MCPS
MONTGOMERY COUNTY PUBLIC SCHOOLS
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MARYLAND

Malcolm Baldrige National Quality Award
2010 Award Recipient

December 7, 2011

Dear Members of the Board of Education:

I am pleased to submit for your consideration my Recommended Fiscal Year (FY) 2013 Operating Budget for Montgomery County Public Schools (MCPS).

This is the first operating budget recommendation I have submitted since I proudly began my tenure as superintendent of schools on July 1, 2011. It was important as I developed this recommendation that I was able to take an objective look at the landscape of MCPS, including its programs, structure, and operations. It was equally important that I heard from the many stakeholders in our school system—our staff, our students, and our community. And, as you know, the Board of Education shared its budget interests with me earlier this fall.

This budget recommendation is the culmination of tremendous external and internal input, and I believe it reflects the priorities of our community while balancing the economic realities we are facing.

I am recommending a $2.128 billion budget for FY 2013. This represents a $41.4 million—or 2 percent—increase over this fiscal year and will allow us to keep pace with projected enrollment growth of 2,250 students. Our current enrollment of 146,497 students reflects dramatic growth in our district at a time when the economic downturn has required austerity. It is important to point out that this is the smallest percentage increase requested over the past 12 years.

Since 2007, we have added approximately 9,000 students—more than the enrollment of the entire Walter Johnson Cluster—and the district is projected to add another 9,000 students by 2017. Much of this growth has occurred in our elementary schools, meaning these are students who will be a part of our system for many years to come. These students are coming to MCPS requiring more services, such as Free and Reduced-price Meals (FARMS) subsidies and English for Speakers of Other Languages (ESOL) services. For instance, approximately 13.1 percent of our students require ESOL services systemwide, but in the elementary schools that rate increases to 22.5 percent and has increased more than six percentage points in five years. At the same time, since 2007, the number of students eligible for FARMS subsidies has increased by 11,785 children systemwide, much of this growth again occurring in elementary schools.

Yet, in this time of dramatic growth and change, our operating budget has been stagnant, and since FY 2010, our funding has dropped nearly $1,000 per student. This cannot continue if MCPS is going to maintain its well-earned reputation as one of the best school districts in the nation. As a community, we must maintain, and even increase, our commitment to education. As a school district, we must commit to focusing our priorities and maximizing our resources around what matters most—improving teaching and learning.

Office of the Superintendent of Schools

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Developing the Budget Recommendation

Developing this budget recommendation began even before my first day as superintendent of schools. In June, I asked a Transition Team of outside experts and district staff to review the three major components of MCPS—teaching and learning, operations, and culture/context. The Transition Team's mission was to provide me with a solid understanding of the district's strengths and current and future challenges, as well as recommendations of areas for deeper review. On September 19, 2011, the team released its report, which provided an overview of the three components and made recommendations in five broad areas:

- Differentiation within and among schools, classrooms, and students
- Communications and relationships with stakeholders
- Implementation of vision, mission, and policies in practice
- Design and delivery of professional development initiatives
- Issues of race and equity

After the school year began on August 29, I initiated an entry plan that provided several opportunities for me to hear from and speak with our parents, students, staff, and community members. During 17 "Listen and Learn" sessions with the community and employees, two student town halls, more than 50 school visits, and numerous individual and group meetings, I received honest feedback from thousands of stakeholders in MCPS. The comments, questions, and concerns raised were as diverse as our community.

In September, the Board of Education worked with me to identify its budget interests for FY 2013. I feel it is important that a superintendent develop recommendations with an understanding of what the Board values. Areas of agreement are clear to see and areas of disagreement may be respectfully discussed. The Board also held two Community Conversation events in October in which staff and community members shared their budgetary and programmatic priorities for the coming year.

The objectivity of the Transition Team and the input of all stakeholders, combined with an understanding of the Board's budget interests, were invaluable in helping our Budget Review Team develop this recommendation.

As has now become a standard practice at MCPS, this budget recommendation was developed in partnership with our employee associations—The Montgomery County Education Association (MCEA), the Montgomery County Association of Administrators and Principals (MCAAP), and the Supporting Services International Union (SEIU) Local 500—as well as the Montgomery County Council of Parent Teacher Associations (MCCPTA). This collaborative working environment is a large part of what makes MCPS a great school system and is why this district has continued to thrive even in difficult economic times. I commend and sincerely thank MCEA, MCAAP, SEIU, and MCCPTA for their partnership, their honesty, and their unwavering commitment to our students.

