



The Superintendent's Recommended
Budget in Brief



FY 2019

Operating Budget

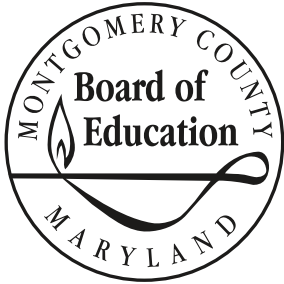
Montgomery County Public Schools, Rockville, Maryland

Recommended to the Board of Education
December 2017

Fiscal and School Year Ending June 30, 2019

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

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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Check out the MCPS website for more detailed information about the FY 2019 Operating Budget.

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MONTGOMERY COUNTY PUBLIC SCHOOLS

www.montgomeryschoolsmd.org

MARYLAND

December 19, 2017



Dear Members of the Board of Education:

I am pleased to submit for your consideration my Fiscal Year (FY) 2019 Operating Budget recommendation for Montgomery County Public Schools (MCPS). The FY 2019 Operating Budget I am recommending is a student, classroom, and school-focused budget.

My recommendation includes an increase of \$67,304,349 and 166.224 Full-time Equivalent (FTE) positions compared to the current FY 2018 budget to fund services for a growing number of students, the costs of operating the school system, and our strategic key bodies of work. Part of this increase is offset by savings of \$10,761,420 generated by efficiencies and reductions. This increase of \$67,304,349 represents a 2.7 percent increase in the operating budget compared to FY 2018. 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.

In the months leading up to the development of my FY 2019 Recommended Operating Budget, we asked five important questions about our school district. First, are our children learning? Second, are they learning enough to move ahead to the next grade level and be college and career ready? Third, how do we know they are learning? Fourth, if they are not learning, why are they not learning? Fifth, what are we going to do about it? We discussed with you these important questions and our Evidence of Learning data during Board meetings this summer and fall. Together, these questions, the data, and input from stakeholders have guided us as we developed the budget for FY 2019.

The FY 2019 budget focuses on key bodies of work that define a roadmap of our current and future efforts. These include: (1) increasing access to strong academic and career opportunities for all students to prepare them for college and career; (2) improving programs including mathematics and computer science; (3) extending learning opportunities for our students most impacted by poverty; (4) providing language opportunities for students; (5) focusing on the social, physical, and psychological well-being of students; (6) hiring and retaining a highly effective and diverse workforce; and (7) strengthening operational excellence throughout the district and effective business systems that support operations.

A driving factor in preparing the FY 2019 Operating Budget is a sense of urgency to improve outcomes for all students who attend MCPS schools. Understanding the factors that impact student achievement along with the Evidence of Learning framework will provide a vital part of the foundation for accelerating the progress of all students and closing the achievement gap.

Office of the Superintendent of Schools

850 Hungerford Drive, Room 122 ♦ Rockville, Maryland 20850 ♦ 301-279-3381

MCPS enjoys a diverse and growing student body. As students enroll in the school system, we embrace the notion that each of them has attributes that must be considered as we go about the mission of teaching and learning and we strive for each of them to realize the highest levels of learning and achievement. In recognition of how certain factors such as mobility, attendance, limited English proficiency, and special education create conditions potentially impacting teaching and learning, it is imperative that we begin to apply methods of analyzing data that will explore patterns designed to raise awareness regarding how conditions may be affecting achievement for some of our most vulnerable students. It is this data analysis that has proved essential to our budget development.

As we begin our discussions on the FY 2019 Operating Budget, it should be noted that our community continues to receive a strong return on the investment it makes in our students. For example, consider the recent performance of our MCPS graduates:

- The Class of 2017 earned a 1126 average total score on the redesigned SAT, surpassing both the national and state averages; and
- Our students in the Class of 2017 earned more than \$350 million in college scholarships.

The following table reflects the revenue and expenditure details of my FY 2019 Recommended Operating Budget compared to FY 2017 and current FY 2018 budgets.

Montgomery County Public Schools
Superintendent's Recommended FY 2019 Operating Budget
(including budgeted grants)

| | FY 2017 <u>Actual Budget</u> | FY 2018 <u>Current Budget</u> | FY 2019 <u>Recmd. Budget</u> | FY 2019 Change from <u>FY 2018</u> |
|---------------------------------|---------------------------------|----------------------------------|---------------------------------|--|
| Total Expenditures | \$2,426,611,128 | \$2,519,280,021 | \$2,586,584,370 | \$67,304,349 |
| Revenue | | | | |
| Local Revenue | 1,617,712,678 | 1,665,466,863 | 1,729,597,754 | 64,130,891 |
| State Revenue | 658,559,890 | 679,944,975 | 690,544,219 | 10,599,244 |
| Fund Balance (from prior years) | 33,162,633 | 22,783,303 | 14,683,303 | (8,100,000) |
| Fed/Other Revenue | <u>150,003,970</u> | <u>151,084,880</u> | <u>151,759,094</u> | <u>674,214</u> |
| Total Revenue | \$2,459,439,171 | \$2,519,280,021 | \$2,586,584,370 | \$67,304,349 |

Managing Growth

The projected enrollment for the 2018–2019 school year is 163,774, or 2,472 more students than budgeted for the 2017–2018 school year. FY 2019 will be the tenth consecutive year that our enrollment has increased by at least 2,000 students, and this trend is expected to continue. While most of the student enrollment growth in recent years 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 move into middle and high schools. By the 2023–2024 school year, enrollment is expected to reach 169,012 students, an increase of more than 7,500 students from the current fiscal year.

In order to manage our anticipated student enrollment growth in FY 2019, my budget recommendation adds 193.8 FTE positions, including 84.5 general elementary/secondary FTE positions, 77.4 FTE positions for special education services, and 32.0 FTE positions to serve our growing population of students who receive English for Speakers of Other Languages services. We also need 9.6 FTE positions to open the new Richard Montgomery Elementary School #5 as well as 5.0 FTE positions to add Grade 8 to Silver Creek Middle School for the 2018–2019 school year. There also is 1.0 FTE for preparation for the opening of Clarksburg Cluster Elementary School #2. Finally, we need 25.5 FTE positions in school support operations for transportation and school plant operations for the additional students and facilities expected next fiscal year.

Strategic Accelerators and Realignments to Support Key Bodies of Work

The FY 2019 recommended budget includes \$7,747,173 in strategic accelerators, including 9.4 FTE positions. These resources are in addition to realignments of existing resources and will 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 originally outlined in fall 2016.

