

To assist the State Board of Education with its expedited review of the Maintenance of Effort (MOE) waiver requests, the Board is asking each county applicant to provide responses (electronically) to each of the following by 5:00 p.m., Thursday, April 23, 2009.

1. Identify the document(s) and page number(s) in the County’s waiver request materials that show the cuts or reductions the County has made in county funded public programs, other than to the Board of Education.

**On page 3 of the waiver request, second full paragraph an overview of the budgetary reductions made to Montgomery County Government and the other local agencies<sup>1</sup> is provided. Reductions to agencies, other than the Board of Education between FY09 and FY10, include reductions for the general wage adjustment and Retiree Health Benefit prefunding total \$145.7 million. Since the transmittal of Montgomery County’s original waiver request on March 31, 2009, the County Executive has proposed additional spending reductions totaling \$25.3 million from Retiree Health Benefit pre-funding (to offset State Aid reductions), of which \$19.0 million is from local agencies other than the Board of Education.**

**On Page 3 of the attachment (listed on page 6 of the waiver request) entitled “County Council Approval of the FY09 Savings Plan” detail is provided on nearly \$30 million in budgetary reductions approved for agencies other than the local Board of Education.**

**Within the County Executive’s Recommended FY10 Recommended Budget, which was provided as an attachment to the waiver request, all budgetary reductions for all agencies and departments are detailed within the relevant sections.**

2. If applicable, identify the document(s) and page number(s) in the County’s waiver request materials that contain any comparison analysis of the proportion of cuts to county funded programs and to the proposed cut to the Board of Education.

**Below is a summary of the proportion of cuts taken by the Montgomery County Board of Education relative to other locally funded agencies.**

<b>Local Agency</b>	<b>FY09</b>	<b>FY10</b>	<b>Total</b>	<b>% of Savings</b>	<b>% of Total Budget*</b>
Montgomery County Government	\$22,462,990	\$126,052,821	\$148,515,811	45.0%	39.6%
Montgomery County Public Schools	\$17,235,000	\$147,912,435	\$165,147,435	50.1%	51.0%
Montgomery College	\$6,625,091	\$2,424,000	\$9,049,091	2.7%	6.4%
Maryland National Capital Park/Planning Comm.	\$2,479,340	\$4,674,600	\$7,153,940	2.2%	3.0%
<b>Total</b>	<b>\$48,802,421</b>	<b>\$281,063,856</b>	<b>\$329,866,277</b>	<b>100.0%</b>	

Note: Includes all FY09 and FY10 savings from program reductions, position abolishments, elimination of general wage adjustments, and deferral of Retire Health Benefit pre-funding

Percentage Share of Budget is based on FY10 Executive's Recommended Operating Budget excluding debt service

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<sup>1</sup> Montgomery County has four local agencies that are locally funded including Montgomery County Government, Montgomery County Public Schools, Maryland National Park and Planning Commission, and Montgomery College.

3. Identify the document(s) and page number(s) in the County's waiver request materials showing that the County has furloughed any county employees in FY 09.

**The County has not furloughed any employees in FY09.**

4. Identify the document(s) and page number(s) in the County's waiver request materials showing that the County has laid off any county employees in FY 09.

**As part of the FY09 Approved Operating Budget, Montgomery County Government abolished approximately 225 positions. As part of the FY09 Savings Plan approved by the County Council, the County Government abolished an additional 16 positions. The County Government's goal with the abolishment of all filled positions is to find appropriate alternative employment in an existing vacant position. We were successful in meeting that goal and were able to accommodate all adversely affected employees.**

5. Identify the document(s) and page number(s) in the County's waiver request materials that shows the County has reduced or eliminated salary or benefit raises for county employees.

**On Page 3 of the waiver request, second full paragraph, it is indicated that the County Executive's recommended budget included the elimination of all general wage adjustments (GWA) for all employees in all County agencies. This approach to compensation is reinforced on the last paragraph of page 8-1 of the County Executive's FY10 Recommended Budget which is included as an attachment to Montgomery County's waiver request. With the exception of the International Association of Firefighters (IAFF), Local 1664, agreements have been reached with all Montgomery County employee representative organizations that are consistent with this approach. Relative to the IAFF, the County Executive's decision to not fund that organization's GWA was upheld by in a written decision by the County's Labor Relations Administrator, Andrew M. Strongin, on March 28, 2009**

6. Identify the document(s) and page number(s) in the County's waiver request materials showing the amount of the County's "rainy day" funds.

**On page 5-20 of the County Executive's FY10 Recommended budget, row 22, the balance in the County's Revenue Stabilization Fund or "rainy day fund" is \$119.6 million. The County is permitted to use these funds only "...to support appropriations which have become unfunded."<sup>2</sup> Therefore, we are not permitted to plan the use of these funds in an annual budget plan since the intention of the authorizing legislation was to provide resources in the event that dramatic revenue losses caused *existing* appropriations to no longer be funded. Using these funds in a prospective manner would be inconsistent with the intent of the law and would deprive the County of the availability of resources to deal with mid-year fiscal downturns.**

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<sup>2</sup> Montgomery County Code, Section 20-72(d)

7. If applicable, identify the document(s) and page number(s) in the County’s waiver request materials containing any information about whether the “rainy day” funds can be accessed for payment of the County’s MOE.

