



Montgomery County

Office of Intergovernmental Relations

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HB 1115

DATE: March 7, 2024

SPONSOR: Delegates Solomon and Palakovich Carr

ASSIGNED TO: Appropriations

CONTACT PERSON: Kathleen Boucher (Kathleen.boucher@montgomerycountymd.gov)

POSITION: Support with Amendments

County Boards of Education – Budgets – Notice (Transparency in Education Spending Act)

The Montgomery County Executive and County Council strongly support this bill with amendments that further enhance oversight and accountability for federal, State, and local education funding provided to school systems. The amendments would further the goal of ensuring sufficient structure and clarity to enable county governments to fully assess how public funds support educational outcomes during the budget process, throughout the applicable fiscal year, and over the long haul.

The bill ensures that counties receive timely information before making annual budget decisions about: (1) current funds held in reserve; (2) the amount of any federal funds received in the prior fiscal year; and (3) the amount of funds held in trust or otherwise dedicated for long-term obligations for retiree health care costs or other post-employment benefits. The bill also seeks to enhance county oversight of school system spending throughout the fiscal year by requiring advance approval of a transfer of funding between major budget categories when the transfer exceeds 1% of the total funding appropriated to the category. Although the new major budget categories and transfer requirements established in the bill would enhance county government oversight of school spending, more granularity regarding proposed funding and expenditures is needed to facilitate the type of oversight that would allow taxpayers to feel confident that counties have the tools necessary to ensure that education funding is spent efficiently and for the purposes intended.

Table 7 from the fiscal year 2025 proposed budget for Montgomery County Public Schools (MCPS) is attached to this position statement. As required by State law, **Table 7** shows total funding for 14 major categories under Current Expense Funding. As the table reflects, the 14 major categories include total funding for the entire school system in each of the specified categories. It would further the goals of transparency and accountability tremendously to amend the bill to break out the following major categories to separately show total funding for Elementary Schools, Middle Schools, High Schools, Pre-Kindergarten, and

Other Costs: (1) Category 2 - Mid-level Administration (i.e., school-based administration); (2) Category 3 - Instructional Salaries; (3) Category 4 - Textbooks and Instructional Costs; (4) Category 5 - Other Instructional Costs; and (5) Category 6 - Special Education. Creation of these more granular major categories is a simple step that would help county governments better understand school system budgets.

Regarding transfers between major categories, it is important to note that some categories are so large that the 1% trigger for advance approval created by the bill for a transfer between categories would rarely be triggered. For example, total funding for Instructional Salaries (Category 3 under Current Expense Funding) for MCPS in fiscal year 2023 funding was \$1.114 billion. One percent of that total is \$11.14 million. Breaking out Categories 2-6 as discussed above into new major categories that disaggregate funding for Elementary Schools, Middle Schools, High Schools, Pre-kindergarten, and Other Costs would make the 1% trigger more meaningful.

Another significant problem that hampers county oversight of education funding is lack of sufficient details about new programs that are implemented each year. Specifically, county governments need to know whether new programs funded each year are successful and whether the school system decides to continue funding the program in future years or decides to reallocate funding to its base budget for a different purpose. With the State's major overhaul of its educational system well underway with implementation of the Blueprint for Maryland's Future, it is critically important for local governments to receive this type of information. This could be accomplished by amending the bill to require that an annual report be submitted along with the school system's proposed budget that details new programs and initiatives that are proposed to be implemented in the next school year, along with new programs and initiatives that were implemented in the past five school years. This kind of report should include the name of the program, current status (including number of students served, if ongoing), and current funding amount.

For all the reasons discussed above, the Montgomery County Executive and County Council respectfully request that the House Appropriations Committee give House Bill 1115 a favorable report with the requested amendments.

