

New oversight is mandated for school finances

Budgets, health care costs get added scrutiny in Montgomery

by Andrew ujifusa, Staff Writer

Montgomery County's inspector general has new authority to see how Montgomery County Public Schools spends and does not spend its money.

In a June 15 memorandum, Montgomery County Council President Valerie Ervin (D-Dist. 5) of Silver Spring outlined County Inspector General Edward L. Blansitt III's new oversight role concerning the school system's budget. The move comes within weeks of allegations by council members that the Board of Education hid a \$14.5 million employee health care surplus during budget discussions for fiscal 2012 that saw the council attempt to force school employees to pay more for health insurance.

As the start of a three-part investigation into the school system, Blansitt will evaluate the monthly financial reports the school system provides to the council to determine if additional information should be provided. The plan states that either the school system will agree to provide the additional information to Blansitt, or state law should be amended to force the school system to share it.

Blansitt said at Thursday's meeting of the council's Audit Committee that the monthly financial report from the school system is very brief.

"I do believe that a review of those monthly reports and what they really tell you would be of value to the council," Blansitt said.

The second part of Blansitt's investigation will be to analyze the fiscal 2011 comprehensive financial report to determine whether changes occurred during that budget year.

Finally, Blansitt will evaluate the school system's annual budget documents to see what additional information should be provided.

Separate from Blansitt's new duties, Ervin recommended that on June 21 during its next regular meeting, the council direct the county's Office of Legislative Oversight to analyze the part of the school system's budget that deals with health care and other benefits.

This initiative would involve examining the specific components of that portion of the school system's budget, known as Category 12, such as expenditure trends and underlying budgetary assumptions.

In a memo to Board of Education President Christopher S. Barclay outlining Blansitt's investigation and the Category 12 analysis, the wording involving the Office of Legislative Oversight was changed to read that on June 21 the council “will amend” the office's duties to include an analysis of Category 12.

Council Vice President Roger Berliner expressed support for Blansitt's investigation, saying it would help council members come to clearer conclusions about the school system's budget.

“It is somewhat mysterious as to how these dollars flow and where they flow,” said Berliner (D-Dist. 1) of Potomac, a member of the Audit Committee.

Disputing the allegations that they lied about their budget, school officials have countered that Ervin was told about the surplus in April.

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

School officials also said the school system has simply been more successful at containing health care costs than the council.

In remarks at the school board's Thursday meeting, Superintendent of Schools Jerry D. Weast said he had been involved in the budget process less this year than in previous cycles. But he stressed that the budget was audited and carefully scrutinized, and that this year's budget process was no different.

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

In any given month, school system Chief Operating Officer Larry Bowers said, expenditures can fluctuate. He said health care costs were the most difficult part of the budget to project.

“I believe we owe our community transparency,” Weast said. “I don't know a budget that is worked on by more people.”

As part of the effort to force school employees to shoulder a larger burden of health care costs, the council cut \$18.7 million in benefits funding to the school system for 2012 on May 26, a few days before the surplus was confirmed publicly by school officials.

One of the primary debates during this budget cycle has been over public employees' share of health insurance costs. County government employees pay 20 percent (to increase to 25 percent in the coming months) while school system employees pay 5 percent or 10 percent.

Blansitt said early this week that he was not entirely sure what the limits of his authority would be with respect to the school system. But on Thursday, Ervin said a previous opinion from the state Attorney General's office gave Blansitt the authority to seek additional information from the school system.

In response to calls for an independent investigation, school board members have said they already receive sufficient oversights during four separate audits, including audits conducted by the Maryland General Assembly and the federal government.