**As stated above, in question #6, the County’s rainy day funds can only be used to “...support appropriations which have become unfunded.” and the therefore would not be available to provide additional funding to satisfy the maintenance of effort (MOE) requirement.**

8. Identify the document(s) and page number(s) in the County’s waiver request materials showing the difference between the County’s budget projections and actual expenditures over the last three years.

**The waiver request did not provide the requested information which is displayed below.**

<b>Local Agency</b>	<b>FY06 Budget Projections</b>	<b>FY06 Actual Expenditures</b>	<b>FY06 Estimate vs. Actual</b>
Montgomery County Government	\$ 1,067,278,542	\$ 1,066,549,378	\$ 729,164
Montgomery County Public Schools	\$ 1,598,010,397	\$ 1,595,930,304	\$ 2,080,093
Montgomery College	\$ 158,635,652	\$ 160,453,625	\$ (1,817,973)
Maryland National Capital Park/Planning Comm.	\$ 89,552,880	\$ 88,001,961	\$ 1,550,919
<b>Total</b>	<b>\$ 2,913,477,471</b>	<b>\$ 2,910,935,268</b>	<b>\$ 2,542,203</b>

<b>Local Agency</b>	<b>FY07 Budget Projections</b>	<b>FY07 Actual Expenditures</b>	<b>FY07 Estimate vs. Actual</b>
Montgomery County Government	\$ 1,183,669,380	\$ 1,179,457,519	\$ 4,211,861
Montgomery County Public Schools	\$ 1,717,886,735	\$ 1,723,903,944	\$ (6,017,209)
Montgomery College	\$ 176,817,332	\$ 177,829,736	\$ (1,012,404)
Maryland National Capital Park/Planning Comm.	\$ 94,207,810	\$ 93,179,597	\$ 1,028,213
<b>Total</b>	<b>\$ 3,172,581,257</b>	<b>\$ 3,174,370,796</b>	<b>\$ (1,789,539)</b>

<b>Local Agency</b>	<b>FY08 Budget Projections</b>	<b>FY08 Actual Expenditures</b>	<b>FY08 Estimate vs. Actual</b>
Montgomery County Government	\$ 1,255,540,245	\$ 1,265,239,994	\$ (9,699,749)
Montgomery County Public Schools	\$ 1,837,988,105	\$ 1,837,569,262	\$ 418,843
Montgomery College	\$ 192,970,307	\$ 192,056,837	\$ 913,470
Maryland National Capital Park/Planning Comm.	\$ 102,091,100	\$ 102,771,504	\$ (680,404)
<b>Total</b>	<b>\$ 3,388,589,757</b>	<b>\$ 3,397,637,597</b>	<b>\$ (9,047,840)</b>

9. Identify the document(s) and page number(s) in the County’s waiver request materials showing that the County discussed with the Board of Education:

(a) the impact the reduction in funding would have for the school budget; and

**On the last paragraph of page 5 of the waiver request, we have indicated that we have worked collaboratively with the Board of Education on this waiver request. Further, on April 7, 2009, the President of the Montgomery County Board of Education indicated in a letter to the State Board of Education that the County Executive and the County Council had discussed the MOE waiver request with the local Board of Education. The County Executive's Recommended Budget funded nearly 99% of the local Board's requested budget, and as pointed out in the April 7<sup>th</sup> letter referenced immediately above, the only reductions were made to employee benefits funding and not to educational programs.**

(b) the impact on the LEA's ability to meet MOE requirements for federal education dollars (i.e., Title I, IDEA, and Carl Perkins).

**The budget requested by the Montgomery County Board of Education fully meets MOE requirements for the Title I and Perkins programs and the Montgomery County Executive supports the Board's request. In the case of IDEA, the County Board's requested budget was about \$1.6 million less than MOE; however, the amended budget of the County Executive provides additional local resources of that amount to meet MOE.**

10. Identify the document(s) and page number(s) in the County's waiver request materials showing any analysis regarding consequences on the Board of Education's ability to meet the MOE required for federal programs (i.e., Title I, IDEA, Carl Perkins) if the State Board grants the County's waiver request.

**As indicated in our response above, the County's waiver request does not affect the ability of the County Board to meet the MOE required for Federal programs.**

Additional Question: Whether or not the County is prepared to meet the conditions cited by the Montgomery County Board of Education in its memo of April 14, 2009 (see attached), to the State Board.

**Montgomery County does support compliance with the conditions listed by its Board of Education in its April 14, 2009 memo to the State Board.**

Responses should be sent to [tsouth@msde.state.md.us](mailto:tsouth@msde.state.md.us) and copied to [cneccessary@msde.state.md.us](mailto:cneccessary@msde.state.md.us)