For our strategic focus on learning, accountability, and results, an additional \$5,330,335 and 8.4 FTE positions are included. Within this total, \$1,326,540 and 4.4 FTE positions along with the realignment of funds will be used to expand pathway opportunities for students in several areas including cybersecurity, public safety, emergency medical fields, fire safety, agricultural science, and aviation. We will expand our Finance Park and strategic business partnerships. To expand language opportunities for our students, \$282,121 will be used in addition to realigned funds to add more dual language schools as part of our work. We also will be exploring approaches to language exposure in elementary schools. Additionally, \$401,208 will be added to expand the enriched studies program. To enhance our equal opportunity schools, \$100,000 additional funds is included in this FY 2019 Recommended Operating Budget. A funding increase of \$448,166 and 2.0 FTE positions is included to expand intervention to graduation programs.

In order to promote the social, physical, and psychological well-being of MCPS students, an additional \$442,452 and 2.0 FTE positions are included in this budget. Funding of \$294,890 is included for recovery educational programs. An additional \$1,900,000 is added to this budget along with the realigned funds to increase access to innovative programs and instructional materials in both literacy and mathematics. This includes supports to target stronger mathematics learning and further exposure to computer science and coding opportunities for students. To convert three middle school and three high school assistant school administrators to assistant principal positions, this budget includes a funding increase of \$120,069. In addition, the budget includes a realignment of funds and positions in our current Alternative Programs to create a new expanded and reimagined program that will meet the needs of our students through a multi-site program.

An additional \$740,292 and 1.0 FTE position is included for our strategic focus on community partnerships and engagement. Within these resources is \$319,180 for science, technology, engineering, and mathematics-related activities including one to expand the KID Museum and to add computer coding as an elective course for MCPS students. Also, \$71,112 and 1.0 FTE position will be used to expand an arts initiative to another cluster. Lastly, \$350,000 in funding is for expansion of CollegeTracks and the Achieving College Excellence and Success programs.

A total of \$1,676,546 is included for our focus on operational excellence. This includes \$1,500,000 to expand the work started last year to improve our business systems that are either obsolete or cumbersome in order to create effective and efficient business operations. This is a multi-year initiative to replace our budget, finance, and human capital systems that are critical to supporting MCPS operations. A funding increase of \$176,546 along with the realignment of funds will be used to increase hours of clerical and fiscal support in our more impacted schools and schools with numerous programs and also will provide additional bookkeeping support to all elementary schools.

Program Efficiencies and Reductions

In addition to accelerating and realigning funding to improve teaching and learning for all students, program efficiencies and reductions are included that total \$10,761,420 and 72.6 FTE positions. This includes reductions of \$7,976,301 and 55.6 FTE positions from central services.

In K-12 schools, reductions total \$1,301,558. There is a reduction of \$835,770 for substitutes related to professional leave, \$185,788 for a reduction of part-time salaries and substitutes for High School Intervention, and a net reduction of \$280,000 for instructional materials.

In the Office of School Support and Improvement, reductions total \$986,137 and 9.0 FTE positions. There are personnel reductions of 6.0 director II positions and \$808,614, 2.0 administrative secretary III positions and \$97,968, and a 1.0 instructional specialist position and \$74,325. In addition, there is a reduction of \$5,230 in stipends.

The Office of the Chief Academic Officer has reductions totaling \$303,216 and 3.2 FTE positions. It includes a 1.0 director II position and \$134,769 and a 1.0 instructional specialist position and \$89,190. Another reduction is a 1.0 administrative secretary III position and \$48,984. There also is a reduction of \$30,273 in substitutes.

In the Office of Curriculum and Instructional Programs (OCIP), reductions total \$2,281,280 and 25.8 FTE positions. This includes the reduction of 10.0 central office English for Speakers of Other Languages coach positions and \$564,790. These employees now will be working directly with students as teachers. Other reductions include a 1.0 director II position and a 1.0 director I position and \$261,910, 2.0 supervisor positions and \$239,890, 2.0 instructional specialist positions and \$148,650, a 1.0 accountant position and \$71,968, a 1.0 administrative secretary III position and \$48,984, 2.0 administrative secretary II positions and \$95,410, and a 0.8 fiscal assistant position and \$43,048. Other reductions include 3.0 content specialist positions and \$222,975 and 2.0 curriculum specialist positions and \$148,650. Additional OCIP reductions include \$256,321 for part-time salaries, substitutes, and stipends, \$127,542 for instructional materials and supplies, and \$51,142 for contractual services and other expenses.

In the Office of Special Education, reductions total \$1,331,240 and 6.0 FTE positions. Reductions include 2.0 instructional specialist positions and \$148,650, 2.0 elementary program specialist positions and \$98,769, a 1.0 assistant to the associate superintendent position and \$113,155, and a 1.0 administrative secretary I position and \$44,262. In addition, there is savings of \$326,230 by redirecting funding for six school support supervisor positions to fund six instructional specialist positions and a director II position for preschool/elementary school. There are funding reductions of \$139,274 for professional development stipends, \$125,000 for Individualized Education Program translations, \$115,822 in instructional materials and office and program supplies, and \$25,000 in local travel mileage reimbursement. Finally, following the implementation of the Maryland On-line Individualized Education Program system at MCPS, savings of \$195,078 from the FY 2018 strategic accelerator is possible.

In the Office of Student and Family Support and Engagement, reductions total \$271,976 and 2.5 FTE positions. There is a reduction of a 1.0 supervisor position and \$119,945, a 1.0 fiscal assistant position and \$40,340, and a 0.5 counselor position and \$38,232. In addition, there is a reduction of \$45,388 in part-time salaries and stipends, \$7,164 in contractual services and maintenance, \$20,907 in instructional materials.

For the Office of the Chief Operating Officer, there are reductions totaling \$1,090,648 and 17.0 FTE positions. There is a reduction of 11.0 central services building service worker positions and \$339,385 in the Department of Facilities Management where there has been high vacancy rates, \$250,000 for a reduction of School Energy and Recycling Team awards, and \$7,000 in supplies. In the Department of Transportation, there are reductions of 5.0 positions and \$283,550 for the elimination of positions as a result of efficiencies along with a lowering in the estimate for bus fuel purchase costs of \$136,000. There are reductions of \$30,132 in lease/purchases and \$4,000 in program supplies. Finally, there is a reduction of a 1.0 secretary position and \$40,581 in the Office of the Chief Operating Officer.

In the Office of the Chief Technology Officer, there are reductions of \$577,742 and 2.0 FTE positions. There is a reduction of a 1.0 director II position and \$134,769 along with a funding reduction of \$378,100 related to savings from local travel mileage reimbursement, program supplies, tax software support, document imaging support, assessment and gradebook redundancy, mobile communication tools, and completion of a master lease. There also is a reduction of a 1.0 administrative secretary III position and \$64,873.

