



The Superintendent's Recommended  
Budget in Brief



# FY 2018 Operating Budget

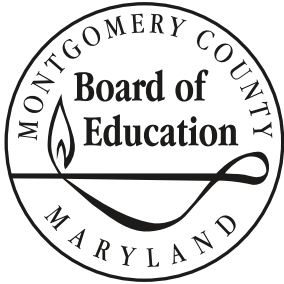
Montgomery County Public Schools, Rockville, Maryland

Recommended to the Board of Education  
December 2016

**Fiscal and School Year Ending June 30, 2018**

**Jack R. Smith, Ph.D.**  
Superintendent of Schools

[www.montgomeryschoolsmd.org/budget](http://www.montgomeryschoolsmd.org/budget)



## **VISION**

*We inspire learning by providing the greatest public education to each and every student.*

## **MISSION**

*Every student will have the academic, creative problem solving, and social emotional skills to be successful in college and career.*

## **CORE PURPOSE**

*Prepare all students to thrive in their future.*

## **CORE VALUES**

*Learning  
Relationships  
Respect  
Excellence  
Equity*

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December 13, 2016



Dear Members of the Board of Education:

I am pleased to submit for your consideration my Fiscal Year (FY) 2018 Operating Budget recommendation for Montgomery County Public Schools (MCPS). I am recommending an FY 2018 Operating Budget of \$2,519,848,012, which will help to build the foundation and structure that is needed to ensure that all MCPS students are ready to graduate from high school and are prepared to be successful in college and careers.

My recommendation includes an increase of \$62,374,251 and 95.478 Full-time Equivalent (FTE) positions to fund the same level of services for a growing number of students, rising costs in operations, and strategic accelerators. Part of this increase is offset by savings of \$24,678,901 generated by program efficiencies and reductions. This additional, \$62,374,251 represents a 2.5 percent increase in the operating budget compared to FY 2017.

In addition, this budget assumes that the Montgomery County Council will continue to fund \$27,200,000 from the county's Consolidated Other Post-employment Benefits Trust Fund to cover a portion of our retiree health benefits costs.

As we begin our discussions on the FY 2018 Operating Budget, it should be noted that our community continues to receive a strong return on the investment it makes in our students. For instance, consider the recent performance of the MCPS students:

- In the 2015–2016 school year, a total of 17,569 MCPS students took at least one Advanced Placement exam with 75.8 percent earning a college-ready score of 3.0 or higher;
- The Class of 2016 earned a 1631 average combined SAT score, surpassing both the national and state averages; and
- Our students in the Class of 2016 earned \$343 million in college scholarships.

While MCPS has had a long history of high achievement for many students, not all students have been successful. There are groups of students who have not had the learning opportunities or reached learning levels that have prepared them to be successful in college, career, and community. These learning disparities fall most heavily on Black/African American students, Hispanic/Latino students, and students impacted by poverty. As the student population continues to grow, MCPS' capacity to ensure the success of these children will define its success. We must act now to create a school system where academic success is not predictable by race, ethnicity, socioeconomic status, language or disability. Our commitment to equity in no way lessens our commitment to excellence. Our commitment is to raise to excellence those students who have not yet achieved at their highest potential.

The driving factor in preparing the FY 2018 Operating Budget is both maintaining successful practices that have led to strong student achievement in past years and investing in new strategies to ensure that all students are able to achieve at higher levels. The FY 2018 Operating Budget builds on the additional funding received in FY 2017 to reduce class sizes in many classrooms across the district and accelerate efforts to close the achievement gap. Ensuring opportunities and success for all students demand focused attention. While the differences that mark student achievement will not be eliminated in one year, this budget defines a clear path to improved achievement for all and instills confidence that MCPS will fulfill its core purpose of “preparing all students to thrive in their future.”

The following table reflects the revenue and expenditure details of my FY 2018 Recommended Operating Budget compared to FY 2016 and current FY 2017 budgets.

Montgomery County Public Schools  
Superintendent's Recommended FY 2018 Operating Budget

	FY 2016 <u>Actual Budget</u>	FY 2017 <u>Current Budget</u>	FY 2018 <u>Recmd. Budget</u>	FY 2018 Change from <u>FY 2017</u>
Total Expenditures	\$2,318,713,430	\$2,457,473,761	\$2,519,848,012	\$62,374,251
<b>Revenue</b>				
Local Revenue	1,507,704,582	1,617,631,597	1,682,639,169	65,007,572
State Revenue	632,645,347	657,437,390	665,902,910	8,465,520
Fund Balance	33,162,633	33,162,633	19,662,633	-13,500,000
Fed/Other Revenue	<u>145,200,868</u>	<u>149,242,141</u>	<u>151,643,300</u>	<u>2,401,159</u>
Total Revenue	\$2,318,713,430	\$2,457,473,761	\$2,519,848,012	\$62,374,251

### Managing Growth

Fiscal Year 2018 will be the ninth consecutive year that our enrollment has increased by at least 2,000 students, and the trend is expected to continue. While most of the student enrollment growth during the past several years has occurred in elementary schools, currently we are experiencing dramatic increases in secondary school enrollment – a trend expected to continue in the coming years as elementary students articulate to middle and high schools. By the 2022–2023 school year, enrollment is expected to reach 168,480 students, an increase of nearly 9,000 students from the current fiscal year.

In order to manage our expected student enrollment growth, my budget recommendation adds more than 226 FTE positions, including 120.0 general elementary/secondary FTE positions, 64.8 FTE positions for special education services, and 29.9 FTE positions to serve our growing population of students who receive English for Speakers of Other Languages services. We also need 12.4 FTE positions to open the new Bethesda/Chevy Chase #2 Middle School as well as 9.7 FTE positions to add Grade 8 to Hallie Wells Middle School for the 2017–2018 school year. Finally, we need 35.5 FTE positions in school support operations for transportation, school plant operations, and food services for the additional students and facilities expected next fiscal year.

### **Strategic Accelerators**

This budget recommendation includes \$10,207,815 in strategic accelerators, including 22.0 FTE positions. These resources help intensify efforts to close the persistent opportunity gaps and improve academic excellence for all. The strategic accelerators are grouped by the five strategic priorities that were outlined in fall 2016.

To support the core or principal strategy of improving teaching and learning, an additional \$3,561,854 and 13.5 FTE positions are included. Within this total, \$1,193,652 will be used to increase opportunities and improve achievement for students including implementation of a diploma program for students who need an alternative path for graduation, increasing access to Career Technology Education programs and implementation of apprenticeship programs. In addition, \$457,311 will be used to enhance achievement focused co-curricular programs to all middle schools to increase outcomes and opportunities for students. In addition to new dollars, realigned dollars will support these efforts including the realignment of a supervisor position to provide coordination of efforts. A total of \$1,037,103 and 12.5 FTE positions will expand the home school model to the remaining elementary schools. To ensure effective mathematics instruction, an increase of \$500,000 is needed to provide professional development, instructional materials, focused support, and approaches to scheduling students in elementary and middle schools. Funding of \$150,000 will be used to add six additional equal opportunity schools, as part of a nationwide initiative, to increase students' access to advanced academic courses, and \$192,689 to implement two-way immersion programs at elementary schools and plan for middle school options.

For the focus on learning, accountability, and results, a total of \$2,475,772 and 2.0 FTE positions are included. Within this total, \$1,271,022 and 2.0 FTE positions are to implement a systemwide data system for all schools to better measure student performance as we work to prepare all students for success in college, career, and life. Funding of \$654,750 will allow MCPS to implement an online Individualized Education Program (IEP)/Section 504 system that will allow us to better analyze IEP data and access tools to support students with disabilities in early childhood as well as secondary transitions. A total of \$450,000 is included to ensure that any Grade 11 student interested in taking the SAT or ACT exam will be able to do so. In addition, \$85,000 is needed to implement an online high school planner for college and career readiness for all Grades 8–9 students and expanded to additional grades in the 2018–2019 school year.

An additional, \$1,266,032 and 1.5 FTE positions will support our focus on human capital. This includes \$100,000 to provide training for teachers on effective strategies, content knowledge, and cultural competency. To build out our human resources system for schools, we are including \$575,000 in this year's budget. Also, \$422,135 is included to develop pathways for supporting services staff who desire to become teachers as we continue to build our workforce with highly effective committed educators. Finally, \$168,897 and 1.5 FTE positions will be used to intensify our equity recruitment, hiring, and retention efforts.

For our focus on community engagement and partnerships, an additional \$1,246,703 and 2.0 FTE positions are included. Within this total, \$734,959 and 1.0 position will be used to improve support to families through improved communication and increased materials for parents to help children succeed in schools. In addition, \$149,744 and 1.0 position will be used to create an East County arts elementary program that imbeds additional music into the learning experience for students. To expand the Achieving Collegiate Excellence and Success to five additional schools, an increase of \$147,000 is included. Funding of \$120,000 will be used to create community and business partnership to establish summer work programs for Montgomery County high school teenagers and to enhance existing partnerships focused on tutoring and instruction; \$95,000 to expand Science, Technology, Engineering, and Mathematics (STEM) courses and extracurricular programs to increase the number of underrepresented students in STEM fields; and an additional \$45,000 will be added to the budget to support our Interages partnerships.

An increase of \$1,657,454 and 3.0 FTE positions are included for our focus on operational excellence. To improve business systems that are either obsolete or cumbersome in order to create effective and efficient business operations, an increase of \$1,007,416 and 1.0 position is included. A total of \$503,000 is included to streamline the school registration process through an online system that will create efficiencies and reduce errors. Finally, \$147,038 and 2.0 FTE positions are added to improve our security operations.

### **Program Efficiencies, Reductions, and Realignments**

While this operating budget realigns and accelerates funding in important areas to improve teaching and learning for all students, program efficiencies and reductions totaling \$24,678,901 and 196.29 FTE positions also are included. This includes reductions of \$4,780,088 and 37.750 FTE positions from central services. Major program reductions include \$6,216,923 and the elimination of 91.550 FTE instructional data analyst positions. Other program reductions include \$2,475,915 and 35.5 FTE for reading initiative teacher positions and \$460,311 and 6.6 FTE for literacy coach positions. Some special program teacher positions also are being eliminated totaling \$362,669 and 5.2 FTE positions. Also, there is a reduction of \$694,446 and 9.0 FTE positions in Alternative Programs. Reductions in Special Education programs total \$767,494 and 10.475 FTE positions mostly for teacher and paraeducator positions.

There are funding reductions of \$2,153,000 in professional development stipends, \$2,000,000 in instructional materials, \$575,902 in the career lattice program, and \$800,000 in tuition reimbursement. With the elimination of the regional summer school at the elementary school



level, a total of \$336,194 will be saved. It is important to note this does not impact our summer program at individual schools or our Building Educated Leaders for Life partnership program. Other major reductions include reductions in substitutes, stipends, furniture, and travel.

In order to reduce the overall budget, the increase typically included for inflation related to rising costs for textbooks and instructional materials totaling \$483,590 for FY 2018 will be absorbed. Based on actual expenses in recent years, expenditures for the purchase of bus tires and parts can be reduced by \$625,000. Finally, the utility budget can be reduced by \$1,100,000 due to price and consumption reductions and efficiencies. While these and other smaller reductions are both difficult and painful, given the other funding requirements in this budget, coupled with our commitment to excellence for all our students, they must be included in this recommended budget.

There are a number of budget-neutral realignments in the Recommended FY 2018 Operating Budget. Major realignments include the Department of Instructional Leadership being realigned from the Office of School Support and Improvement to the Office of the Chief Academic Officer for the purpose of consolidating professional leadership efforts in the district. Another realignment involves the establishment of the Office of the Chief Financial Officer where budget and finance-related functions are consolidated for the school district.

### **Contract Negotiations**

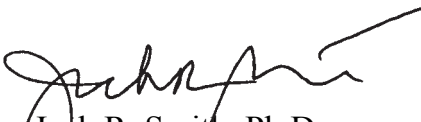
The three-year agreements that the Board of Education ratified on March 11, 2014, will expire at the end of FY 2017. Negotiations began in October 2016 and are continuing at this time with our three employee associations on new contracts to be effective July 1, 2017. While the final terms of these contracts have not yet been agreed upon, in order to plan for the requirements of the FY 2018 Operating Budget, a total of \$55,000,000 has been included to support the negotiated agreements once they are finalized. By the time that the Board approves its budget on February 14, 2017, more details on these contracts should be available.

### **A Budget Developed in Collaboration with our Partners**

My recommended FY 2018 Operating Budget was developed in partnership with our employees and parents/guardians. I want to thank the leadership of the Montgomery County Association of Administrators and Principals, the Montgomery County Education Association, and the Service Employees International Union Local 500 for their collaboration and commitment during the development of this budget. I also am grateful to the leaders of the Montgomery County Council of Parent Teacher Associations, Inc., and representatives of the African American Student Achievement Action Group and the Latino Student Achievement Action Group, who also were involved in the development of this budget recommendation. Finally, I am appreciative for the dedication and cooperation of our executive leadership team and other MCPS staff in the development of this operating budget recommendation.

This budget has been developed with the important goal of improving outcomes and opportunities for each and every student that attends MCPS. I look forward to working with the Board of Education on my recommended FY 2018 Operating Budget. This budget reflects our core values of learning, relationships, respect, excellence, and equity. It reflects our commitment to continue the investment in all our children so that they may complete their MCPS education ready to be successful in college, career, and community.

