

School Spending in Montgomery County as  
Compared to Ten Affluent Counties in  
Connecticut, California, Maryland, New  
Jersey and New York.

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October 2005

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# EXECUTIVE SUMMARY

## MONTGOMERY COUNTY, MARYLAND

- Relative Bargain: Compared to similar affluent counties in Connecticut, New Jersey and New York, The Montgomery County Public School System (MCPS) delivers better SAT scores at a lower cost per pupil. This comparison holds even after factoring in regional cost-of-living differentials. In Connecticut, New Jersey and New York, multiple school districts operate within a single county. In Maryland, each county operates a single unified school district.
- Much Faster-Than-Inflation Spending Growth: After adjusting for inflation and enrollment growth, Montgomery County spends 30% more than it did eight years ago. This increase amounts to \$330 million per year in extra spending in 2005 dollars. The cumulative extra spending, 1997-2005, amounts to \$1.2 billion.
- Flat or Inconsistent Standardized Test Scores: Despite the extra spending, the County's SAT score advantage over the national mean SAT score was flat over the eight year period. Scores on statewide standardized tests were inconsistent, rising in 1998 and 1999, and then declining. The statewide test score rose again from 2003 to 2005, as new tests were introduced.
- SAT Participation Rate: The MCPS seniors participating in the SAT test rose from 76% in 1997 to 77% in 2005. A larger participation gain was observed at the national level, from 42% to 49%.
- MCPS Demographic Shifts: From a demographic standpoint, the MCPS seniors taking the SAT test changed little from 2000 to 2004. In contrast, the demographics of the overall student body reflected a gain in black and Hispanic population from 32% to 41%. The percentage of students receiving free and reduced lunches, special education or ESOL services did not change significantly.

## REGIONAL

- Baltimore County vs. Montgomery: Baltimore County's per pupil spending level is 10% higher than Montgomery County, after adjusting for regional cost of living differentials. Baltimore County's SAT participation rate is 51% (vs. 77% at MCPS). Baltimore County's 2005 mean score (1025) was 76 points lower than Montgomery's mean score. The two counties demographics do not seem so dissimilar as to account fully for the differences.

- Baltimore County vs. California: San Mateo and Contra Costa counties in California have similar SAT participation rates as Baltimore County. Adjusted for cost-of-living differences, they spend over 40% less per pupil than Baltimore County, yet both jurisdictions have higher SAT scores than Baltimore County.
- Fairfax County: Adjusted for cost-of-living differences, Fairfax County and Montgomery County spend the same on a per pupil basis. The mean SAT scores of Fairfax seniors are slightly higher (13 points) than Montgomery.

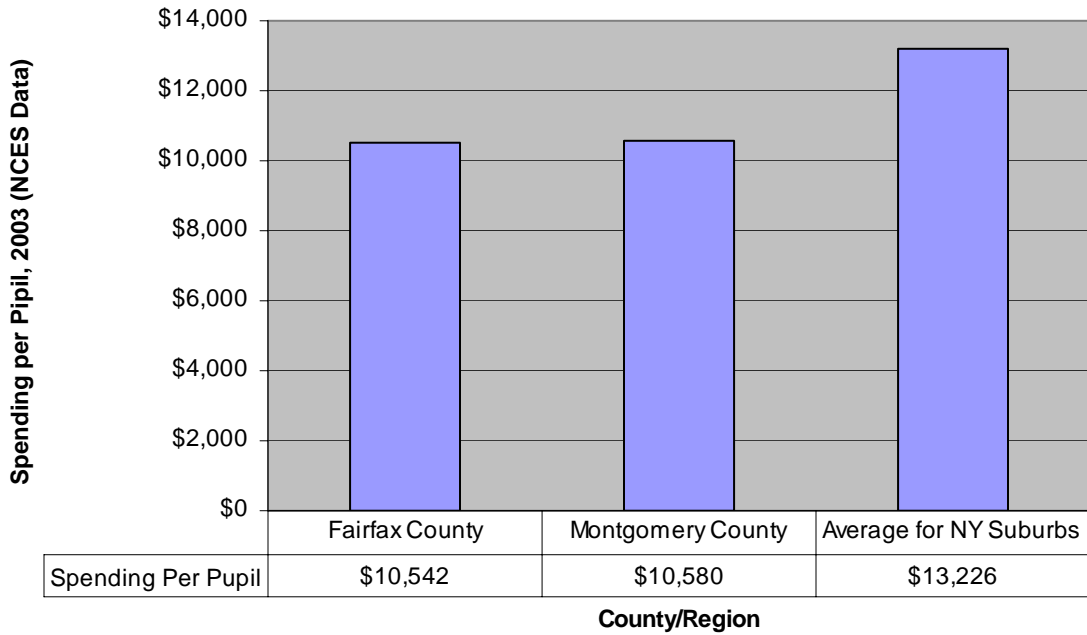
## NATIONAL

- Higher-Than-Inflation-Spending is a National Trend: All of the eleven counties studied increased per pupil spending faster than inflation. The lowest after-inflation spending increase was Bergen County, New Jersey, at 7.1% from 1997-2003. The largest increase was San Mateo County, California at 34.9%. The average increase in per pupil spending over-and-above inflation was 16.9% for eleven counties.
- No Correlation between Higher Spending and higher SAT performance: The report found no correlation between higher spending and countywide SAT scores among the seven counties that were considered the most similar demographically (Westchester, Nassau, Bergen, Middlesex, Fairfield, Montgomery and Fairfax).
- Possible Follow-up Questions: Big increases in spending for education were not unusual for the eleven counties in the study. In Montgomery County, the higher spending produced no major change in outcomes from the measuring point of standardized test scores. An interesting task for a follow-up study is to examine whether the other ten counties had static outcomes with the higher spending, assuming their respective demographic changes were negligible. Such research was beyond the scope of this study.

