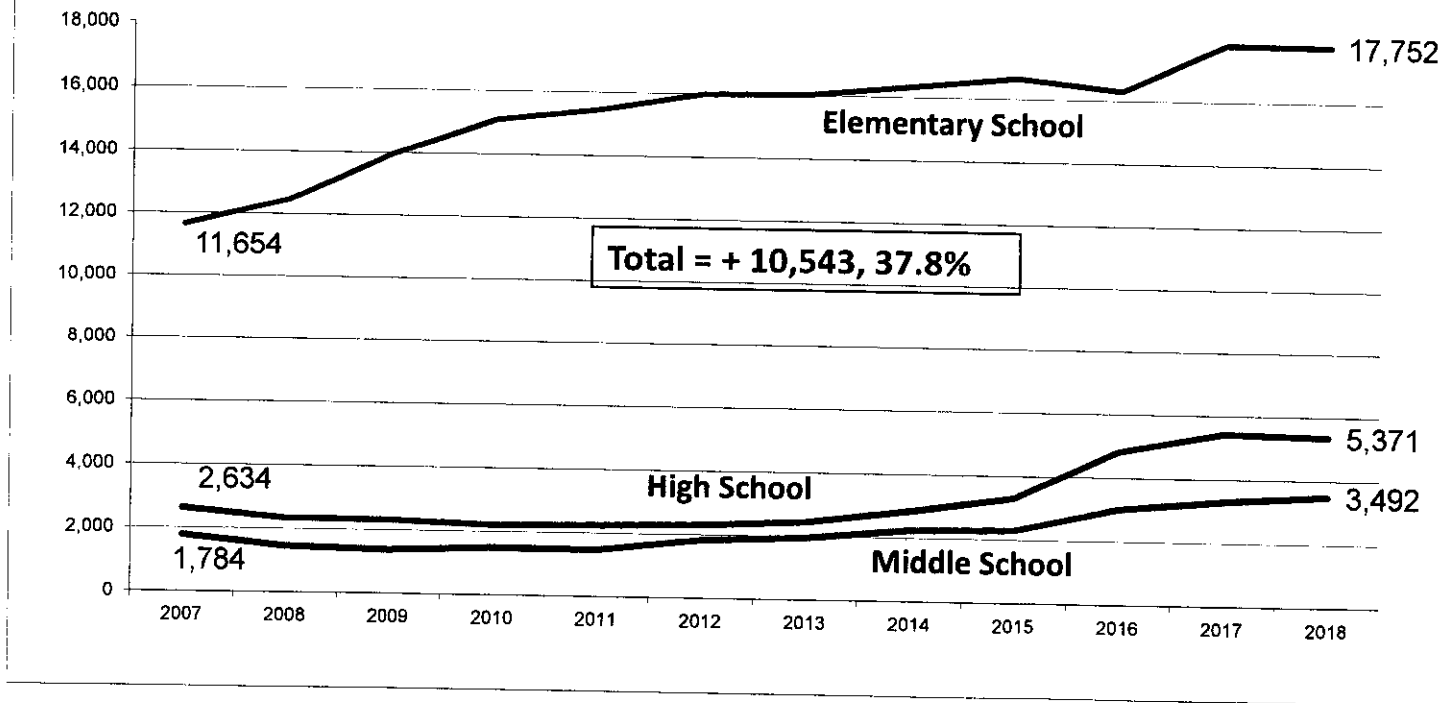
(L)

MCPS Free and Reduced-price Meals System (FARMS)

In 2018, 80.3% of FARMS Students Receive Free Meals



MCPS ESOL Enrollment Trends by School Level - 2007 to 2018



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MONTGOMERY COUNTY PUBLIC SCHOOLS

www.montgomeryschoolsmd.org

MARYLAND

March 6, 2019



Dear Parent Partners:

Thank you for your correspondence regarding student enrollment projections for Montgomery County Public Schools. Over two years ago, we embarked on a comprehensive review of our enrollment methodology in recognition of the significant changes that have taken place in the demographic, development, housing, and land use dynamics of Montgomery County. As we transition this and other elements of our educational facility planning to new approaches, we will continue to refine and adapt our processes in this changing context each year going forward. Our work will necessarily evolve over time, and we are still in the early stages of transitioning from our previous approaches to the new systems. As such, I would like to clarify a few key points as we move forward:

Because forecasting is the analysis of variables to make predictions for the future, we caution against passing judgement on the new approach after only one application and before we have the opportunity to review the initial outcome and make informed adjustments. Like all fields that involve forecasting, projecting school system enrollment involves synthesizing and analyzing information from multiple models to predict a future trend. The models themselves each impact the overall trend separately based on historical data and current context; therefore, forecasting requires subject matter expertise to analyze each model and bring forward a prediction grounded in professional judgement. Please know that our forecasting is not a subjective process of what feels right, as was suggested in your letter. Skilled and experienced forecasters regularly differ in their predictions based on their analyses, depending on the weighting they apply to various predictive models. We have seen this routinely over the course of this winter in our region, for example, when meteorological forecasters have analyzed the same multiple weather models and come to different conclusions about the amount of snow we will receive ahead of a winter storm. Ultimately, we know who was most accurate only after the snow arrives, not before. Similarly, we suggest that before anyone declares a “failure in confidence in MCPS projections” as you wrote in your letter, we should first see how the enrollment forecast actually plays out. We will make adjustments to the assumptions and approach in our methodology as needed, but only with the benefit of analysis and information to guide that decision, and based in part on our experience with this year’s projections.