For the Office of Human Resources and Development, there are reductions that total \$499,145 and 5.1 FTE positions. There is a reduction of a 1.0 instructional specialist position and \$74,325 and a 1.0 staffing coordinator position and \$113,155. Another savings comes from the contracting out for employee assistance program services allowing for a reduction of 3.1 positions and \$95,777. Finally, there is a funding reduction of \$110,000 in partnership tuition and \$105,888 for a variety of savings including stipends, part-time salaries, local and out-of-area travel, supplies, and advertising.

In the Office of the Chief Financial Officer, there is reduction that totals \$1,860,606 as a result of employee-related benefits.

In the Office of Chief of Staff, there are reductions totaling \$257,872 and 2.0 FTE positions. There is an elimination of 2.0 partnership manager positions and \$157,872 and \$100,000 in contractual services.

Contract Negotiations

During FY 2017, the Board of Education reached agreement on comprehensive three-year agreements covering economic and non-economic terms with all three employee associations, effective July 1, 2017, through June 30, 2020. All three contracts are open for negotiations on wages alone for the second (FY 2019) and third (FY 2020) years. The final terms of negotiations on wages for FY 2019 have not yet been agreed upon. Once negotiations are completed, we will make updates to the operating budget as needed.

Collaborative Budget Development

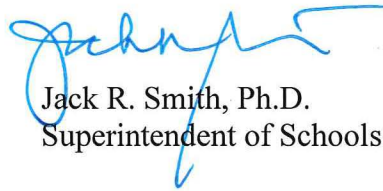
My recommended FY 2019 Operating Budget was developed through a partnership with our stakeholders. I want to thank the leadership of the Montgomery County Association of Administrators and Principals, the Montgomery County Education Association, and the Service Employees International Union Local 500 for their input and commitment during the development of this operating 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 were involved in the development of this budget recommendation. For the first time, we had a student representative on the committee who advised me on my budget recommendation. I am grateful

to have had ideas from an individual representing our student body on this budget. Lastly, I appreciate the input from our MCPS senior leadership team and other staff in the development of this operating budget recommendation.

My top priority with this budget is to both maintain the high levels of achievement that we have for many of our students and eliminate those opportunity gaps that most heavily impact our African American students, our Latino students, children who live in poverty, English language learners, and our students who have Individualized Education Program services. We can begin this effort by providing tools that educators who work in school buildings and classrooms can use each day to know if our students are learning, if they are learning enough and how we will respond when they are not. MCPS cannot and will not be satisfied until we have eliminated disparities in opportunities and performance among our student populations.

I look forward to working with the Members of the Board of Education on this FY 2019 Operating Budget for MCPS to improve teaching and learning for all our students.

Sincerely,



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

JRS:ND:tpk

TABLE 1
SUMMARY OF RESOURCES
BY OBJECT OF EXPENDITURE

| OBJECT OF EXPENDITURE | FY 2017 ACTUAL | FY 2018 BUDGET | FY 2018 CURRENT | FY 2019 BUDGET | FY 2019 CHANGE |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|---------------------|
| POSITIONS | | | | | |
| Administrative | 718,100 | 727,250 | 730,250 | 715,250 | (15,000) |
| Business/Operations Admin. | 86,650 | 92,750 | 90,750 | 93,750 | 3,000 |
| Professional | 13,036,036 | 13,127,491 | 13,134,316 | 13,267,136 | 132,820 |
| Supporting Services | 8,339,715 | 8,337,638 | 8,344,248 | 8,389,652 | 45,404 |
| TOTAL POSITIONS | 22,180,501 | 22,285,129 | 22,299,564 | 22,465,788 | 166,224 |
| 01 SALARIES & WAGES | | | | | |
| Administrative | \$96,629,924 | \$100,358,243 | \$100,596,850 | \$100,420,020 | (\$176,830) |
| Business/Operations Admin. | 8,668,093 | 9,462,244 | 9,278,322 | 9,545,321 | 266,999 |
| Professional | 1,066,129,872 | 1,110,282,523 | 1,110,886,449 | 1,137,018,308 | 26,131,859 |
| Supporting Services | 363,987,214 | 378,787,691 | 379,073,250 | 385,869,437 | 6,796,187 |
| TOTAL POSITION DOLLARS | 1,535,415,103 | 1,598,890,701 | 1,599,834,871 | 1,632,853,086 | 33,018,215 |
| OTHER SALARIES | | | | | |
| Administrative | 194,307 | 295,528 | 295,528 | 295,672 | 144 |
| Professional | 62,928,962 | 62,010,018 | 62,010,018 | 60,049,901 | (1,960,117) |
| Supporting Services | 24,347,647 | 27,192,234 | 27,192,234 | 26,319,825 | (872,409) |
| TOTAL OTHER SALARIES | 87,470,916 | 89,497,780 | 89,497,780 | 86,665,398 | (2,832,382) |
| TOTAL SALARIES AND WAGES | 1,622,886,019 | 1,688,388,481 | 1,689,332,651 | 1,719,518,484 | 30,185,833 |
| 02 CONTRACTUAL SERVICES | 30,555,688 | 37,459,981 | 37,458,981 | 43,413,479 | 5,954,498 |
| 03 SUPPLIES & MATERIALS | 69,016,354 | 65,324,929 | 65,337,386 | 65,975,652 | 638,266 |
| 04 OTHER | | | | | |
| Local/Other Travel | 1,975,868 | 2,279,643 | 2,279,643 | 2,213,346 | (66,297) |
| Insur & Employee Benefits | 584,377,631 | 600,106,009 | 600,568,652 | 626,591,082 | 26,022,430 |
| Utilities | 40,776,420 | 41,201,717 | 41,201,717 | 42,292,605 | 1,090,888 |
| Miscellaneous | 58,104,454 | 63,593,711 | 64,361,621 | 67,261,369 | 2,899,748 |
| TOTAL OTHER | 685,234,373 | 707,181,080 | 708,411,633 | 738,358,402 | 29,946,769 |
| 05 EQUIPMENT | 18,918,694 | 18,739,370 | 18,739,370 | 19,318,353 | 578,983 |
| GRAND TOTAL AMOUNTS | \$2,426,611,128 | \$2,517,093,841 | \$2,519,280,021 | \$2,586,584,370 | \$67,304,349 |