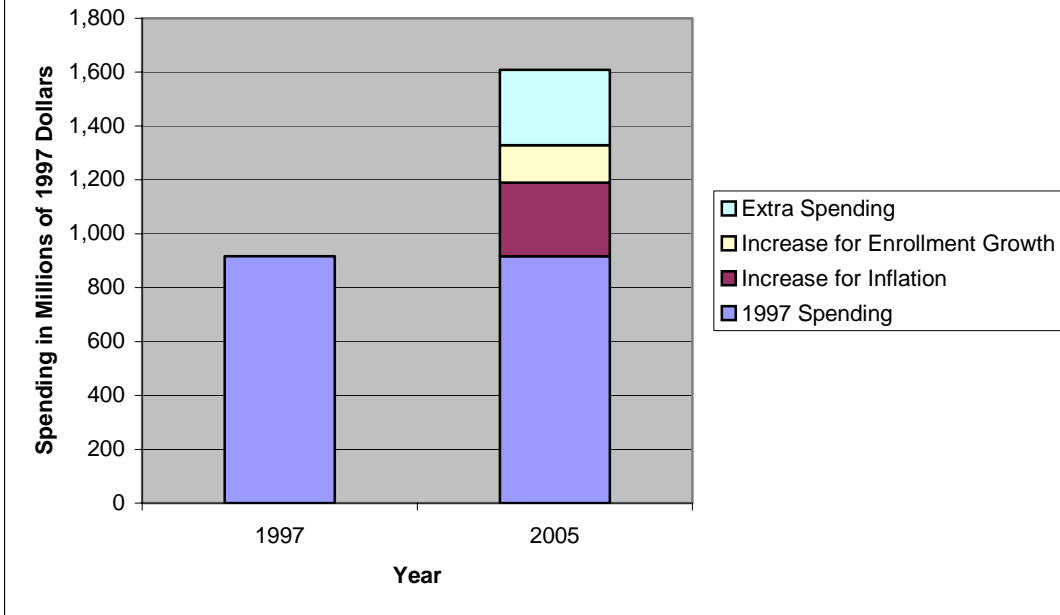
## MANAGEMENT RESPONSIBILITY

Higher-than-inflation spending is not a teacher issue, a union issue or a staff compensation issue. It is a management issue tied to the local school board, and ultimately to elected officials who exercise supervisory control. Management's job is to allocate resources in the most effective manner. The authors are not interested in Montgomery County undoing previous spending initiatives, only in its making informed decisions based on the analysis of past results. To settle for less will invite waste, erode public support for the school system, and diminish the excellent reputation of MCPS.

### Comparative Spending Per Pupil in Affluent Suburban Counties



**Comparison of County Spending in 1997 and 2005**



	<b>1997</b>	<b>2005</b>
<b>1997 Spending (\$mm)</b>	\$917	\$917
<b>Increase for Inflation</b>	--	\$272
<b>Increase for Enrollment Growth</b>	--	\$139
<b>Extra Spending (1997 Dollars)</b>	--	\$281
<b>Total</b>	\$917	\$1,609

The extra spending is \$338 million in 2005 dollars.

# **PART ONE**

## **COMPARABLE COUNTIES**

## **THE SELECTION OF COMPARABLE COUNTIES**

The next few sections compare Montgomery County to demographically and economically similar counties in terms of (a) spending growth; and (b) academic achievement as measured by the SAT. In selecting counties, the authors searched for comparable suburb, population, personal income and minority representation. The idea was to find counties equipped with similar resources and facing similar challenges.

Data from the US Census Bureau provided the basis for selection. First, we chose a set of states from which to draw counties. We made this choice with specific major cities in mind for each state, expecting to find suburban counties meeting our qualifications. We then chose counties of similar population, removing those with less than 400,000 people and more than 1,500,000 people. We ranked the remaining counties by per capita income and selected roughly fifty that had an income close to Montgomery's. We narrowed the selections, based mainly on the percentage of African American, Hispanic and foreign-born citizens. Also, using county selection maps from the Census Department's Quick Facts website, we determined which counties were close enough to cities to have the suburban characteristics similar to Montgomery. We finalized the list by selecting counties where the SAT was a popular testing mechanism.

Three points need to be clarified about our process of selection. First, our selection for minority populations is in response to the conventional wisdom that large minority populations present an educational challenge for public school systems. The authors do not subscribe totally to that orthodoxy, and are of the opinion that poverty and knowledge of English are factors that should be looked at independently of race and ethnicity. Nonetheless, the report includes a criterion that many consider relevant.

Secondly, unlike in Maryland, most states have school districts that are smaller than and not directly contiguous to the counties in which they are located. We nonetheless chose to compare counties because they represent regions whose size is similar to Montgomery County.

Thirdly, the report includes Anne Arundel County despite the fact that it is less similar. The authors wanted to make at least two comparisons within Maryland.

Table 1 lists the counties we selected and their relevant demographic statistics.

**Table 1: County Selection Demographics**

*As reported by the year 2000 US Census*

County	State	Total population	Per capita income	Median household income	% African American	% Hispanic or Latino	% Foreign Born	% in Poverty
Montgomery	MD	873,341	\$35,684	\$71,551	15.0%	11.5%	26.7%	5.4%
San Mateo	CA	707,161	\$36,045	\$70,819	3.4%	21.8%	32.3%	5.8%
Contra Costa	CA	948,816	\$30,615	\$63,675	9.2%	17.7%	19.0%	7.5%
Fairfield	CT	882,567	\$38,350	\$65,249	10.0%	11.8%	16.9%	6.8%
Anne Arundel	MD	489,656	\$27,578	\$61,768	13.3%	2.7%	4.7%	5.0%
Baltimore	MD	754,292	\$26,167	\$50,667	19.9%	1.8%	7.1%	6.3%
Bergen	NJ	884,118	\$33,638	\$65,241	5.2%	10.3%	25.1%	4.9%
Middlesex	NJ	750,162	\$26,535	\$61,446	9.0%	13.6%	24.2%	6.4%
Westchester	NY	923,459	\$36,726	\$63,582	14.0%	15.7%	22.2%	8.6%
Nassau	NY	1,334,544	\$32,151	\$72,030	10.0%	10.0%	17.9%	5.1%
Fairfax	VA	969,749	\$36,888	\$81,050	8.4%	11.0%	24.5%	4.5%

## COMPARATIVE SPENDING

Per Pupil Spending: The education spending histories of the chosen counties are displayed in Table 2 in absolute cost per pupil terms. The numbers were obtained from the National Center for Education Statistics. For counties outside Maryland, an NCES computer program automatically aggregated the education expenditures and student populations of the school districts within the county.