Our new projection methodology has provided more transparent and visible information about enrollment projections than ever before, resulting in important and evolving discussions among stakeholders and government agencies. A primary feature of our new approach is that it more explicitly introduces multiple historical data streams into the analysis, and then brings the synthesis process forward more visibly. The weighting of the multiple models is a visual representation that clearly demonstrates where adjustments and decisions have been made, and depicts the rationale behind those decisions. You may not agree with all the decisions we have made, but we know in

Office of the Chief Operating Officer

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forecasting there is rarely a unified consensus around a singular prediction. While different analyses can lead to variations in the final predictions, our long-term goal for Montgomery County is to have a unified approach to school enrollment projections among the public agencies. To that end, our process in developing this projection model has included multiple presentations and discussions with parent and community leaders over the past two years, as well as collaborative meetings with staff from the Montgomery County Council and Montgomery County Planning Department (Planning Department.) It has resulted in a productive discussion about these factors and their interrelationship, which will continue to inform our efforts as we make adjustments going forward in developing this multi-agency approach.

Enrollment forecasting is an iterative process, so we will have ongoing opportunities to refine our work with every new forecast. The iterative nature of this process is critical, particularly during this transition to a new forecasting methodology. We have been clear from the beginning of this process that we expect adjustments to be made with future projection cycles and as information sources improve and conditions change. We are enthusiastic about working with our consultant, MGT Consulting, and our partner agencies to bring greater specificity to our assumptions and to further tailor the model to reflect more granular cluster and neighborhood dynamics. Our work to develop growth management plans for each cluster region of the county will provide a framework for connecting the analysis of the immediate growth trends with our analysis of the future trends and factors in each area. In addition, we continue to identify best practices elsewhere that we can leverage in Montgomery County. For example, MGT Consulting is currently engaged in a project in Anne Arundel County with both the county government and the school system to refine Anne Arundel's approach to housing student yield rate estimates. This project has generated an approach to estimating the time period for impact of housing in various stages of plan permit approval which we may want to apply in the future here in Montgomery County. Looking beyond Montgomery County to emerging practices in other dynamic planning environments will be important in future iterations of this work.

Even so, the assumptions in this first enrollment forecast, including the 1 percent annual housing growth rate, allow us to plan effectively and comprehensively for school facility needs in our county. The housing data and student generation rates (SGRs) for each type of housing all come from the Planning Department. When we conducted our analysis, the most complete data set we had was from 2016. Our model assumed an annual housing growth rate of 1 percent and applied the SGRs per type of household and per grade based on information from the Planning Department. Subsequently, the most recent 2014–2018 housing growth data from the Planning Department confirms that our assumption of a 1 percent annual housing growth rate in our enrollment forecast is well within the range of growth across the county and for most clusters—even those that we have been frequently discussing in light of concerns about development and school capacity. The Planning Department data has shown that the average growth rate in the county for this time period was 1.2 percent. The average growth rate for the Bethesda-Chevy Chase and Walter Johnson clusters was 1.1 percent each; Richard Montgomery was 1.3 percent; Quince Orchard was 1.0 percent; and Rockville was 0.5 percent. It is important to note that the impact of both housing starts and turnover are also reflected in other data within this methodology;

therefore, we are not relying on the 1 percent rate alone to bring that element of growth into the analysis. With the benefit of fresh disaggregated housing growth data for our entire county for our next round of forecasting, our enrollment forecast will be further updated and refined by region.

The Montgomery County Public Schools educational facilities master plan is well-designed to meet future school facility needs. Our primary mission and purpose in developing student enrollment projections is to plan for educational facilities, and to that end our educational facilities master plan is sound. At the high school level, we have approved projects to open two new high schools to relieve overcrowding in the southern and central parts of our county, and to expand three other high schools, two in the downcounty and one in the upcounty regions, to address overcrowding. The Capital Improvements Program (CIP) includes elementary school projects in nearly every region of the county, including: additions in the Downcounty and Northeast Consortia, and the Walter Johnson, Northwest, Quince Orchard, and Seneca Valley clusters; major capital projects in the Walter Johnson and Watkins Mill clusters and Northeast Consortium; and new schools in Clarksburg and Gaithersburg. In addition to the expanded elementary school capacity under construction now in the Walter Johnson Cluster at Ashburton and Luxmanor elementary schools, we are taking a comprehensive approach to address elementary school enrollment growth in the Bethesda-Chevy Chase and Walter Johnson clusters together. This analysis will inform facility recommendations in the next CIP.

Our capital planning decisions are not made on single point in time figures, but on trends and with an understanding of the order of magnitude of possible variation that lies within the figures. In addition, we are positioning our CIP to address aging infrastructure concerns on a more financially sustainable path for the long term, a significant departure from previous capital planning policy and a recognition of the funding constraints under which we operate. Limitations to the MCPS CIP are not related to a transition in enrollment forecasting, but instead are a result of our economic reality—we have more projects to work on than we have money to do. Your help in securing additional state aid for this important work will be critical in the years ahead.

