

**Montgomery County Council
Public Hearing on the Proposed FY09 Operating Budget**

April 9, 2008

**Testimony of
Bonnie Cullison, MCEA President**

Good evening Council President Knapp and members of the Council, and thank you for this opportunity to testify about the Operating Budget for Fiscal Year 2008/2009. My name is Bonnie Cullison. I am president of the Montgomery County Education Association. The 12,000 teachers and other non-supervisory professional educators represented by MCEA are committed to working with you to ensure that our schools get the funding and support they need to be successful.

We recognize that these are challenging fiscal times. The Board of Education's recommended budget represents the smallest percentage increase in the budget in many years. At just 5.6% (excluding the county-mandated increase in funding for GASB Trust Fund) – the proposed budget increase is indeed lean.

As you know, the leadership of all three employee unions, along with the PTA, participated this year with the Superintendent's senior staff in reviewing all departmental budget requests and making recommendations to the Superintendent and the Board of Education. As a result, we have a much more thorough understanding of the budget and the decisions made along the way.

There are many needs that are going unmet in this budget. But we believe the priorities are right. All the best programs and initiatives in the world will not make a whit of difference for students without the most highly motivated, highly trained, and well supported teachers and other educators in place to work with students. We are indeed a people business – and it is the people of MCPS that are the essential ingredient of its success.

Budget Cuts Already Made in MCPS

I need to emphasize that serious cuts have already been made in the school system's budget in order to bring the request in at this level. There were \$13.9 million in program cuts that were realigned to support higher priority work. There was a savings of \$4.8 million from rebidding of pieces of the benefit plan package. And there have been \$10.6 million in additional program cuts that lowered the base budget. All together, that amounts to \$29.3 million in spending in the current year's budget that has been eliminated in the proposed budget.

Make no mistake about it – these reductions are going to have a real impact on students and teachers within MCPS. Many of these cuts are to programs that MCEA believes should be maintained. However, we recognize that with the county's current fiscal forecasts, it is simply not feasible to continue to keep doing all that we are doing now. For example:

- 20.5 positions have been eliminated from the central office. We recognize that many people like to believe that the central office is over-staffed and unnecessary. But the majority of these positions are in staff development, and are teacher level specialists in 12 month positions. MCEA continues to believe that a robust system of job-embedded staff development is crucial to the growth and development of our members and the continued improvement in student success. These 12 month specialists are not guaranteed placement in similar 12 month positions. If they end up being placed in 10 month classroom teacher positions, they will lose an average of \$12,000 a year in salary. These are hard-working employees; real people who are already being hurt by the budget cuts that MCPS has already made.
- Schools have not been immune from cuts. For years, MCPS has been able to provide additional release periods for teachers in most of the county's magnet programs, for example at Blair High School and Takoma Park Middle School. This time is used by teachers for additional planning time to meet the needs of magnet program students. In these tight fiscal times, the Board of Ed's recommended budget cuts back on these supplemental allocations. At a time when teachers in some of our highest needs middle schools are already expected to teach an additional period (6 rather than the standard 5), it is difficult to maintain funding that reduces the teaching load in magnet schools to just 4 courses. But this is not a cutback without consequences. Loss of additional planning time will impact the quality of the instructional program in these magnet programs.

County Executive's Proposed Budget

We are grateful to the County Executive for the steps he has taken to close the budget gap in his proposed budget. We are counting on you to continue that process in order to avoid devastating additional cuts to school funding.

No one likes to raise taxes. But no one wants to see their public services cut either. We believe the County Executive's recommendation to exceed the charter limit on taxes is necessary. And we commit to you and to him to support that recommendation and help explain it to the community. We further agree that the County Executive's recommended Insurance Ambulance Fee is appropriate. Almost every neighboring jurisdiction imposes such a fee on their health insurance companies, and there is absolutely no evidence that it creates a deterrent to 911 calls.

We also support the County Executive's recommendation to slow down funding for "GASB" – the retiree health insurance fund. We believe that funding this commitment to our current and future retirees is non-negotiable. However, we believed from the beginning that the five year funding plan was overly aggressive, unnecessary, and potentially in conflict with meeting current operating budget expenses. We understand that the County cannot adjust this funding formula on a regular basis. Therefore, we urge you to go beyond what the Executive has recommended. Come up with a sustainable funding schedule this year – we believe a 10-year plan is not inappropriate – and it will be something the County can commit to for the long-term.

I cannot help but point out that a decade ago, the school system had a trust fund to ‘pre-fund’ retiree health care. The County Council at the time objected, and required the school system to spend down that trust fund. We would be in a very different situation today had that not been done.

Employee Compensation

Much has been said about the negotiated salaries within the school system. We are very appreciative that in his proposed budget, the County Executive has said that he supports funding the “labor agreements covering the employees of all agencies.” We also know from talking to members of the Council, that virtually all of you believe that honoring negotiated contracts is a top priority. We very much appreciate your commitment to supporting school employees, and we are committed to working with you to balance this budget in a way that fulfills that commitment.