**Table 2: Spending Per Pupil Per Year**

*As reported by the National Center for Education Statistics Common Core of Data*

COUNTY	STATE	1997	1998	1999	2000	2001	2002	2003	GROWTH
WESTCHESTER	NY	11,744	12,004	12,202	13,124	13,764	14,516	15,316	30.4%
NASSAU	NY	11,402	11,659	12,042	12,828	13,478	14,166	14,929	30.9%
BERGEN	NJ	10,271	10,407	10,975	10,891	11,441	11,788	12,605	22.7%
MIDDLESEX	NJ	9,053	9,213	9,669	10,056	10,485	10,899	11,675	29.0%
FAIRFIELD	CT	8,663	8,942	9,360	9,750	10,146	10,640	11,103	28.2%
MONTGOMERY	MD	7,901	8,287	8,604	8,963	9,543	10,005	10,580	33.9%
FAIRFAX	VA	7,141	7,615	7,736	8,530	9,038	9,200	9,488	32.9%
BALTIMORE	MD	6,554	6,971	7,172	7,452	8,051	8,459	8,744	33.4%
SAN MATEO	CA	5,499	5,897	6,083	6,752	7,620	8,329	8,503	54.6%
ANNE ARUNDEL	MD	6,309	6,522	6,625	7,014	7,793	8,140	8,361	32.5%
CONTRA COSTA	CA	4,946	5,352	5,438	5,869	6,623	7,073	7,190	45.4%
<b>National CPI from 1997</b>		100.0	101.6	103.8	107.3	110.3	112.1	114.6	14.6%

Numbers reported represent valid responses.

State Fiscal (FY03), District Finance (F-33) (FY02) & (FY03) and LEA Dropout 2001-02 are preliminary.

The above data is ranked according to cost per pupil in 2003. Of the selected counties, Montgomery ranks in the middle in terms of spending, and did so in 1997 as well. Despite the 33.9% growth in per pupil spending, Montgomery has not overtaken any of the five counties that were leading it in terms of education expenses in 1997. It has, however, gained on all of the five counties, because it has a growth rate more rapid than all but the two California counties, whose costs per pupil are much lower despite their growth rate.

Inflation Adjustment for Per Pupil Spending: Once again, we adjust the spending histories for inflation using the national consumer price index (Table 3).

**Table 3: Inflation Adjusted Spending Per Pupil Per Year (1997 Dollars)**

*As reported by the National Center for Education Statistics Common Core of Data*

COUNTY	STATE	1997	1998	1999	2000	2001	2002	2003	GROWTH
WESTCHESTER	NY	11,744	11,820	11,755	12,232	12,474	12,951	13,360	13.8%
NASSAU	NY	11,402	11,480	11,601	11,956	12,215	12,638	13,022	14.2%
BERGEN	NJ	10,271	10,247	10,573	10,151	10,369	10,517	10,995	7.1%
MIDDLESEX	NJ	9,053	9,072	9,315	9,373	9,502	9,724	10,184	12.5%
FAIRFIELD	CT	8,663	8,805	9,017	9,088	9,195	9,493	9,685	11.8%
MONTGOMERY	MD	7,901	8,160	8,289	8,354	8,649	8,926	9,229	16.8%
FAIRFAX	VA	7,141	7,498	7,453	7,950	8,191	8,208	8,276	15.9%
BALTIMORE	MD	6,554	6,864	6,909	6,946	7,296	7,547	7,627	16.4%
SAN MATEO	CA	5,499	5,807	5,860	6,293	6,906	7,431	7,417	34.9%
ANNE ARUNDEL	MD	6,309	6,422	6,382	6,537	7,063	7,262	7,293	15.6%
CONTRA COSTA	CA	4,946	5,270	5,239	5,470	6,002	6,310	6,272	26.8%

Numbers reported represent valid responses.

State Fiscal (FY03), District Finance (F-33) (FY02) & (FY03) and LEA Dropout 2001-02 are preliminary.

All the observations made for the previous set of numbers apply to the inflation adjusted data. Montgomery spends less per pupil than the counties in New York, New Jersey, and Connecticut, but more than those in Virginia, other parts of Maryland, and California.

The two Californian counties, which have the highest growth rates, nonetheless spend less per pupil today than Montgomery did in 1997. After them, Montgomery has the highest spending growth rate after covering inflation and enrollment increases. If the County continues at this rate, it will catch up with the spending levels of the higher counties and leave behind most of the lower counties. This is not necessarily an unwise course of action, but it is important to ask if the higher spending counties have seen returns on their investments.

Cost of Living Adjustments: Table 4 shows the spending comparison between counties adjusted for the estimated cost of living. The cost of living scale used here is based on a cost of living index for selected municipalities within each of these counties. Montgomery’s cost of living is set at 100.

The cost of living adjustment is meant to account for the supposed cost of hiring similarly qualified teachers in different regions of the country. We calculated the adjusted spending number by multiplying the real spending by the cost of living index for each region. The spending number is not in real dollars; it is an imaginary number that lowers a school system’s spending if the relative cost of living is high, and raises it if the cost of living is low.

**Table 4: Spending Adjusted for Cost of Living:  
Montgomery County = 100 Index**

*Based on the cost of living index in The City Report from the Center for Mobility Resources*

COUNTY	STATE	SPENDING PER PUPIL 2003	ESTIMATED COST OF LIVING	ADJUSTED SPENDING PER PUPIL
MIDDLESEX	NJ	11,675	77	15,162
NASSAU	NY	14,929	103	14,494
BERGEN	NJ	12,605	90	14,006
WESTCHESTER	NY	15,316	118	12,980
BALTIMORE	MD	8,744	75	11,659
MONTGOMERY	MD	10,580	100	10,580
FAIRFAX	VA	9,488	90	10,542
ANNE ARUNDEL	MD	8,361	80	10,451
FAIRFIELD	CT	11,103	117	9,490
SAN MATEO	CA	8,503	128	6,643
CONTRA COSTA	CA	7,190	109	6,596

Because hiring teachers is not the only cost included in spending per pupil, and because teachers can and do commute, the effects of cost of living may not be as large as shown in Table 4. The table is intended to provide a generous upper bound for those who consider local cost of living a major factor in the cost of running a school system.

There are two major changes as a result of the adjustment. First, Baltimore County’s per pupil spending is higher than Montgomery’s. Second, Fairfield County’s spending is lower than Montgomery’s.

Fairfax County spending is equivalent to Montgomery’s after the adjustment.

## SCHOOL SYSTEM DEMOGRAPHICS BY COUNTY

Table 5 displays demographic data about the student populations in each county. NCES collects this demographic data from the states. The counties are again ranked by per pupil spending so the demographics of higher and lower spending counties can easily be compared.

