

Montgomery County Public Schools

FY 2008 OPERATING BUDGET

Revenue

Montgomery County Public Schools (MCPS) currently receives 75 percent of its Operating Budget revenue from local county contribution, 18 percent from the state of Maryland, 4 percent from the federal government, and 3 percent from enterprise fund activities and all other sources. Below are details of major revenue issues facing MCPS in FY 2008.

State Revenue

- In FY 2007, MCPS received \$334.4 million in state revenue, an increase of \$32.7 million.
- FY 2008 is the final year of the six-year Bridge to Excellence in Public Schools Act (BTE).
- Through FY 2007, state aid has increased by \$111 million above the amount before the BTE Act.
- In FY 2008, MCPS should receive approximately \$74.2 million in additional state aid.
- This includes \$22.7 million for the Geographic Cost of Education Index (GCEI).
- The GCEI is an integral part of the Bridge to Excellence law. The GCEI adjusts the amount of foundation state aid to local school district to reflect the higher cost of education in some districts. The Thornton Commission report recommended that the GCEI was a fundamental aspect of achieving funding equity. The General Assembly expected that the GCEI funding would be included in the additional state aid provide in the Bridge to Excellence law. Had the state funded the GCEI in FY 2007, MCPS would have received approximately \$17 million.
- In FY 2007, the state also failed to fund its share of educational costs at RICA-Rockville, a school for special education students with severe disabilities. This cost Montgomery County \$1.3 million that was appropriated by the General Assembly but not disbursed by the governor.

County Revenue

- Montgomery County provides 75 percent of MCPS total resources, more than the percentage paid by any other county in Maryland. In FY 2007, MCPS receives 74.7 percent of its operating budget from the county.
- In FY 2008, the expectation is that the county contribution will decline as a percentage to 73 percent because of increased state aid, the lowest county percentage ever.

- In FY 2007, the County Council approved a local contribution to the MCPS budget that was \$94.4 million higher than the minimum required by the state requirement for Local Maintenance of Effort.
- The Maintenance of Effort requirement for FY 2008 is \$1.374 billion in local tax contribution.
- This amount would mean a reduction in county contribution of \$11 million.
- For FY 2008, approximately \$56.1 million of increased local funding will be needed.
- The potential gap between MCPS needs and the maintenance of effort amount is \$67 million, which is the \$11 potential reduction plus the \$56 million additional need for local resources.
- There are indications that County Council will provide \$16 million above the maintenance of effort requirement for the MCPS contribution to begin pre-funding of retiree health and life insurance obligations as required by new accounting rules. This would reduce the potential gap between SAG and MCPS needs to approximately \$51 million.

12/06