Maintaining Commitments

The economic downturn that has hit our region and our country has had a dramatic impact on MCPS, its employees, and students. Over the past four years, we have saved more than $430 million in our operating budget through programmatic cuts, mid-year savings through hiring freezes and expenditure restrictions.. In order to meet these fiscal realities during a time of significant enrollment growth, a number of difficult decisions had to be made by the Board and my predecessor, Dr. Jerry D. Weast:

- Class sizes have increased an average of about one student per classroom;
- 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 districtwide, mostly teachers and staff who directly supported instruction;
- Our central services budget has been reduced by more than 20 percent.

These types of reductions cannot continue if MCPS is going to keep up with its growing enrollment and the increased needs of our students. However, I am mindful that the economy—while showing some signs of improvement—is still stagnant. Therefore, my budget recommendation simply meets the state's Maintenance of Effort (MOE) provision, which requires the county to fund education at the same per-pupil level in FY 2013 as it did the current fiscal year. However, I cannot stress strongly enough the importance of meeting MOE.

As you are aware, Montgomery County has not met MOE for the past three years and this past year, their actions have "rebased" maintenance of effort at a level that is $1,490 per student lower than it was just four years ago. Of additional concern, the county did not seek a waiver from the MOE provision this year and, as a result, the state is expected to withhold $26 million in FY 2013 funding as a penalty. It is our expectation that this money will be restored to our budget by the county.

Despite the difficult economy and dramatic budget reductions, MCPS students have continued to achieve at extremely high levels. For example:

- Half of MCPS graduates from the Class of 2011 earned a 3 or higher on at least one Advanced Placement (AP) exam, far exceeding the performance of the state and the nation.
- The Class of 2011 also scored an average of 1637 on the SAT, which is 145 points higher than graduates from the state of Maryland and 137 points higher than graduates nationwide.
- Ninety-two percent of MCPS kindergarten students are reading at grade level (text level 4) and more than three-quarters are reading well above grade level (text level 6). Since 2006, the percentage of students reading at text level 6 or higher has increased 20 percentage points.

These results, under difficult economic circumstances, could not have been accomplished without the dedication and hard work of our staff. They have not allowed diminishing resources to serve as an excuse or an obstacle and, in fact, have made difficult personal sacrifices to help us maintain our level of service to our students. It is time we acknowledge their efforts and partnership. To that end, funds for step and longevity increases for eligible employees are included in this budget recommendation. Additionally, $8 million has been set aside as we continue collective bargaining with our employee associations.

Focusing Resources

While we must ask our community to maintain its commitment to education, we must also be committed to making sure our resources are being spent efficiently and effectively.

While MCPS has certainly had many successes, based on my own observations and the input of many stakeholders, there is broad concern that the district is not adequately focused. To sustain our success in a time of growth and change, we must use our resources to support the strategies and programs that have the greatest impact on student learning. It is my belief that we must invest our time, energy, and resources in three specific areas—professional development, interventions, and community engagement.

As part of the budgeting process, I am initiating some structural changes and requesting funding in some of these areas. These changes will have a minimal impact on the budget but, hopefully over time, will have a significant impact on how we serve our students.

We will reorient our central services personnel and resources to build a well-aligned structure that directly supports principals and their schools. The details of this reorientation are being mapped out and any changes will take effect on July 1, 2012.

Additionally, I am seeking $170,000 for 3.4 positions to expand hours-based staffing in three of our middle schools. Currently 31 of our 38 schools use hours-based staffing and this is the first step toward bringing the remaining seven schools into this effective method of planning for and delivering special education

services. I am also requesting $100,000 as seed money to expand the Advancement Via Individual Determination (AVID) Program in up to five of our middle schools. The AVID college readiness system provides a system of interventions, teacher training, and strategies that will help students stay focused on and prepare for postsecondary education.

This budget represents a first step in the process of taking an already great school system and making it even better. I look forward to collaborating with our staff, our community, and the Board on this important work in the coming months.

Sincerely,

Joshua P. Starr, Ed.D.
Superintendent of Schools