Sincerely,



Jack R. Smith, Ph.D.  
Superintendent of Schools

**TABLE 1**  
**SUMMARY OF RESOURCES**  
**BY OBJECT OF EXPENDITURE**

OBJECT OF EXPENDITURE	FY 2016 ACTUAL	FY 2017 BUDGET	FY 2017 CURRENT	FY 2018 BUDGET	FY 2018 CHANGE
<b>POSITIONS</b>					
Administrative	707.200	718.100	718.100	718.750	.650
Business/Operations Admin.	88.650	86.650	86.650	88.500	1.850
Professional	12,468.776	13,043.036	13,036.036	13,141.091	105.055
Supporting Services	8,182.623	8,337.715	8,339.715	8,327.638	(12.077)
<b>TOTAL POSITIONS</b>	<b>21,447,249</b>	<b>22,185,501</b>	<b>22,180,501</b>	<b>22,275,979</b>	<b>95,478</b>
<b>01 SALARIES &amp; WAGES</b>					
Administrative	\$93,337,568	\$98,038,346	\$97,654,946	\$97,801,809	\$146,863
Business/Operations Admin.	8,289,325	8,760,474	8,760,474	8,898,153	137,679
Professional	1,013,999,096	1,081,924,938	1,081,494,093	1,072,589,317	(8,904,776)
Supporting Services	349,984,306	376,719,373	376,957,331	368,809,362	(8,147,969)
<b>TOTAL POSITION DOLLARS</b>	<b>1,465,610,295</b>	<b>1,565,443,131</b>	<b>1,564,866,844</b>	<b>1,548,098,641</b>	<b>(16,768,203)</b>
<b>OTHER SALARIES</b>					
Administrative	328,037	385,528	385,528	335,528	(50,000)
Professional	56,020,655	62,646,960	62,969,159	115,198,946	52,229,787
Supporting Services	28,200,923	24,372,869	24,409,920	24,894,824	484,904
<b>TOTAL OTHER SALARIES</b>	<b>84,549,615</b>	<b>87,405,357</b>	<b>87,764,607</b>	<b>140,429,298</b>	<b>52,664,691</b>
<b>TOTAL SALARIES AND WAGES</b>	<b>1,550,159,910</b>	<b>1,652,848,488</b>	<b>1,652,631,451</b>	<b>1,688,527,939</b>	<b>35,896,488</b>
<b>02 CONTRACTUAL SERVICES</b>	<b>27,650,990</b>	<b>27,127,136</b>	<b>27,344,361</b>	<b>35,055,858</b>	<b>7,711,497</b>
<b>03 SUPPLIES &amp; MATERIALS</b>	<b>60,884,734</b>	<b>66,609,484</b>	<b>66,594,072</b>	<b>66,018,294</b>	<b>(575,778)</b>
<b>04 OTHER</b>					
Local/Other Travel	2,024,972	2,378,836	2,379,158	2,254,835	(124,323)
Insur & Employee Benefits	530,246,933	589,689,148	589,689,148	605,343,323	15,654,175
Utilities	38,878,609	41,564,244	41,564,244	40,701,717	(862,527)
Miscellaneous	55,362,297	58,744,721	58,773,021	63,206,676	4,433,655
<b>TOTAL OTHER</b>	<b>626,512,811</b>	<b>692,376,949</b>	<b>692,405,571</b>	<b>711,506,551</b>	<b>19,100,980</b>
<b>05 EQUIPMENT</b>	<b>17,379,186</b>	<b>18,511,706</b>	<b>18,498,306</b>	<b>18,739,370</b>	<b>241,064</b>
<b>GRAND TOTAL AMOUNTS</b>	<b>\$2,282,587,631</b>	<b>\$2,457,473,763</b>	<b>\$2,457,473,761</b>	<b>\$2,519,848,012</b>	<b>\$62,374,251</b>

**TABLE 1A**  
**SUMMARY OF BUDGET CHANGES FY 2017 - FY 2018**  
(\$ in millions)

ITEM	FTE	AMOUNT
<b>FY 2017 CURRENT OPERATING BUDGET</b>	22,180.501	\$2,457.5

**FY 2018 CHANGES:**

**ENROLLMENT CHANGES**

Elementary/Secondary	119.975	9.1
Special Education	64.791	5.8
ESOL	29.915	1.9
Transportation	7.500	0.5
Food Services	4.000	0.3
<b>Subtotal</b>	<b>226.181</b>	<b>\$17.6</b>

<b>NEW SCHOOLS/ADDITIONAL SPACE</b>	<b>46.000</b>	<b>\$3.8</b>
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<b>EMPLOYEE SALARIES - CONTINUING AND NEGOTIATED</b>		
<b>SALARIES FOR CURRENT EMPLOYEES (including benefits)</b>	<b>\$32.2</b>	

**EMPLOYEE BENEFITS AND INSURANCE**

Employee Benefits Plan (active)	5.5	
Employee Benefits Plan (retired)	2.5	
Retirement	7.5	
FICA/Self-Insurance/Workers' Compensation, Fire Insurance	(0.4)	
Self-insurance, Worker's Compensation	1.5	
Administrative Costs/Fees	0.1	
<b>Subtotal</b>	<b>\$16.7</b>	

**INFLATION AND OTHER**

Textbooks, Instructional Materials, Building/Maintenance Supplies	0.5	
Utilities	(0.8)	
Special Education	0.9	
Maintenance	15.000	2.3
Transportation	(10.500)	(0.7)
Relocatables	0.6	
Tuition Reimbursement	1.0	
Grants and Enterprise Funds	(6.618)	2.2
Other	(0.295)	0.6
<b>Subtotal</b>	<b>(2.413)</b>	<b>\$6.6</b>

**FY 2018 CHANGES CONTINUED:**

**EFFICIENCIES & REDUCTIONS**

Efficiencies & Reductions	(196.290)	(24.7)
<b>Subtotal</b>	<b>(196.290)</b>	<b>(\$24.7)</b>

ITEM	FTE	AMOUNT
<b>STRATEGIC PRIORITY ACCELERATORS</b>		
Improve Teaching and Learning	13.500	\$3.6
Focus on Learning, Accountability and Results	2.000	2.5
Focus on Human Capital	1.500	0.7
Focus on Community Partnerships and Engagement	2.000	1.2
Focus on Operational Excellence	3.000	2.2
<b>Subtotal</b>	<b>22.000</b>	<b>\$10.2</b>

<b>FY 2018 OPERATING BUDGET</b>	<b>22,275.979</b>	<b>\$2,519.9</b>
<b>FY 2017 - FY 2018 CHANGE</b>	<b>95.478</b>	<b>\$62.4</b>

Less Grants	(81.7)	
Less Enterprise Funds	(64.7)	
Less Special Revenue Funds	(1.7)	
<b>SPENDING AFFORDABILITY BUDGET</b>	<b>22,275.979</b>	<b>\$2,371.8</b>

**REVENUE INCREASE BY SOURCE**

Local	65.0
State	8.5
Federal	
Other	
Fund Balance	(13.5)
Enterprise/Special Revenue Funds	2.4
<b>TOTAL REVENUE INCREASE</b>	<b>\$62.4</b>

Numbers may not add due to rounding.

**TABLE 2  
BUDGET REVENUE BY SOURCE**

<b>SOURCE</b>	<b>FY 2016 ACTUAL</b>	<b>FY 2017 BUDGET</b>	<b>FY 2017 CURRENT</b>	<b>FY 2018 ESTIMATED</b>
<b>CURRENT FUND</b>				
<b>From the County:</b>	\$1,463,274,812	\$1,617,631,597	\$1,617,631,597	\$1,682,639,169
Local Contribution for State Retirement	44,356,785			
Programs Financed Through Local Grants	72,985			
Total from the County	<b>1,507,704,582</b>	<b>1,617,631,597</b>	<b>1,617,631,597</b>	<b>1,682,639,169</b>
<b>From the State:</b>				
Bridge to Excellence				
Foundation Grant	322,176,176	325,526,802	325,526,802	329,600,004
Geographic Cost of Education Index	17,744,167	35,976,870	35,976,870	36,427,036
Limited English Proficient	60,287,318	61,681,997	61,681,997	62,453,802
Compensatory Education	136,727,928	137,614,315	137,614,315	139,336,234
Students with Disabilities - Formula	36,565,418	37,620,077	37,620,077	38,090,804
Students with Disabilities - Reimbursement	16,552,782	17,270,242	17,270,242	17,579,627
Transportation	39,786,572	40,933,087	40,933,087	41,445,268
Miscellaneous	138,692	170,000	170,000	140,000
Programs financed through State Grants	2,666,294	644,000	644,000	830,135
Total from the State	<b>632,645,347</b>	<b>657,437,390</b>	<b>657,437,390</b>	<b>665,902,910</b>
<b>From the Federal Government:</b>				
Impact Aid	98,467	150,000	150,000	150,000
Programs financed through Federal Grants	73,300,031	74,752,923	74,752,923	74,167,537
Total from the Federal Government	<b>73,398,498</b>	<b>74,902,923</b>	<b>74,902,923</b>	<b>74,317,537</b>
<b>From Other Sources:</b>				
Tuition and Fees				
D.C. Welfare	166,194	120,000	120,000	140,000
Nonresident Pupils	528,084	530,000	530,000	530,000
Summer School	1,699,726	1,519,000	1,519,000	1,867,021
Outdoor Education	686,504	680,000	680,000	680,000
Student Activities Fee	756,345	691,600	691,600	700,000
Miscellaneous	309,541	300,000	300,000	300,000
Programs financed through Private Grants	596,073	6,731,204	6,731,204	6,731,204
Total from Other Sources	<b>4,742,467</b>	<b>10,571,804</b>	<b>10,571,804</b>	<b>10,948,225</b>
Fund Balance	33,162,633	33,162,633	33,162,633	19,662,633
Total Current Fund	<b>2,251,653,527</b>	<b>2,393,706,347</b>	<b>2,393,706,347</b>	<b>2,453,470,474</b>
<b>ENTERPRISE &amp; SPECIAL FUNDS</b>				
<b>School Food Service Fund:</b>				
State	2,041,615	2,305,057	2,305,057	2,211,852
National School Lunch, Special Milk and Free Lunch Programs	39,284,516	34,400,008	34,400,008	35,147,693
Sale of Meals and other	16,131,511	17,262,204	17,262,204	16,943,135
Total School Food Service Fund	<b>57,457,642</b>	<b>53,967,269</b>	<b>53,967,269</b>	<b>54,302,680</b>
<b>Real Estate Management Fund:</b>				
Rental fees	3,536,447	3,686,191	3,686,191	3,986,191
Total Real Estate Management Fund	<b>3,536,447</b>	<b>3,686,191</b>	<b>3,686,191</b>	<b>3,986,191</b>

**TABLE 2  
BUDGET REVENUE BY SOURCE**

<b>SOURCE</b>	<b>FY 2016 ACTUAL</b>	<b>FY 2017 BUDGET</b>	<b>FY 2017 CURRENT</b>	<b>FY 2018 ESTIMATED</b>
<b>Field Trip Fund:</b>				
Fees	2,184,988	2,006,361	2,006,361	2,306,361
Total Field Trip Fund	2,184,988	2,006,361	2,006,361	2,306,361
<b>Entrepreneurial Activities Fund:</b>				
Fees	2,226,617	2,364,802	2,364,802	4,084,802
Total Entrepreneurial Activities Fund	2,226,617	2,364,802	2,364,802	4,084,802
Total Enterprise Funds	65,405,694	62,024,623	62,024,623	64,680,034
<b>Instructional Television Special Revenue Fund:</b>				
Cable Television Plan	1,654,209	1,742,791	1,742,791	1,697,504
Total Instructional Special Revenue Fund	1,654,209	1,742,791	1,742,791	1,697,504
<b>GRAND TOTAL</b>	<b>\$2,318,713,430</b>	<b>\$2,457,473,761</b>	<b>\$2,457,473,761</b>	<b>\$2,519,848,012</b>
<b>Tax - Supported Budget</b>	<b>FY 2016 ACTUAL</b>	<b>FY 2017 BUDGET</b>	<b>FY 2017 CURRENT</b>	<b>FY 2018 ESTIMATED</b>
Grand Total	\$2,318,713,430	\$2,457,473,761	\$2,457,473,761	\$2,519,848,012
<b>Less:</b>				
Grants	(76,635,383)	(82,128,127)	(82,128,127)	(81,728,876)
Enterprise Funds	(65,405,694)	(62,024,623)	(62,024,623)	(64,680,034)
Special Revenue Fund	(1,654,209)	(1,742,791)	(1,742,791)	(1,697,504)
<b>Grand Total - Tax-Supported Budget</b>	<b>\$2,175,018,144</b>	<b>\$2,311,578,220</b>	<b>\$2,311,578,220</b>	<b>\$2,371,741,598</b>

The Adult Education Fund was created July 1, 1991, but was discontinued effective July 1, 2006, because the program was transferred to Montgomery College and the Montgomery County Department of Recreation. The Real Estate Management Fund was created July 1, 1992. The Field Trip Fund was created effective July 1, 1993. The Entrepreneurial Activities Fund was created effective July 1, 1998. The Instructional Television Special Revenue Fund was created July 1, 2000.

**TABLE 3  
REVENUE SUMMARY FOR GRANT PROGRAMS BY SOURCE OF FUNDS**

<b>Program Name and Source of Funding</b>	<b>FY 2016 ACTUAL</b>	<b>FY 2017 BUDGET</b>	<b>FY 2017 CURRENT</b>	<b>FY 2018 ESTIMATED</b>
<u>Budgeted</u>				
<b>FEDERAL AID: NO CHILD LEFT BEHIND (NCLB)</b>				
Title I - A (941/942)	\$ 21,677,905	\$ 25,274,192	\$ 25,274,192	\$ 25,124,592
Subtotal	21,677,905	25,274,192	25,274,192	25,124,592
Title I - D				
Neglected and Delinquent Youth (937)	152,835	140,137	140,137	168,164
Total Title I	21,830,740	25,414,329	25,414,329	25,292,756
Title II - A				
Skillful Teaching and Leading Program (915)	358,570	351,203	351,203	874,542
Teacher Mentoring (917)	481,545	253,720	253,720	253,720
Consulting Teachers (961)	2,853,601	2,902,171	2,902,171	2,211,828
Total Title II	3,693,716	3,507,094	3,507,094	3,340,090
Title III				
English Language Acquisition (927)	3,375,986	3,352,368	3,352,368	3,365,645
Title VII				
American Indian Education (903)	26,024	26,024	26,024	25,669
<b>SUBTOTAL</b>	<b>28,926,466</b>	<b>32,299,815</b>	<b>32,299,815</b>	<b>32,024,160</b>
<b>OTHER FEDERAL, STATE, AND LOCAL AID</b>				
Head Start Child Development (931/932)				
Federal	3,603,676	3,771,965	3,771,965	3,667,684
Individuals with Disabilities Education (907/913)				
Federal	32,089,056	31,237,686	31,237,686	31,110,389
Infants and Toddlers - Passthrough from Montgomery County Department of Health and Human Services (930)				
Federal	791,315	791,315	791,315	837,602
State	232,421	232,423	232,423	186,135
Judith P. Hoyer Child Care Centers State (904/905)	644,000	644,000	644,000	644,000
Medical Assistance Program (939)				
Federal	4,956,871	5,010,522	5,010,522	5,117,501
National Institutes of Health (NIH) (908)				
Federal	266,187	275,207	275,207	281,388
Provision for Future Supported Projects (999)				
Other	3,307,875	6,731,204	6,731,204	6,731,204
Carl D. Perkins Career & Technical Ed. Improvement (950/951)				
Federal	1,169,596	1,133,990	1,133,990	1,128,813
McKinney - Vento Homeless Children and Youth (910)				
Federal	-	-	-	-
<b>SUBTOTAL</b>	<b>47,060,997</b>	<b>49,828,312</b>	<b>49,828,312</b>	<b>49,704,716</b>
<b>TOTAL</b>	<b>\$ 75,987,463</b>	<b>\$ 82,128,127</b>	<b>\$ 82,128,127</b>	<b>\$ 81,728,876</b>

**TABLE 3  
REVENUE SUMMARY FOR GRANT PROGRAMS BY SOURCE OF FUNDS**

<b>Program Name and Source of Funding</b>	<b>FY 2016 ACTUAL</b>	<b>FY 2017 BUDGET</b>	<b>FY 2017 CURRENT</b>	<b>FY 2018 ESTIMATED</b>
<b><u>Summary of Funding Sources</u></b>				
Federal	\$ 71,803,167	\$ 74,520,500	\$ 74,520,500	\$ 74,167,537
State	876,421	876,423	876,423	830,135
County				
Other	3,307,875	6,731,204	6,731,204	6,731,204
<b>GRAND TOTAL</b>	<b>\$ 75,987,463</b>	<b>\$ 82,128,127</b>	<b>\$ 82,128,127</b>	<b>\$ 81,728,876</b>

**Additional grant appropriation through the Provision for Future Supported Projects as of November 15, 2016**

NIST - Summer Institute for Middle School Science Teachers		12,000
NIST - Research Experience for Teachers		8,000
Title I, Part A—School Improvement 1003(a), Focus Schools		604,771
21st Century Community Learning Centers: Knight Time at Wheaton High School		240,665
Federal Prekindergarten Expansion Program		734,400
IDEA, Passthrough Part B		53,842
Preventive Services/Foundation School Grant		149,059
<b>SUBTOTAL FEDERAL FUNDING</b>		<b>1,802,737</b>
Ready 4 Kindergarten		152,240
<b>SUBTOTAL STATE FUNDING</b>		<b>152,240</b>
Middle Years Programme Study		10,000
Howard Hughes Medical Institute Science Education Project		545,000
<b>SUBTOTAL OTHER FUNDING</b>		<b>555,000</b>
<b>TOTAL</b>		<b>2,509,977</b>



