

Superintendent's Operating Budget Recommendation for Fiscal Year 2013

SUMMARY POINTS

OVERVIEW

Superintendent of Schools Joshua P. Starr is recommending a \$2.128 billion Operating Budget for Fiscal Year 2013, a 2 percent increase (\$41.4 million) over the current budget. This is the smallest requested increase in the past 12 years. A majority of the \$41.4 million increase comes in four main areas:

- Growth in enrollment of 1.7 percent: \$14.1 million
- Increased employee benefit and insurance costs: \$15.1 million
- Inflation, materials, and other expenses: \$9.9 million
- Employee salaries and compensation: \$8.6 million
 - This money is being set aside as the district continues to negotiate with its three employee associations.

Only about \$23 million of the requested increase would come from local funding. This is an increase of 1.7 percent, which matches the expected growth in enrollment. The remainder of the increased funds will come from additional state education aid MCPS is projected to receive.

Dr. Starr is also planning \$8.1 million in budget efficiencies and reductions, including:

- \$5.2 million reduction in Central Services, including the elimination of nearly 18 positions from central administration.
- \$2.9 million reduction in School-Based Support and Services, including the elimination of 5.6 positions in transportation.
- Dr. Starr is not proposing any reduction to school-based staff.

The economic difficulties of our region and our country have had a profound impact on MCPS, its staff, and students. Since FY 2009, MCPS has reduced its budget by more than \$430 million, requiring some very difficult decisions:

- Class sizes have increased about one student per classroom, on average.
- Employees have agreed to forego cost-of-living increases for three consecutive years and step increases for the past two years, saving \$144 million.
- More than 1,300 positions have been eliminated, mostly teachers and school support staff. This is more than two-thirds of the 1,800 positions added for new programs since FY 2001.
- Mid-year savings of about \$73 million have been realized through hiring freezes and expenditure restrictions.
- The central services budget has been reduced by more than 20 percent.

At the same time, MCPS has been experiencing tremendous enrollment growth.

- MCPS has added 9,000 students since 2007 and expects to add another 9,000 by 2017.
- Much of this enrollment growth is taking place in our elementary schools, meaning these students will be a part of MCPS for the long term.
- Many of these students are coming to MCPS with increased needs, such as Free and Reduced-price Meals (FARMS) and English for Speakers of Other Languages (ESOL) services.
 - The percent of ESOL students in MCPS systemwide is 13.1 percent, but increases to 22.5 percent in elementary grades.
 - There are now 47,365 students who qualify for FARMS, the highest number in MCPS history. This is more than the entire student population of D.C. Public Schools.

MAINTENANCE OF EFFORT

Dr. Starr's recommended budget meets the state's maintenance of effort—or MOE—provision, which requires the county to fund education at the same per pupil rate from one year to the next.

The county has not met MOE for three consecutive years and the County Council's actions in FY 2012 reset MOE at a level that is \$1,490 per student lower than it was in FY 2009. Dr. Starr understands the economic conditions the county was facing, but these types of reductions cannot continue.

Because the county did not seek a waiver from MOE for this fiscal year, the state is expected to withhold \$26 million in funds as a penalty. Dr. Starr did not include this amount in his recommendation and expects that the County Council will restore this money to the MCPS budget.

RECOGNIZING OUR EMPLOYEES

The employees of MCPS have been partners in helping the county through these difficult economic times and allowing the school district to continue serving its students. MCPS employees voted to give up their cost of living increases for the past three years and steps and longevity increases for the past two years. This has saved the county \$144 million.

At the same time, MCPS students have continued to get outstanding results. For instance, the Class of 2011 had an average SAT score of 1637 and half of the graduates received a college-ready score on at least one AP exam. Last year's graduates also earned more than \$264 million in college scholarships, and 89 seniors were named National Merit Scholars.

The excellence and partnership of MCPS employees must be recognized. To that end, Dr. Starr has included in his budget money for step and longevity increases, as well as money that is set aside for employee compensation while the district negotiates with its employees.

- This only equals \$8 million in new money in Dr. Starr's budget recommendation.

FOCUSING RESOURCES

Over the past five months, Dr. Starr has received a tremendous amount of feedback from students, staff and community members, as well as outside academic experts. He has also discussed budget priorities with the Board of Education. Based on that feedback, as well as Dr. Starr's visits to many schools and offices, he is recommending that MCPS attend to three areas of focus in the coming year and beyond:

- Improving and aligning Professional Development for all employees.
- Academic interventions that provide support for struggling students quickly and comprehensively.
- Building an infrastructure for increased community engagement.

Dr. Starr will not be seeking additional funds in these areas, believing the district must first make sure it is maximizing the resources it has.

INVOLVEMENT

The Board of Education will hold public hearings on the FY 2013 Operating budget on January 11 and 18. For more information, go to <http://www.montgomeryschoolsmd.org/departments/budget/>.