Let me first say that – regardless of the cost-of-living adjustment, we hold to the belief that a contract is a contract. Our collective bargaining agreement with the Board of Education was negotiated in good faith. Maintaining competitive salaries is such a priority for our members that we chose not to seek other costly contractual improvements in order to focus the available resources on salaries. In the FY09 year, there are literally no other increased cost items in our contract other than compensation. For us to negotiate an agreement that sacrificed a range of other legitimate concerns and needs in order to prioritize compensation, and then to potentially have the county government not fund our salaries undermines the very essence of the collective bargaining process.

Our contract for next year calls for a cost-of-living increase of 5%. According to the most recent numbers (which can be found in the County’s own Monthly Economic Indicators Report) the *Consumer Price Index – All Items for the Washington-Baltimore Metropolitan Area* was increasing at an annual rate of 4.9% as of February. At the time this contract was negotiated, both we and the Board of Education thought we were providing an actual increase for our members of at least 2% after inflation. Time has caught up with us, and the 5% raise only keeps our members from losing out against inflation.

However, we are mindful that next year our members will also be charged an additional 1% contribution towards their retirement. So in fact, even with the negotiated 5% increase, teachers in Montgomery County will see a decrease in the purchasing power of their salaries next year.

Last year, the starting salary for a new teacher in MCPS was \$42,176. Last year the starting teacher salary in the District of Columbia was \$42,370. I don’t believe there is a person in this room who believes that Montgomery County teachers are overpaid.

Teachers can no longer afford to live in Montgomery County. As you know, the average cost of an existing townhouse in the county was an astounding \$364,000 last year (not to mention the cost of a new townhouse or an existing or new single family home). A new teacher would have to spend 59% of their pre-tax salary in order to finance that kind of townhouse.

We just reviewed our records, and 31% - or more than 3,780 - teachers now live outside Montgomery County. This is an increase from just six years ago, when 3,000 teachers lived outside the county.

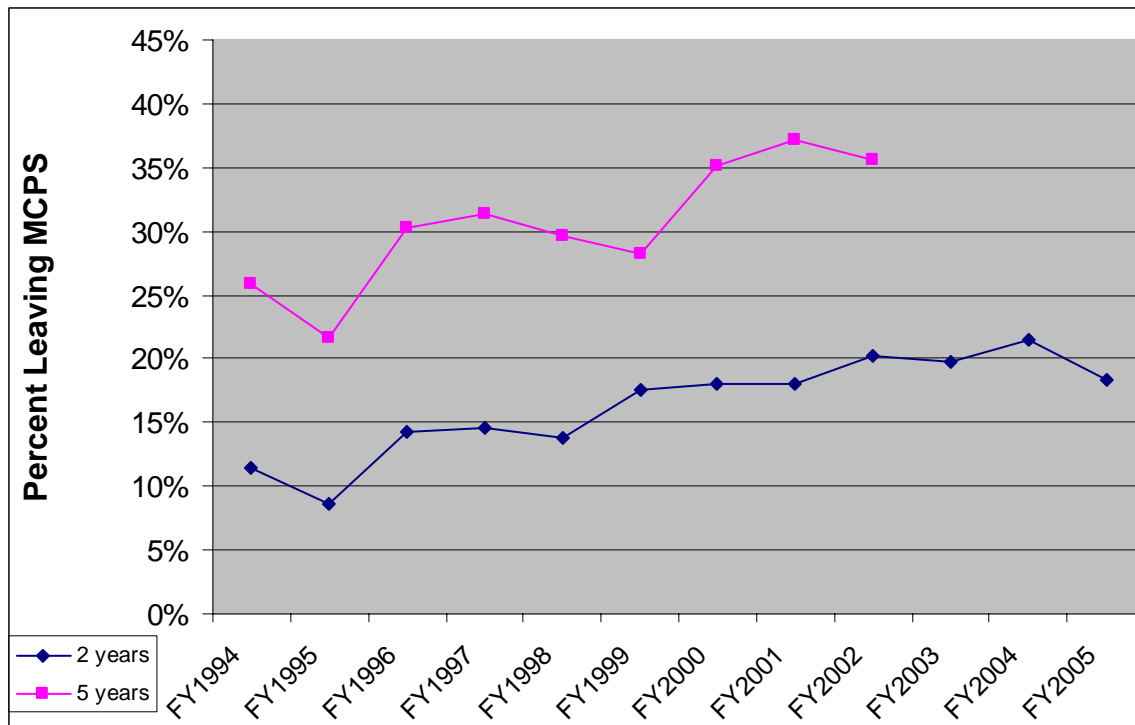
This means that teachers are particularly hard hit by the sky-rocketing cost of gasoline. The lack of affordable housing also means that teachers are not available after school to meet with students and parents. This dramatic trend driving the teaching workforce to live outside the county does not jut impact their ability to work with students. The hours spent in traffic getting to and from work are forcing Montgomery County teachers to leave our system in search of work elsewhere.

The Challenge of Teacher Turnover

I believe that there are particularly unique challenges facing the county around teacher recruitment and retention. More than 35% of newly hired teachers leave MCPS in the first five years. I don't think there is any other segment of the county's workforce with anywhere near as serious a retention problem.