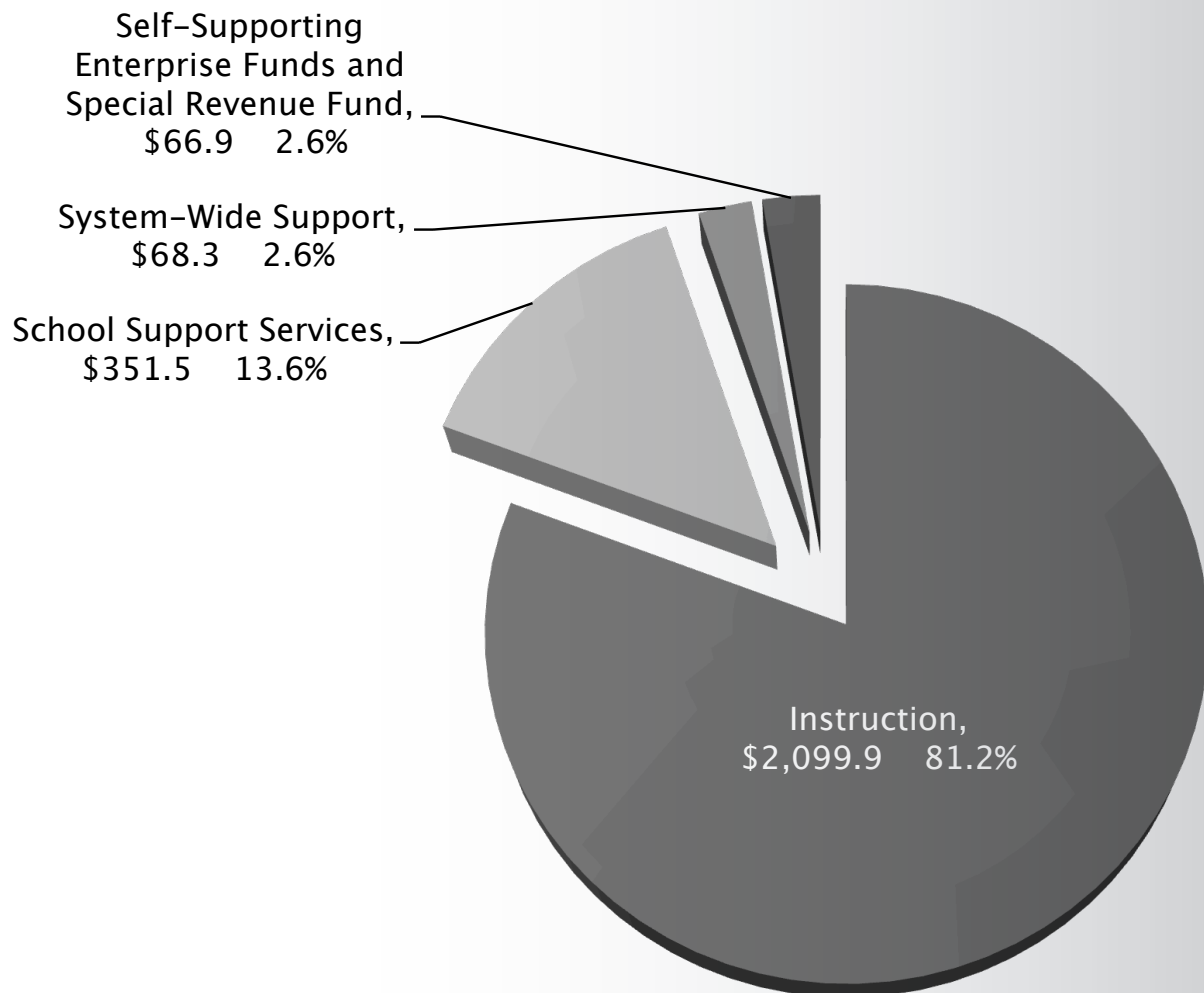
TABLE 1A
SUMMARY OF BUDGET CHANGES FY 2018 - FY 2019
(\$ in millions)

| ITEM | FTE | AMOUNT | FY 2019 CHANGES CONTINUED: | ITEM | FTE | AMOUNT |
|---|-------------------|-------------------|---|------|-------------------|-------------------|
| FY 2018 CURRENT OPERATING BUDGET (Includes additional Head Start funding) | 22,299.564 | \$2,519.28 | | | | |
| FY 2019 CHANGES: | | | | | | |
| ENROLLMENT CHANGES | | | EFFICIENCIES & REDUCTIONS | | | |
| Elementary/Secondary | 84.460 | 6.72 | Efficiencies & Reductions | | (72.600) | (10.76) |
| Special Education | 77.374 | 6.10 | Subtotal | | (72.600) | (10.76) |
| ESOL | 32.000 | 3.04 | | | | |
| Transportation | 15.000 | 1.04 | | | | |
| Food Services | | 0.02 | | | | |
| Subtotal | 208.834 | 16.92 | STRATEGIC PRIORITY ACCELERATORS | | | |
| | | | Focus on Learning, Accountability and Results | | 8.400 | 5.33 |
| | | | Focus on Community Partnerships ad Engagement | | 1.000 | 0.74 |
| | | | Focus on Operational Excellence | | - | 1.67 |
| | | | Subtotal | | 9.400 | 7.74 |
| | | | | | | |
| NEW SCHOOLS/ADDITIONAL SPACE | 26.125 | 1.87 | | | | |
| | | | | | | |
| EMPLOYEE SALARIES - CONTINUING SALARIES FOR CURRENT EMPLOYEES (including benefits) | | 28.23 | FY 2019 OPERATING BUDGET | | 22,465.788 | \$2,586.58 |
| | | | | | | |
| EMPLOYEE BENEFITS AND INSURANCE | | | FY 2018 - FY 2019 CHANGE | | 166.224 | \$67.30 |
| Employee Benefits Plan (active) | | 11.00 | Grants Funding | | | (82.19) |
| Employee Benefits Plan (retired) | | 4.50 | Enterprise Funding | | | (65.18) |
| Retirement (local) | | 1.00 | Special Revenue Funding | | | (1.70) |
| FICA | | (0.98) | SPENDING AFFORDABILITY BUDGET | | 22,465.788 | \$2,437.51 |
| Self-insurance, Worker's Compensation | | 2.03 | | | | |
| Administrative Costs/Fees | | 0.03 | | | | |
| State Pension | | 2.12 | | | | |
| Subtotal | | 19.70 | | | | |
| | | | | | | |
| INFLATION AND OTHER | | | REVENUE CHANGES BY SOURCE | | | |
| Textbooks, Instructional Materials, Building/Maintenance Supplies | | 0.43 | Local | | | 64.13 |
| Utilities | | 0.68 | State | | | 10.60 |
| Special Education | | 0.47 | Federal | | | |
| Maintenance | | 0.54 | Fund Balance | | | (8.10) |
| Transportation | | 0.60 | Enterprise/Special Revenue Funds | | | 0.67 |
| Technology | | 0.22 | | | | |
| Field Trips/ Extended Learning Opportunities | | 0.03 | | | | |
| Grants and Enterprise Funds | 3.000 | 0.63 | TOTAL REVENUE INCREASE | | | 67.30 |
| Realignments | (8.535) | | | | | |
| Subtotal | (5.535) | 3.60 | | | | |

