



December 9, 2009

Dear Members of the Board of Education:

On behalf of the students and employees of Montgomery County Public Schools (MCPS), I am pleased to submit for your consideration my recommended Operating Budget for Fiscal Year 2011 (FY 2011). As it is every year, our primary focus is to submit a budget recommendation that balances the needs of our students and staff with our responsibility to be good stewards of public funds.

This budget recommendation was, once again, developed in partnership with the leadership of our employee associations and the Montgomery County Council of Parent-Teacher Associations (MCCPTA), who demonstrated their commitment to the students and families of MCPS. I continue to be impressed by the cooperative nature of our employee associations and MCCPTA. We do not always agree, but we all share a common goal—assuring that the 142,000 students of MCPS receive a world-class education that prepares them for success in college.

As we begin the budget process this year, it is important to remember that our budget is an investment in the future: By funding programs and services that prepare our students for success in college, we are creating an economic engine that will add billions of dollars to the economy in the near future. According to national data, a person with a bachelor's degree earns, on average, \$52,671 a year, essentially double what a high school graduate earns (\$26,933). That means that a college graduate, over a 30-year career, can expect to earn \$772,140 more than a high school graduate.

For the MCPS class of 2001, nearly half of our graduates—3,850 students—earned a college degree (nearly twice the national rate of 27.5 percent). So, MCPS' work preparing students to be successful in college will, by conservative estimates, inject an additional \$3 billion into the economy over the next 30 years. I think we can all agree that is an excellent return on our investment. The budget proposal before you enables us to keep that momentum.

For FY 2011, in accordance with state law, I am submitting a “maintenance of effort” budget. We are requesting funds that allow us to keep our current level of programs and services. This budget does not include any new or expanded initiatives. The only increase in the budget—about 1 percent—is to accommodate our continued growth.

As you are aware, MCPS experienced a 2 percent increase in enrollment this school year and has added about 4,000 students to our classrooms over the past two years. Additionally, the number of students in our system receiving Free and Reduced-price Meals (FARMS) and English for Speakers of Other Languages (ESOL) services continues to rise. Consider that in just one year, we have seen a 10 percent increase in the number of students on FARMS and that nearly one-third of our elementary school students receive the subsidized meals. We are simply asking for a budget that allows us to serve the needs of all our students.

Office of the Superintendent of Schools

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

It is important to note that this budget proposal is built from a foundation that has already required a tremendous amount of sacrifice. There is not a classroom or program in our school system that has been spared the impact of these budget reductions. Among the sacrifices made by our students and staff:

- Our 22,000 employees voted to forego their cost-of-living increases for FY 2010, providing this district and county ongoing savings of \$89 million.
- For the past three years we have enacted hiring freezes and expenditure restrictions that resulted in one-time savings of nearly \$50 million, but shifted more work and responsibility to our already busy staff.
- Over the last two years, we have cut a total of \$80 million from existing services, including the elimination of more than 120 central office positions.

We should be very proud of our students and staff. Despite these economic challenges, Montgomery County's students continue to make outstanding progress at all levels, in all areas. "Adequacy" may be the bar for state and federal efforts, but in Montgomery County, our sights are set much higher. The 7 Keys to College Readiness identify a rigorous pathway for our students that will prepare them to enter postsecondary institutions and earn a degree. Thanks to the hard work and dedication of our staff and the support of our parents and families, more of our students than ever are reaching these important milestones. The economy may have slowed down, but our staff and our students have kept moving forward. Highlights include:

- More than 45 percent of MCPS 2nd grade students are scoring at the 70th percentile or higher on the reading portion of the national TerraNova exam.
- About two-thirds of our 8th graders completed Algebra 1 or higher in 2009, up from 43 percent in 2001. Among our African American students, the percentage of 8th graders completing at least Algebra 1 more than doubled from 21.2 percent in 2006 to 46.6 percent in 2009.
- In 2009, we had our largest increase in seven years in the number of students taking rigorous Advanced Placement (AP) classes and scoring 3 or higher on the AP exams. That growth included record increases in the number of African American and Hispanic students who are successfully taking AP exams.