Even more troubling is the trend line: turnover of new teachers in MCPS over the past decade is increasing.

New Teacher Turnover in MCPS



SOURCE: MCPS Teacher Turnover Data

The National Commission on Teaching and America's Future has found that it costs \$15,000 - \$17,000 to recruit and train a new teacher in large school districts (www.nctaf.org). So not only does MCPS and the County face an ongoing problem in recruiting and retaining teachers – but the high teacher turnover rate is costing the County several million dollars per year.

The Impact of Further Budget Cuts

While the County Executive made some important strides in closing the budget gap, his recommended budget still leaves the school system approximately \$50 million short. Cuts of that scale cannot be absorbed without impacting the quality of our educational program.

This is a particularly fragile moment in MCPS. The needs of our students are increasing rapidly. You have all seen the data on the rapidly increasing number of poor and non-English speaking students in MCPS. Despite this changing student population, the educators within MCPS are continuing to show stunning results with students. From reading achievement in Kindergarten, MSA test scores, to the number of students enrolled, and achieving, in Advanced Placement courses – our students are performing at levels never seen before. There is clearly more work to be done. While the racial achievement gap is closing, it remains a challenge. Despite huge efforts, disproportional representation of minority students in special education continues. But for MCPS to be not only maintaining, but improving its level of student achievement at a time when our students are coming to school with greater needs than ever before, is a testament to the hard work, skill and dedication of the employees of MCPS. We are proving that every child can learn.

If the school system is forced to cut back on its educational program – be it class sizes, enrichment programs, academic interventions, or professional development – we risk crossing a “tipping point” where the system is unable to meet the growing needs of our changing student body. And everyone understands that the success of the school system is essential to the long-term prosperity of our community. No community will long prosper if its educational system is failing its students. We cannot afford to do less.

Middle School Magnet Consortium

For example, three years ago MCPS and MCEA designed a school restructuring plan at three of our highest needs middle schools: Argyle, Parkland and Loiederman. With the help of a three year federal grant, MCPS established the Middle School Magnet Consortium to provide an accelerated academic program to all students, and to attract a more diverse student body.

The good news is the Consortium is proving to be a resounding success. Previously Argyle and Parkland had some of the lowest test scores of any middle school in the county. As documented in a program evaluation presented to the Board of Education on January 15, 2008, over the first two years of the Consortium, math and reading levels for students in these schools is sky-

rocketing. And this is not based on the out-of-boundary students who have come to these schools. When looking only at in-boundary students:

- The percentage of all in-boundary 6th graders scoring proficient or advanced on MSA-Reading has increased from 54.5% to 73% from 2005 to 2007
- The percentage of in-boundary, African-American 6th graders scoring proficient or advanced on MSA-Reading has increased from 50% to 74.4%
- The percentage of in-boundary, Hispanic 6th graders scoring proficient or advanced on MSA-Reading has increased from 51.7% to 61.5%
- Perhaps most significantly, all in-boundary 6th graders scoring proficient or advanced on MSA-Reading increased 18.5%, compared to an average increase of just 10.3% across all MCPS middle schools (and compared to just 12.5% at three non-consortium schools with similar demographics).

Continuation of the MS Magnet Consortium, as it now operates, is very much at risk in this budget. The school system needs approximately \$1 million to fill the void left by the expiration of the federal grant. At this point, this funding is considered an “initiative” in the Board’s proposed budget. As such, it may be one of the first budget items cut if the school system faces a sizeable shortfall in its budget request. At a time when MCPS is trying to focus its reform efforts on middle schools, MCEA considers it tragic that our most successful middle school reform model – a model that now has proven results in improving performance among our neediest students – is at risk of being cut back.

I would invite members of the Council to visit Argyle, Loiederman and/or Parkland to learn more about this wonderful success story. We hope you will work with us, and with the Board of Education, to find a way to sustain the current program design which has proven to be so successful.

Closing the Gap

We know that no member of the County Council wants to see damaging cuts in the MCPS budget. And we are encouraged by your personal commitments to closing the budget gap as much as possible. As I mentioned earlier, we believe the County can be more aggressive in adjusting its GASB funding formula to something more sustainable.

We also believe that it is reasonable for the Council to adjust the proposed 6% budget surplus in the proposed budget. During the last economic slump in 2003 the Council did just that – lowering the projected surplus from 6% to 5% for one year. And you know what? The sky didn’t fall. The bond agencies didn’t change our rating. But what we did do was minimize harmful cuts in public services.

The good news is that the fundamentals of the Montgomery County economy remain strong. Just last week I heard a presentation from the County’s Economic Development Office about the number of new jobs coming to the county: not only from the new FDA headquarters, but from overseas companies from India and elsewhere who are choosing Montgomery County as the seat

for their U.S. operations. We will get through this slow-down, and we will continue to have a county that is an attractive place to work, to live, and to raise a family.

We look forward to working with you to close this gap, and will support you in educating the community about why it makes sense to continue to invest in public education, public safety and public services.

Thank you.