

# Montgomery mandates new oversight for schools

## School board president says county failed to do its homework in finances investigations

by Andrew Ujifusa and Erin Cunningham, Staff Writers

The Montgomery County Council has launched two investigations into how Montgomery's school system spends its money.

The nine-member council unanimously voted Tuesday to direct its Office of Legislative Oversight to examine a school system fund from which employees' health care expenses are paid. Council President Valerie Ervin (D-Dist. 5) of Silver Spring, who proposed the inquiry, said she expects to receive preliminary information in September.

Also, the county's inspector general, who acts as a government watchdog, already has begun an inquiry into the school system's budget.

"We do not believe it's been transparent," Ervin said of the school system's budget.

About a week after the council approved its \$4.4 billion fiscal 2012 budget May 26, including a \$1.37 billion allocation for Montgomery County Public Schools, the school system reported it had a \$14.5 million surplus in the fund. Ervin said that revelation was disturbing.

School officials have denied council members' charges that they did not disclose the surplus and have said it was discussed in an April 15 meeting. In response to the investigations, they have touted the recognition the school system has received from independent groups including the Governmental Finance Officers Association and the Association of School Business Officers Certificate of Excellence for transparent financial reporting.

County Executive Isiah Leggett (D) said he was informed of the surplus in April.

Board of Education President Christopher S. Barclay said the council neglected to work with school officials on the budget during the spring.

In a Friday letter to Ervin, Barclay wrote, "In prior years, Montgomery County Public Schools (MCPS) staff would review the plan, actual experience, and projections with Council staff and the Council's committees. This type of analysis and review was not done this year."

He said Monday that the situation was similar to a fight last year where the council pressured the school board, unsuccessfully, to force its employees to take furlough days that other county workers were taking.

“It’s another instance of the council trying to tell the board how to do our business,” said Barclay (Dist. 4) of Takoma Park.

Councilman George L. Leventhal (D-At large) of Takoma Park echoed Barclay’s opinion Tuesday when he said the council should spend more time reviewing financial information from the school system.

“I’ve been troubled for a long time about the limited amount of time we spend on the education budget,” he said. “We don’t seem as if we are serious if we spend 45 minutes reviewing half of the budget.”

But Councilman Philip M. Andrews (D-Dist. 3) of Gaithersburg, a member of the Education Committee that reviews the school system's finances, said that while the committee did its due diligence, a further, more detailed review is necessary.

“I wouldn’t judge effort by the length of meetings,” he said.

The Office of Legislative Oversight will examine several budget items, including those for employee pensions and group insurance benefits. It also will track the appropriations and expenditures of those components and review the school system’s budget requests.

The council cut \$18.7 million from the school system’s benefits budget for 2012 in a bid to make the system change its health insurance cost-share with employees. By the summer, county employees will pay 25 percent of these costs, while school employees will continue to pay 5 percent to 10 percent.

School officials said the system has been more successful at containing health care costs than the council and the school board highlighted the sacrifices employees have recently made, such as giving up \$28 million in seniority-based salary increases for 2012.

In the Friday letter, Barclay said it would be a mistake to assume the savings the school system achieved for fiscal 2011 could be replicated next year. Larry Bowers, the school system’s chief financial officer, stressed that health care costs could vary by as much as 10 percent above or below estimates in any given month.

Schools Superintendent Jerry D. Weast said Thursday he had been involved in the budget process less this year than in previous cycles, but stressed that the process was no different than in prior years.

“We welcome people to come in and look,” he said.