

BASIC BUDGET INFORMATION FOR PTA'S AND PARENTS

MCPS is a county-wide school district; this is unlike the situation in many other States where each town or village has its own school system. The MCPS budget is divided into Operating and Capital budgets. The Capital Budget (sometimes referred to as "CIP") covers the buildings, grounds and facilities; this is for construction, renewal and rehabilitation of schools. The Operating Budget covers day-to-day operations. Close to 90% of the Operating Budget goes to salaries and benefits for staff, since all capital expenditures are paid out of the Capital Budget, and the product/service provided by MCPS is labor intensive: teaching students, and providing support services associated with teaching, including feeding and transporting students, protecting the health and safety of students and overseeing those services. Salaries and benefits are determined by collective bargaining and other negotiations between MCPS and employee unions and associations.

MCPS is primarily funded out of the County budget which is also divided into Operating and Capital budgets. The County derives revenue from a number of sources: 30%--property taxes, 27%--income taxes, 19%--other local taxes and fees, and 18%--State and Federal governments, 6% -other. The County is the source of about 80% of the MCPS Operating Budget; other sources are approximately: State aid and grants-14%, Federal grants-3%, other-3%. Historically, spending on MCPS has been about 48% of the County Operating Budget. (Education and public safety have long been overwhelmingly the responsibility of local governments).

Growth in the MCPS budget is constrained by the County Charter's Spending Affordability Guidelines which limit annual percentage increases in the County's Operating Budgets. To exceed the SAG level of funding (now) requires a unanimous vote of the County Council. On the other hand, Montgomery County is required by the State to fund schools at "maintenance of effort" level, but that is merely fixed dollars per student. It does not account for relatively higher growth in populations of higher cost per pupil students, unfunded State and Federal mandates and increased expenditures connected with implementation of new technology, new curriculums and teacher training. Nor does it account for effects of increases in salaries and benefits. MCPS has been one of the fastest growing school systems in the Country over the last two decades. We also have a far more diverse school population than in the past; and this has led to substantial increases in costs. Our County now has the State's highest percentage of students for whom English is a second language; and the percentage of students receiving free meals and reduced cost meals is much higher than it once was. Also, important programs such as those dealing with special needs students, gifted and talented students and additional attention for students and student populations who are in jeopardy of not passing the HSAs or not meeting No Child Left Behind annual yearly progress have comparatively high per pupil costs. And, as more is demanded of our teachers, and as other districts have aggressively recruited new teachers, teacher compensation has increased. There are also substantially increased costs just from maintenance and logistical problems associated with putting so many students into buildings that are 20-40 years old. As with all enterprises, health benefits costs and fuel costs have increased dramatically. All of this has contributed to substantial growth in the Operating Budget.

The Budget process typically is as follows: the Superintendent offers a proposal in the Fall, the Board of Education hears testimony from the public in January and votes on a proposed

budget in March, the County Executive submits an overall Operating Budget request in March, the County Council holds hearings in April and adopts a final budget in May. Our Cluster and MCCPTA testify before the Board of Education and County Council.