**TABLE 5: Data on Student Populations (2002-03 School Year)**

*As reported by the National Center for Education Statistics Common Core of Data*

COUNTY	STATE	TOTAL STUDENTS	PERCENT AFRICAN AMERICAN	PERCENT HISPANIC	PERCENT FREE AND REDUCED LUNCH	PERCENT ENGLISH LANGUAGE LEARNER
WESTCHESTER	NY	148,377	18.8%	20.5%	28.1%	7.7%
NASSAU	NY	212,781	14.0%	12.6%	14.6%	5.0%
BERGEN	NJ	128,470	6.6%	13.4%	11.6%	4.4%
MIDDLESEX	NJ	115,697	11.8%	19.7%	22.7%	4.9%
FAIRFIELD	CT	145,570	14.4%	15.7%	26.0%	5.5%
MONTGOMERY	MD	138,983	21.4%	17.9%	22.4%	8.5%
FAIRFAX	VA	159,281	10.6%	14.5%	18.3%	13.2%
BALTIMORE	MD	106,667	35.3%	2.2%	28.7%	1.9%
SAN MATEO	CA	89,124	4.5%	32.6%	27.0%	23.4%
ANNE ARUNDEL	MD	74,786	20.3%	2.9%	16.1%	1.5%
CONTRA COSTA	CA	164,545	12.0%	23.2%	26.6%	14.0%

Certain items of interest are noted from this data. There are counties with similar minority and disadvantaged populations that spend more than Montgomery, and there are some that spend less. There is not a correlation between spending and minority, poor, and ELL populations. The second observation is that the minority composition does not necessarily correlate with the number of students who need free and reduced meals or who are learning English. In fact, less than half of Montgomery County's Hispanic students are classified as English Language learners.

Counties in California face significant challenges and have the lowest spending. They have the highest percentages of English language learners and some of the highest free and reduced meals percentages as well. Another fact to be noted is that Fairfax County schools have less Hispanic students than Montgomery, but Fairfax has more students learning English.

All in all, most of the selected counties have a significant number of students in one or more of these categories and likely face similar if not equivalent challenges.

## **USE OF THE SAT FOR ACADEMIC COMPARISONS**

In analyzing academic achievement in Montgomery County, we attempted to find an objective means of measuring students' academic progress over time in comparison to other counties and to the nation as a whole.

At the present time, there is only one standardized test given to students on a national level. This is the National Assessment of Educational Progress test given to fourth, eighth, and twelfth graders. However, the results of this test are not available at the county level because the test is only administered to sample populations. Many states administer variations of the Iowa Basic Tests, but neither the states nor the testing service release the results publicly, and the states usually customize the tests, limiting comparability. The No Child Left behind Tests are not standardized at the national level. Rather, each state develops its own test.

A Washington Post article on SAT Scores, dated September 1, 2004, indicated the following.

“Many educators and testing experts warn against using SAT averages to measure the academic success of a school system because such factors as parental income and the percentage of students who choose to take a voluntary test often influence results. But Weast (Montgomery County Superintendent Jerry Weast) said that SAT participation rates in his district and some others in the Washington area have risen to high enough levels that they do provide an indication of how well schools are doing.”

The Scholastic Aptitude Test is used in this study as the only reliable and consistent measure that can be used across state borders. A county's raw scores are considered within demographic and participation differences.

## COMPARATIVE SAT SUCCESS

Table 6 shows the average SAT scores and participation rates for the selected counties. For counties composed of multiple school districts, the countywide score and participation were calculated from the data for each school district by aggregating populations of seniors and test takers and by taking weighted averages of the school district scores. These data were obtained from the counties themselves or from The Public School Report 2005.

**Table 6: 2004 SAT Scores by County**

Based on data reported by *The School Report*, 2005, as well as by the school systems of all counties in MD and VA

<b>County</b>	<b>Mean Score</b>	<b>Participation</b>
Fairfax	1105	79%
Montgomery	1102	80%
Contra Costa	1081	53%
Westchester	1078	85%
Anne Arundel	1059	56%
Nassau	1057	88%
San Mateo	1052	52%
Bergen	1049	86%
Middlesex	1030	78%
Fairfield	1029	84%
Baltimore	1021	51%

Among the counties shown, Montgomery has the second highest average score, while Fairfax has the highest. Notably, the California counties have much lower participation rates, although these counties have significant participation in the ACT, a competing college test. Anne Arundel and Baltimore both have lower participation as well.

Among the counties with similar participation rates, Westchester, Nassau, Bergen, Middlesex and Fairfield have lower average scores than Montgomery County. These are also the counties that spend more per pupil than Montgomery. Fairfax, with a similar but slightly higher score, spends the same after adjusting for the cost-of-living.

Baltimore, Anne Arundel, Contra Costa, and San Mateo form a second group of counties with participation rates similar to each other, although the Californian counties' participation should be considered slightly higher because of ACT participation, which is in the range of 10-15% for both. After adjusting for cost of living, Anne Arundel and Baltimore counties both spend more per student than the California counties, while their SAT scores are no better. In fact, Baltimore, which has the highest spending of the group, has the lowest SAT scores, at 1021, while Contra Costa, with the lowest spending of the group, has the highest SAT scores, at 1081.

California's counties appear to be getting a better deal than Baltimore and Anne Arundel, Californian spending is substantially (\$3,000 per pupil, cost of living adjusted) lower than that of any other county examined in this report. The ability of those counties to produce similar results with much lower spending would be a good subject for further study.

In terms of producing SAT scores at a set spending level, Montgomery does better than most comparable counties. Among the counties we examined, higher spending does not correlate with better SAT results, which means it likely does not correlate with better academic results, either.

**PART TWO**

**MONTGOMERY COUNTY SPENDING**  
**AND**  
**TEST SCORES**

## **MONTGOMERY COUNTY SPENDING ON EDUCATION**

Cost per Pupil Spending Increases: The County’s spending in terms of cost per pupil was used to measure changes in the cost of education. The report measures the county’s spending with two sets of data, one from the County’s annual Operating Budget Summary and one from the National Center for Education Statistics (NCES), a federal agency operating within the Department of Education.

Table 7 tracks the growth in cost per pupil from 1997 to 2003 in absolute terms. The county data and the NCES data show increases of 38.5% and 33.9%, respectively. The national consumer price index grew by 14.6%.

**TABLE 7: Spending Per Pupil Per Year**

*As Reported by MCPS Operating Budget Summary and by NCES Common Core of Data*

Year Ending June	1997	1998	1999	2000	2001	2002	2003	<b>Growth</b>
Spending (MCPS)	6,866	7,068	7,306	7,573	8,529	8,973	9,509	<b>38.5%</b>
Spending (NCES)	7,901	8,287	8,604	8,963	9,543	10,005	10,580	<b>33.9%</b>
CPI from 1997	100.0	101.6	103.8	107.3	110.3	112.1	114.6	<b>14.6%</b>

Differences between Data Sources: There are differences between the NCES data and the county data. Montgomery County excludes several categories of spending from its cost per pupil calculation that NCES includes in order to create a standardized method of comparing spending levels nationwide. Spending excluded by the county’s statistic, but included by NCES includes (a) certain programs financed through state, federal, or private grants, (b) community services, (c) enterprise fund accounts, and (d) Montgomery’s teacher retirement plan that is largely funded by the state of Maryland. See Appendix A for further details.