This type of improvement does not happen by chance. We have shown the nation and the world that when you have a clear, well-defined plan—such as *Our Call to Action: Pursuit of Excellence*—and you have excellent people to enact that plan, you get exceptional results. That is what we've done in Montgomery County and we cannot afford to back down now.

There are many school systems around the country that are making very difficult budget cuts. Some districts are laying people off, while others are enacting furloughs and salary cuts. There are some areas of the country where systems are shortening the school year by days or weeks simply as a way to save money. These actions may balance the books, but they do not serve the students.

In Montgomery County, we have managed our budget well and have taken necessary actions early on to save money and control costs. We have delivered excellent results for every dollar invested in our children. In order for us to preserve and improve upon the student achievement gains we have made, we must commit to maintaining the services and programs that have brought us to this point and support the staff that has made it happen.

The 1 percent requested increase in our budget—about \$25 million—represents the cost of our 2 percent enrollment increase and a 10 percent one-year jump in the number of students receiving FARMS.

In addition, the \$79.5 million that the Montgomery County Council included in our FY 2010 Operating Budget for debt service will be used in FY 2011 to cover inflationary increases for goods and services, including health care costs, the cost to pre-fund health care costs for retirees, and continuing salary costs for our employees.

However, we submit this budget recommendation against the backdrop of some very uncertain times.

As you are aware, our three unions are still negotiating their new contracts and the results of those negotiations could impact our budget.

Additionally, the economic downturn is hitting Montgomery County and the state of Maryland with its full impact this year. Revenue is down significantly at all levels, and both our county and our state are facing budget deficits, although, at this point in time, it's still unclear how large those deficits will be. Given these considerations, our budget recommendation does not anticipate any increase in state funding despite the rise in enrollment and our changing demographics.

We are optimistic that the County Council will ultimately fund a full maintenance of effort budget for MCPS in Fiscal Year 2011. Should the County Council ultimately fund a budget that is less than maintenance of effort, we face the potential of another state-mandated \$20-\$40 million fine, similar to the penalty we are facing this year.

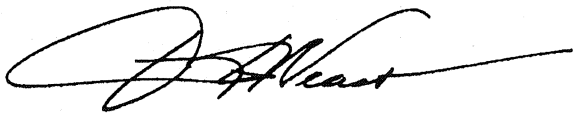
With so much uncertainty in the budget process, we must be prepared. To that end, we are including with this recommendation a list of areas that would be considered for potential reductions. As you will see by reviewing the list, these cuts would include an increase in class size; the elimination of more than 550 teaching, support and administrative positions; and cuts to some of our most crucial line items, including the Middle School Magnet Consortium, reading initiative teachers, staff development educators and paraeducators. I want to emphatically raise two points:

1. We all believe that these cuts would dramatically impact our ability to continue to serve our students at a high level and could harm the achievement gains we've made in recent years.
2. These are not set-in-stone recommendations. Should we be in the unfortunate position of having to make cuts, our budget team, our employee associations and MCCPTA will meet with me to recommend cuts to the Board.

However, we want to provide our parents, staff and students with an idea of what type of budget reductions could be coming down the road should we be funded at an amount less than maintenance of effort. It is crucial that the Board and the County Council hear their voices during the early stages of the budget process, not as we are rushing to the finish line in the spring.

As we continue through the budget process, I want to take this opportunity to thank the taxpayers of Montgomery County for their tremendous support over the last ten years. They, like you, know the truth: That the economic engine of Montgomery County's future lies in the hearts and minds of today's students. With the community's continued support, the future of Montgomery County will be bright and secure.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Weast", with a long horizontal flourish extending to the right.

Jerry D. Weast, Ed.D.
Superintendent of Schools