Finally, we need to place this discussion in context: We transitioned to a new process for enrollment forecasting precisely because of concerns that our previous approach was not best suited for increasingly dynamic land use decisions in areas of the county facing inward development pressures. We know that the MCPS enrollment projections have generated questions for at least the last decade, extending back well before we thought of changing our approach to forecasting. Concerns over whether enrollment figures are understated or concerns about adjustments and “smoothing” have been expressed by communities for a number of years, particularly in highly dynamic areas of Montgomery County with development pressures. The traditional cohort-survival model we employed for enrollment forecasting served MCPS well for many years, in an era when the focus in Montgomery County was primarily on greenfield land development. As we transition to a new era of development in Montgomery County, we have recognized the need to update the approach we take with respect to enrollment forecasting. To do so successfully, we must continually look for ways to implement best practices in this industry; work with our colleagues and our community to bring the most up-to-date information available

March 6, 2019

to our forecasting; and implement an educational facilities plan that responds to the dynamic student enrollment environment that is Montgomery County. In this regard, we believe MCPS is well positioned and off to a strong start in the initial implementation of our new capital planning processes.

We appreciate the ongoing dialogue that we have had with you and other stakeholders over the past two years of this work. The engagement of our community in not only our capital planning efforts but in all aspects of public policy is a key aspect of our success as a county. We look forward to our continued work together on behalf of the students and families in Montgomery County Public Schools.

Sincerely,



Andrew M. Zuckerman, Ed.D.
Chief Operating Officer

AMZ:em

Copy to:

County Executive
Members of the County Council
Members of the Board of Education
Executive Staff
Ms. Webb
Mr. Anderson
Ms. Harris

February 21, 2019

Dr. Smith, President Evans and Members of the Board of Education:

Nearly four months after requesting a meeting with MGT to ask about the process they used to develop the CIP enrollment projections, we were granted a meeting on February 14th. We came away from that meeting more alarmed than ever about the accuracy of the projections and are extremely concerned that MCPS and County decisions are being made with inaccurate data.

Here's why we are so alarmed:

- The final projection for each school is a weighted average of four models. We learned that the weighting used in the final projections are not validated. Model validation would have consisted of 1) generating weights to optimize forecasts of historical enrollment, and then 2) applying those same weights to yield the final projections. Instead, MGT/MCPS applied new weights subjectively such that the final projection is a very loose extrapolation of the historical enrollment curves. For example, for one particular school, MGT explained that the resulting growth from two of the four models (average growth rate, linear regression) "looked too high," and therefore the weights for these models were decreased (manually). In other words, the projections have been arbitrarily manipulated to produce results that "look right," rather than results that potentially possess predictive value.
- Housing stock numbers used in the MGT forecasting models were drawn from 2016 data provided by the Planning Department. Therefore, it appears that known pipeline data for development projects approved in 2017 and 2018 has not been included in the CIP enrollment projections. In the Walter Johnson Cluster alone, this potentially results in hundreds of kids being excluded in the numbers (Pooks Hill high rises, WMAL homes and town homes, Grosvenor-Strathmore and others). This is true for the rest of the county as well, where potentially tens of thousands of students are being excluded from the CIP data.
- Housing stock estimates for years *after* 2016 were calculated by taking the 2016 numbers and uniformly adding 1 percent housing growth per year across the county. According to M-NCPPC, historical housing growth rates vary across clusters: from 0 percent to 4.2 percent (with an average of 1.2 percent). There is no justification for a uniform 1 percent housing growth rate, and MGT was not able to provide a rationale.

We know that much time and money has been invested in the CIP data. However, the decisions that get made with this data affect not only children in school today, but also 10 and 20+ years down the road. It is in the County's best interest that we make this data as accurate as possible. The Board's recently adopted proposal to examine the current MCPS school boundaries is entirely dependent on the availability of data that is accurate and which has public confidence. Unfortunately, MGT's current data fails that test. We recognize that no forecast is going to be 100% accurate, but we need to do the best that we can with the abundance of data that we have available, and this is not it.

Further, the enrollment projections made by MGT are already having a significant ripple effect throughout the County, and decisionmakers at all levels are basing public policy decisions upon these flawed numbers. The City of Rockville has recently exempted a large-scale development from its APFO due to concerns about the project being halted due to school capacity tests; one common theme heard in discussions with the City is that "nobody trusts MCPS numbers so why should the City be bound by them?" We assume that there will be pressure on the County Council to make similar decisions for similar reasons. Development

decisions must be based on accurate numbers. A failure of confidence in MCPS projections will lead County decisionmakers to simply reject or ignore these projections and to untether development from school capacity; Rockville has already done so and the County Council may very well follow their lead.

At the November 12, 2018 CIP hearings, many of us urged the Board of Education to direct the Division of Capital Planning to request that the Office of Functional Planning at M-NCPPC review and recalculate the MGT data in order to double check its work. We reiterate that call. We also ask that the Board insist that whatever model is used be validated rather than using weights that subjectively "feel right" to any particular individual, and that any adjustments to validated weights be made public and explained.

Moreover, the following should also be addressed:

- Known sector plans and approved development should be taken into account to generate cluster-specific housing growth rates rather than MGT's uniform 1 percent growth rate.
- It should be clear to stakeholders and community members what known (i.e. pipeline) development is accounted for in the forecasts.
- Historical data inputs to the forecast models should be spot-checked against enrollment figures to confirm accuracy.
- MGT does not specifically address enrollment increases attributed to turnover of existing housing. As this can be a significant and oft cited factor (e.g., Quince Orchard cluster), any effort to improve MCPS enrollment forecasting should attempt to address this issue.