Adjustment for Inflation: In Table 8, the County’s per pupil spending is adjusted for inflation to determine the “real” change in funding. The national consumer price index from the Bureau of Labor Statistics adjusts both the county and NCES numbers for inflation.

**TABLE 8: Inflation Adjusted Spending Per Pupil Per Year (1997 Dollars)**

*As Reported by MCPS Operating Budget Summary and by NCES Common Core of Data*

Year Ending June	1997	1998	1999	2000	2001	2002	2003	<b>Growth</b>
Spending (MCPS)	6,866	6,960	7,038	7,058	7,730	8,005	8,295	<b>20.8%</b>
Spending (NCES)	7,901	8,160	8,289	8,354	8,649	8,926	9,229	<b>16.8%</b>

The spending increases exceed the national CPI by more than 16% by NCES standards and more than 20% by County standards. Note that Table 8 accounts for both inflation and enrollment growth.

The additional 17% to 21% in Table 8 is no small amount; using the NCES numbers it amounts to about \$211 million (2003 dollars) in extra spending in 2003. This amount is in addition to extra spending that covers both (i) inflation and (ii) increased student population. Over the 1997 to 2003 period, the cumulative spending over and above the amount needed to cover inflation and more students was about \$649 million, a number reached by multiplying extra costs per pupil by fall enrollment.

An analysis of the yearly cost per pupil numbers in Table 8 reveals another interesting fact: costs per pupil increased rapidly in the recent years. Between 1999 and 2000, the increase was only twenty dollars per pupil (in county operating expenditures). Between 2002 and 2003, the increase was \$290 per pupil.

Update for 2005: Table 9 shows the County’s spending from 1997 to 2005. The 2005 number is the amount budgeted as opposed to the final spending as determined by MCPS. NCES data are not yet available for 2004 and 2005.

**TABLE 9: Spending Per Pupil Per Year Through 2005**

*As Reported by the MCPS Operating Budget Summary*

Year Ending June	1997	1998	1999	2000	2001	2002	2003	2004	2005	<b>Growth</b>
Spending	6,866	7,068	7,306	7,573	8,529	8,973	9,509	10,055	10,717	<b>56.1%</b>
Inflation Adjusted	6,866	6,960	7,038	7,058	7,730	8,005	8,295	8,543	8,903	<b>29.7%</b>

Table 9 reveals that the new spending growth continues in 2004 and 2005. The increase between those years was \$360 per pupil, and the increase in real per pupil spending from 1997 to 2005 was nearly 30%. The spending increase indicated in Table 8 continues. The extra amount exceeding inflation and enrollment is now \$338 million annually.

Table 10 below displays the annual extra spending since 1997 in cost per pupil terms and in 2005 dollars. The table reveals how we determined the \$338 million figure from the previous paragraph and shows how it has grown to that level, year-by-year. The extra spending per pupil row shows the cost per pupil above the 1997 level for each year. Extra spending is then calculated by multiplying the extra per pupil cost by the enrollment levels the county uses to determine its cost per pupil figure.

**Table 10: Extra Spending Since 1997**

	<i>As reported in the MCPS Operating Budget Summary</i>								
	1997	1998	1999	2000	2001	2002	2003	2004	2005
Real per Pupil Sp. (1997 Dollars)	\$6,866	\$6,960	\$7,038	\$7,058	\$7,730	\$8,005	\$8,295	\$8,543	\$8,903
Extra Spending Per Pupil	\$0	\$94	\$172	\$192	\$864	\$1,139	\$1,429	\$1,677	\$2,037
Enrollment -000	120	123	126	129	132	134	137	132	138
Extra Spending in millions of 1997 Dollars	0	11.5	21.7	24.7	114.0	152.9	195.5	229.6	281.0
<b>Extra Spending in millions of 2005 Dollars</b>	<b>0</b>	<b>13.9</b>	<b>26.1</b>	<b>29.8</b>	<b>137.2</b>	<b>184.2</b>	<b>235.4</b>	<b>276.5</b>	<b>338.2</b>

**Total Extra Spending Since 1997                    \$1.2 billion**

The exact amount of spending above 1997 levels in 2005 is \$338 million. That's \$338 million after inflation is accounted for and after every new student's education is paid for. The total amount of extra spending (2005 dollars) since 1997 is \$1.2 billion.

The spending increases are, in and of themselves, not necessarily a bad thing. The County's public education system is highly regarded but it may have room for improvement. For example, about one in nine students has his/her classes in trailers rather than brick and mortar classrooms.

Uses of the Spending: Definitive programs to which this 30% excess-over-inflation spending appears to have been applied are (a) smaller class sizes, at about \$40 million a year, (b) increased special education at about \$25 million a year, (c) ESOL growth, at about \$7 million a year, and (d) growing health benefit costs, at about \$15 million a year. These increases do not come close to accounting for the total growth in excess-over-inflation during that period.

Regarding class sizes, an authoritative report from the Class Size Reduction Research Consortium analyzed the results of class size reduction in California and found that little, if any, improvement could be attributed to it. The authors consulted with several education administrators and education experts who agreed with this analysis, but many parents remain convinced that small classes mean better learning.

## STANDARDIZED TEST RESULTS IN MONTGOMERY COUNTY

In this section, the report examines whether academic achievement, as defined by standardized test results, has increased with the higher spending levels. It also examines whether the County has experienced significant demographic shifts in the student population, which might (a) require massive new spending or (b) contribute to test score changes.

SAT Changes: The County government has made much of the recent increases in SAT scores. Table 11 reviews SAT scores since 1990.