**TABLE 4  
SUMMARY OF STUDENT ENROLLMENT - FY 2015 THROUGH FY 2018**

DESCRIPTION	(1) FY 2015 ACTUAL 9/30/2014	(2) FY 2016 ACTUAL 9/30/2015	(3) FY 2017 ACTUAL 9/30/2016	(4) FY 2017 BUDGET 9/30/2016	(5) FY 2018 PROJECTED 9/30/2017	CHANGE COLUMN (5) LESS COLUMN (4)	
						#	%
<b>ENROLLMENT</b>							
PRE-KINDERGARTEN	1,912	2,152	2,278	2,285	2,285		
HEAD START	628	628	628	628	628		
KINDERGARTEN	11,544	11,419	11,224	11,366	11,266	(100)	-0.9%
GRADES 1-5 / 6 *	59,584	60,186	60,829	60,730	60,838	108	0.2%
<b>SUBTOTAL ELEMENTARY</b>	<b>73,668</b>	<b>74,385</b>	<b>74,959</b>	<b>75,009</b>	<b>75,017</b>	<b>8</b>	
GRADES 6-8 **	33,167	34,106	34,957	34,991	36,147	1,156	3.3%
<b>SUBTOTAL MIDDLE</b>	<b>33,167</b>	<b>34,106</b>	<b>34,957</b>	<b>34,991</b>	<b>36,147</b>	<b>1,156</b>	<b>3.3%</b>
GRADES 9-12	45,257	45,797	47,131	46,817	48,545	1,728	3.7%
<b>SUBTOTAL HIGH</b>	<b>45,257</b>	<b>45,797</b>	<b>47,131</b>	<b>46,817</b>	<b>48,545</b>	<b>1,728</b>	<b>3.7%</b>
<b>SUBTOTAL PRE-K - GRADE 12</b>	<b>152,092</b>	<b>154,288</b>	<b>157,047</b>	<b>156,817</b>	<b>159,709</b>	<b>2,892</b>	<b>1.8%</b>
<b>SPECIAL EDUCATION</b>							
PRE-KINDERGARTEN	1,206	1,601	1,414	1,493	1,493		
SPECIAL CENTERS	425	434	441	481	482	1	0.2%
<b>SUBTOTAL SPECIAL EDUCATION</b>	<b>1,631</b>	<b>2,035</b>	<b>1,855</b>	<b>1,974</b>	<b>1,975</b>	<b>1</b>	<b>0.1%</b>
<b>MONTESSORI CHARTER SCHOOL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ALTERNATIVE PROGRAMS</b>	<b>117</b>	<b>121</b>	<b>108</b>	<b>225</b>	<b>225</b>	<b>-</b>	<b>-</b>
<b>GATEWAY TO COLLEGE</b>	<b>12</b>	<b>3</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>153,852</b>	<b>156,447</b>	<b>159,010</b>	<b>159,016</b>	<b>161,909</b>	<b>2,893</b>	<b>1.8%</b>

SOURCE: Division of Long-range Planning

NOTE: Grade enrollments include special education students. The FY 2018 middle schools enrollment includes Chevy Chase and North Chevy Chase Grade 6.

Table 4 will be updated with new projections and budget adjusted prior to the Board of Education budget.

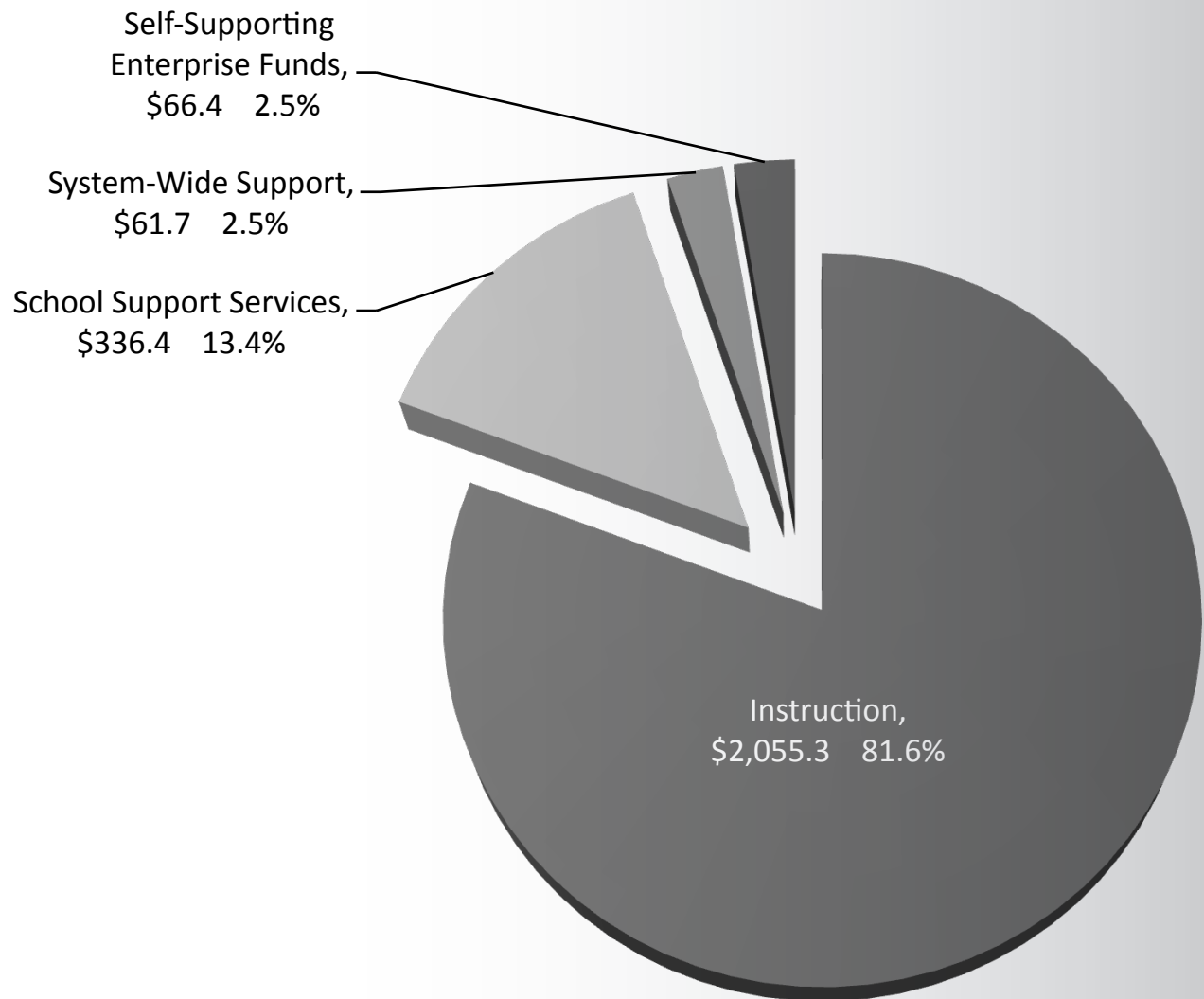
\* The FY 2015 - 2017 Elementary enrollment figures include enrollment numbers for Chevy Chase and North Chevy Chase Grade 6.

\*\* Excludes enrollment numbers for Chevy Chase and North Chevy Chase Grade 6 that are budgeted in the elementary schools' enrollment figures.

## WHERE THE MONEY GOES

**Total Expenditures = \$2,519,848,012**

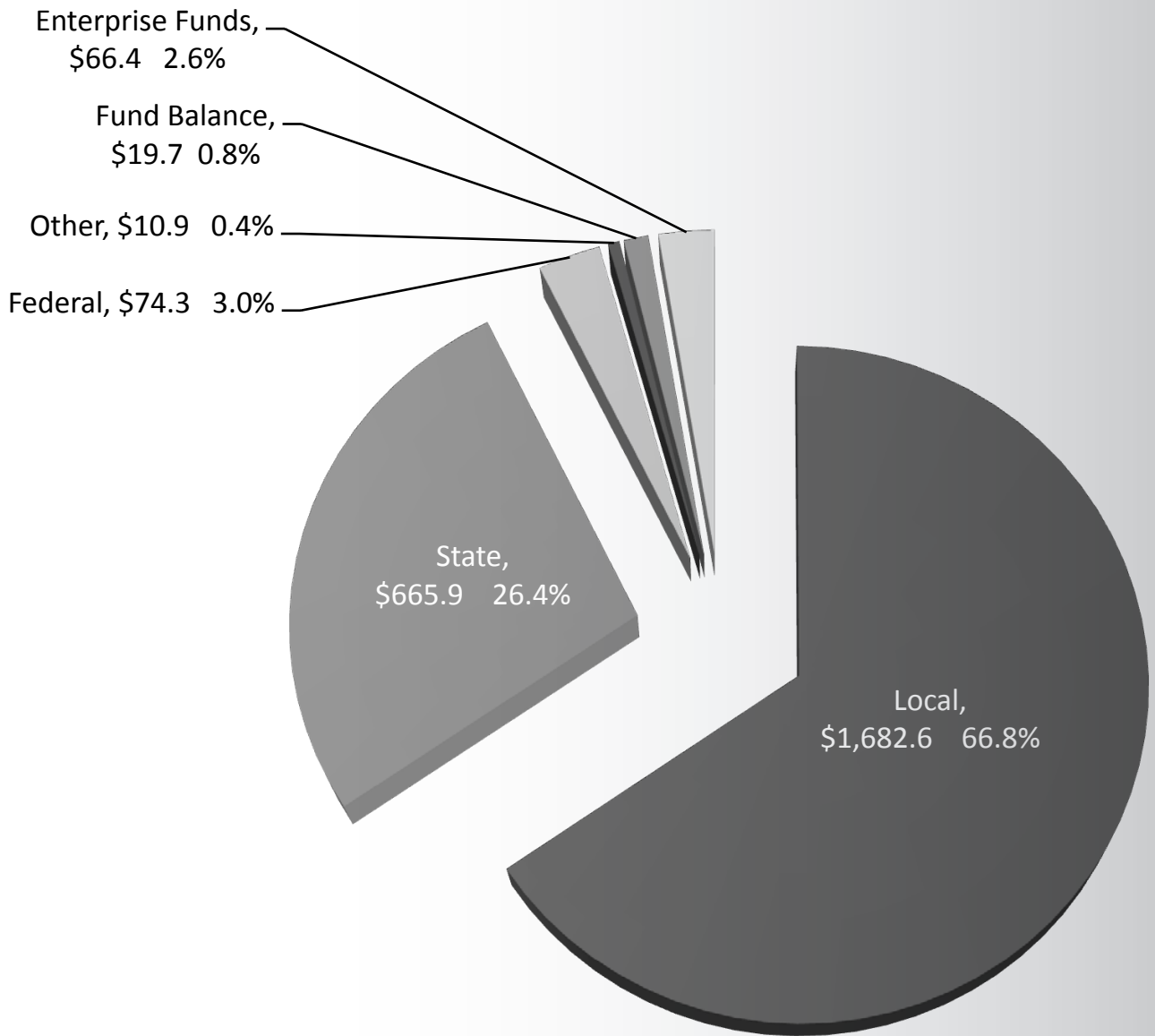
(Dollars in Millions on Chart)



## WHERE THE MONEY COMES FROM

**Total Revenue = \$2,519,848,012**

(Dollars in Millions on Chart)

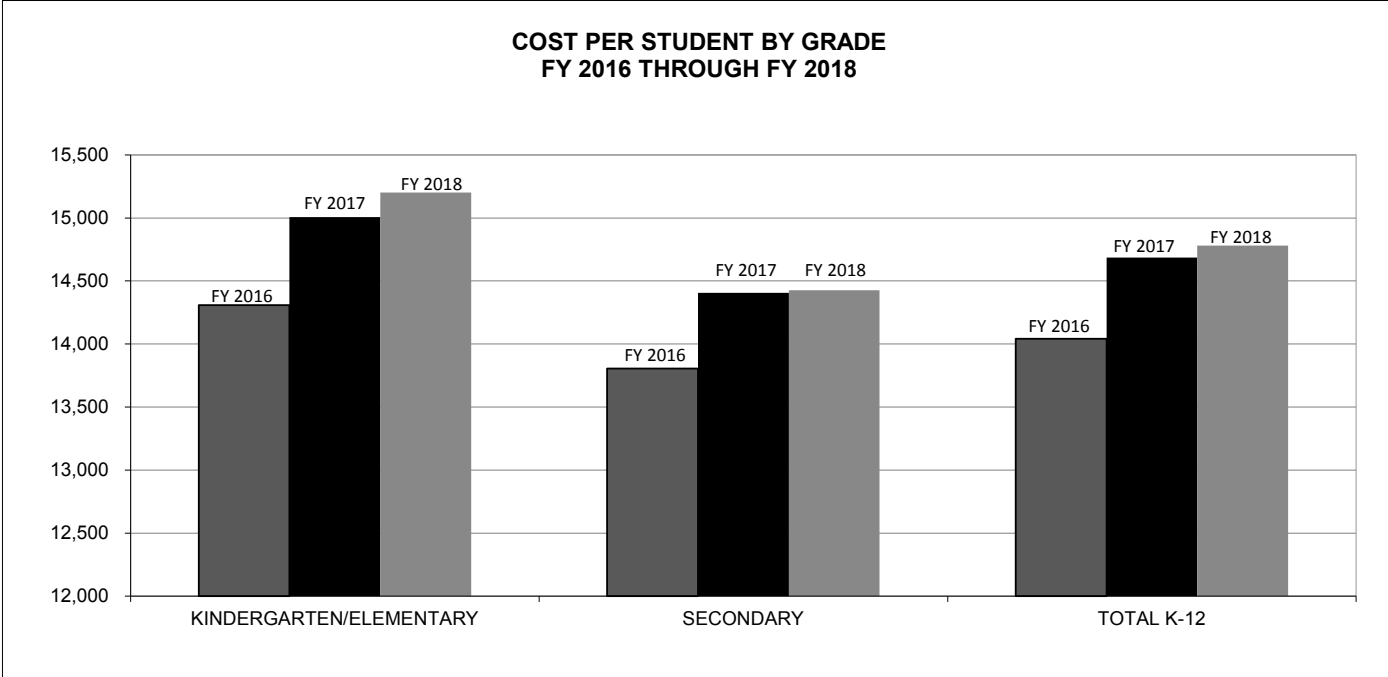


**TABLE 5  
ALLOCATION OF STAFFING**

	POSITIONS	BUDGET FY 2013	BUDGET FY 2014	BUDGET FY 2015	BUDGET FY 2016	CURRENT FY 2017	BUDGET FY 2018	FY 17 - FY 18 CHANGE
1	<b>Executive</b>	19.000	21.000	19.000	16.000	17.000	16.000	(1.000)
2	<b>Administrative - (directors, supervisors, program coordinators, executive assistants)</b>	195.000	196.700	204.700	199.700	197.600	195.750	(1.850)
3	<b>Business/Operations Administrator - (leadership positions supervised by directors and supervisors)</b>	92.000	91.650	90.650	88.650	86.650	88.500	1.850
4	<b>Other Professional - (12-month instructional/evaluation specialists)</b>	182.300	183.500	189.500	187.400	185.400	168.500	(16.900)
5	<b>Principal/Assistant Principal</b>	486.000	491.500	494.000	491.500	503.500	507.000	3.500
6	<b>Teacher</b>	10,475.070	10,759.420	10,984.160	10,940.304	11,481.264	11,584.329	103.065
7	<b>Special Education Specialist (speech pathologists, physical/occupational therapists)</b>	495.200	506.750	508.958	506.708	503.008	506.898	3.890
8	<b>Media Specialist</b>	190.200	192.200	195.500	195.500	196.500	197.000	0.500
9	<b>Counselor</b>	453.300	456.300	467.500	467.000	486.000	497.500	11.500
10	<b>Psychologist</b>	94.905	100.000	106.034	106.034	115.034	115.034	-
11	<b>Social Worker</b>	14.405	14.800	14.830	14.830	15.830	18.830	3.000
12	<b>Pupil Personnel Worker</b>	45.000	45.000	51.000	51.000	53.000	53.000	-
13	<b>Instructional Aide and Assistant (paraeducators, media assistants, lunch-hour aides, parent assistants, instructional data assistants)</b>	2,560.253	2,596.605	2,660.994	2,652.222	2,764.814	2,698.087	(66.727)
14	<b>Secretarial/Clerical/Data Support (secretarial, clerical, personnel/transportation/fiscal/other lower grade program/data assistants)</b>	988.100	986.625	983.250	963.225	967.850	977.500	9.650
15	<b>IT Systems Specialist</b>	131.000	131.000	133.000	109.000	108.000	108.000	-
16	<b>Security - (includes all positions except those in lines 2,3,14 above)</b>	227.000	227.000	229.000	232.000	232.000	239.000	7.000
17	<b>Cafeteria - (Includes all positions except those in lines 2,3,14,15 above)</b>	557.948	558.948	561.448	561.448	564.323	569.323	5.000
18	<b>Building Services - (includes all positions except those in lines 2,3,14 above)</b>	1,342.700	1,365.075	1,376.700	1,363.200	1,379.700	1,403.700	24.000
19	<b>Facilities Management/Maintenance - (includes all positions except those in lines 2,3,14,15 above)</b>	345.000	354.000	354.000	352.000	352.000	366.000	14.000
20	<b>Supply/Property Management - (includes all positions except those in lines 2, 3,14,15 above)</b>	47.000	50.000	51.500	51.500	51.500	50.500	(1.000)
21	<b>Transportation - (includes all positions except those in lines 2,3 14,15 above)</b>	1,685.650	1,685.590	1,685.590	1,673.153	1,693.153	1,690.153	(3.000)
22	<b>Other Support Personnel - (business, technology human resources,communications, printing, and other support staff)</b>	234.575	230.075	226.675	224.875	226.375	225.375	(1.000)
	<b>TOTAL</b>	<b>20,861.606</b>	<b>21,243.738</b>	<b>21,587.989</b>	<b>21,447.249</b>	<b>22,180.501</b>	<b>22,275.979</b>	<b>95.478</b>