**TABLE 7
STATE BUDGET CATEGORIES AND SPECIAL REVENUE FUNDS SUMMARY**

STATE CATEGORIES/SPECIAL REVENUE FUNDS	FY 2023 ACTUAL	FY 2024 BUDGET	FY 2024 CURRENT	FY 2025 BUDGET	FY 2025 CHANGE
FTE					
Category 1, Administration	420.0000	425.2500	425.2500	418.5000	(6.7500)
Category 2, Mid-level Administration	1,783.3000	1,857.2000	1,877.2000	1,886.9500	9.7500
Category 3, Instructional Salaries	12,446.0380	12,629.5355	12,629.5655	12,590.6340	(38.9315)
Category 4, Textbooks & Instructional Supplies	-	-	-	-	-
Category 5, Other Instructional Costs	-	-	-	-	-
Category 6, Special Education	4,573.8915	4,776.3647	4,776.3647	4,941.0555	164.6908
Category 7, Student Personnel Services	164.2500	173.2500	173.2500	213.0500	39.8000
Category 8, Health Services	4.0000	7.0000	7.0000	7.0000	-
Category 9, Student Transportation	1,855.8410	1,862.3410	1,862.5910	1,915.4210	52.8300
Category 10, Operation of Plant and Equipment	1,750.6000	1,780.1000	1,780.1000	1,792.6000	12.5000
Category 11, Maintenance of Plant	340.5000	332.0000	332.0000	328.0000	(4.0000)
Category 12, Fixed Charges	-	-	-	-	-
Category 14, Community Service	5.7500	5.7500	5.7500	5.7500	-
Fund 5, Instructional TV Special Revenue Fund	13.5000	12.5000	12.5000	11.0000	(1.5000)
Fund 11, Food Services Fund	604.4480	607.5730	607.5730	627.5730	20.0000
Fund 12, Real Estate Management Fund	10.0000	10.0000	10.0000	10.0000	-
Fund 13, Field Trip Fund	5.5000	5.0000	5.0000	5.0000	-
Fund 14, Entrepreneurial Activities Fund	12.0000	12.0000	12.0000	12.0000	-
GRAND TOTAL, FTE	23,989.6185	24,495.8642	24,516.1442	24,764.5335	248.3893
AMOUNT					
Category 1, Administration	\$ 66,349,466	\$ 74,320,714	\$ 74,320,714	\$ 74,923,599	\$ 602,885
Category 2, Mid-level Administration	165,940,744	199,255,477	199,255,477	195,995,790	(3,259,687)
Category 3, Instructional Salaries	1,128,794,019	1,236,236,769	1,236,236,769	1,286,046,550	49,809,781
Category 4, Textbooks & Instructional Supplies	34,706,586	32,065,678	32,065,678	38,363,270	6,297,592
Category 5, Other Instructional Costs	19,222,461	29,188,401	29,188,401	39,428,507	10,240,106
Category 6, Special Education	391,228,073	425,546,035	425,546,035	453,851,881	28,305,846
Category 7, Student Personnel Services	16,441,873	19,300,321	19,300,321	24,051,161	4,750,840
Category 8, Health Services	2,341,211	4,129,962	4,129,962	6,654,104	2,524,142
Category 9, Student Transportation	132,835,442	142,705,481	142,705,481	146,316,567	3,611,086
Category 10, Operation of Plant and Equipment	161,562,038	173,011,383	173,011,383	185,098,448	12,087,065
Category 11, Maintenance of Plant	41,707,134	44,529,953	44,529,953	51,865,255	7,335,302
Category 12, Fixed Charges	651,682,635	696,879,362	696,879,362	753,653,100	56,773,738
Category 14, Community Service	820,030	1,204,854	1,204,854	1,210,892	6,038
Fund 5, Instructional TV Special Revenue Fund	1,868,512	1,681,286	1,681,286	1,580,426	(100,860)
Fund 11, Food Services Fund	68,514,078	68,092,925	68,092,925	72,333,059	4,240,134
Fund 12, Real Estate Management Fund	4,240,803	4,957,216	4,957,216	5,039,226	82,010
Fund 13, Field Trip Fund	1,421,044	2,854,856	2,854,856	2,979,154	124,298
Fund 14, Entrepreneurial Activities Fund	7,891,920	9,046,838	9,046,838	13,507,832	4,460,994
GRAND TOTAL, AMOUNT	\$ 2,897,568,070	\$ 3,165,007,511	\$ 3,165,007,511	\$ 3,352,898,821	\$ 187,891,310

*This report does not reflect \$134,668,027 of FY 2023 actual expenditures for non-budgeted grant programs and supplemental appropriations. A non-budgeted grant is funding MCPS receives for designated purposes that are not expected to be funded on an ongoing basis or at predictable levels. Non-budgeted grant expenditures also are not reflected on the relative summary of resources documents throughout this publication.