**Table 11: County vs. National Mean SAT Scores**

*Data reported by an MCPS Dept. of Shared Accountability examination of 2004 SAT results  
National participation data reported by CT Dept. of Education 2005 SAT News Release*

Year	MCPS Results		National Results		MCPS Advantage
	Mean	Participation	Mean	Participation	
1990	1085	74%	1001	40%	<b>84</b>
1991	1080	74%	999	42%	<b>81</b>
1992	1086	73%	1001	42%	<b>85</b>
1993	1085	74%	1003	43%	<b>82</b>
1994	1085	73%	1003	42%	<b>82</b>
1995	1087	73%	1010	41%	<b>77</b>
1996	1088	75%	1013	41%	<b>75</b>
1997	1092	76%	1016	42%	<b>76</b>
1998	1092	77%	1017	43%	<b>75</b>
1999	1096	79%	1016	43%	<b>80</b>
2000	1093	80%	1019	44%	<b>74</b>
2001	1092	79%	1020	45%	<b>72</b>
2002	1095	81%	1020	45%	<b>75</b>
2003	1094	81%	1026	48%	<b>68</b>
2004	1102	80%	1026	48%	<b>76</b>
2005	1101	77%	1028	49%	<b>73</b>

The increase in the County's SAT scores is part of a national trend, not a trend specific to the County. In a test whose primary role is a competitive one, Montgomery County's advantage over the rest of the country dropped from 76 points to 73 points from 1997 to 2005. MCPS has suggested the flat advantage results from the seniors' participation increase of 76% to 77%, meaning more academically weak students are taking the test. However, the nationwide participation rate increased from 42% to 49% over the same time period, which diminishes the credibility of that argument.

MCPS might also suggest that the flat advantage results from more minorities taking the SAT test, as minorities typically score lower. However, the data shows that the race/ethnicity of SAT test takers changed little from 2000 to 2004.

**Table 12: Senior Class and % of SAT Test Takers**

*Data reported by MCPS Dept. of Shared Accountability examination of 2004 SAT scores*

Percentage of Seniors					
Race/Ethnicity	2000	2001	2002	2003	2004
Asian	15.6%	14.9%	15.7%	15.1%	15.3%
White	52.5%	52.0%	51.2%	52.7%	50.5%
Black	20.6%	20.3%	20.2%	18.8%	20.4%
Hispanic	11.3%	12.9%	13.0%	13.4%	13.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Percentage of Test Takers					
Race/Ethnicity	2000	2001	2002	2003	2004
Asian	18.0%	17.3%	18.3%	17.3%	17.7%
White	58.2%	58.5%	57.2%	58.5%	57.1%
Black	16.6%	16.3%	16.2%	16.5%	16.9%
Hispanic	7.1%	7.9%	8.3%	7.7%	8.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

MCPS might also suggest that the flat advantage results from a higher proportion of FARMS, special education or ESOL seniors taking the SAT test, as compared to prior years. However, the percentage of FARMS test takers declined from 7.5% in 2000 to 7.3% in 2004, ESOL test takers dropped from 2.4% to 1.5%, and Special Education test takers held steady at 5.0%.

State Testing Changes: The Maryland State Assessment (MSA) and the Maryland High School Assessment (HSA) were introduced in 2002 to provide a statewide testing standard. The County has pointed to the three-year trends of scores on these tests as evidence of academic improvement, and the current MSA passing rates for Montgomery County are higher than they were in 2002. The first three years of a test's existence may not be the best time to make judgments about academic improvement, since it may take several years to know where the starting line is. In light of that, the report considers Montgomery County scores alongside statewide scores for the MSA and HSA (Table 13). For the MSA, grades four and seven are not included, but they showed similar trends. They are available on [mdreportcard.org](http://mdreportcard.org), a Maryland State Department of Education web page.

**Table 13: State Assessment Scores**

As reported by the Maryland Dept. of Education on [mdreportcard.org](http://mdreportcard.org)

Year	Maryland High School Assessment (% passing)							
	English		Biology		Government		Algebra	
	Montco	Statewide	Montco	Statewide	Montco	Statewide	Montco	Statewide
2002	61.7	43.6	72.2	54.5	72.2	57.3	71.5	52.1
2003	56.3	39.8	71.3	54.3	77.3	60.2	67.1	53.2
2004	65.6	53	73.8	60.9	79.1	65.9	72.4	58.8
2005	n/a	n/a	70.1	57.6	77.3	66.4	67.7	53.8
<b>Growth:</b>	<b>3.9</b>	<b>9.4</b>	<b>-2.1</b>	<b>3.1</b>	<b>5.1</b>	<b>9.1</b>	<b>-3.8</b>	<b>1.7</b>

Year	Maryland School Assessment in Reading (% proficient or advanced)							
	Grade 3		Grade 5		Grade 6		Grade 8	
	Montco	Statewide	Montco	Statewide	Montco	Statewide	Montco	Statewide
2003	66.8	58.1	74.6	65.7	--	--	70.8	59.9
2004	77.6	71	76.1	68.4	77.2	68.3	72.4	63.8
2005	79.2	75.8	79.8	74.3	75.9	70.3	73.9	66.4
<b>Growth:</b>	<b>12.4</b>	<b>17.7</b>	<b>5.2</b>	<b>8.6</b>	<b>-1.3</b>	<b>2</b>	<b>3.1</b>	<b>6.5</b>

Year	Maryland School Assessment in Math (% proficient or advanced)							
	Grade 3		Grade 5		Grade 6		Grade 8	
	Montco	Statewide	Montco	Statewide	Montco	Statewide	Montco	Statewide
2003	75.5	65.1	67.8	55	--	--	57.5	39.7
2004	79.4	72.2	73.5	63.1	62.4	50.3	58.8	45.8
2005	83	76.8	78.5	69.2	67.7	60.1	64.7	51.7
<b>Growth:</b>	<b>7.5</b>	<b>11.7</b>	<b>10.7</b>	<b>14.2</b>	<b>5.3</b>	<b>9.8</b>	<b>7.2</b>	<b>12</b>

In every category of state testing, Montgomery County's increase in scores over three years (or two for grade six) was smaller than the statewide increase. The statewide scores began at a lower point and had more room for improvement. It should not be surprising that improvement occurred everywhere in the state within three years of the test's introduction. Performance on the tests should improve in the first few years after their introduction, as educators get familiar with the tests' content.

Partial HSA scores for 2005 were released in August 2005 and showed slumps in biology, government and algebra. MCPS scores in biology and algebra in 2005 were lower than in 2002. Last year's positive report on the HSA has become this year's negative report.

The predecessor to the MSA, the MSPAP, is considered in Table 14. The MSPAP was administered from 1993 to 2002, and scores rose to 1998 and then fell sharply.