In order for the public to have confidence in CIP decisions, including boundary assessments and changes, the public must have confidence in the data supporting those decisions. Therefore, we urge MCPS to immediately take steps to correct the work done by MGT. We also urge the Board to begin oversight proceedings in order to fully understand the scope of inaccuracies in the data developed by MGT.

Thank you in advance for your consideration of our request.

Sincerely,

James Bradley, Wendy Calhoun, Nermine Demopoulos, Walter Johnson Cluster Coordinators

Katya Marin, MCCPTA CIP Chair

Brian Krantz, Stratton Woods

Jennifer Young, Area VP for RM/Rockville/Wootton/Churchill/Poolesville Clusters

Cathy Stocker, Timothy Wolf, Bethesda-Chevy Chase Cluster Coordinators

Laura Stewart, Einstein Cluster Coordinator

Andrew Ross, Quince Orchard Cluster Coordinator

Monique Ashton, Rodney Peele, Mallika Sastry, Richard Montgomery Cluster Coordinators

Matthew Swibel, Richard Montgomery Cluster Coordinator-elect

Sunil Dasgupta, Rockville Cluster Coordinator

Amy Ackerberg-Hastings, Twinbrook ES MCCPTA Delegate

CC: County Executive Marc Elrich
Council President Nancy Navarro
Members of the County Council
Chairman Casey Anderson
Dr. Andrew Zuckerman
Ms. Essie McGuire
Ms. Lynne Harris



March 11, 2019



The Honorable Craig Rice, Chair
 Education and Culture Committee
 Montgomery County Council
 Stella B. Werner Council Office Building
 100 Maryland Avenue
 Rockville, Maryland 20850

Dear Councilmember Rice:

On February 11, 2019, the Education and Culture Committee held a work session to begin review of the *Board of Education's Requested Fiscal Year (FY) 2020 Capital Budget and Amendments to the FY 2019–2024 Capital Improvements Program (CIP)*. At that time, councilmembers asked that Montgomery County Public Schools (MCPS) submit a list of projects that could be delayed or removed to reflect the CIP recommendation submitted by Montgomery County Executive Marc Elrich for MCPS. The recommendation by the county executive reduced the Board of Education's request by a total of \$51.14 million over the six-year period as shown in the chart below:

County Executive's Recommended Reduction for MCPS

| Total Six Years | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|------------------------|------------------|-------------------|-------------------|------------------|------------------|----------------|
| -\$51.138M | -\$2.000M | -\$24.064M | -\$14.986M | -\$8.108M | -\$2.134M | \$.154M |

On February 13, 2019, the Board of Education received your letter as chair of the Education and Culture Committee requesting that MCPS provide a "Non-Recommended Reductions" scenario that would align with the county executive's recommended CIP for MCPS as shown above. While we understand that Montgomery County continues to recover from the fiscal constraints of the past several years, the county executive's recommendation will have a severe impact on our construction program that aims to address the overutilization at many of our schools, as well as address our aging infrastructure.

Since the 2009–2010 school year, student enrollment has increased by almost 21,000 students, an average of 2,100 students per year. As student enrollment growth continues, the focus of the growth is shifting from the elementary school level to the secondary level. We must be proactive and not fall behind in providing the programmatic spaces needed at our middle and high schools throughout the county. In addition, with each new CIP cycle, construction costs will increase, and therefore, any delay to our capital projects potentially will result in higher construction costs than reflected in the Board of Education's requested CIP.

Office of the Chief Operating Officer

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The *Board of Education's Requested FY 2020 Capital Budget and Amendments to the FY 2019–2024 Capital Improvements Program* includes nine amendments that increase the approved CIP—four school specific projects and five countywide systemic projects. One of the countywide projects included in the amendments, the School Security Project, approximately is \$28 million of the \$51.1 requested increase. This project will address technology upgrades to various existing security systems, as well as provide secure entrance vestibules and guided building access for schools that currently do not have these features. The safety of all students and staff is a top priority of our school system, and we must provide a safe learning environment for all who enter our buildings. Therefore, it was vital that this amendment not be considered as part of the non-recommended reductions.

The amendment to increase the Career and Technology Education (CTE) program during the revitalization/expansion project at Seneca Valley High School is essential to support the expanded program offerings for the CTE program, vital to our students' future success. Upon the release of the county executive's recommendation that did not include funding for the CTE program expansion at Seneca Valley High School, the Board of Education approved a supplemental appropriation and transfer of funds from three countywide systemic projects to secure the necessary funding for the additional programmatic spaces at Seneca Valley High School; therefore, this amendment will not be considered as part of the non-recommended reductions.

Delays to the projects included in the *Board of Education's Requested FY 2020 Capital Budget and Amendments to the FY 2019–2024 Capital Improvements Program* will be a great disappointment to our school communities. All of the capital projects are essential in order to provide quality educational facilities for all MCPS students. However, adhering to the Education and Culture Committee's request, the following is the list of non-recommended reductions to the *Board of Education's FY 2020 Capital Budget and Amendments to the FY 2019–2024 Capital Improvements Program*.