**TABLE 6  
COST PER STUDENT BY GRADE SPAN**

	KINDERGARTEN/ ELEMENTARY	SECONDARY	TOTAL K-12*	AMOUNT EXCLUDED*	TOTAL BUDGET**
<b>FY 2016 BUDGET</b>					
EXPENDITURES	1,027,204,678	1,109,773,603	2,316,978,281	181,410,655	2,318,388,936
STUDENTS 9/30/15	71,790	80,388	152,178		
COST PER STUDENT	14,308	13,805	14,043		
<b>FY 2017 BUDGET</b>					
EXPENDITURES	1,081,844,067	1,188,672,804	2,270,516,871	181,410,655	2,318,388,936
STUDENTS 9/30/16	72,096	82,514	154,610		
COST PER STUDENT	15,006	14,406	14,685		
<b>FY 2018 BUDGET</b>					
EXPENDITURES	1,095,063,058	1,233,112,836	2,328,175,894	191,672,118	2,519,848,012
STUDENTS 9/30/17	72,104	85,399	157,503		
COST PER STUDENT	15,201	14,428	14,782		



**Notes:**

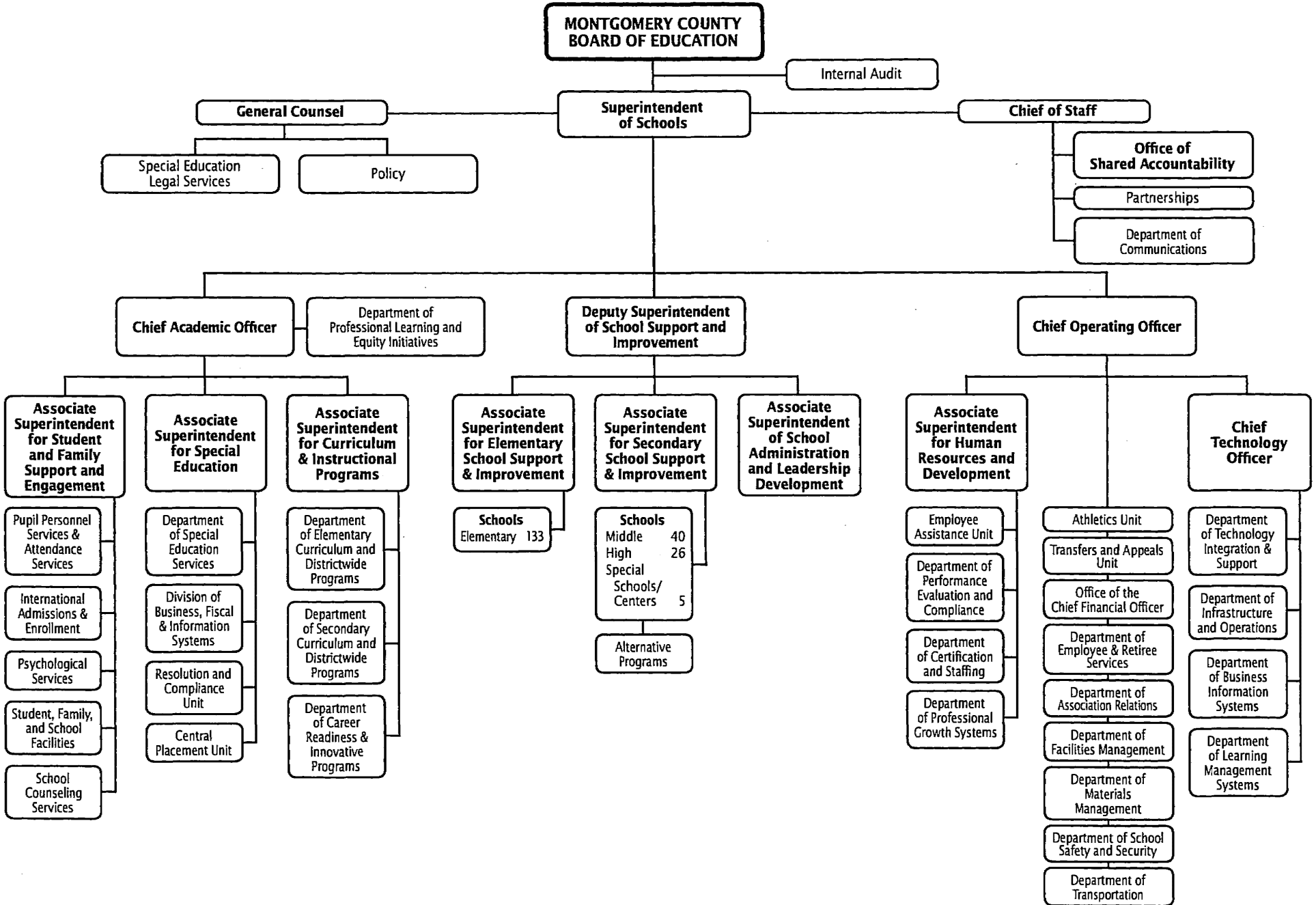
Enrollment figures used to calculate cost per student excludes students in PreK/Head Start.

Operating budget funds used in the calculation excludes amounts for Summer School, Community Services, Tuition for Students with Disabilities in Private Placement, Prekindergarten, Infants and Toddlers, and Enterprise Funds.

FY 2017 Figures Reflect Current Approved Budget.

*\*Once negotiated agreements are finalized, the funds budgeted to support the contracts will be moved to the appropriate accounts and the costs will be recalculated.*

# MONTGOMERY COUNTY PUBLIC SCHOOLS ORGANIZATION—FY 2018



**Montgomery County Public Schools  
FY 2018 Operating Budget**

**Summary of Negotiations**

The three-year agreements that the Board of Education ratified on March 11, 2014, will expire at the end of FY 2017. Negotiations began in October 2016 with our three employee associations on new contracts to be effective July 1, 2017, and are continuing at this time. While the final terms of these contracts have not yet been agreed on, in order to plan for the requirements of the FY 2018 Operating Budget, a total of \$55,000,000 has been included to support the negotiated agreements once they are finalized. By the time that the Board approves its budget on February 14, 2017, more details on these contracts should be available.

# Montgomery County Public Schools FY 2018 Operating Budget

## Operating Budget Summary

An increase of \$62,374,251 and 95.478 Full-time Equivalent (FTE) positions are required for the Fiscal Year (FY) 2018 Operating Budget for Montgomery County Public Schools (MCPS) to fund the same level of services for an additional 3,599 students, rising costs in operations, and strategic accelerators, which are offset in part by savings from program efficiencies and reductions. This is a 2.5 percent increase in the FY 2018 Operating Budget. In addition, the FY 2018 Operating Budget assumes that Montgomery County will continue to provide \$27,200,000 from the county's Consolidated Other Post-employment Benefits (OPEB) Trust Fund to pay for a portion of retiree health benefits in FY 2018 as it has in recent years.

As a result, the Superintendent's Recommended FY 2018 Operating Budget for MCPS totals \$2,519,848,012 and 22,275.979 FTE positions.

The Superintendent's Recommended FY 2018 Operating Budget includes \$1,682,639,169 in local funding. This is an increase of \$65,007,572 in local funding compared to the amount received in FY 2017.

There are several key components of this expenditure increase for FY 2018. The major elements of the changes in the Superintendent's Recommended FY 2018 Operating Budget are detailed below. A summary of the changes in the FY 2018 Operating Budget may also be found on Table 1A of the budget document.

### Expenditures to Fund Same Services

FY 2018 will be the ninth consecutive year that our enrollment has increased by at least 2,000 students. Enrollment continues to grow dramatically, and there are an increasing number of students needing special services.

- K–12—A total of \$9,065,479 and 119.975 additional FTE positions are needed for the Kindergarten through Grade 12 student enrollment. The K–5 enrollment change results in a decrease of \$1,954,311 and 27.875 FTE positions including kindergarten and elementary classroom teachers, elementary reading initiative positions, and partial media assistant and paraeducator positions. In secondary schools, an additional 3,410 students are projected in FY 2018. These additional students require \$11,019,790 and 147.850 FTE positions including assistant principal, teacher, counselor, resource counselor, English composition assistant, security assistant, media assistant, paraeducator, and secretary positions.
- Special Education—An additional \$5,832,389 and 64.791 FTE positions are needed for changes in special education enrollment and services. This includes \$2,044,727 for 27.350 additional teachers, \$1,344,122 for 30.051 paraeducators, \$232,786 for 2.2 speech pathologist positions, \$244,711 for 2.690 occupational therapy/physical therapy positions, \$203,163 for 2.5 social workers, and \$43,722 for substitute teachers and \$40,877 for



paraeducator substitutes. Other major changes include \$1,667,115 for an enrollment increase projected for non-public placements in FY 2018.

- English for Speakers of Other Languages (ESOL)—An additional \$1,914,274 and 29.915 FTE positions are required for an increase of 500 ESOL students, and for the total of 23,150 ESOL students anticipated for FY 2018. While these students receive supplementary services, they are included in the overall enrollment numbers.
- New School/New Class—An increase of \$2,125,128 and 12.350 FTE positions is required for the opening of the new Bethesda/Chevy Chase #2 Middle School in August 2017. In addition, \$1,120,198 and 9.650 FTE positions are required for adding Grade 8 to Hallie Wells Middle School beginning with the 2017–2018 school year. There is a non-recurring decrease of \$1,447,639 in the FY 2018 Operating Budget for start-up costs related to the opening of the Hallie Wells Middle School in the 2016–2017 school year.
- Student Transportation—An additional \$496,893 and 7.5 FTE bus operator positions are required to support 6 additional buses for routes related to the increased enrollment projected for FY 2018.
- Food Services—An increase of \$325,411 and 4.0 FTE positions are required for providing food services for the increased enrollment projected for FY 2018.
- School Plant Operations—An increase of \$1,998,665 and 24.0 FTE positions is necessary for school plant operations due to the increased square footage of space across MCPS facilities in FY 2018.
- Continuing Salaries—There is a projected reduction of \$22,804,554 for continuing salaries based on the anticipated salary requirements for the workforce in FY 2018.
- Contract Negotiations—The three-year agreements that the Board of Education ratified on March 11, 2014, will expire at the end of FY 2017. Negotiations began in October 2016 with our three employee associations on new contracts to be effective July 1, 2017, and are continuing at this time. While the final terms of these contracts have not yet been agreed on, in order to plan for the requirements of the FY 2018 Operating Budget, a total of \$55,000,000 has been included to support the negotiated agreements once they are finalized. By the time that the Board approves its budget on February 14, 2017, more details on these contracts should be available.
- Employee Benefits and Insurance—The cost of employee benefits and insurance for current and retired employees will add a net increase of \$15,450,639 to the FY 2018 Operating Budget, including funding for the increased cost of health care, retirement, and insurance. This includes \$8,820,560 for health and life insurance benefits for current and retired employees, \$6,763,746 for employee retirement benefits, and \$1,562,852 for self-insurance program benefits based on an estimate received from the county. Other cost adjustments reflect a reduction of \$1,696,519 for social security benefits as related to

employee benefits. The total budget of \$568.3 million represents 22.6 percent of the total operating budget.

- Inflation, Grants and Other Expenses—The effects of inflation, grants, and other expenditures changes require a net increase of \$6,565,653 and a net decrease of 2.413 FTE positions. Included in these adjustments is an increase of \$483,590 for a 2.0 percent inflation adjustment for supplies and materials. An increase of \$863,901 is included for special education for the anticipated 1.5 percent rate change for non-residential non-public placements and 5.0 percent increase for residential students. Also, \$300,000 is included for Environmental Protection Agency compliance and radon testing. An additional \$1,350,000 and 15.0 FTE positions are added for additional heating, ventilation, and air conditioning and indoor air quality teams. Another \$600,000 is included for systemwide safety initiatives. These two increases in funding totaling \$1,950,000 are offset by reductions of \$750,000 in utilities and \$1,200,000 and 10.5 FTE positions in transportation.

Other changes include an additional \$551,074 for bus replacements, \$611,800 for relocatable classrooms, \$280,481 for rising costs for technology systems, and \$286,447 to move funding from the MCPS Employees Group Insurance Fund to the locally-funded budget. Various adjustments in grants result in a decrease of \$126,251 and 9.018 FTE positions. Finally, increases for the enterprise fund total \$2,330,000 and 2.4 FTE positions mostly related to traffic violation cameras for school buses.

### **Strategic Accelerators to Fund the Highest Priority Work**

- This budget recommendation includes \$10,207,815 in strategic accelerators, including 22.0 FTE positions. These resources help intensify efforts to close the persistent opportunity gaps and improve academic excellence for all students. The strategic accelerators are grouped by the five strategic priorities that were outlined in fall 2016.
- To support the core or principal strategy of improving teaching and learning, an additional \$3,561,854 and 13.5 FTE positions are included. Within this total, \$1,193,652 will be used to increase opportunities and improve achievements for students including implementation of a diploma program for students who need an alternative path for graduation, increasing access to Career and Technology Education programs and implementation of apprenticeship programs. In addition, \$457,311 will be used to expand achievement-focused extra-curricular programs to all middle schools across MCPS to increase outcomes and opportunities for students. In addition to new dollars, realigned dollars will support these efforts including the realignment of a supervisor position to provide coordination of efforts. A total of \$1,037,103 and 12.5 FTE positions will expand the Home School Model to the remaining elementary schools. To ensure effective mathematics instruction, an increase of \$500,000 is needed to provide professional development, instructional materials, focused support, and approaches to scheduling students in elementary and middle schools. Funding of \$150,000 will be used to add six additional equal opportunity schools, as part of a nationwide initiative, to increase students' access to advanced academic courses, and \$192,689 to implement two-way immersion programs at elementary schools and plan for middle school options.