WHERE THE MONEY GOES

Total Expenditures = \$2,586,584,370

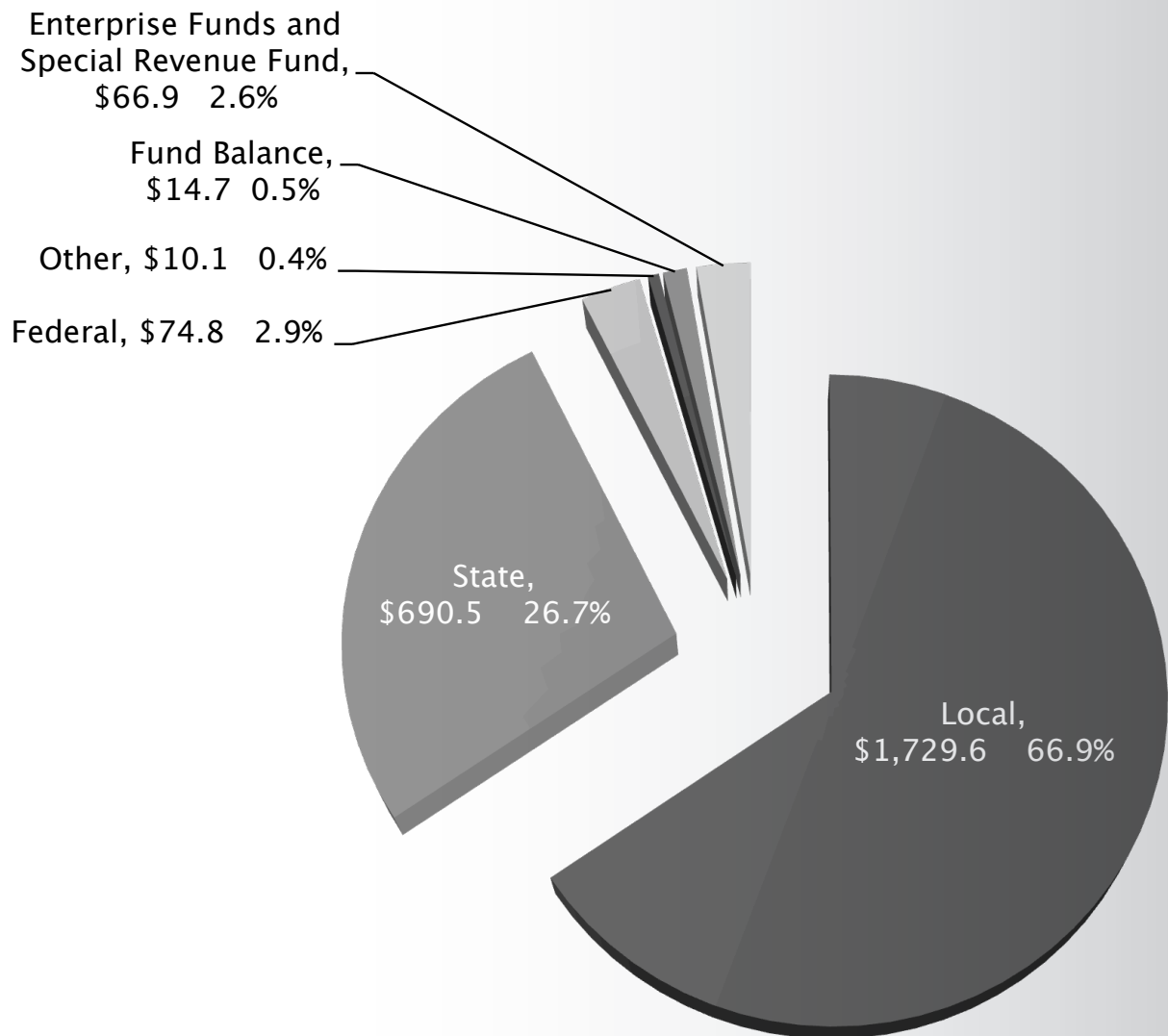
(Dollars in Millions on Chart)



WHERE THE MONEY COMES FROM

Total Revenue = \$2,586,584,370

(Dollars in Millions on Chart)



**TABLE 2
BUDGET REVENUE BY SOURCE**

| SOURCE | FY 2017 ACTUAL* | FY 2018 BUDGET | FY 2018 CURRENT | FY 2019 ESTIMATED |
|--|----------------------------|---------------------------|----------------------------|------------------------------|
| CURRENT FUND | | | | |
| From the County: | \$1,617,631,597 | \$1,663,280,683 | \$1,663,280,683 | \$1,729,597,754 |
| Local Contribution for State Retirement Programs Financed Through Local Grants | 81,081 | | 2,186,180 | |
| Total from the County | 1,617,712,678 | 1,663,280,683 | 1,665,466,863 | 1,729,597,754 |
| From the State: | | | | |
| Bridge to Excellence | | | | |
| Foundation Grant | 325,526,802 | 338,744,661 | 338,744,661 | 344,173,243 |
| Geographic Cost of Education Index | 35,976,870 | 36,854,599 | 36,854,599 | 37,445,215 |
| Limited English Proficient | 61,681,997 | 64,721,654 | 64,721,654 | 65,758,856 |
| Compensatory Education | 137,614,315 | 140,036,855 | 140,036,855 | 142,281,027 |
| Students with Disabilities - Formula | 37,623,238 | 38,947,354 | 38,947,354 | 39,571,508 |
| Students with Disabilities - Reimbursement | 17,220,429 | 17,579,627 | 17,579,627 | 17,579,627 |
| Transportation | 40,932,087 | 42,090,090 | 42,090,090 | 42,764,608 |
| Miscellaneous | 164,934 | 140,000 | 140,000 | 140,000 |
| Programs financed through State Grants | 1,819,218 | 830,135 | 830,135 | 830,135 |
| Total from the State | 658,559,890 | 679,944,975 | 679,944,975 | 690,544,219 |
| From the Federal Government: | | | | |
| Impact Aid | 101,249 | 150,000 | 150,000 | 150,000 |
| Emergency Reimbursements | 845,316 | | | |
| Programs financed through Federal Grants | 72,213,310 | 74,629,459 | 74,629,459 | 74,629,459 |
| Total from the Federal Government | 73,159,875 | 74,779,459 | 74,779,459 | 74,779,459 |
| From Other Sources: | | | | |
| Tuition and Fees | | | | |
| D.C. Welfare | 295,784 | 140,000 | 140,000 | 160,000 |
| Nonresident Pupils | 704,452 | 530,000 | 530,000 | 530,000 |
| Summer School | 1,646,382 | 1,676,736 | 1,676,736 | 1,676,736 |
| Outdoor Education | 685,313 | 680,000 | 680,000 | 700,000 |
| Student Activities Fee | 591,608 | 0 | 0 | |
| Miscellaneous | 85,717 | 300,000 | 300,000 | 300,000 |
| Programs financed through Private Grants | 544,278 | 6,731,204 | 6,731,204 | 6,731,204 |
| Total from Other Sources | 4,553,534 | 10,057,940 | 10,057,940 | 10,097,940 |
| Fund Balance | 33,162,633 | 22,783,303 | 22,783,303 | 14,683,303 |
| Total Current Fund | 2,387,148,610 | 2,450,846,360 | 2,453,032,540 | 2,519,702,675 |
| ENTERPRISE & SPECIAL FUNDS | | | | |
| School Food Service Fund: | | | | |
| State | 2,202,492 | 2,211,852 | 2,211,852 | 2,229,567 |
| National School Lunch, Special Milk, and Free Lunch Programs | 41,899,706 | 35,058,547 | 35,058,547 | 35,339,342 |
| Sale of Meals and other | 17,156,879 | 16,943,135 | 16,943,135 | 17,078,839 |
| Total School Food Service Fund | 61,259,077 | 54,213,534 | 54,213,534 | 54,647,748 |
| Real Estate Management Fund: | | | | |
| Rental fees | 3,194,139 | 3,932,647 | 3,932,647 | 3,932,647 |
| Total Real Estate Management Fund | 3,194,139 | 3,932,647 | 3,932,647 | 3,932,647 |