- Remove planning expenditures for the following new addition projects:
 - Highland View Elementary School Addition
 - Lake Seneca Elementary School Addition
 - Thurgood Marshall Elementary School Addition
- Remove construction funding for the following approved addition projects:
 - Ronald McNair Elementary School Addition
 - Parkland Middle School Addition
- Remove expenditures for the Blair G. Ewing Center Relocation project
- Remove \$5 million from the six-year CIP for the Major Capital Projects project
- Remove the \$2.6 million amendment for the Outdoor Play Space Maintenance Project

The non-recommended reductions listed above closely align, by fiscal year, with the county executive's recommendation for the MCPS CIP. The non-recommended reductions total \$51.32 million less than the Board of Education's requested CIP over the six-year period as shown in the chart below:

MCPS Non-Recommended Reduction

| Total Six Years | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|------------------------|----------------|-------------------|-------------------|------------------|------------------|------------------|
| -\$51.324M | \$0M | -\$20.912M | -\$13.449M | -\$7.738M | -\$7.775M | -\$1.450M |

The non-recommended reductions incorporate expenditure shifts in approved projects that do not impact the scope or completion dates of those projects. In addition, as previously discussed, the non-recommended reductions incorporate the Board of Education’s approved FY 2019 supplemental appropriation to transfer a total of \$7.5 million—\$2.5 million from the Planned Life-cycle Asset Replacement project, \$2.0 million from the Restroom Renovation project, and \$3.0 million from the Roof Replacement project—to the Current Revitalization/Expansion project to expand the CTE program at Seneca Valley High School.

We respectfully request that the County Council explore all possible alternatives that would maintain the funding levels included in the Board of Education’s requested CIP submission. The non-recommended reductions noted above are not in a priority order since it is unknown the amount of funding the County Council will make available for school construction. We are hopeful that the County Council will recognize our extensive needs and increase the county executive’s recommended capital funding for school construction projects. At that time, MCPS will work with County Council staff to adjust this non-recommended reduction to accurately reflect the County Council’s funding level.

If you have any questions, please contact me at 240-740-3050 or Ms. Adrienne L. Karamihas, director, Division of Capital Planning, at 240-314-4700.

Sincerely,



Andrew M. Zuckerman, Ed.D.
Chief Operating Officer

AMZ:ak

Copy to:

Members of the County Council
Members of the Board of Education
Dr. Smith

Ms. Karamihas
Mr. Song
Ms. Webb

MEMORANDUM

March 12, 2019

TO: Education and Culture (E&C) Committee

FROM: ^{GO} Glenn Orlin, Deputy Director

SUBJECT: Implications of the Amended FY19-24 Capital Improvements Program (CIP) for the Subdivision Staging Policy (SSP) Public School Adequacy Test

PURPOSE: Discussion

Each year the Council plays close attention to how MCPS project decisions will affect whether a cluster or individual school service area will go into moratorium for residential subdivision approvals.¹

Staff anticipated to attend the session include:

Dr. Andrew M. Zuckerman, Chief Operating Officer, Montgomery County Public Schools (MCPS)
Essie McGuire, Executive Director, Office of the Chief Operating Officer, MCPS
Adrienne Karamihas, Director, Div. of Capital Programming, Dept. of Facilities Management, MCPS
Jason Sartori, Functional Planning and Policy Section, Planning Department, M-NCPPC

The Subdivision Staging Policy (SSP) Public School Adequacy Test compares enrollment five years in advance—at each cluster and level (HS, MS, or ES), and at each school—against the programmed capacity at each cluster/level and school five school years hence. If the future enrollment exceeds the future capacity in a cluster by more than 20% at any level, then the cluster goes into a housing moratorium. If the future enrollment exceeds the future capacity in a MS service area by more than 20% *and* 180 students, then that MS service area goes into a housing moratorium. If the future enrollment exceeds the future capacity in an ES service area by more than 20% *and* 110 students, then that ES service area goes into a housing moratorium.

At the start of this decade the Council began the practice of programming generic “Solution” (i.e., placeholder) CIP projects in certain circumstances. The rationale is that while a cluster or school service area might have enrollment that exceeds the moratorium threshold, in many cases MCPS is concurrently conducting facility planning for a new school or addition that would provide enough capacity to avoid such a moratorium. In practice, the Council has approved Solution projects only when all the following conditions are met:

¹ Key words: #SubdivisionStagingPolicy, plus search terms school test, moratorium.

1. A cluster or school service area is projected to exceed the moratorium threshold;
2. There are potential housing development applications anticipated in the upcoming fiscal year;
3. MCPS is concurrently—or about to start—conducting facility planning for a new school or addition that would address the potential moratorium; and
4. The production schedule for the facility planning, design, and construction would have the project completed by the start of the school year five years hence.

The most recent application of the School Test was approved by the Planning Board on June 29, 2018. The Board placed in moratorium two clusters—Montgomery Blair and Northwood—and five ES service areas—Ashburton, Burnt Mills, Highland View,² Lake Seneca, and Stonegate. Some clusters and other school service areas were not placed into moratorium because Solution projects were justifiable and programmed.