- For the focus on learning, accountability, and results, a total of \$2,475,772 and 2.0 FTE positions are included. Within this total, \$1,271,022 and 2.0 FTE positions are to implement a systemwide data system for all schools to better measure student performance as we work to prepare all students for success in college, career, and life. Funding of \$654,750 will allow MCPS to implement an online Individualized Education Program (IEP)/Section 504 system that will allow us to better analyze IEP data and access tools to support students with disabilities in early childhood as well as secondary transitions. A total of \$450,000 is included to ensure that any Grade 11 student interested in taking the SAT or ACT exam will be able to do so. In addition, \$85,000 is needed to implement an online high school planner for college and career readiness for all Grade 8–9; this will be expanded to additional grades in the 2018–2019 school year.
- An additional, \$1,266,032 and 1.5 FTE positions will support our focus on human capital. This includes \$100,000 to provide training for teachers on effective strategies, content knowledge, and cultural competency. To build out our human resources system for schools, we are including \$575,000 in the FY 2018 Operating Budget. Also, \$422,135 is included to develop pathways for supporting services staff who desire to become teachers as we continue to build our workforce with highly effective committed educators. Finally, \$168,897 and 1.5 FTE positions will be used to intensify our equity recruitment, hiring, and retention efforts.
- For our focus on community engagement and partnerships, an additional \$1,246,703 and 2.0 FTE positions are included. Within this total, \$734,959 and 1.0 position will be used to improve support to families through improved communication and increased materials for parents to help children succeed in schools. In addition, \$149,744 and 1.0 position will be used to create an East County arts elementary program that imbeds additional music into the learning experience for students. To expand the Achieving Collegiate Excellence and Success program to five additional schools, an increase of \$147,000 is included. Funding of \$120,000 will be used to create community and business partnerships to establish summer work programs for Montgomery County high school teenagers and to enhance existing partnerships focused on tutoring and instruction; \$95,000 to expand Science, Technology, Engineering, and Mathematics (STEM) courses and extra-curricular programs to increase the number of under-represented students in STEM fields; and an additional \$45,000 will be added to the budget to support our Interages partnerships.
- An increase of \$1,657,454 and 3.0 FTE positions are included for our focus on operational excellence. To improve business systems that are either obsolete or cumbersome in order to create effective and efficient business operations, an increase of \$1,007,416 and 1.0 position is included. A total of \$503,000 is included to streamline the school registration process through an online system that will create efficiencies and reduce errors. Finally, \$147,038 and 2.0 FTE positions are added to improve our security operations.

### **Program Efficiencies, Reductions, and Realignment**

- In FY 2018, program efficiencies and reductions total \$24,678,901 and 196.29 FTE positions, including \$4,780,088 and 37.750 FTE positions from central services.

- Major program reductions include \$6,216,923 for the elimination of 91.550 instructional data analyst positions. Other program reductions include \$2,475,915 and 35.5 FTE positions for reading initiative teachers and \$460,311 and 6.6 FTE positions for literacy coaches. Some special program teacher positions also are being eliminated totaling \$362,669 and 5.2 FTE positions. Also, there is a reduction of \$694,446 and 9.0 FTE positions in Alternative Programs. Reductions in special education programs total \$767,494 and 10.475 FTE positions mostly for teacher and paraeducator positions.
- There are funding reductions of \$2,153,000 in professional development stipends, \$2,000,000 in instructional materials, \$575,902 in the career lattice program, and \$800,000 in tuition reimbursement. With the elimination of the regional summer school at the elementary school level, a total of \$336,194 will be saved. It is important to note this does not impact our summer program at individual schools or our Building Educated Leaders for Life partnership program. Other major reductions include reductions in substitutes, stipends, furniture, and travel.
- In order to reduce the overall budget, the increase typically included for inflation related to rising costs for textbooks and instructional materials totaling \$483,590 for FY 2018 will be absorbed. Based on actual expenses in recent years, expenditures for the purchase of bus tires and parts can be reduced by \$625,000. Finally, the utility budget can be reduced by \$1,100,000 due to price and consumption reductions and efficiencies.
- While these and other smaller reductions are both difficult and painful, given the other funding requirements in this budget, coupled with our commitment to excellence for all our students, they must be included in this recommended budget.
- There are a number of budget-neutral realignments in the Recommended FY 2018 Operating Budget. Major realignments include the Department of Instructional Leadership being realigned from the Office of School Support and Improvement to the Office of the Chief Academic Officer for the purpose of consolidating professional leadership efforts in the district. Another realignment involves the establishment of the Office of the Chief Financial Officer where budget and finance-related functions are consolidated for the school district.

## **Revenues**

- Local—The Superintendent’s Recommended FY 2018 Operating Budget includes an increase of \$65,007,572 in the local contribution to MCPS. This amount includes the current estimate for Maintenance of Effort which adds \$28,086,089 based on the official enrollment submitted to the Maryland Department of Education as of September 30, 2016.
- State—Total revenue from the state is estimated to increase by \$8,465,520 in the FY 2018 Operating Budget. Foundation aid is the largest component of state aid and the amount reflects changes in enrollment. The foundation aid formula is also driven by property and income wealth in the county relative to the rest of the state. The FY 2018

Operating Budget includes an estimate of an \$8,000,000 increase in foundation aid from the state. MCPS will receive preliminary state aid estimates from the Maryland State Department of Education in January 2017.

- Federal/Other—Revenue is estimated to increase by \$2,401,159 for Federal grants, Impact aid, and other revenue sources compared to FY 2017.
- Fund Balance—The County Council used \$33,162,633 of MCPS fund balance to fund the same amount of recurring expenditures in the FY 2017 Operating Budget. This left \$3,290,019 remaining in MCPS fund balance at the start of FY 2017. The Superintendent’s Recommended FY 2018 Operating Budget assumes approximately \$19.7 million of MCPS fund balance will be available at the end of FY 2017 to fund the FY 2018 Operating Budget, a decrease of \$13,500,000 from the amount used to fund the FY 2017 budget.

## Montgomery County Public Schools FY 2018 Operating Budget

### MCPS Record of Success

- Six MCPS high schools rank in the top 200 of *The Washington Post* 2016 High School Challenge and all 25 MCPS high schools appear on this list, which only includes the top 11 percent of high schools in the country.
- 13 MCPS high schools made the *U.S. News & World Report* 2016 list of Best High Schools. MCPS had the top six high schools in the state of Maryland.
- Five high schools made the list of America's Best High Schools, published by *Newsweek*.
- MCPS has one of the highest graduation rates among the nation's largest school districts, according to an *Education Week* report.
- The Schott Foundation reports that MCPS has the highest graduation rate in the nation for African American males among the nation's largest districts.
- MCPS students took more than 33,000 Advanced Placement (AP) exams in 2015. Students earned a college-ready score (3 or higher) on 74.2 percent of those exams.
- In 2015, the percentage of AP exams taken by MCPS' African American students (25.7 percent) that earned college-ready scores of 3 or higher is significantly higher than the percentage of exams for African American students in the nation (8.0 percent).
- In 2015, the percentage of AP exams taken by MCPS' Hispanic students that earned college-ready scores of 3 or higher (36.9 percent) was greater than the percentage of exams for Hispanic students in the nation (20.8 percent).
- Nearly two-thirds (65.7 percent) of graduates from the Class of 2015 took at least one AP exam, compared with 51.0 percent in Maryland.
- More than half (51.1 percent) of the Class of 2015 scored a 3 or higher on at least one AP exam while in high school—significantly higher than the state average of 31.7 percent.
- In 2015, the percentage of MCPS African American and Hispanic graduates earning a 3 or higher on at least one AP exam surpassed the state average.
- The Class of 2016 earned a 1631 average combined SAT score, surpassing both national and state averages. Nearly 65 percent of graduates took the SAT and MCPS' African American and Hispanic students outperformed their peers across the nation.
- More than \$343 million in scholarships was awarded to students in the Class of 2016.

- There were 178 Ivy League school acceptances by the Class of 2016.
- MCPS has 37 National Blue Ribbon Schools.
- MCPS has 5 National Green Ribbon Schools.
- A total of 14 MCPS students were named semifinalists in the 2016 Intel Science Talent Search, one of the most prestigious high school science competitions in the nation. In 2015, Michael Winer, a student at Montgomery Blair High School, was one of three first-place winners in the competition.

## Montgomery County Public Schools FY 2018 Operating Budget

### Program Realignments and Strategic Accelerators

Each year, MCPS realigns millions of dollars for positions and other resources within and between units to ensure that the budget is aligned with the most important priorities. A zero-based budgeting process was used to identify realignments for FY 2018 to ensure that budgeted funds are used for the highest priority work. In addition, funds are added to the budget for the highest priority work. A summary of the major realignments and strategic accelerators are provided below.

#### Schools

##### **Realignments**

There is a realignment of 4.4 FTE adaptive physical education teacher positions and \$348,673 from middle schools to school-based special education services, as well as 12.2 FTE adaptive physical education teacher positions and \$966,777 from high schools to school-based special education services.

Also, there are numerous small budget neutral realignments within and between departments in K-12 and between departments in special education to meet priority spending and operational requirements.

##### **Strategic Accelerators**

###### *Improve Teaching and Learning*

- Implementation of two-way immersion/dual language programs at elementary schools, and planning for middle school options for FY 2019. To fund this strategic accelerator, the budget is increased by \$188,234; \$58,234 for teacher training, \$50,000 for contractual services, \$50,000 for instructional materials, and \$30,000 for student transportation. In addition, \$4,455 for employee benefits is added to the Chapter 7, Department of Employee and Retiree Services budget.
- Implementation of Highly Gifted Center programs at home schools to create additional spaces available for students and to expand outreach efforts for the program. The recommended budget includes \$19,600 for teacher stipends, and \$10,000 in contractual services. Additionally, \$1,499 for employee benefits is added to the Chapter 7, Department of Employee and Retiree Services budget.
- For FY 2018, an additional 16.0 special education teacher positions and a reduction of 3.5 paraeducator positions, resulting in a net increase of \$786,528, is added to this program to support the expansion of the Home School Model, which allows education access for students with disabilities at their assigned elementary school, to the remaining 27 schools. In addition, there is \$250,575 added in Chapter 7, in the Department of Employee and Retiree Services for employee benefits.



- Implementation of a high school diploma program for students who need an alternative path to graduation. In addition, programs will be expanded to increase access and completion of Career and Technology Education and MCPS will start the implementation of an apprenticeship program that will result in more students graduating with an industry certification and ready to enter the workforce. The funding for these programs includes \$30,000 in stipends for program development, \$300,000 for professional part-time salaries, \$630,000 for contractual services, and \$30,000 for instructional materials. In addition, \$25,245 for employee benefits is added to Chapter 7, Department of Employee and Retiree Services.
- Expanding achievement-focused extra-curricular programs that increase opportunities and outcomes for students to all middle schools by providing stipends that are differentiated based on school needs and student populations. These programs are open to all students who seek to participate, with a particular emphasis on targeted outreach to students who may not otherwise have opportunities to participate in extracurricular activities, to ensure all such students are able to achieve at their highest potential. This budget includes \$263,958 for teacher stipends. In addition, \$173,160 for activity buses is added to the budget in the Department of Transportation and \$20,193 for employee benefits is added to Chapter 7, Department of Employee and Retiree Services.
- Increasing access for students to advance academic courses by adding six Equal Opportunity Schools with funding of \$150,000 for contractual services.
- Ensuring effective mathematics instruction through professional development, materials, focused support, and approaches to scheduling students. To support this effort, \$500,000 for instructional materials is added to the budget.

*Focus on Learning, Accountability and Results*

- Implementing a system-wide data tool for all schools totaling \$1,113,000.
- Providing support for students' knowledge and attainment of a Seal of Bi-literacy on their high school diploma that recognizes graduates from public high schools in the state of Maryland who have attained proficiency in speaking, reading, and writing in one or more languages in addition to English. To receive the Seal of Bi-literacy, the student must take a language assessment. To support payment of the language assessment for students that qualify for Free and Reduced-price Meals, \$15,000 for contractual services have been added to the budget.

*Focus on Human Capital*

- Providing professional development for teachers that will include effective strategies, content knowledge, as well as cultural competence. The amount budgeted for this strategic accelerator is \$100,000 for contractual services.
- Developing and implementing pathways for supporting services staff who want to become teachers to build our workforce with highly effective and committed educators. This budget

includes \$70,000 for teacher stipends. In addition, \$5,355 for employee benefits is added to Chapter 7, Department of Employee and Retiree Services.

*Focus on Community Partnerships and Engagement*

- Supporting the creation of an East County arts elementary program that will embed music in the learning experience for students. For this purpose, the budget for this department will be increased by \$52,278 and 1.0 elementary music teacher position, \$45,000 in contractual services, and \$35,000 for instructional materials and music instruments. In addition, \$17,466 for employee benefits is added to Chapter 7, Department of Employee and Retiree Services.
- Expansion of Science, Technology, Engineering, and Mathematics (STEM) courses/programs and extra-curricular programs to increase participation of traditionally under-represented students in these fields. The total amount budgeted for this strategic accelerator is \$95,000. Of this amount, \$45,000 is for contractual services and \$50,000 is for instructional materials.
- Expansion of Achieving Collegiate Excellence and Success (ACES) program to an additional five high schools. For this purpose, \$147,000 for contractual services is added to the high school budget.

*Focus on Operational Excellence*

- Implementing a robust online registration system for applications, school choice and lotteries, registration forms, athletic sign-ups, and more. The system will ensure that data submitted is accurate upon first submission, and reduce errors. For this purpose, \$503,000 for contractual services is added to the high school budget.

**School Support and Improvement**

**Realignments**

The Department of Instructional Leadership and its resources is realigned to the Office of the Chief Academic Officer.

**Curriculum and Instructional Programs**

**Realignments**

There is a realignment of a 1.0 FTE coordinator and \$105,604 from the Office of Curriculum and Instructional Programs to a 1.0 FTE instructional specialist and \$105,604 in the Office of Student and Family Services and Engagement.

There is a realignment of a 1.0 FTE instructional specialist and \$73,589 to the Department of Career Readiness and Innovative Programs, a 1.0 FTE instructional specialist and \$73,589 to the Department of Elementary Curriculum and Districtwide Programs, 1.0 FTE instructional specialist and \$73,589 from Department of Secondary Curriculum for 3.0 instructional specialists and \$220,767 in the Department of Technology Integration and Support in Chapter 8.

## **Strategic Accelerators**

### *Focus on Teaching and Learning*

- A 1.0 instructional specialist position and \$118,737 is added to the budget in order to support strategic priorities to ensure all students have opportunities to learn and be successful. This includes implementation of a new program to provide an alternative path to graduation, creation of apprenticeship programs, and expansion of minority achievement extra-curricular programs for all middle schools and expansion of Career and Technology Education programs. In addition, there is \$1,010,000 budgeted for this strategic accelerator in Chapter 1, Schools and \$64,915 in Chapter 7, Department of Employee and Retiree Services for employee benefits

## **Special Education**

### *Focus on Learning, Accountability and Results*

- For FY 2018, an additional \$654,750 is added to this budget to implement a new online Individualized Education Program (IEP)/Section 504 system, allowing MCPS to analyze IEP data and access other tools including providing support students with disabilities in early childhood, as well as secondary transitions.

## **Student Services and Engagement**

### **Realignments**

There is a realignment of a 0.6 court liaison specialist and \$79,994 to Pupil Personnel and Attendance.