| TABLE 2 | | | | |
|---|----------------------------|---------------------------|----------------------------|------------------------------|
| BUDGET REVENUE BY SOURCE | | | | |
| SOURCE | FY 2017 ACTUAL* | FY 2018 BUDGET | FY 2018 CURRENT | FY 2019 ESTIMATED |
| Field Trip Fund: | | | | |
| Fees | 2,053,978 | 2,313,743 | 2,313,743 | 2,513,743 |
| Total Field Trip Fund | 2,053,978 | 2,313,743 | 2,313,743 | 2,513,743 |
| Entrepreneurial Activities Fund: | | | | |
| Fees | 4,040,576 | 4,090,053 | 4,090,053 | 4,090,053 |
| Total Entrepreneurial Activities Fund | 4,040,576 | 4,090,053 | 4,090,053 | 4,090,053 |
| Total Enterprise Funds | 70,547,770 | 64,549,977 | 64,549,977 | 65,184,191 |
| Instructional Television Special Revenue Fund: | | | | |
| Cable Television Plan | 1,742,791 | 1,697,504 | 1,697,504 | 1,697,504 |
| Total Instructional Special Revenue Fund | 1,742,791 | 1,697,504 | 1,697,504 | 1,697,504 |
| GRAND TOTAL | \$2,459,439,171 | \$2,517,093,841 | \$2,519,280,021 | \$2,586,584,370 |
| | | | | |
| | | | | |
| Tax - Supported Budget | FY 2017 ACTUAL | FY 2018 BUDGET | FY 2018 CURRENT | FY 2019 ESTIMATED |
| Grand Total | \$2,459,439,171 | \$2,517,093,841 | \$2,519,280,021 | \$2,586,584,370 |
| Less: | | | | |
| Grants | (74,657,887) | (82,190,798) | (82,190,798) | (82,190,798) |
| Enterprise Funds | (70,547,770) | (64,549,977) | (64,549,977) | (65,184,191) |
| Special Revenue Fund | (1,742,791) | (1,697,504) | (1,697,504) | (1,697,504) |
| Grand Total - Tax-Supported Budget | \$2,312,490,723 | \$2,368,655,562 | \$2,370,841,742 | \$2,437,511,877 |
| | | | | |

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. *The actual column refers to revenue received during the fiscal year. In some cases, this may not include total amount of revenue awarded if the revenue spans over a multiyear funding period, which is the case for many MCPS budgeted grants.

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

| Program Name and Source of Funding | FY 2017 ACTUAL* | FY 2018 BUDGET | FY 2018 CURRENT | FY 2019 ESTIMATED |
|---|----------------------------|---------------------------|----------------------------|------------------------------|
| <u>Budgeted</u> | | | | |
| FEDERAL AID: NO CHILD LEFT BEHIND (NCLB) | | | | |
| Title I - A (941/942) | \$ 25,006,415 | \$ 25,124,592 | \$ 25,124,592 | \$ 25,124,592 |
| Subtotal | 25,006,415 | 25,124,592 | 25,124,592 | 25,124,592 |
| Title I - D | | | | |
| Neglected and Delinquent Youth (937) | 200,246 | 168,164 | 168,164 | 168,164 |
| Total Title I | 25,206,661 | 25,292,756 | 25,292,756 | 25,292,756 |
| Title II - A | | | | |
| Skillful Teaching and Leading Program (915) | 381,160 | 874,542 | 874,542 | 874,542 |
| Teacher Mentoring (917) | 210,994 | 253,720 | 253,720 | 253,720 |
| Consulting Teachers (961) | 2,859,168 | 2,211,828 | 2,211,828 | 2,211,828 |
| Total Title II | 3,451,322 | 3,340,090 | 3,340,090 | 3,340,090 |
| Title III | | | | |
| English Language Acquisition (927) | 3,365,645 | 3,365,645 | 3,365,645 | 3,365,645 |
| Title VII | | | | |
| American Indian Education (903) | 25,669 | 25,669 | 25,669 | 25,669 |
| SUBTOTAL | 32,049,297 | 32,024,160 | 32,024,160 | 32,024,160 |
| OTHER FEDERAL, STATE, AND LOCAL AID | | | | |
| Head Start Child Development (931/932) Federal | 3,832,684 | 3,832,684 | 3,832,684 | 3,832,684 |
| Individuals with Disabilities Education (907/913) Federal | 31,237,686 | 31,407,311 | 31,407,311 | 31,407,311 |
| Infants and Toddlers - Passthrough from Montgomery County Department of Health and Human Services (930) Federal | 837,602 | 837,602 | 837,602 | 837,602 |
| State | 186,135 | 186,135 | 186,135 | 186,135 |
| Judith P. Hoyer Child Care Centers State (904/905) | 644,000 | 644,000 | 644,000 | 644,000 |
| Medical Assistance Program (939) Federal | 5,160,546 | 5,117,501 | 5,117,501 | 5,117,501 |
| National Institutes of Health (NIH) (908) Federal | 281,388 | 281,388 | 281,388 | 281,388 |
| Provision for Future Supported Projects (999) Other | 2,654,064 | 6,731,204 | 6,731,204 | 6,731,204 |
| Carl D. Perkins Career & Technical Ed. Improvement (950/951) Federal | 1,128,813 | 1,128,813 | 1,128,813 | 1,128,813 |
| SUBTOTAL | 45,962,918 | 50,166,638 | 50,166,638 | 50,166,638 |
| TOTAL | \$ 78,012,215 | \$ 82,190,798 | \$ 82,190,798 | \$ 82,190,798 |
| <u>Summary of Funding Sources</u> | | | | |
| Federal | \$ 74,528,016 | \$ 74,629,459 | \$ 74,629,459 | \$ 74,629,459 |
| State | 830,135 | 830,135 | 830,135 | 830,135 |
| County | | | | |
| Other | 2,654,064 | 6,731,204 | 6,731,204 | 6,731,204 |
| GRAND TOTAL | \$ 78,012,215 | \$ 82,190,798 | \$ 82,190,798 | \$ 82,190,798 |

