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School board backs county waiver request

Maintenance of effort challenged for second year

by Marcus Moore | Staff Writer

For the Montgomery County Council and the public school system, fiscal 2011 already has a familiar feel.

Last fiscal year, with the economy sagging badly, the county's education and government leaders traveled to downtown Baltimore and sought a waiver from the state school board of its maintenance-of-effort requirement.

On Monday night, the county school board unanimously approved a resolution to support County Executive Isiah Leggett's decision to seek another maintenance-of-effort waiver from the state school board for fiscal 2011, which begins July 1.

"I think it's the right thing for us to be doing," said board member Philip Kauffman (At large) of Olney.

Under the state's maintenance-of-effort law, local governments are required to fund their school systems at the same level as the previous year. Governments that fail to do so face a reduction in state aid for their school systems.

County government leaders told the state board last year that the recession made it difficult for them to fund the school system at the same level as the previous year.

The school system publicly supported the county government's waiver request, given that the waiver appeared to be a one-time move. The state board eventually denied the county's request.

But, with the economy still struggling, the upcoming fiscal year could be similar to last year.

Leggett's proposed \$4.3 billion fiscal 2011 operating budget includes \$2.12 billion for the school system — roughly \$137.7 million less than the system's proposed \$2.26 billion operating budget.

Last year, Leggett (D) sought a maintenance-of-effort waiver of \$79.5 million; this year, the county executive will seek a \$137.7 million waiver. The county executive has until March 31 to apply to the state board for a maintenance-of-effort waiver for fiscal 2011.

Last year, county officials assumed the state school board would grant the local government's waiver request, and the county didn't have a plan of how to fund schools when the fiscal 2010 waiver was denied, Kauffman said.

Soon after the state school board denied the county's fiscal 2010 waiver request, the county government loaned \$79.5 million to the school system through a debt service option.

Superintendent Jerry D. Weast then wrote a letter to state Superintendent Nancy S. Grasmick questioning whether the county's loan was legal, which irked County Council members who felt betrayed by the superintendent.

The Attorney General's Office eventually said that the county's funding plan was illegal. The state school board then levied a \$23.4 million fine against the school system, which would have reduced state aid by that amount, but the General Assembly has since voted to eliminate the penalty.

"I hope we're not going to be in that situation again," Kauffman said. "I hope we've learned from that experience."

While school board Vice President Christopher S. Barclay (Dist. 4) of Takoma Park said the county is struggling through tough economic times, he said the school system cannot cut more than \$137.7 million from its operating budget.

School board President Patricia B. O'Neill (Dist. 3) of Bethesda agreed: "We can't take any more cuts. Any further hits from the state would be devastating."

County Council Vice President Valerie Ervin said the county can't afford the \$137.7 million increase if the waiver is denied by the state board.

"The real rub is going to be if the Board of Education and the council do not agree," said Ervin (D-Dist. 5) of Silver Spring, chairwoman of the Education Committee.

It could be easier for the county to get the waiver next year. On Monday, the House Ways and Means and the Senate Budget and Taxation committees unanimously approved bills to require the state school board to factor in if the local government and the local school board agree on the waiver request.

Under the bills, the state school board is also supposed to take into account a county's history of exceeding maintenance of effort. The bills still must be passed by the full House and Senate. The last day of the legislative session is April 12.

Staff Writer Erin Cunningham contributed to this report.