From Pupil Personnel and Attendance, there is a realignment of a 1.0 coordinator position and \$105,604 to the Office of Student and Family Support and Engagement, and a 1.0 secretary position and \$37,837 to support a 1.0 supervisor position within the International Admissions and Enrollments unit.

From School Counseling Services, there is a realignment of a 1.0 office assistant position and \$40,340 to fund a 1.0 fiscal assistant position in the Office of Student and Family Support and Engagement.

There also are budget neutral realignments of position resources to establish the International Admissions and Enrollments unit. These include, a 1.0 director I position and \$146,276 to fund a 1.0 supervisor position, a 1.0 instructional specialist position and \$106,840, a 1.0 elementary counselor position and \$116,447, a 1.0 secretary position and \$64,532, and a 1.0 administrative secretary I position and \$63,275. Lastly, there are also budget neutral realignments of non-position resources to support International Admissions and Enrollments. These include \$40,636 in student transportation, \$26,087 in instructional materials, \$9,400 in contractual services, \$8,385 in stipends, \$3,180 in office supplies, \$868 in local travel mileage reimbursement, and \$300 in dues, registrations, and fees.

## **Strategic Accelerators**

An additional \$120,000 is budgeted to create community and business partnerships to establish summer work programs for Montgomery County high school teenagers and enhance existing partnership programs focused on tutoring and instruction.

## **Operations**

### **Realignments**

There is a realignment of \$750,000 from utilities, in which \$588,564 is used to support contractual services within the Systemwide Safety Program. The funds will be used to improve safety initiatives for school theatres, including rigging inspections and other repairs, and for lead paint abatement in all schools. The remaining \$161,436 is realigned to other divisions and departments within the Office of the Chief Operating Officer to support specific needs within those areas.

In the Division of Maintenance, there is a realignment of \$928,530 from the Department of Transportation to create a new Heating, Ventilation, and Air Conditioning (HVAC) Team and Indoor Air Quality (IAQ) Team. The teams combined consist of 15.0 positions, including 11.0 mechanical system technician positions and 2.0 team leader positions, one for each team. Furthermore, there is an additional 2.0 roof mechanic positions for the roofing team, which was established in the FY 2017 Operating Budget. The additional teams will help reduce the overall backlog of maintenance work orders, focus on mold prevention, and improve the overall indoor air quality at schools.

The realignment from the Department of Transportation includes a reduction of \$299,943 and 6.5 bus route supervisor positions, \$142,904 and 4.0 auto technician apprentice positions, \$471,360 in bus fuel from lowering the cost from \$2.18 to \$2.02 per gallon, and \$91,496 in bus tires and parts. Of this realignment, a total of \$928,530 is realigned to the Division of Maintenance and the remaining \$77,173 is realigned to support other divisions and departments within the Office of the Chief Operating Officer.

## **Strategic Accelerators**

### *Focus on Improve Teaching and Learning*

- There is an increase of \$173,160 in the Department of Transportation for activity buses and one after-school field trip per semester to include transportation services for achievement-focused extra-curricular programs expansion to 39 middle schools. This strategic accelerator also includes \$20,193 for employee benefits shown in this chapter within the Department of Employee and Retiree Services, and \$263,958 for part-time salaries for school improvement planning shown in Chapter 1.
- In addition, there is an increase of \$20,000 in student transportation services to implement a high school diploma program for students who are over-aged, under-credited, and in need of an alternative path to graduation. The program will increase access and completion of Career and Technology Education programs and start the implementation of apprenticeship programs that result in more graduates with an industry certification and ready to enter the world of work. This strategic accelerator also includes \$64,915 for employee benefits shown

in this chapter within the Department of Employee and Retiree Services; \$360,000 for stipends and materials shown in Chapter 1; \$118,737 for position salaries shown in Chapter 3; and \$630,000 for contractual services shown in Chapter 4.

#### *Focus on Operational Excellence*

- The budget for the Department of Safety and Security includes an additional \$38,837 and a 1.0 secretary position and \$42,052 and a 1.0 office security monitor position. In addition, there is an increase of \$30,000 for supporting services part-time salaries for security monitoring. This strategic accelerator is added in order to improve the safety and security within the Carver Educational Services Center building. This strategic accelerator also includes \$36,149 for employee benefits shown in this chapter within the Department of Employee and Retiree Services.

#### *Focus on Community Partnerships and Engagement*

- The Editorial, Graphics, and Publishing Services Unit includes a strategic accelerator to focus on improving community partnerships and engagement. There is an increase in instructional materials of \$480,000 to include more materials for parents to help children succeed in school. This strategic accelerator also includes \$254,959 for position salaries and contractual services shown in Chapter 10.
- There is a realignment of \$320,464 from the Pearson Project within the Entrepreneurial Activities Fund to the Real Estate Management Fund to support salaries of \$170,000 and 3.0 building services positions for the English Manor site. The realignment of funds can be made from the Pearson Project as a result of the project ending in FY 2016.

Note: Details on increases in strategic accelerators are included in various chapters of the budget. As a result of these strategic accelerators, there is an increase of \$128,581 for social security contributions, \$328,646 for employee health benefits, and \$70,269 for retirement contributions

### **Technology Support and Infrastructure**

#### **Realignments**

There is a realignment of \$137,503 from the Department of Infrastructure and Operations to the Office of the Chief Technology Officer to support Internet and telephone provider fees. The telecommunications budget was increased to support the greater demand for Internet as a result of increased online testing.

In the Department of Technology Integration and Support, there is a realignment of 9.0 positions and \$662,301 to the Department of Business Information Services for contractual maintenance. This additional funding will be used to enhance current business information systems to create effective and efficient business operations.

## **Strategic Accelerators**

### *Focus on Operational Excellence*

In the Department of Business Information Services, there are two strategic accelerators. There is an accelerator to focus on operational excellence. An additional \$857,898 is added to the department budget for contractual services. This additional funding is to improve current business systems. Also, a 1.0 FTE team leader position and \$118,958 is added to support business operations within this department. There also is a strategic accelerator to focus on human capital, and as a result, an additional \$575,000 is added to the department budget for consultants to provide business systems support for Human Resources/Lawson systems for schools.

### *Focus on Learning, Accountability, and Results*

In the Department of Learning Management Systems, there is a strategic accelerator to focus on learning, accountability, and results. Consequently, an additional \$85,000 is added to the department budget for contractual services. This additional funding will be used to implement an online high school planner for college and career readiness.

## **Human Resources Management**

### **Realignments**

There are several realignments from other departments to address spending needs areas in the Department of Certification and Staffing (DCS); \$202,749 from the Department of Professional Growth Systems (DPGS) and \$8,459 from the Department of Employee and Retiree Services to fund 2.0 coordinator positions, and \$3,593 from the Office of the Associate Superintendent for Human Resources and Development (OHRD) and \$15,616 from DPGS to fund a 0.5 staffing assistant position. Furthermore, there is a realignment of \$15,000 from DCS to OHRD for consultant services.

There are a number of realignments budgeted to address priority spending needs within the Department of Performance Evaluation and Compliance (DPEC). There is a budget neutral realignment in this department of \$20,793 from supporting service part-time salaries and \$10,000 from health evaluations, in addition to \$8,044 from DPGS, to fund a 1.0 secretary position in this department.

Realignments are budgeted to address priority spending needs within DPGS. There is a budget neutral realignment of \$8,928 from teacher mentor salaries to fund a 0.1 FTE increase to the existing central office teacher position. There are several realignments from DPGS to other needs areas in the Office of Human Resources and Development. There is a realignment of a 1.0 director I position and \$111,939, in addition to 2.5 instructional specialist positions and \$255,790, to the Professional Growth Systems for Teachers program to fund 3.5 consulting teacher positions. Furthermore, \$5,561 from local travel mileage reimbursement, \$7,161 from program supplies, \$6,624 from substitute teacher salaries, \$3,134 from teacher mentor salaries, and 3.0 professional growth consultant positions and \$194,685 are realigned to DCS to fund 2.0 coordinator positions and a 0.5 staffing assistant position. In addition, \$8,044 from teacher mentor salaries is realigned to help fund a 1.0 secretary position in DPEC.

## **Strategic Accelerators**

### *Focus on Human Capital*

- In the Office of the Associate Superintendent of Human Resources and Development, there is a strategic accelerator totaling \$346,780 for tuition reimbursement to support requests submitted by support-staff employees in Service Employees International Union (SEIU) that pursue a college pathway towards a teaching opportunity.
- In FY 2018, a strategic accelerator totaling \$139,895 is added to the Department of Certification and Staffing budget. The accelerator includes funding for 1.5 staffing assistant positions and \$64,895, \$35,000 for staff development stipends, \$35,000 for program supplies, and \$5,000 for out of area travel reimbursement to intensify equity and excellence in MCPS hiring efforts, in addition to expanding and accelerating recruiting efforts to develop and retain employees.

## **Office of the Superintendent**

### **Realignments**

There is a realignment of a 1.0 supervisor position and \$138,429 to the Office of Student Services and Engagement.

In the Office of Shared Accountability, there is a budget neutral realignment of a 1.0 coordinator position and \$105,604, in addition to \$7,279 from professional part-time salaries, and \$5,723 from contractual services to fund a 1.0 evaluation specialist position and to increase a current logistics support specialist position by 0.5 FTE.

In the Office of the General Counsel, there is a budget neutral realignment of \$238,690 from contractual services, \$2,822 from program supplies, and \$3,540 from lease/purchase funding to fund 2.0 assistant general counsel positions. In addition, there is a realignment of \$62,954 from contractual services to the Department of Employee and Retiree Services to support employee benefits.

**Montgomery County Public Schools  
FY 2018 Operating Budget**

**Program Efficiencies and Reductions**

Every year, MCPS undertakes a comprehensive process to identify potential program reductions and efficiencies in the operating budget. This zero-based budgeting methodology is used to review and justify all expenditures in the base budget and identify opportunities for efficiencies, realignments, and reductions.

For FY 2018, the operating budget includes \$24,678,901 of efficiencies and reductions, including a reduction of 196.290 full time equivalent (FTE) positions. Of these amounts, \$4,780,088 and 37.750 FTE positions are from central services. The table below summarizes these reductions and is followed by details of the reductions.

	Efficiency Reductions		Other Efficiencies		Total Efficiency Reductions	
	FTE	\$	FTE	\$	FTE	\$
<b>Central Services Reductions</b>						
School Support and Improvement	(1.000)	(125,774)	(10.000)	(659,276)	(11.000)	(785,050)
Chief Academic Officer		(58,256)	(4.000)	(309,828)	(4.000)	(368,084)
Curriculum and Instructional Programs	(4.000)	(433,676)	(7.000)	(471,577)	(11.000)	(905,253)
Special Education	(2.000)	(405,055)	(3.000)	(227,844)	(5.000)	(632,899)
Student Services and Engagement		(378,447)			-	(378,447)
Technology Support and Infrastructure	(1.000)	(370,093)	(3.000)	(223,187)	(4.000)	(593,280)
Human Capital Management	(1.000)	(162,090)		(800,000)	(1.000)	(962,090)
Administration and Oversight	(0.250)	(55,889)	(1.500)	(99,096)	(1.750)	(154,985)
<b>Total Central Services</b>	<b>(9.250)</b>	<b>(1,989,280)</b>	<b>(28.500)</b>	<b>(2,790,808)</b>	<b>(37.750)</b>	<b>(4,780,088)</b>
	Efficiency Reductions		Other Efficiencies		Total Reductions	
	FTE	\$	FTE	\$	FTE	\$
<b>School-Support Operations Reductions</b>						
Operations	(2.000)	(2,331,680)		(3,884,696)	(2.000)	(6,216,376)
<b>Total School Support Operations</b>	<b>(2.000)</b>	<b>(2,331,680)</b>	<b>-</b>	<b>(3,884,696)</b>	<b>(2.000)</b>	<b>(6,216,376)</b>
	Efficiency Reductions		Other Efficiencies		Total Reductions	
	FTE	\$	FTE	\$	FTE	\$
<b>School-based Reductions</b>						
Schools - Elementary, Middle, and High			(142.350)	(13,022,512)	(142.350)	(13,022,512)
Special Education	(5.715)	(240,232)	(8.475)	(419,693)	(14.190)	(659,925)
<b>Total School-based</b>	<b>(5.715)</b>	<b>(240,232)</b>	<b>(150.825)</b>	<b>(13,442,205)</b>	<b>(156.540)</b>	<b>(13,682,437)</b>
<b>Total All Efficiency Reductions</b>	<b>(16.965)</b>	<b>(4,561,192)</b>	<b>(179.325)</b>	<b>(20,117,709)</b>	<b>(196.290)</b>	<b>(24,678,901)</b>

The following are descriptions by office of the recommended program efficiencies and reductions for FY 2018.

**Central Services Reductions**

For FY 2018, central services reductions total \$4,780,088 and 37.750 FTE positions. A summary of the central services efficiencies and reductions follows:



School Support and Improvement (\$251,548 and 2.0 FTE positions)

In the Office of School Support and Improvement, there is a reduction of 2.0 director II positions and \$251,548.

Alternative Programs (\$533,502 and 9.0 FTE positions)

There are reductions totaling \$533,502 for Alternative Programs. The reductions include 9.0 alternative programs teacher positions and \$470,502, \$30,000 for professional part-time salaries, \$10,000 for summer employment salaries, \$7,000 for instructional materials, \$5,000 for stipends, \$4,000 for supporting service part-time salaries, \$3,000 for media center supplies, \$2,000 for contractual maintenance, and \$2,000 for textbooks.

Chief Academic Officer (\$368,084 and 4.0 FTE positions)

In the Office of the Chief Academic Officer, there is a reduction of \$27,670 for contractual services.

In the Department of Professional Learning and Equity Initiative, there are reductions of a 1.0 director I position and \$118,656, 2.0 instructional specialist positions and \$147,178, 1.0 administrative secretary II position and \$43,994, and \$30,586 for substitutes.

Curriculum and Instructional Programs (\$905,253 and 11.0 FTE positions)

In the Department of Elementary Curriculum and Districtwide Programs, there is a reduction of a 1.0 elementary integrated curriculum specialist position and \$73,589, a 1.0 instructional specialist and \$73,589, a .5 office assistant IV position and \$18,502, and a 1.0 administrative secretary I position and \$42,052. In addition, there is a reduction of \$37,873 for contractual services, and \$5,350 for staff development stipends, and \$4,645 for substitutes. There also is a \$10,000 reduction for textbooks for the ESOL and Bilingual Programs Unit.

In the Department of Secondary Curriculum and Districtwide Programs, there is a reduction of a 1.0 instructional materials assistant I position and \$59,495, 1.5 administrative secretary I positions and \$63,078, a 1.0 content specialist position and \$73,589, and 2.0 instructional specialist positions and \$147,178. In addition, there is a reduction of \$76,446 for contractual services and \$21,750 for instructional materials.

Reductions in the Department of Career Readiness and Innovative Programs include a 1.0 coordinator position and \$105,604 and a 1.0 content specialist position and \$73,589. In addition, there is a reduction of \$18,924 for professional part-time salaries in the Interim Instructional Services program.

### Special Education and Student Services (\$632,899 and 5.0 FTE positions)

In the Office of Special Education, there are reductions totaling \$61,713. This amount includes a 1.0 secretary position and \$38,837, \$3,239 for testing materials, and \$19,637 for legal settlement fees.

Reductions in the Division of Business, Fiscal and Information Systems include a 1.0 administrative secretary I position and \$42,052.

In the Department of Special Education Services, there are reductions totaling \$190,860, which include \$132,821 for instructional materials, \$19,202 for textbooks and instructional materials that is related to inflation, and a 1.0 secretary position and \$38,837.