*The actual column refers to total revenue awarded in the fiscal year. In some cases, this includes revenue that spans over multiyear funding periods, which is the case for many MCPS budgeted grants.

**TABLE 4
SUMMARY OF STUDENT ENROLLMENT - FY 2016 THROUGH FY 2019**

| DESCRIPTION | (1) FY 2016 ACTUAL 9/30/2015 | (2) FY 2017 ACTUAL 9/30/2016 | (3) FY 2018 ACTUAL 9/30/2017 | (4) FY 2018 BUDGET 9/30/2017 | (5) FY 2019 PROJECTED* 9/30/2018 | CHANGE COLUMN (5) LESS COLUMN (4) | |
|-----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|---|--------------|
| | | | | | | # | % |
| ENROLLMENT | | | | | | | |
| PRE-KINDERGARTEN | 2,152 | 2,278 | 2,244 | 2,285 | 2,285 | | |
| HEAD START | 628 | 628 | 628 | 628 | 628 | | |
| KINDERGARTEN | 11,419 | 11,224 | 11,240 | 11,187 | 11,106 | (81) | -0.7% |
| GRADES 1-5 / 6 ** | 60,186 | 60,829 | 60,831 | 60,711 | 60,737 | 26 | |
| SUBTOTAL ELEMENTARY | 74,385 | 74,959 | 74,943 | 74,811 | 74,756 | (55) | -0.1% |
| GRADES 6-8 *** | 34,106 | 34,957 | 36,006 | 36,066 | 36,812 | 746 | 2.1% |
| SUBTOTAL MIDDLE | 34,106 | 34,957 | 36,006 | 36,066 | 36,812 | 746 | 2.1% |
| GRADES 9-12 | 45,797 | 47,131 | 48,498 | 48,342 | 50,088 | 1,746 | 3.6% |
| SUBTOTAL HIGH | 45,797 | 47,131 | 48,498 | 48,342 | 50,088 | 1,746 | 3.6% |
| SUBTOTAL PRE-K - GRADE 12 | 154,288 | 157,047 | 159,447 | 159,219 | 161,656 | 2,437 | 1.5% |
| SPECIAL EDUCATION | | | | | | | |
| PRE-KINDERGARTEN**** | 1,601 | 1,414 | 1,431 | 1,493 | 1,493 | | |
| SPECIAL CENTERS | 434 | 441 | 477 | 450 | 490 | 40 | 8.9% |
| SUBTOTAL SPECIAL EDUCATION | 2,035 | 1,855 | 1,908 | 1,943 | 1,983 | 40 | 2.1% |
| ALTERNATIVE PROGRAMS | 121 | 108 | 115 | 140 | 135 | (5) | -3.6% |
| GATEWAY TO COLLEGE | 3 | - | - | - | - | - | - |
| GRAND TOTAL | 156,447 | 159,010 | 161,470 | 161,302 | 163,774 | 2,472 | 1.5% |

NOTE: Grade enrollments include special education students.

*Based on initial enrollment projections

**The FY 2016 - 2017 elementary enrollment numbers include Chevy Chase Elementary School and North Chevy Chase Elementary School Grade 6.

***The FY 2016 - 2017 middle enrollment numbers exclude Chevy Chase Elementary School and North Chevy Chase Elementary School Grade 6.

The FY 2018 - 2019 middle enrollment numbers include Chevy Chase Elementary School and North Chevy Chase Elementary School Grade 6.

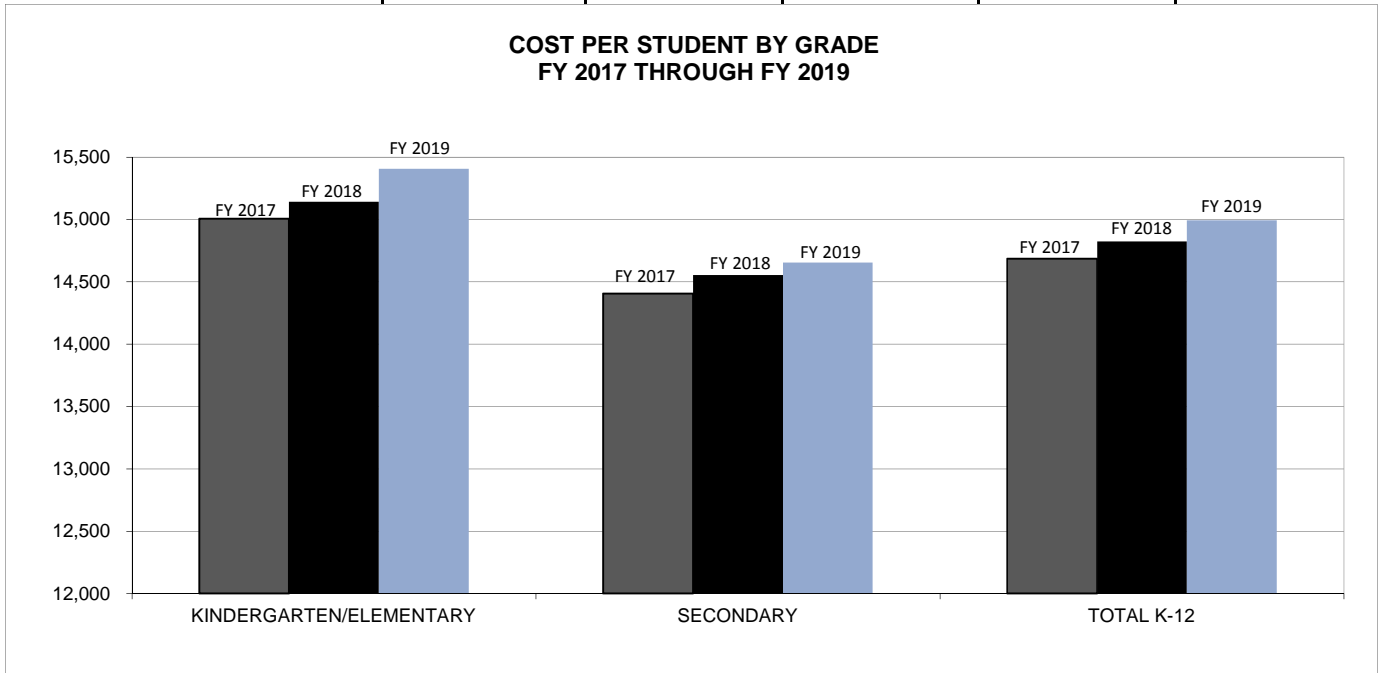
****Special education pre-kindergarten enrollment numbers do not include PEP Itinerant students.