MCPS and Planning staffs have projected the result of the FY20 School Test using MCPS's latest enrollment forecast, and assuming the Council will approve all the BOE's proposed capacity-adding projects that would be completed by the start of the 2024-25 school year (©1). The Planning staff has also identified the clusters and individual school service areas where housing developments are pending or in the short-term horizon (©2-3).

The threshold for a moratorium will be exceeded in the Blake Cluster at the ES level (124.3%). There are no clusters that would fail at the MS level. The threshold for a moratorium will be exceeded at the HS level in six clusters:

- Richard Montgomery (122.7%)
- Quince Orchard (125.8%)
- Northwood (138.7%)
- Walter Johnson (129.3%)
- Montgomery Blair (124.3%)
- Albert Einstein (130.1%)

Each of these clusters are addressed below.

Richard Montgomery and Quince Orchard Clusters. Last year the Council included in the FY19-24 CIP \$125,842,000 for a new high school on the Crown Farm in Gaithersburg. The BOE has not proposed amending the Crown HS project, so it is unchanged in the BOE's CIP request. MCPS staff has indicated that the new school could have a capacity as high as 2,700 students, and that it would relieve overcrowding at Richard Montgomery HS, Quince Orchard HS, Gaithersburg HS, Wootton HS, and Northwest HS. Although the project description form (PDF) does not indicate a completion date, the year-by-year spending in the CIP is consistent with a September 2024 opening. MCPS staff has also reported to Council staff that the new school would provide relief to at least 150 students at Quince Orchard and at least 120 students at Richard Montgomery. This would bring the Year 2024-25 enrollment forecasts for Quince Orchard down from 2,311 to no more than 2,161, and for Richard Montgomery from 2,722 down to 2,602; and the enrollment/capacity ratios would drop down to 117.6% and 117.3%, respectively. **Council staff recommends amending the Crown HS project to add the**

² The Highland View ES service area would have been in moratorium anyway, since it is in the Northwood Cluster.

following text, which would keep the Quince Orchard and Richard Montgomery Clusters from going into housing moratoria in FY20:

Based on the Board of Education's proposed yearly spending in this project, the Council anticipates that Crown HS will open in September 2024. The new school will relieve overcrowding by at least 150 students at Quince Orchard HS and by at least 120 students at Richard Montgomery HS.

Northwood, Einstein, Blair, and Walter Johnson Clusters. Last year the Council included in the FY19-24 CIP \$123,356,000 for an expansion of Northwood HS, bringing its capacity from 1,508 up to 2,700. The Council also included \$120,235,000 to expand the Woodward facility to a 2,700-seat high school. However, the year-by-year spending patterns in both projects did not suggest that they would be finished by September 2023.

Last year the Superintendent reported to the Committee that a large portion of the Woodward expansion would be opened earlier and that it would relieve overcrowding at Walter Johnson HS by at least 400 students, so the Walter Johnson Cluster did not go into a housing moratorium in FY19. Furthermore, the BOE continued to program a Solution project for Einstein HS, since an option on the table was to build an addition there, so the Einstein Cluster did not go into a housing moratorium in FY19. On the other hand, relief to the overcrowding at Northwood and Blair depends upon the completion of the Northwood expansion; since it was apparent that the expansion would not be completed by September 2023, both clusters are in housing moratoria in FY19.

A year later, the BOE is considering staging options for both the Northwood and Woodward projects. On February 25, MCPS staff presented a concept to the BOE that would complete enough of the Woodward expansion so that Northwood students can relocate there for two years while the work at Northwood proceeds. The interim expansion would be completed by September 2023 and it would be large enough to accommodate the projected Northwood enrollment. The completion of the full Woodward school and the new Northwood facility would not be completed until September 2025 (©4). Therefore, under this option:

- Although the Northwood students will not be in their final school by September 2024, they will be in a school with permanent capacity greater than their enrollment; the Council could direct that the Northwood Cluster come out of moratorium for FY20.
- Unless the BOE were to confirm that at least 300 Walter Johnson students could be reassigned to the interim Woodward facility, then the Walter Johnson Cluster will go into moratorium in FY20. It would likely come out of moratorium for FY21.
- Since the new Northwood facility would not be ready for occupancy until September 2025, then the Blair Cluster will remain in moratorium in FY20. It would likely come out of moratorium for FY21.
- MCPS is no longer planning on an addition to Einstein HS; instead, the additional capacity needed to serve Einstein's future enrollment will be met by either the Woodward or Northwood projects, or both. Therefore, there is no longer justification to retain the Einstein Cluster HS Solution project in the CIP, and the Einstein Cluster will go into moratorium in FY20. It, too, would likely come out of moratorium in FY21. **Council staff recommends deleting the Einstein Cluster HS Solution project from the CIP.**

The BOE has requested MCPS to evaluate other holding school options that would allow both the Northwood and Woodward projects to be completed sooner. MCPS is far along in its analysis and will be presenting its findings to the BOE on March 14. The BOE will likely make its decision soon. However, any other holding school option would result in substantial added cost for leasing and fitting out the new space.

Blake Cluster. The Blake Cluster is forecast to be in moratorium due to a shortage of elementary school capacity. The BOE is recommending initiating architectural design for rev/ex-type projects at two elementary schools in the cluster: Burnt Mills ES and Stonegate ES. Completion of either project would be enough to keep the cluster out of moratorium, if it were explicitly programmed.

