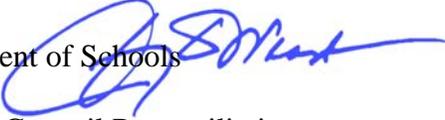


Office of the Superintendent of Schools  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

May 22, 2008

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools 

Subject: FY 2009 Operating Budget: Council Reconciliation

Earlier today the County Council made final decisions on the FY 2009 Operating Budget. The Council approved a total for Montgomery County Public Schools (MCPS) of \$2,066,683,294. This is an increase of \$81,665,675 (4.1 percent) over the current FY 2008 Operating Budget of \$1,985,017,619. The total tax-supported budget (excluding grants and enterprise funds) for FY 2009 is \$1,936,956,571, an increase of \$85,213,844 (4.6 percent) over the current FY 2008 operating budget of \$1,851,742,727. The County Council assumed MCPS would generate \$18.0 million of savings from FY 2008 to fund the FY 2009 Operating Budget. A copy of the draft Council resolution is attached.

The County Council's action approved 97.9 percent of the Board of Education's FY 2009 request. The approved request includes full funding of salaries and employee benefits based on the negotiated agreements with the employee organizations. Because the County Council did not provide funding for any requested improvement initiatives as part of the reconciliation list, any funding for initiatives approved by the Board of Education must be offset by alternative budget reductions.

The Council reduced the Board's tax-supported request by a total of \$41,265,854. Additionally, there are net reductions in grants and enterprise funds totaling \$3.3 million as a result of the loss of federal funding for budgeted grants. The total reductions include \$8.0 million in unspecified reductions made as part of the Council's final action that reduced total expenditures by \$20 million to balance an equivalent reduction in property tax revenue. The Council reductions include \$13,900,000 in additional contributions required for the Retiree Health Trust Fund. The Board's Operating Budget Request included \$16.1 million in additional contributions to the Retiree Health Trust Fund, but the Council reduced this amount as a result of adopting an eight-year schedule to fund the annual required contribution instead of five years. As a result, MCPS will make a total contribution to the Retiree Health Trust Fund of \$18.3 million in FY 2009, which is \$2.2 million more than the FY 2008 contribution.

The rest of the Council reduction (\$27,365,854) must be taken from the Board's Operating Budget Request according to state category as specified in the appropriation resolution approved by the Council today. Based on final Council action, I will recommend specific reductions in a resolution to be presented to the Board of Education for consideration at its June 10, 2008, meeting. I expect these reductions will be painful, but we will do everything we can to minimize

the impact on classrooms. As you know, the operating budget approved by the Board was a tight budget, with spending prioritized to reflect the Board of Education's academic priorities.

I believe that the reductions can be carefully apportioned to continue major reform initiatives and sustain progress in academic achievement for all students. We should remember that the Council has strongly supported our reform program and initiatives adopted in previous years totaling \$128.2 million. These remain in place and continue to benefit our students. My recommendations will include preservation of these improvements and the addition of \$5.4 million in new initiatives of the total of \$10.2 million requested by the Board of Education.

These initiatives include the following:

	<u>FTEs</u>	<u>Amount</u>
Middle School Magnet Consortium	9.00	\$831,135
Middle school reform (6 of the 10 schools will be full implementation and 4 will be partial)	15.60	2,066,757
Expansion of accelerated middle school courses	1.00	344,871
Hours-based staffing for middle school special education	17.75	923,102
SEPA program for ESOL students	2.60	163,711
IB at Kennedy and Seneca Valley high schools		79,310
Poolesville High School magnet program		120,960
Lunch hour aides	4.00	103,037
Three additional elementary focus schools	6.25	573,789
Positive Behavior Interventions and Supports (PBIS)		<u>173,862</u>
Total	<u>56.20</u>	<u>\$5,380,534</u>

These recommended initiatives are consistent with the resolution adopted by the Board of Education on April 28, 2008, indicating the Board's priorities for the funding of new initiatives, as follows:

Resolved, That the Board of Education supports continued funding for the Early Success Performance Plan and expansion of middle school reform initiatives, continuation of the Middle School Magnet Consortium, and expansion of hours-based staffing for special education in middle schools.