### **Table 14: MSPAP Scores**

*As reported by the Maryland Dept. of Education on mdreportcard.org*

Year	MSPAP Reading (% satisfactory and excellent)					
	Grade 3		Grade 5		Grade 8	
	Montco	Statewide	Montco	Statewide	Montco	Statewide
1993	--	--	39.8	27	39.6	25.8
1994	47.9	34.2	46.8	33.7	34.3	25.9
1995	50.1	38.6	40.5	33.1	38.3	29.1
1996	50.1	39.6	46.1	37.4	39.2	30.2
1997	52.2	41.8	51.6	41.6	35.5	29.2
1998	59.7	48.5	59.1	48.9	36	27.7
1999	56.4	47.9	60.6	50.6	37.1	27.4
2000	51.1	45.8	65	55.4	38.9	29.1
2001	42	41.8	62.7	56.9	37.6	29.7
2002	34.7	34.4	57.4	53.4		26.4
<b>Growth:</b>	<b>-13.2</b>	<b>0.2</b>	<b>17.6</b>	<b>26.4</b>	<b>3.3</b>	<b>0.6</b>

Year	MSPAP Math (% satisfactory and excellent)					
	Grade 3		Grade 5		Grade 8	
	Montco	Statewide	Montco	Statewide	Montco	Statewide
1993	49.7	30.7	72.1	45.3	62.1	39.9
1994	54.8	36.8	77.6	50.1	65.3	45.5
1995	67.8	44.4	75.3	53.5	72.1	48.6
1996	62.5	44.7	77	57.4	72.6	51.4
1997	67.8	48	83.7	60.1	80.3	55
1998	67.1	48.6	83.6	61.1	86.2	59
1999	62.6	45.3	82.2	58.8	95	64.3
2000	57	45.9	83	60.9	92.7	65.5
2001	48.2	42.4	68.8	54.3	86.8	60.3
2002	34	30.8	63.6	49.4	--	43.7
<b>Growth:</b>	<b>-15.7</b>	<b>0.1</b>	<b>-8.5</b>	<b>4.1</b>	<b>24.7</b>	<b>3.8</b>

Without exception, the MSPAP scores for both the county and the entire state rise for the period following the introduction of the test. Then, several years before the test is replaced, they fall to a level sometimes lower than where they began. It is difficult to interpret these scores, but two observations come to mind. The first is that in light of the fluctuations of the scores, the early increases do not indicate an academic breakthrough in the mid 1990s. Had that been assumed at the time, it would have been premature. The second, and most important, is that while MSA scores have been rising since 2002, scores on its predecessor test were falling until 2002. The trend in test scores reversed itself the moment a new test was introduced.

The state testing is, for now, too inconsistent to show concrete conclusions about the MCPS performance.

## DEMOGRAPHIC CHANGES

Table 15 below displays certain demographic attributes, including the percent of students on Free and Reduced Meal Programs (FARMS).

**Table 15: % in Special Programs**

*As reported by the MCPS Annual Citizen's Budget*

<b>Year</b>	<b>FARMS</b>	<b>Special Ed</b>	<b>ESOL</b>
1997	22.2	5.1	6.1
1998	22.4	5.3	6.0
1999	22.5	5.5	6.8
2000	22.3	5.2	7.0
2001	21.8	5.6	7.1
2002	21.6	5.5	7.8
2003	22.4	5.8	8.6
2004	22.7	5.8	8.8

The percentage of FARMS students changed little from 1997 to 2004. Percent special education enrollment rose marginally, and the percentage of English as Second Language students increased from 6.1% to 8.8%.

As indicated earlier (Table 12), the demographics of seniors taking the SAT test changed little from 2000 to 2004.

The percentage of African American and Hispanic students in the county increased significantly since 1997, with the proportion of Hispanic students increasing by nearly half. Although this is widely considered to be a challenge to the education system, it is important to remember that the increase in the proportion of students on free and reduced meals and students in ESOL programs has not seen such dramatic growth.

**Table 16: MCPS Racial/Ethnic Composition Over Time**

*As reported by the National Center for Education Statistics*

<b>Race/Ethnicity</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Black	19.8%	20.3%	21.0%	21.0%	21.2%	21.1%	21.4%	22.1%
Hispanic	12.5%	13.2%	13.9%	14.9%	16.2%	17.2%	17.9%	18.7%
Asian	12.6%	12.7%	12.8%	13.1%	13.3%	13.9%	14.2%	14.3%
White	54.7%	53.4%	51.9%	50.7%	49.0%	47.4%	46.1%	44.6%
Indian/Alaskan	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%

# CONCLUSIONS

## MONTGOMERY COUNTY:

- Comparative Efficiency: When compared to similar counties, Montgomery County is more efficient than most in terms of producing high SAT scores. It has lower per pupil spending and higher SAT scores than similar counties in New York, New Jersey, and Connecticut. With the exception of the one county in Connecticut, these results still apply when one adjusts for regional cost of living. In these counties, there are multiple school districts. Montgomery County operates a single county-wide district.

In short, citizens of Montgomery County get more for their money in terms of education than citizens of comparable counties in New York, New Jersey and Connecticut. Montgomery County spends less and performs better.

Adjusted for cost-of-living, Fairfax has slightly higher SAT scores and spends about the same as Montgomery. In terms of demographic challenges, Fairfax has fewer minorities in its student population, but it has about the same proportion of poor and ELL students, indicating that it faces similar challenges.

- Demographics: From 2000 to 2004, the demographics of the County's seniors changed little. In contrast, the demographics of the overall student body showed a marked gain in black and Hispanic population.
- Spending Growth: Montgomery County's spending growth has exceeded inflation and enrollment growth since 1997. Results on state testing have been inconsistent. SAT scores relative to the rest of the country have been flat despite the heavy spending increases.

In 2003, MCPS spent \$200 million more than was needed in 1997, after accounting for inflation and enrollment growth. That number now exceeds \$300 million and is scheduled to grow again in 2006. The County is more efficient than five of the other counties, but that will not be the case for long if current trends in spending growth continue.

The spending for smaller class sizes accounts for about \$40 million annually, but an authoritative study on the subject indicates that the "small class size" strategy does not lead to higher test scores.

Higher annual ESOL costs (\$7 million), special education costs (\$25 million) and employee health benefits costs (\$15 million) account for additional portions of the \$300 million excess over inflation spending.

## REGIONAL

- Baltimore County vs. Montgomery: Baltimore County's per pupil spending level is 10% higher than Montgomery County, after adjusting for regional cost of living differentials. Baltimore County's SAT participation rate is 51% (vs. 80% at MCPS). Baltimore County's 2005 mean score (1025) was 76 points lower than Montgomery's mean score. The two counties demographics do not seem so dissimilar as to account fully for the differences.
- Baltimore County vs. California: San Mateo and Contra Costa Counties in California have similar SAT participation rates as Baltimore County. Adjusted for cost-of-living differences, they spend over 40% less per pupil than Baltimore County, yet both jurisdictions have higher mean SAT scores than Baltimore County.
- Fairfax County: Adjusted for cost-of-living differences, Fairfax County and Montgomery County spend the same on a per pupil basis. The mean 2005 SAT scores of Fairfax seniors (1114) are higher (13 points) than Montgomery (1101).