These are two of nine projects that are candidates for funding in the near-\$120 million, Major Capital Projects PDF. MCPS staff has indicated that by next year explicit projects will be recommended as part of the BOE's FY21-26 CIP request. If the BOE were to separate out either Burnt Mills or Stonegate as a separate PDF then, and if architectural design will begin in the fall of 2019 as the BOE has requested, then either project could be completed by September 2024. As of now, Planning staff does not know of any housing developments on the horizon in the Blake Cluster. Therefore, the Blake Cluster will go into moratorium in FY20. Next year, if an addition at Burnt Mills ES or Stonegate ES is programmed in the FY21-26 CIP for completion no later than September 2025, then the Blake Cluster and either the Burnt Mills or Stonegate service area would likely come out of moratorium for FY21.

Individual school service areas. The Francis Scott Key MS (in the Springbrook HS Base Area) is the only MS service area projected to exceed the moratorium threshold. However, Planning staff sees no housing developments on the horizon there, so a Solution project is not necessary.

There are currently Solution projects for Bethesda ES, Somerset ES, and Judith A. Resnik ES. An ES capacity study for the B-CC and Walter Johnson Clusters is underway and is anticipated for completion this fall. The BOE will be in position to request funds in the FY21-26 CIP for additional capacity that would relieve both Bethesda ES and Somerset ES, the two schools serving the Bethesda CBD. Planning staff anticipates more housing development applications in the Bethesda ES service area. It does not know of pending pre-applications in the Somerset ES service area (covering the southern portion of the CBD), but southern Bethesda CBD is part of a "hot" market, and one can envision the possibility of one or more applications there presenting in FY20. **Therefore, Council staff recommends keeping both the Bethesda ES Solution and Somerset ES Solution PDFs in the CIP.** On the other hand, housing applications are not anticipated in the Resnik ES service area (Magruder Cluster). **Council staff recommends deleting the Resnik ES Solution project from the CIP.**

Burning Tree ES is projected to go into moratorium in FY20. There is a 16-unit development scheduled before the Planning Board; since the service area currently meets the School Test, the development can be approved if the Board acts by July 1. Because the BOE is not planning a feasibility study for an addition at Burning Tree, it is not eligible for a Solution project.

None of the other elementary schools that are projected to exceed the 120% standard have service areas where housing applications are anticipated. Thus, all these service areas will go or stay in moratorium in FY 20: Clopper Mill ES, Cloverly ES, Farmland ES, Highland View ES, Lake Seneca ES, Thurgood Marshall ES, Sargent Shriver ES, South Lake ES, and, as mentioned, Stonegate ES.

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Subdivision Staging Policy FY 2020 School Test PRELIMINARY Results Summary
Reflects Superintendent's Recommended FY 2020 Capital Budget and Amendments to the FY 2019-2024 Capital Improvements Program (CIP)
 Effective July 1, 2019

| School Test Description and Details | School Test Outcome | Elementary School Inadequate | Middle School Inadequate | High School Inadequate |
|---|--|---|-------------------------------------|---|
| CLUSTER TEST Inadequate if cluster is over 120% utilization, by level Test year 2024-25 | MORATORIUM Moratorium required in cluster service areas that are inadequate. | James Hubert Blake (124.8%) | | Montgomery Blair (124.3%) Richard Montgomery (122.7%) Northwood (138.7%) Quince Orchard (125.8%) |
| | OPEN CONDITIONALLY - A Placeholder projects prevent these cluster service areas from entering moratoria. <i>See notes.</i> | | | Albert Einstein (130.1%) ^a |
| | OPEN CONDITIONALLY - B Planned projects in other clusters and/or reassignments prevent these cluster service areas from entering moratoria. <i>See notes.</i> | | | Clarksburg (140.0%) ¹ Walter Johnson (129.3%) ² Northwest (130.4%) ¹ |
| INDIVIDUAL SCHOOL TEST Inadequate if school is over 120% utilization and at or above seat deficit thresholds Elementary: 110 seats Middle: 180 seats Test year 2024-25 | MORATORIUM Moratorium required in school service areas that are inadequate. | Burning Tree ES (-127, 133.6%) Burnt Mills ES (-277, 170.7%) Clopper Mill ES (-148, 131.5%) Cloverly ES (-143, 131.0%) Farmland ES (-183, 125.6%) Highland View ES (-114, 139.6%) Lake Seneca ES (-173, 141.7%) Thurgood Marshall ES (-179, 141.7%) William T. Page ES (-289, 174.7%) Sargent Shriver ES (-167, 124.8%) South Lake ES (-176, 125.1%) Stonegate ES (-161, 143.3%) | Francis Scott Key MS (-209, 121.8%) | |
| | OPEN CONDITIONALLY - A Placeholder projects prevent these school service areas from entering moratoria. <i>See notes.</i> | Bethesda ES (-171, 130.5%) ^b Judith A. Resnik ES (-154, 130.9%) ^c Somerset ES (-141, 127.4%) ^d | | |
| | OPEN CONDITIONALLY - B Planned projects in other schools and/or reassignments prevent these school service areas from entering moratoria. <i>See notes.</i> | Rachel Carson ES (-355, 151.4%) ³ Clarksburg ES (-321, 203.2%) ⁴ Forest Knolls ES (-246, 146.5%) ⁵ JoAnn Leleck ES (-282, 139.4%) ⁶ Strawberry Knoll ES (-247, 154.4%) ⁷ Summit Hall ES (-276, 163.4%) ⁷ | | |

FY2019 ANNUAL SCHOOL TEST NOTES

The test outcome for any school or cluster service area not identified on the results summary table is "open."

