



MAR 31 2014

STEPHANIE RAWLINGS-BLAKE
MAYOR

*100 Holliday Street, Room 250
Baltimore, Maryland 21202*

March 26, 2014

Lillian M. Lowery, Ed.D., State Superintendent of Schools
Office of State Superintendent
Maryland State Department of Education
Nancy S. Grasmick State Education Building,
200 West Baltimore St.
Baltimore, MD 21201 - 2595

Dear Dr. Lowery,

This letter requests the approval of MSDE to an agreement which has been reached between Mayor and City Council of Baltimore (the City) and Baltimore City Public Schools (BCPS) in connection with the Fiscal 2015 Maintenance of Effort(MOE). We have agreed on a waiver of \$2,925,582 from the City's expected Fiscal 2015 Maintenance of Effort (MOE) base of \$205,549,607. The City and BCPS also agree that the new base MOE for Fiscal 2015 should be \$202,624,025. This letter is to request MSDE's approval of this agreement.

Background

During the Fiscal 2013 budget process an incorrect enrollment number was used to calculate the City's MOE contribution to BCPS. A projected Fiscal 2013 enrollment of 79,849 FTE was used to calculate the MOE. However, the Fall 2011 MSDE-certified enrollment number on which the Fiscal 2013 MOE calculation should have been based was only 78,871 FTE. This error was identified by the City's Budget Department. Based on the incorrect enrollment, the City appropriated \$204.5 million for Fiscal 2013 which was higher than the \$202.1 million which should have been appropriated.

Long-Term Impact

If the City and BCPS are unable to correct the enrollment error beginning in Fiscal 2015, the City will be required to appropriate approximately \$28 million over the course of the next ten years in excess of the amounts required by the MOE law using certified enrollment figures, not including any impact from the escalator.

1) The Amount of the Waiver Requested

The City and BCPS request a waiver of \$2,925,582 to correct the enrollment error. This correction begins with the Fiscal 2015 appropriation and will establish a new baseline in future years for MOE.

In Fiscal 2014, the City provided an additional MOE appropriation to comply with the MOE law requiring calculation from the highest net local appropriation of the previous year. The \$2,925,582 waiver request for Fiscal 2015 is the amount of additional appropriation in Fiscal 2014 based on the enrollment error.



The City and BCPS agree to this waiver amount and agree that the new base MOE for Fiscal 2015 will be \$202,624,025.

2) The recurring cost that will be reduced by line item

This is not applicable to the waiver request.

3) Why funding will remain adequate even with waiver

The City has a history of meeting or exceeding the required Maintenance of Effort. The waiver will result in BCPS receiving an appropriate level of funding if the enrollment error had not occurred. The waiver request would result in funding level based on certified enrollment figures consistent with the MOE law.

We appreciate MSDE's consideration of our request. Please contact Andrew Kleine at 410-396-4941 if you need any additional information.

Sincerely,

Stephanie Rawlings-Blake



*Mayor
City of Baltimore*

Dr. Shanaysha Sauls, Ph.D.



*Chair
Baltimore Board of School Commissioners*

CC: Tisha Edwards, Interim Chief Executive Officer
Victor De La Paz, Chief Financial Officer
Dawana M. Sterrette, Government Relations Liaison
Tammy L. Turner, Chief Legal Counsel
Harry E. Black, City Finance Director
George Nilson, City Solicitor
Kristy Michael - Deputy State Superintendent for Finance & Administration,
& Chief Operating Officer