There also are reductions in the Division of Prekindergarten, Special Programs, and Related Services Support budget totaling \$232,670. These reductions include \$10,000 for transition service program supplies and \$66,000 for contractual services, which will discontinue the Marriott Foundation for People with Disabilities contract. In addition, \$94,076 is reduced from the budget to convert 11.0 social worker positions from a 12-month schedule to 10-month and 20 summer days. The social worker allocations assigned to the Bridge and Extensions programs will be carefully constructed to ensure that the extended school year services will continue with adequate support. There also are reductions of a 1.0 special education teacher position and \$55,920 and the inflation amount of \$6,674 budgeted for textbooks and instructional materials is eliminated. Efficiencies will be necessary to ensure that schools have required textbooks and instructional materials.

In the Preschool Program Education Office, there is a reduction of \$105,604 and a 1.0 coordinator position.

### Student Services and Engagement (\$378,447)

Reductions to this chapter include \$135,381 for contractual services, \$65,000 for consultants, \$61,920 for stipends, \$30,500 for instructional materials, \$25,000 for program supplies, \$20,000 for supporting services part-time salaries, \$19,274 for substitutes, \$13,372 for professional part-time salaries, \$5,000 for student transportation, and \$3,000 for contractual maintenance.

### Technology Support and Infrastructure (\$593,280 and 4.0 FTE positions)

In the Office of the Chief Technology Officer, there are reductions totaling \$29,471. These reductions include \$19,405 for training support, and \$10,066 for dues, registrations, and fees.

Reduction totaling \$286,692 are included in the Department of Technology Integration and Support. The reductions include a 1.0 coordinator position and \$105,604, a 1.0 administrative secretary II position and \$43,994, a 1.0 instructional specialist position and \$73,589, and \$63,505 for stipends.

There are reductions totaling \$156,994 in the Department of Infrastructure and Operations. These reductions include \$5,168 for contractual maintenance and \$151,826 for lease/purchases.

In the Department of Business Information Services, there is a reduction of \$37,041 for consultants and \$11,821 for contractual maintenance.

There are reductions totaling \$71,261 in the Department of Learning management Systems for a 1.0 applications developer II position.

Human Capital Management (\$962,090 and 1.0 FTE positions)

In the Office of the Associate Superintendent for Human Resources and Development, there is a reduction of \$750,000 for tuition reimbursement for employees within the MCEA union, and there is a reduction of \$50,000 for tuition reimbursement for employees within the SEIU union.

There are reductions totaling \$158,189 for the Department of Professional Growth System for a 1.0 consulting principal position.

Administration and Oversight (\$154,985 and 1.75 FTE positions)

There is a reduction of 1.0 partnerships manager position and \$68,152 in the Office of the Chief of Staff.

In the Department of Communications, there is a reduction of a 0.5 multimedia producer/director position and \$30,944.

Reductions totaling \$55,899 are included in the Office of Shared Accountability. These reductions include a 0.25 reports specialist position and \$24,289, and \$31,600 for professional part-time salaries.

**School-Support Operations Reductions**

For FY 2018, school support operations efficiencies and reductions total \$6,216,376 and 2.0 FTE positions. Following is a summary of these reductions:

Operations (\$6,216,376 and 2.0 FTE positions)

In the Department of Employee and Retiree Services, there are reductions totaling \$4,274,006 for employee benefits associated with the elimination of 196.290 positions and part-time salaries. Included in this reduction is \$2,662,834 for employee health benefits, \$1,041,819 for social security contributions, and \$569,353 for retirement contributions.

In the Department of Facilities Management, there is a reduction of \$1,100,000 in utilities for electricity and natural gas expenses due to significantly lower rates from previously budgeted in FY 2017.

In the Department of Transportation, there is a reduction of \$50,968 and a 1.0 regional router position, \$60,000 for contractual services, and \$35,000 for staff vehicle fuel resulting from lower fuel prices. In addition, there is a reduction of \$300,000 for bus tires due to more frequent retreading of tires, resulting in fewer purchases, and \$325,000 for bus parts from lower contract pricing.

In the Department of Materials Management, there are reductions that include \$40,340 and a 1.0 tractor trailer operator position, \$6,740 for contractual maintenance, and \$24,322 for furniture and equipment.

### **School-based Reductions**

For FY 2018, school-based efficiencies and reductions total \$13,682,437 and 156.540 FTE positions. A description of these reductions follows:

#### Schools (\$13,022,512 and 142.350 FTE positions)

There are reductions totaling \$9,058,875 in the Elementary Schools budget. There are 35.5 reading initiative teacher positions and \$1,855,869, 70.75 instructional data analyst positions and \$3,509,483, and 3.5 classroom teacher positions and \$182,973. Additionally, the inflation factor of \$168,481 for textbooks, media center materials, and instructional supplies is eliminated. Furthermore, there is a reduction of \$116,600 for travel for professional development, \$44,750 for summer employment salaries, \$936,896 for instructional materials, \$146,867 for substitutes, \$2,035,416 for staff development stipends, \$13,996 for furniture and equipment replacement, and \$47,544 for stipends.

The Middle Schools budget includes reductions totaling \$2,257,369. The reductions include 20.8 instructional data analyst positions and \$787,236, 6.6 literacy coach positions and \$345,035, and 1.2 special program teacher positions and \$62,734. Additionally, the inflation factor of \$139,311 for textbooks, media center materials, and instructional supplies is eliminated. Furthermore, there are reductions of \$53,753, for stipends, \$84,079 for summer employment salaries, \$454,712 for instructional materials, \$21,510 for contractual services, \$25,000 for travel for professional development, \$17,975 for dues, fees, and registrations, \$264,947 for professional part-time salaries, and \$1,077 for supporting service part-time salaries.

Reductions to the High Schools budget total \$1,706,268. The inflation factor of \$149,922 for textbooks, media center materials, and instructional supplies is eliminated. In addition, there is a reduction of 4.0 special program teacher positions and \$209,112. There also are reductions of \$318,295 for stipends, \$97,622 for summer employment salaries, \$758,392 for instructional materials, \$150,000 for equipment and furniture replacement, \$21,000 for school projects, and \$1,925 for supporting services part-time salaries.

Special Education (\$659,925 and 14.190 FTE positions)

In the Extensions Program there is a reduction that includes \$8,552 to convert 1.5 social worker positions from a 12-month schedule to 10-month and 20 summer days.

There are reductions of \$11,648 and a 0.2 special education teacher position and 0.015 paraeducator position in the Gifted and Talented/Learning Disabled Programs.

Reductions in the Secondary Intensive Reading Program include a 0.8 special education teacher position and \$44,736.

In the Least Restrictive Environment Support, there are decreases of \$326,377 and 4.8 special education teacher positions and 1.875 paraeducator positions.

There are reductions in the Autism Programs of \$220,032 that include 2.0 special education teacher positions and 3.5 paraeducator positions.

In the budget for each of the Special Schools, Rock Terrace, Stephan Knolls, Carl Sandburg Learning Center, and Regional Institute for Children and Adolescents, there are reductions of a 0.25 instructional data analyst position and \$12,145, which nets to the reduction of a 1.0 data analyst position and \$48,580.

# Montgomery County Public Schools FY 2018 Operating Budget

## Budget Publications and Engagement

Montgomery County Public Schools publishes and posts on its website a variety of publications that allow different ways of looking at the operating budget. Together, these documents enable citizens to understand how MCPS resources are used and what is recommended in the operating budget. MCPS is continually trying to improve the transparency of these budget documents. To save printing and postage costs, the publication of paper documents has been considerably reduced, and all budget documents are available on the MCPS website at [www.montgomeryschoolsmd.org/departments/budget/](http://www.montgomeryschoolsmd.org/departments/budget/).

### Publications

- *Priorities for the 2016-2017 School Year* – Our core values of learning, relationships, respect, and excellence and equity compel us to act and unite us around our goal — Academic Excellence for All. Our present levels of student performance show us that many students meet or exceed rigorous standards of learning excellence; however, there are other groups of students who do not have the learning opportunities or reach the learning levels needed to complete their MCPS education ready to be successful in college, career, and community. This document summarizes the district’s priorities to create a school system where academic success is not predictable by race, ethnicity, socioeconomic status, language, or disability.
- *Recommended Operating Budget* – The *Superintendent’s Recommended Operating Budget* shows budget resources in summary and by office, department, and other units. Various charts and displays provide staffing and other detailed information.
- *Budget in Brief* – The *Budget in Brief* describes major budget changes and other issues as an introduction to the operating budget. It includes details of proposals included in the recommended budget. It also includes important summary statistical information about the operating budget.
- *Personnel Complement* – The *Personnel Complement* includes a detailed listing of all actual and budgeted positions. The *Recommended Operating Budget*, the *Summary Budget*, and the *Program Budget* include personnel complements.
- *Program Budget* – The *Program Budget* summarizes the operating budget for more than 80 major programs across departments and offices. The *Program Budget* was redesigned and issued in the fall of 2014. The programs are categorized in six areas: (1) programs that provide additional support to improve student achievement; (2) collaborative partnership programs to improve student achievement; (3) programs to support school improvement and ensure high quality instruction; (4) core instructional programs; (5) school operational support programs; and (6) systemwide support programs.

- *OpenDataMCPS* – MCPS launched a new open data portal, OpenDataMCPS on January 5, 2015, that allows the public to search, sort, and download a variety of information about the district’s operating budget. The portal, which is available at <https://data.montgomeryschoolsmd.org/> currently contains detailed budget data for the Board of Education’s Approved FY 2017 Operating Budget. The Superintendent’s Recommended FY 2018 Operating Budget will be available on the OpenDataMCPS portal a few weeks after it is presented to the Board on December 13, 2016.
- *Budget 101 Website* – An enhanced *Budget 101* website is available at <http://www.montgomeryschoolsmd.org/budget-101/index.html>. This website provides a substantial array of information about the MCPS Operating Budget. It includes major drivers of the budget and details of where the funding comes from and how it is used. It explains the Maintenance of Effort law and why the minimum funding level is not sufficient to cover increased costs. The website is being updated with new modules to provide more details on health benefits and retirement costs for current and retired MCPS employees. Finally, the *Budget 101* website is being updated to explain how resources are allocated to schools and gives a “real world” example of three actual elementary schools with similar enrollment but with a different number of students who receive English for Speakers of Other Languages services and/or free and reduced-price meals, which is an indicator of poverty.
- *Schools at a Glance* – The *Schools at a Glance* annual publication provides a variety of information for each MCPS school, including demographic and staff personnel allocated to each school. A separate document, *Special Education at a Glance*, is published to show special education resources at each school.

## Engagement

- Each year, the Board of Education holds public hearings on the operating budget. Hearings for the FY 2018 Operating Budget are scheduled for January 5 and 11, 2017, when the Board will receive testimony from Montgomery County Council of Parent Teacher Associations cluster representatives and other interested citizens regarding the Superintendent’s budget recommendations.
- The Board of Education convenes each month over the course of the year. Near the beginning of these meetings, the public is allotted time to make comments to the Board. This provides the Board and the superintendent an opportunity to hear the views and advice from the community about MCPS and its programs and policies.
- MCPS hosts a website where the public may ask questions about the MCPS Operating Budget. The address for the website is the following: <http://www.montgomeryschoolsmd.org/departments/budget/question.aspx>

**Montgomery County Public Schools  
FY 2018 Operating Budget**

**Continuing Salaries**

The three-year agreements that the Board of Education ratified on March 11, 2014, will expire at the end of FY 2017. Negotiations began in September 2016 with our three employee associations on new contracts to be effective July 1, 2017, and are continuing at this time. While the final terms of these contracts have not yet been agreed on, in order to plan for the requirements of the FY 2018 operating budget, a total of \$55,000,000 has been included to support the negotiated agreements once they are finalized. By the time that the Board approves its budget on February 14, 2017, more details on these contracts should be available. In addition to the increase of \$55,000,000, there is a reduction of \$28,688,743 for continuing salary costs associated with lapse and turnover and related employee benefits. Lapse and turnover refers to the amount of unused budgeted salary that remains when an employee terminates service and is not immediately replaced or an employee terminates service and the backfill is hired at a lower salary. Furthermore, there is an increase to the budget of \$5,884,189 for funding to support the current FY 2017 employee salaries in FY 2018.



## **Montgomery County Public Schools FY 2018 Operating Budget**

### **Employee Benefits and Insurance**

The Superintendent's Recommended FY 2018 Operating Budget includes a net increase of \$15,450,639 for employee benefits and insurance. There is an increase of \$6,763,746 for employee retirement benefits, and \$8,820,560 for health and life insurance benefits for existing employees and retirees. There also is an increase of \$1,562,852 for the self-insurance program benefits and a decrease of \$1,696,519 for social security benefits as related to employee salaries. The total budget for FY 2018 of \$568.3 million (including the amount required to maintain insurance coverage, primarily through the county's Self-Insurance Program) represents 22.6 percent of the total operating budget. An explanation of these changes follows.

#### **Retirement Benefits - \$6,763,746**

The retirement budget for FY 2018 is increased by \$6,763,746. The change in budget is due to the following items:

- The budget for retirement costs owed to the state for the teacher pension shift to local school districts is unchanged from the prior fiscal year. The total obligation amount in FY 2018 is \$58,560,510.
- There is an increase to the budget of \$7,512,139 for the existing employees. The normal pension cost for current retirement programs is based on a percentage of salary, as provided by the annual actuarial study. The rate applied in FY 2018 has increased from 4.18 to 4.68 percent. As a result of this rate increase, the budget is increased by \$7,481,174 for retirement contributions. The new contribution rate assumes an investment return of 7.25 percent annually, a decrease in the assumption of 0.25 percent from 7.50 percent in the FY 2017 Operating Budget. There also is an increase of \$30,965 for administrative retirement fees.
- In addition, there is a decrease of \$748,393 for the continuing salary cost, enrollment growth, program efficiencies and reductions, and strategic accelerators.

#### **Health and Life Insurances - \$8,820,560**

The health and life insurance coverage for current active and retired employees and their families are provided through the MCPS Employees Group Insurance Fund. The health and life insurance budget for FY 2018 active and retired employees is increased by \$8,000,000. In addition, there is a net increase of \$820,560 for enrollment growth, program efficiencies and reductions, and strategic accelerators. The increase is due to several factors regarding both active and retired employees.

The MCPS Employees Group Insurance Fund beginning balance in FY 2017 was -\$4.7 million. Based on the County Council's action in funding the FY 2017 Operating Budget, and current projections for FY 2017, the MCPS Employees Group Insurance Fund balance for both active

employees and retirees is projected to be in surplus by \$9.5 million at the end of FY 2017. Although projections for medical claims and prescription drugs are expected to increase by over 6 percent in FY 2018, it is anticipated that fund balance reserves at the end of FY 2017 will be used to cover a portion of these expected increases. The request of \$8.0 million will be used to cover remaining medical and prescription drug costs, while also projecting the fund to maintain a small reserve balance at the end of FY 2018.

#### **Other Post-Employment Benefits - \$0**

In FY 2012, Montgomery County established a combined Retiree Health Trust Fund for Other Post-employment Benefits (OPEB) to pre-fund retiree health benefits. In FY 2012, the Montgomery County Council made \$20 million in contributions on behalf of MCPS as part of an eight-year phase-in period on behalf of MCPS. Consequently, OPEB contributions are no longer included in the MCPS Operating Budget. However, the MCPS Operating Budget will continue to include "Paygo" contributions for current retiree health obligations.