- ^a The Albert Einstein cluster is open conditionally due to an approved 14-classroom placeholder project at Albert Einstein HS.
- ^b The Bethesda ES service area is open conditionally due to an approved 6-classroom placeholder project.
- ^c The Judith A. Resnik ES service area is open conditionally due to an approved 4-classroom placeholder project.
- ^d The Somerset ES service area is open conditionally due to an approved 4-classroom placeholder project.

¹ The Clarksburg and Northwest cluster service areas are open conditionally due to an approved CIP project that will reassign students to Seneca Valley HS in September 2020.

² The Walter Johnson cluster service area is open conditionally due to an approved CIP project that will reassign students to a reopened Charles W. Woodward HS by September 2023.

³ The Rachel Carson ES service area is open conditionally due to an approved CIP project that will reassign students to DuFief ES in September 2022.

⁴ The Clarksburg ES service area is open conditionally due to an approved CIP project that will reassign students to Clarksburg ES #9 in September 2022.

⁵ The Forest Knolls ES service area is open conditionally due to approved CIP projects that will reassign students to Montgomery Knolls ES (K-2) and Pine Crest ES (3-5) in September 2020.

⁶ The JoAnn Leleck (at Broad Acres) ES service area is open conditionally due to an approved CIP project that will reassign students to Roscoe R. Nix ES and Cresthaven ES in September 2022.

⁷ The Rosemont ES, Strawberry Knoll ES and Summit Hall ES service areas are open conditionally due to an approved CIP project that will reassign students to Gaithersburg ES #8 in September 2022.

①

Schools identified as "inadequate" in the preliminary FY20 Annual School Test, with development potential:

Bethesda ES (B-CC Cluster)**

- Metro Tower (366 MF high-rise units, application not yet accepted)
- 4 Bethesda Metro Center (489 MF high-rise units, application not yet accepted)
- Bethesda Market (650,000 sf residential, sketch plan not yet accepted)
- Battery Lane District (1,685,000 sf residential, sketch plan not yet accepted)
- 7000 Wisconsin (195,000 sf residential, sketch plan not yet accepted)

Burning Tree ES (Whitman Cluster)

- Andrus Property (16 SF detached units, currently scheduled for PB review in April)

Clusters identified as "inadequate" in the preliminary FY20 Annual School Test, with development potential:

Albert Einstein Cluster**

- Metro Plaza - Silver Spring (prelim plan application accepted in 2014, no PB date scheduled, 552 MF high-rise units)

Walter Johnson Cluster

- Lauraner Knowles Estate (19 townhouses)
- Westfield Montgomery Mall (717 MF high-rise units)
- Strathmore Square (1,994 MF high-rise units)
- VOB Development (1,000 MF high-rise units)
- 6000 Executive Boulevard (365 MF high-rise units, preliminary plan application not yet accepted)
- White Flint Mall Redevelopment (NOT in queue, 2012 sketch plan approval for 2,875,285 sf MF high-rise)
- WILGUS (pending sketch plan for 1,025,789 sf single family detached)

Richard Montgomery Cluster

- 12500 Ardennes Avenue (sketch plan for 198,718 sf MF low-rise, preliminary plan not yet submitted)

Northwood Cluster*

- Roeder Road office conversion (100 MF high-rise units, to be tested at building permit)

Schools identified as "inadequate" in the preliminary FY20 Annual School Test, for which we are unaware of any substantive development applications (i.e. not de minimis and not age-restricted):

Burnt Mills ES* (Blake and Springbrook Clusters)
Clopper Mill ES (Northwest Cluster)
Cloverly ES (Paint Branch and Blake Clusters)
Farmland ES (Walter Johnson Cluster)
Highland View ES* (Northwood Cluster)
Lake Seneca ES* (Seneca Valley Cluster)

Thurgood Marshall ES (Quince Orchard Cluster)
William T. Page ES (Blake Cluster)
Judith A. Resnik ES** (Magruder Cluster)
Sargent Shriver ES (Wheaton Cluster)
Somerset ES** (B-CC Cluster)
South Lake ES (Watkins Mill Cluster)
Stonegate ES* (Blake Cluster)
Francis Scott Key MS (Springbrook and Blake Clusters)

Clusters identified as "inadequate" in the preliminary FY20 Annual School Test, for which we are unaware of any substantive development applications (i.e. not de minimis and not age-restricted):

Montgomery Blair Cluster*
James Hubert Blake Cluster
Quince Orchard Cluster

* Currently in moratorium (FY19).

** Currently open conditionally (FY19) due to placeholder funding.

Woodward as Holding Facility for Northwood HS

Proposed CIP solution

- Project Timeline

- Initial phase of Woodward HS to prepare for high school beginning in fall 2020
- ④ • Students relocate to Woodward the 2023–2024 school year
- Two year construction of Northwood HS facility
- Students return to Northwood HS September 2025
- Final site work activities continue at Northwood HS through summer 2026
- Woodward re-opens in September 2025 as a comprehensive high school