## NATIONAL

- Higher-Than-Inflation-Spending is a National Trend: All of the eleven counties studied increased per pupil spending faster than inflation. The lowest after-inflation spending increase was Bergen County, New Jersey, at 7.1% from 1997-2003. The largest increase was San Mateo County, California at 34.9%. The average increase in per pupil spending over-and-above inflation was 16.9% for eleven counties.
- No Correlation between Higher Spending: The report found no correlation between higher spending and county-wide SAT scores among the seven counties that were considered the most similar demographically (i.e., Westchester, Nassau, Bergen, Middlesex, Fairfield, Montgomery and Fairfax).
- Possible Follow-up Questions: Big increases in spending for education were not unusual for the eleven counties in the study. In Montgomery County, the higher spending produced no major change in outcomes from the measuring point of standardized test scores. An interesting task for a follow-up study is to examine whether the other ten counties had static outcomes with the higher spending, assuming their respective demographic changes were negligible. Such research was beyond the scope of this study.

## MANAGEMENT RESPONSIBILITY

Higher-than-inflation spending is not a teacher issue, a union issue or a staff compensation issue. It is a management issue tied to the local school board, and ultimately to elected officials who exercise supervisory control. Management's job is to allocate resources in the most effective manner. The authors are not interested in Montgomery County undoing previous spending initiatives, only in its making informed decisions based on the analysis of past results. To settle for less will invite waste, erode public support for the school system, and diminish the excellent reputation of MCPS.

# **PART THREE**

## **OTHER INFORMATION**

## APPENDIX A

### Differences between County and NCES Data

This appendix provides a detailed account of the differences between the County cost per pupil numbers and the cost per pupil numbers provided by the National Center for Education Statistics. The table below shows what is added and subtracted to get from the county operating budget number for 2003 to the NCES number for 2003 as an example. An explanation of the conversion follows below the table. The process for the other years is generally the same notwithstanding any County classification changes that may have occurred.

#### 2003 MCPS and NCES Data

	<b>MCPS Cost Per Pupil</b>	<b>\$9,509</b>
x	Number of Pupils	136,390
=	Included spending	\$1,296,932,510.00
+	Amount excluded	\$117,006,203.00
=	MCPS Operating Budget	\$1,413,938,713.00
-	Food Services	\$34,911,394.12
=		\$1,379,027,318.88
	Current Expense (AFR)	\$1,380,341,525.00
+	MD retirement contributions	\$70,813,522.00
=		\$1,451,155,047.00
	Current Expenses (SFD)	\$1,450,933,138.25
-	Current Expenses Equipment	\$10,696,588.97
-	Adult Education	\$3,573,450.28
-	Outgoing and other Transfer	\$30,141,147.53
-	Community Services	\$1,562,112.17
+	Adult Ed. Equipment	\$1,024.00
+	Community Serv. Equipment	\$20,370.85
+	Add Back Food Services	\$34,911,394.12
+	Student Activities	\$30,493,838.00
=		\$1,470,386,466.27
	NCES Current Expenditures	\$1,470,387,000.00
-	NCES Deductions	\$0.00
=		\$1,470,387,000.00
/	NCES Fall membership	138,983
	<b>NCES Cost Per Pupil</b>	<b>\$10,580</b>

The conversion begins by multiplying the cost per pupil figure in the Operating Budget Summary by the number of pupils given in that same summary. The number of pupils is slightly smaller than the one officially given because a minor adjustment is made for students who are not in school for the full time.

The amount the County officially excludes from the cost per pupil calculation is then added, yielding the County's annual operating budget figure. The cost of food services is then subtracted, approximately yielding the current expense number presented in the County's Annual Financial Report (AFR). There is a slight difference here. This and all later differences likely occur because budget figures are collected at different times of the year and are changing slightly over time.

The cost of Maryland retirement contributions is added to the AFR, which yields the current expenses number in the state's Selected Financial Data report (SFD). Adding and subtracting the various categories seen in the table accounts for the difference between the SFD number and the NCES current expenditures for elementary and secondary education number. Finally, dividing by NCES's fall membership number, which stands for enrollment as measured on a set day in the fall, yields NCES's calculation of expenditures per student.

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Fairfax County Board of Education

Baltimore County Board of Education

**The authors would like to thank the following for their time and willingness to discuss matters related to this report:**

Frank Johnson, National Center for Education Statistics

Marshall Spatz, Director, Department of Management, Budget and Planning, MCPS

Robert Doody, Controller, Montgomery County Public Schools

Clare Von Secker, Evaluation Specialist, Montgomery County Public Schools

Savaroun Ieng, Financial Reporting Specialist, MD State Dept. of Education

Dr. Kirk Johnson, Center for Data Analysis, Heritage Foundation

Thomas Firey, Cato Institute, Center for Education Reform

Joseph Russek, Montgomery County Citizen

Sean McNamara, Cost of Living Index project leader, ACCRA

Supreet Anand, Maryland State Department of Education

Laura Steinberg, Director, Dept. of Reporting and Regulatory Accountability, MCPS

Mary Ann Ericson, Department of Shared Accountability, MCPS

Dr. George Wimberley, Acting Coordinator, Applied Research, MCPS

Robert Monsheimer, education specialist, Montgomery County Taxpayer's League

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## **ABOUT THE SPONSOR**

The Maryland Tax Education Foundation (MTEF) is a Maryland Corporation established in 1998 to help the public understand tax and expenditure policies of state and local government in Maryland. MTEF finances research, analysis, and dissemination of information on taxation and spending. Contributions to MTEF are tax deductible to the extent allowed by the law for 501 (c) (3) organizations.

MTEF has held five Budget and Tax Institutes attended by legislators, candidates for office, and the general public. It served an administrative function for Project \$1.1 Billion Recovery, a citizen's group organized to educate the public about Peter Angelos' requested \$1.1 billion tobacco legal fee. It performed a similar function for Project \$1.5 Billion Recovery, a citizen's group founded to educate the public about the unfair arrangement regarding slot monopolies at Maryland racetracks.

MTEF recently sponsored and published a study of the Montgomery County solid waste disposal system, indicating potential savings of \$20 million annually. It is examining the Planning Board's proposed zoning text amendments, whereby wealthy landowners and developers are provided – for free – increased densities worth tens of millions of dollars.

MTEF can be found on the web at [www.marylandtaxeducation.org](http://www.marylandtaxeducation.org).