

**Montgomery County Board of Education
Audit Committee Minutes**

November 8, 2007

A meeting of the Montgomery County Board of Education Audit Committee was held at the Carver Educational Services Center in Room 120 on Thursday, November 8, 2007. In attendance were:

Members: Mr. Christopher Barclay, Chair
Mr. Steve Abrams, Member
Mrs. Patricia O'Neill, Member
Ms. Shirley Brandman

Staff: Mr. Larry Bowers, Chief Operating Officer
Mr. Roger Pisha, Audit Supervisor
Mr. Roland Ikheloa, Chief of Staff
Mr. Erick Lang, Associate Superintendent for Curriculum and Instruction
Ms. Sue DeGraba, Chief Financial Officer
Mr. G. Wesley Girling, Director, Benefits Strategy and Vendor Relations
Mr. John Kevin, Investment Specialist, Benefits Strategy and Vendor Relations
Mr. John Matthews, Director of Transportation
Dr. Marshall Spatz, Director of Management, Budget and Planning
Mr. Robert Doody, Controller
Ms. Robin Confino, Executive Assistant to the Chief Operating Officer

Guests: Mr. Doug Rowe – Mercer Human Resource Consulting
Mr. Collin Bracis – Mercer Human Resource Consulting

The meeting was called to order by Mr. Christopher Barclay, Chair at 9:32 a.m.

Approval of October 8, 2007 Minutes

The audit committee members voted unanimously to approve the October 8, 2007, minutes as submitted.

Middle School Magnet Transportation

In August 2004, MCPS received a grant from the U.S. Department of Education to create magnet programs at Argyle, Parkland, and Loiederman middle schools. By Board resolution, transportation is provided for those students in the Bethesda-Chevy Chase, Walter Johnson, and Rockville clusters who are accepted into the magnet programs. With the grant for the magnets expiring this fiscal year, the audit committee decided to look at whether transportation would continue to be provided. The committee members and staff acknowledged that the middle school magnet program has been successful, and highlighted the need to replicate similar programs in other schools.

During dialogue with MCPS staff, several issues were raised including the unintended consequence of high-performing students being attracted from schools with high mobility and FARMS rates to schools in the Middle School Magnet Consortium (MSMC) and concern about the feasibility of continuing to provide transportation service to the MSMC area and to provide transportation to other clusters. MCPS staff reported to committee members that an initiative is under development to replicate components of the MSMC programs at Silver Spring International and E. Brooke Lee middle schools.

Since applications into the consortium are due in December, the committee felt that a message needs to be sent to the community regarding expectations for providing transportation to students who are coming from outside the consortium. On a two to one vote of the committee members (with Mr. Barclay opposed), the committee adopted a motion stating that it was the sense of the committee that transportation for out-of-consortium students be terminated with the current students grandfathered into the current arrangement.

The committee members asked several questions regarding the MSMC including: How many additional buses would it take to provide transportation on a countywide level to the MSMC program? What percentage of eligible students rides a school bus to the Eastern Magnet Program? What can the school system do to stabilize the student populations within the individual local middle schools boundaries? And what is being done in the meantime to improve the programs at impacted schools?

Actuarial Valuation Report

Mercer Human Resource Consulting presented the committee members with their annual review and actuarial valuation of the employee's retirement and pension systems as of July 1, 2007. The report sets forth the recommended contribution percentages for the plan year ending June 30, 2009, according to the School System's funding policy and was prepared in accordance with generally accepted actuarial principals and practices. The report was favorable, and the contribution rate satisfies minimum requirements under GASBE Statement 27.

Updates on FY 09 Operating Budget (Maintenance of Effort)

The committee members were briefed by MCPS staff on Maintenance of Effort and Spending Affordability Guidelines. The committee felt that it was important to understand what the terminology means in dollars, and how it impacts the system.

Summary of Actions and Follow-ups

- 1) Transportation for Middle School Magnet Consortium, sense of the committee for a date certain to go out to the consortium, specifically.
- 2) Actual cost of transportation county-wide
- 3) Follow-up with Spending Affordability Guidelines from MCPS Staff
- 4) Within a month after November 23, 2007, work with MCPS Staff on budget items.

The meeting was adjourned at 11:20 a.m.

Recorder: Becky Gibson