In order to fund these initiatives and meet reduction targets set by the Council, it will be necessary to make significant cuts in a variety of categories. In its action of April 28, 2008, the Board resolved that if reductions of the magnitude contemplated by the adopted spending affordability guidelines need to be implemented, "it will be necessary for the County Council to make non-recommended reductions harmful to students and schools, including a variety of positions..." The Council increased the MCPS budget by \$63.7 million above the spending affordability guideline, but it did not provide enough funding to avoid serious cuts. Although such reductions must occur, my recommendations will attempt to minimize the harm to schools and instead make additional cuts as much as possible in central office and other non-classroom positions.

A significant proportion of the reductions will come from central office and support functions, including a net reduction of 25.8 FTEs and \$5.1 million. The reductions will be accommodated by significant organizational changes to be presented to the Board of Education as part of its budget approval actions and by elimination of vacant positions. All employees whose jobs will be eliminated as part of the reorganization will be offered alternate positions. Other support changes include a reduction of approximately \$2.0 million in organizational development activities. This \$7.1 million reduction in central office and support activities exceeds the \$4 million reduction in this area recommended by the Education Committee of the County Council. The Board's Budget Request also included \$6.4 million in central services and support reductions and \$4.8 million in savings in employee benefits administration costs. The FY 2009 Operating Budget thus will include total reductions in central office and support services of \$18.3 million. I do not want in any way to diminish the contribution our central services staff has made and is making to our reform efforts, but at this time we must make the difficult choice to further reduce central office functions.

Recommended reductions also will include \$1.2 million related to the closure of the Mark Twain special education program as previously proposed and approved by the County Council Education Committee. It also will be necessary to defer \$4.8 million in proposed new initiatives in order to make it possible to fund the initiatives listed above. The reductions also include \$13.9 million in reduced contribution to the Retiree Health Trust Fund as described above.

Remaining reductions totaling approximately \$14.3 million must be made from other school-based resources. Total reductions will include approximately 156.0 positions, most of which are currently vacant, including teachers, elementary principal interns, assistant school administrators, media assistants, paraeducators, and building service workers. Other school-based reductions that will be necessary include cuts in professional part-time salaries, stipends, consultants, instructional materials, equipment, and related employee benefits.

The total number of positions in the FY 2009 Operating Budget will be about 66 positions less than the number of positions in the current FY 2008 budget if the actions I have outlined in this memorandum are approved by the Board of Education. Of this net reduction of 66 positions, 54 will be eliminated from central services and 12 positions will come from school-based operations. The Board's FY 2009 Operating Budget requested an additional 181.6 positions, including 105.2 positions for budget initiatives. As a result of the Council's actions and the plan that I have outlined above, the total number of positions in the budget for next year will be reduced by about 248.

Although the net reduction of 12 school-based positions appears to be an insignificant decrease, as outlined above an additional 56.2 positions will be needed for the budget initiatives I am recommending for next year. In addition, as a result of enrollment increases in special education and ESOL, 69.6 additional positions will be required for these programs. Enrollment increases of 540 regular education students will have to be absorbed as they were this year when we managed the increase of more than 1,000 students above the enrollment projections in Kindergarten through Grade 12 regular education programs without any additional funds from the County Council and without significant increases in the number of oversized classes.

We will have to realign resources to address the increases for initiatives and special education and ESOL enrollment, and the net loss of 12 school-based positions. I will be making recommendations for your consideration on June 10, 2008, of how resources should be realigned to meet these important needs. School-based and central office employees will have to increase productivity to ensure this loss of positions does not impact the gains we have made in student outcomes through the Board's strategic initiatives over the past few years. For example, more teachers who have had release periods this year or who have been fully released from teaching will be required to teach one or two more classes. We also will have to move teachers from classes and schools where class sizes are small to those with oversized classes in August and September, still maintaining classes within the class size guidelines. We have done this in the past, but not to the extent we will need to do it next year. This year, we have done an outstanding job of managing our resources with an enrollment of more than 1,000 students greater than projected in regular education classes and still maintaining our class sizes.

Next year, we will have to do an even better job of managing our resources so that the changes in class size are minimal. I am confident that our staff will be able to accomplish this and limit the impact on our students and our strategic initiatives.

I intend to make specific recommendations to the Board of Education regarding these reductions at the meeting scheduled for June 10, 2008. If you have any questions, please call Mr. Larry A. Bowers, chief operating officer, at 301-279-3626 or Dr. Marshall C. Spatz, director, Department of Management, Budget, and Planning, at 301-279-3547.

JDW:jp

Attachment

Copy to:  
Executive Staff