

Committee Report, September 2006

Operating Budget Committee: Steve Crowley, Chair, stevecrowley@att.net

The Operating Budget Committee presently has four members. We are in the process of distilling the responses to the spring questionnaire and the summer meetings to collate the priorities of those respondents. We hope to have this finished in time for the 1st delegates' assembly.

On 8/17/06, Pam Moomau and Steve Crowley met with Dr. Marshall Spatz, MCPS Budget Director, for a briefing on this year's process and the factors that will affect this year's budget and future budgets.

A) Budget issues:

1. Every department has been asked to submit a budget 2 1/2 % lower than last year. While not every department will be able to achieve this, any money freed up can be used for other programs.
2. MCPS uses a zero based budgeting approach, which means that all expenses must be justified; you start every year at zero and build up what you need.
3. Enrollment growth is now projected to be a negative 1200 or so (less students). ESOL and Special Ed continue to grow, while "regular" students decline. Final counts are made on Sept. 30. This will lower County payments made on a per pupil basis (maintenance of effort requires same \$ per pupil) but ESOL and Spec Ed are higher cost students.
4. Only one new school will open in 9/07 (Arcola ES) compared to 5 in 9/06. Therefore there will not be the same jump due to new schools as last year.
5. Compensation will be a big issue for several reasons. a) All three unions are due to have their contracts renegotiated. b) The new pension system will increase the cost to teachers (from 2.1% to 5.5% over 3 years) and they can be expected to ask for some of that back as additional COLA adjustments. A 1% increase is around \$14 million. c) Health care costs continue to grow at 10% - 11%. d) MCPS pension increase is \$5 million. e) GASB (Government Accounting Standards Board) has required that future health care benefits for retirees be funded. This will take \$15 million this year, \$30 million next year, \$45 million after that and increasing until totally funded.

Expect \$110 to \$130 million increase in personnel costs for all of these reasons.

B) Other points of discussion:

1. Dr. Spatz offered his opinion that MCCPTA should align our Budget Compact with the 5 points of MCPS's strategic plan. He believes that by aligning with the MCPS plan, it will become easier to push for reforms in those areas.
2. A new financial system will go live on 7/1/07. This new system will allow a much more detailed look at the budget. How much we will be able to see has not yet been determined, but MCPS will be able to drill down to the school level.
3. Dr. Spatz believes in planning ahead, i.e. start asking now for things we want to have in the future (2-3 years) as the budget process is very hard to alter once drafts have started to be circulated. According to him, this means that MCPS does listen, but needs time to make sure that's what the community wants and needs time to implement. Therefore, be consistent in asking for programs and plan ahead by several budget cycles.
4. A lot of the budget documentation is now on-line in pdf format including the schedules, schools at a glance.