Last fiscal year, the County Council contributed \$27.2 million to MCPS by transferring funds from the county's OPEB Trust Fund to fund current retiree health benefits costs within the Group Insurance Fund for retirees. The MCPS FY 2018 Operating Budget does not attempt to establish these funds in the Operating Budget, and it is assumed that the county will continue to transfer \$27.2 million for retirees' health benefit costs to the Group Insurance Fund.

#### **Self-Insurance Program Benefits - \$1,562,852**

MCPS participates in an inter-agency risk management fund that covers worker's compensation and other types of insurance. Due to recent claims experience and higher reserve targets, the cost share allocated to MCPS is increased by \$1,562,852 for FY 2018. Worker's compensation is increased by \$1,469,482, and fire and other insurance is increased by \$93,370.

In addition, the increase of \$1,469,482 also includes adding funds in the amount of \$30,000 as part of the worker's compensation allocation to the Food Services Fund, and a decrease of \$35,767 for auto liability insurance, shown within the Department of Transportation. While these amounts contribute to the total share allocated to MCPS for the Self-Insurance program, they are displayed in their respective departments within the Operating Budget.

#### **Social Security Benefits – (\$1,696,519)**

Social security contributions for existing employees is decreased by \$1,630,948 as a result of the reduction in salaries for lapse and turnover savings for continuing salaries costs, and a decrease of \$385,784 due to adjustments in the base budget. In addition, there is an increase of \$320,213 in social security contributions for enrollment growth, program efficiencies and reductions, and strategic accelerators.

# Montgomery County Public Schools FY 2018 Operating Budget

## Local, State, and Federal Revenue Estimates

### Local Revenue

The Superintendent's Recommended FY 2018 Operating Budget requests \$1,682,639,169 in local revenue for Montgomery County Public Schools (MCPS). This amount represents 66.8 percent of MCPS' total revenue. This is \$65,007,572 more than the \$1,617,631,597 in local revenue provided by the county in FY 2017.

Based on the Maintenance of Effort (MOE) law, the minimum county contributions would be \$1,645,717,686, an increase of \$28,086,089. The local contribution reflected in the Superintendent's Recommended FY 2018 Operating Budget is \$36,921,483 greater than the minimum level required by the MOE law.

### State Revenue

To fund MCPS' FY 2018 Operating Budget, \$665,902,910 is budgeted for state revenue. This is an increase of \$8,465,520 compared to the amount in the current FY 2017 Operating Budget. This increase includes an estimate of \$8,000,000 for Bridge to Excellence and Transportation aid and \$465,520 for other sources of state aid. For FY 2018, 26.4 percent of the recommended operating budget is funded by the state of Maryland. It is necessary to estimate state aid for the superintendent's recommended budget for FY 2018 since the state will not provide preliminary allocations until January 2017.

- State aid is distributed using a variety of formulas that provide relative comparisons of student enrollment and wealth with other Maryland school districts. MCPS continues to experience dramatic growth in enrollment which factors into the amount of state aid that is received. However, there is uncertainty as to whether MCPS will continue to benefit as much from the wealth-based components of the formula for counties as it has over the past several years. This uncertainty is reflected in the estimated amount of state aid included in the Superintendent's Recommended FY 2018 Operating Budget.

### Federal Revenue

The FY 2018 Operating Budget includes federal revenue of \$74,317,537, which is 2.9 percent of total revenue, and a net decrease of \$585,386 from the FY 2017 Operating Budget. Details about federal revenue are provided below.

- MCPS receives federal aid mainly through categorical grants that must be used for specifically designated purposes. The only exception is Impact Aid received as a reimbursement for the extra expenditures resulting from the attendance of children of

certain federal employees. In FY 2018, MCPS expects to receive \$150,000 in federal Impact Aid, the same amount included in the approved FY 2017 Operating Budget.

- Major federal categorical grants include Title I to provide support for children living in poverty, Title II Part A to improve teacher quality, Title III (Limited English Proficiency) for English language learners, all three of these titles are from the *No Child Left Behind Act*. Other grants include Head Start, Vocational Education, the *Individuals with Disabilities Education Act* (IDEA), and the Infants and Toddlers program.
- While the federal budget has not been finalized for federal FY 2018, MCPS has based the Recommended FY 2018 Operating Budget on grant information received so far. Federal grant revenue is estimated to decrease by a net of \$585,386 from the amount budgeted for FY 2017.
- The reductions in federal revenue are anticipated in Title I Part A, where a reduction of \$149,600 from the FY 2017 Operating Budget is projected. In addition, a reduction of \$167,004 is anticipated in Title II Part A. Federal revenue for IDEA is anticipated to decrease by \$127,297 compared to the FY 2017 Operating Budget. Also anticipated is a decrease of \$104,281 for the Head Start program. A small increase in federal revenue of \$13,277 from the FY 2017 Operating Budget is projected for Title III for support for students with limited English proficiency. Finally, an increase of \$106,979 is anticipated for the Medical Assistance Program for FY 2018.

## Montgomery County Public Schools FY 2018 Operating Budget

### School Resource Allocations

Operating budget resources, including staffing, materials, and equipment, are allocated to all schools using formulas and guidelines. Budget staffing formulas are published in the annual operating budget documents. The equitable allocation of resources is crucial to ensure that each school has the staffing and material resources that are essential to high quality educational programs and academic excellence for all students.

- *Allocation Formulas* – Staffing and non-position resources including textbook, instructional materials, and media center material funds are allocated based on formulas. These formulas and guidelines are applied to enrollment projections provided by the staff in Division of Long-range Planning. For example, in elementary schools, teacher positions are allocated based on a class size guideline of 27 in grades 1-3 and 29 in grades 4-5. The goal is to minimize the number of classes over guideline each year. The allocation ratio is sometimes higher than the budgeted ratio to permit the creation of a staff reserve to handle allocation adjustments when the school year begins. In middle and high schools, staffing formulas consider the number of student class periods per day divided by the number of periods taught by each teacher. Other enrollment-based formulas are listed for each allocated position in the Budget Staffing Guidelines (Appendix D of the operating budget). Formulas for building service workers are based on a school's square footage. For some staffing, schools receive a single position (principal, for example), or a fraction of a position, regardless of enrollment.
- *Special Program and Needs-based Support* – All schools at each school level receive similar standard allocations based on established ratios as described above. In addition, schools receive positions above the base allocation for special programs or to address needs. Special and needs-based programs include Title I for high poverty schools, reading initiative, ESOL, signature programs, and high school consortia. In addition, elementary schools impacted by poverty, also called Focus Schools, are allocated additional classroom teacher positions to lower class size in the primary grades. Additionally, higher poverty schools may be allocated academic intervention teachers to support students and programs. These positions are often used for intervention programs to help students. The special program support accounts for much of the difference in per pupil costs from one school to another.
- *Special Education* – Special education resources are allocated differently than general education K-12 resources. Special education positions, including teachers, paraeducators, and other staff, are allocated based on a formula tailored by disability program and type of service. Special education allocations may be based on enrollment, on the hours of service required to meet a student's needs, or on the number of teaching stations required to serve students across the entire county. Staffing for special education is another factor that explains why some schools have higher per pupil costs than other schools. Special education allocations also are published in the Superintendent's Recommended Operating Budget (Appendix E). Once approved by the Board of Education, special education

staffing guidelines must be submitted to the Maryland State Department of Education, annually, as part of the Special Education Staffing Plan. The staffing plan is developed with significant community input. Non-position allocations for special education instructional supplies are communicated in June prior to the start of the school year.

- *Initial Allocation Process* – Schools receive initial staffing allocations for the upcoming school year early in March. Although the operating budget has not yet been approved, initial allocations are necessary to enable principals to plan schedules, make hiring decisions, and communicate with staff members who will not have positions to allow them the opportunity to transfer to other schools. Preliminary non-position allocations, including funding for textbooks, media, and instructional materials, are made in May prior to the start of the school year to allow sufficient time for the procurement of essential instructional supplies.
- *Allocation Adjustments* – There are a limited number of reserve positions used to support schools that experience significant enrollment increases during the spring and summer. Depending on needs, staffing may be allocated as a full-time position or in smaller increments. Schools also may have a reduction of positions if actual enrollment does not support the need for the positions. Data are reviewed weekly beginning in March to identify staffing needs at schools. Allocations for instructional supplies are adjusted when final enrollment numbers are confirmed in the fall.
- *Scheduling Classes* – Schools prepare master schedules based on the allocated staffing. In secondary schools, principals must balance the breadth of course offerings with class size as they develop schedules. The goal is to decide how to use allocated staffing most effectively to support student learning. Once a school develops its schedule and identifies staffing needs, it can begin the hiring process to ensure that all required staff is on board for the start of school.

## Montgomery County Public Schools FY 2018 Operating Budget

### Audits

Audits of financial operations and programs of Montgomery County Public Schools ensure financial and operational accountability to the public. Below are details of some of the audits.

#### Board of Education Oversight

- According to State of Maryland law, Section 5-109 of the Education Article, requires all school districts to commission an annual external audit of financial transactions by an independent certified public accountant. MCPS uses the firm of CliftonLarsonAllen (CLA). Neither CLA nor its predecessors have identified any material weaknesses or noncompliance with internal controls.
- MCPS issues an annual financial report, the Comprehensive Annual Financial Report, for the previous fiscal year. This report has repeatedly received an Excellence in Financial Reporting Award from the Government Financial Officers Association of the United States and Canada, and from the Association of School Business Officials International.
- Board of Education Policy DAA, *Fiscal Responsibility and Control*, requires the superintendent of schools to ensure that adequate fiscal responsibility and control are maintained for funds entrusted to MCPS that conform to the laws and regulations of the state of Maryland and to applicable provisions of the charter and laws of Montgomery County. In accordance with MCPS Regulation DAA-RB, *External Audits Requiring Board of Education Approval*, the Board of Education authorizes external agency performance audits that focus on processes and their inherent efficiencies.
- The Board of Education's Fiscal Management Committee meets regularly with staff to review audit findings and provide financial oversight of MCPS. The Fiscal Management Committee reviews the reports of the system's actuary and external auditor.

#### County Audits

- The county's Office of Legislative Oversight has conducted comprehensive reviews of MCPS programs, including food services, student transportation, special education, school plant operations, compliance with environmental regulations, organizational development programs, recycling, Northeast and Downcounty high school consortia, demographic and performance changes of 25 MCPS high schools, employee benefits administration, resources and staffing among MCPS schools, revitalization and expansion program, and the local pension plan and supplement.
- The county Office of Inspector General has conducted analyses of MCPS capital improvement program projects, the MCPS budget and related financial information,

acquisition of promethean interactive classroom technology systems, and purchase card policies and procedures.

#### State of Maryland Audits

- The Maryland State Department of Education (MSDE) reviews MCPS activities and financial reports every two years. MSDE audits a variety of issues, including enrollment, program administration, special education, teacher certification, criminal background checks of teachers, and grant programs. MSDE conducted an audit of MCPS in FY 2015 to determine compliance with the financial and other requirements that are applicable to each of its State Aid to Education Programs. There were no material findings.
- MSDE conducts an audit of the MCPS meal benefit process (Free and Reduced-price Meal System applications) every three years. It is an audit of the verification and financial processes, as well as site reviews in 18 schools. If one of the schools were to fail to demonstrate compliance with U.S. Department of Agriculture and MSDE regulations, then the auditors return and audit 18 more schools. In its January 21, 2015 audit report, MSDE commended MCPS for exceeding standards in several areas.
- In accordance with the requirements of the State Government Article, Section 2-1220 (e) of the Annotated Code of Maryland, the state's Office of Legislative Audit shall conduct an audit of each local school system at least once every six years to evaluate the effectiveness and efficiency of the financial management practices of the local school system. The first audit report published January 15, 2009, found that MCPS has "procedures and controls in place to ensure the safeguarding of assets and the efficient use of financial resources." The report made useful recommendations for process improvements in business operations, including accounting, internal controls, technology, and facilities operations. The second audit report published May 19, 2016, made recommendations to improve cost-effectiveness.
- The Public School Construction Program's (PSCP) Office of the Interagency Committee on School Construction audits the use of state construction funds provided to all Maryland school systems every two to three years. The examination is made in accordance with the public school laws of Maryland and the regulations for the administration of the PSCP, and includes tests of accounting and construction procedures. PSCP conducted its most recent audit of MCPS in FY 2015 to evaluate its regulatory compliance. No material findings were identified in the report published on the August 21, 2015, as well as in the two prior audit reports.

#### Federal Audits

- The federal government regularly provides mandated federal Office of Management and Budget Compliance Supplement audits of federal grant programs that have greatly increased in recent years. MCPS also receives a triennial review of its special education early childhood services programs for compliance with Individuals with Disabilities



Education Act (IDEA) and Medicaid requirements. Federal audit results of MCPS grants have not identified any material adverse findings.

#### Internal Audit

- The MCPS Internal Audit Unit (IAU) conducts financial and program audits of MCPS programs and school independent activity funds. The IAU also monitors the external audit contract and is responsible for ensuring implementation of external audit recommendations.

## FISCAL YEAR 2018 OPERATING BUDGET TIMELINE

Superintendent Presents Recommended FY 2018 Operating Budget to Board of Education	<b>December 13, 2016</b>
Sign-up for Board of Education Public Hearings	<b>December 14, 2016 through January 10, 2017</b>
Board of Education Public Hearings-Auditorium	<b>January 5 &amp; 11, 2017</b>
Board of Education Budget Work Sessions	<b>January 17 &amp; 19, 2017</b>
Board of Education Action	<b>February 14, 2017</b>
Board of Education Budget Transmittal to County Executive/Council (Required by March 1, 2017)	<b>March 1, 2017</b>
County Executive Submits Proposed FY 2018 Operating Budget to Council	<b>March 15, 2017</b>
County Council Budget Public Hearings	<b>April 2017</b>
County Council Work Sessions	<b>April – May, 2017</b>
County Council Budget Action	<b>June 1, 2017</b>
Final Board of Education Action to Approve FY 2018 Operating Budget	<b>June 13, 2017</b>

## OPERATING BUDGET DOCUMENTS

**The documents listed below enable citizens to understand the MCPS budget and how resources are used.**

**Budget in Brief**—Provides detailed summary information on the budget and changes proposed in the Superintendent’s Recommended Operating Budget.

**Superintendent’s Recommended Operating Budget (often called the management budget)**—Shows budget resources by office, department, and other units. It includes references to the units that carry out each program, describes in detail the work of each unit, shows all budget changes, and includes performance measures for each operating unit, a glossary of budget terms, an index of all items, and a section describing how to understand the budget.

**The Operating Budget Adopted by the Board of Education**—Shows summary budget information, including changes to the Superintendent’s Recommended Operating Budget made by the Board of Education.

**The Operating Budget Summary**—Includes information based on the final budget appropriated by the County Council and approved by the Board of Education.

**The Program Budget**—Includes summaries of more than 70 programs across MCPS departments and offices. The programs are categorized to show how the budget is aligned with the Montgomery County Public Schools Strategic Planning Framework, Building Our Future Together.

**Personnel Complement**—Provides a detailed listing of all positions requested in the budget. The Program Budget, the Superintendent’s Recommended Operating Budget, and the Operating Budget Summary include personnel complements organized by program and unit, respectively.

**Budgeted Staffing Guidelines**—The Superintendent’s Recommended Operating Budget includes budgeted staffing guidelines for regular education and special education. These guidelines govern the allocation of personnel resources by school and special education disability.

**Schools at a Glance**—Provides a variety of information for each school, including programs from the Program Budget that are implemented at each school and personnel expenditures budgeted for each school. A separate document, Special Education at a Glance, is published to show special education resources at each school.

**All of these publications are available on the MCPS website at [www.montgomeryschoolsmd.org/departments/budget/](http://www.montgomeryschoolsmd.org/departments/budget/)**



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