**TABLE 5
ALLOCATION OF STAFFING**

| | POSITIONS | BUDGET FY 2014 | BUDGET FY 2015 | BUDGET FY 2016 | BUDGET FY 2017 | CURRENT FY 2018 | REQUEST FY 2019 | FY 18 - FY 19 CHANGE |
|----|---|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|----------------------------|---------------------------------|
| 1 | Executive | 21.000 | 19.000 | 16.000 | 17.000 | 17.000 | 17.000 | - |
| 2 | Administrative - (directors, supervisors, program coordinators, executive assistants) | 196.700 | 204.700 | 199.700 | 197.600 | 198.750 | 176.750 | (22.000) |
| 3 | Business/Operations Administrator - (leadership positions supervised by directors and supervisors) | 91.650 | 90.650 | 88.650 | 86.650 | 90.750 | 93.750 | 3.000 |
| 4 | Other Professional - (12-month instructional/evaluation specialists) | 183.500 | 189.500 | 187.400 | 185.400 | 169.500 | 160.200 | (9.300) |
| 5 | Principal/Assistant Principal | 491.500 | 494.000 | 491.500 | 503.500 | 514.500 | 521.500 | 7.000 |
| 6 | Teacher | 10,759.420 | 10,984.160 | 10,940.304 | 11,481.264 | 11,572.529 | 11,702.339 | 129.810 |
| 7 | Special Education Specialist (speech pathologists, physical/occupational therapists) | 506.750 | 508.958 | 506.708 | 503.008 | 509.148 | 510.758 | 1.610 |
| 8 | Media Specialist | 192.200 | 195.500 | 195.500 | 196.500 | 198.200 | 198.200 | - |
| 9 | Counselor | 456.300 | 467.500 | 467.000 | 486.000 | 496.500 | 501.500 | 5.000 |
| 10 | Psychologist | 100.000 | 106.034 | 106.034 | 115.034 | 115.409 | 117.909 | 2.500 |
| 11 | Social Worker | 14.800 | 14.830 | 14.830 | 15.830 | 20.030 | 24.230 | 4.200 |
| 12 | Pupil Personnel Worker | 45.000 | 51.000 | 51.000 | 53.000 | 53.000 | 52.000 | (1.000) |
| 13 | Instructional Aide and Assistant (paraeducators, media assistants, lunch-hour aides, parent assistants, instructional data assistants) | 2,596.605 | 2,660.994 | 2,652.222 | 2,764.814 | 2,704.947 | 2,741.401 | 36.454 |
| 14 | Secretarial/Clerical/Data Support (secretarial, clerical, personnel/transportation/fiscal/other lower grade program/data assistants) | 986.625 | 983.250 | 963.225 | 967.850 | 977.500 | 973.750 | (3.750) |
| 15 | IT Systems Specialist | 131.000 | 133.000 | 109.000 | 108.000 | 108.000 | 107.500 | (0.500) |
| 16 | Security - (includes all positions except those in lines 2,3,14 above) | 227.000 | 229.000 | 232.000 | 232.000 | 240.000 | 242.000 | 2.000 |
| 17 | Cafeteria - (Includes all positions except those in lines 2,3,14,15 above) | 558.948 | 561.448 | 561.448 | 564.323 | 568.323 | 571.323 | 3.000 |
| 18 | Building Services - (includes all positions except those in lines 2,3,14 above) | 1,365.075 | 1,376.700 | 1,363.200 | 1,379.700 | 1,403.700 | 1,403.700 | - |
| 19 | Facilities Management/Maintenance - (includes all positions except those in lines 2,3,14,15 above) | 354.000 | 354.000 | 352.000 | 352.000 | 367.000 | 368.000 | 1.000 |
| 20 | Supply/Property Management - (includes all positions except those in lines 2, 3,14,15 above) | 50.000 | 51.500 | 51.500 | 51.500 | 53.500 | 53.500 | - |
| 21 | Transportation - (includes all positions except those in lines 2,3 14,15 above) | 1,685.590 | 1,685.590 | 1,673.153 | 1,693.153 | 1,690.153 | 1,700.153 | 10.000 |
| 22 | Other Support Personnel - (business, technology human resources,communications, printing, and other support staff) | 230.075 | 226.675 | 224.875 | 226.375 | 231.125 | 228.325 | (2.800) |
| | TOTAL | 21,243.738 | 21,587.989 | 21,447.249 | 22,180.501 | 22,299.564 | 22,465.788 | 166.224 |

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

| | KINDERGARTEN/ ELEMENTARY | SECONDARY | TOTAL K-12* | AMOUNT EXCLUDED* | TOTAL BUDGET** |
|-----------------------|-----------------------------|---------------|----------------|---------------------|-------------------|
| FY 2017 BUDGET | | | | | |
| EXPENDITURES | 1,081,844,067 | 1,188,672,804 | 2,270,516,871 | 186,956,890 | 2,457,473,761 |
| STUDENTS 9/30/16 | 72,096 | 82,514 | 154,610 | | |
| COST PER STUDENT | 15,006 | 14,406 | 14,685 | | |
| FY 2018 BUDGET | | | | | |
| EXPENDITURES | 1,088,834,671 | 1,237,170,197 | 2,326,004,868 | 193,275,153 | 2,519,280,021 |
| STUDENTS 9/30/17 | 71,898 | 84,998 | 156,896 | | |
| COST PER STUDENT | 15,144 | 14,555 | 14,825 | | |
| FY 2019 BUDGET | | | | | |
| EXPENDITURES | 1,106,841,232 | 1,282,795,819 | 2,389,637,051 | 196,947,319 | 2,586,584,370 |
| STUDENTS 9/30/18 | 71,843 | 87,525 | 159,368 | | |
| COST PER STUDENT | 15,406 | 14,656 | 14,994 | | |



Notes:

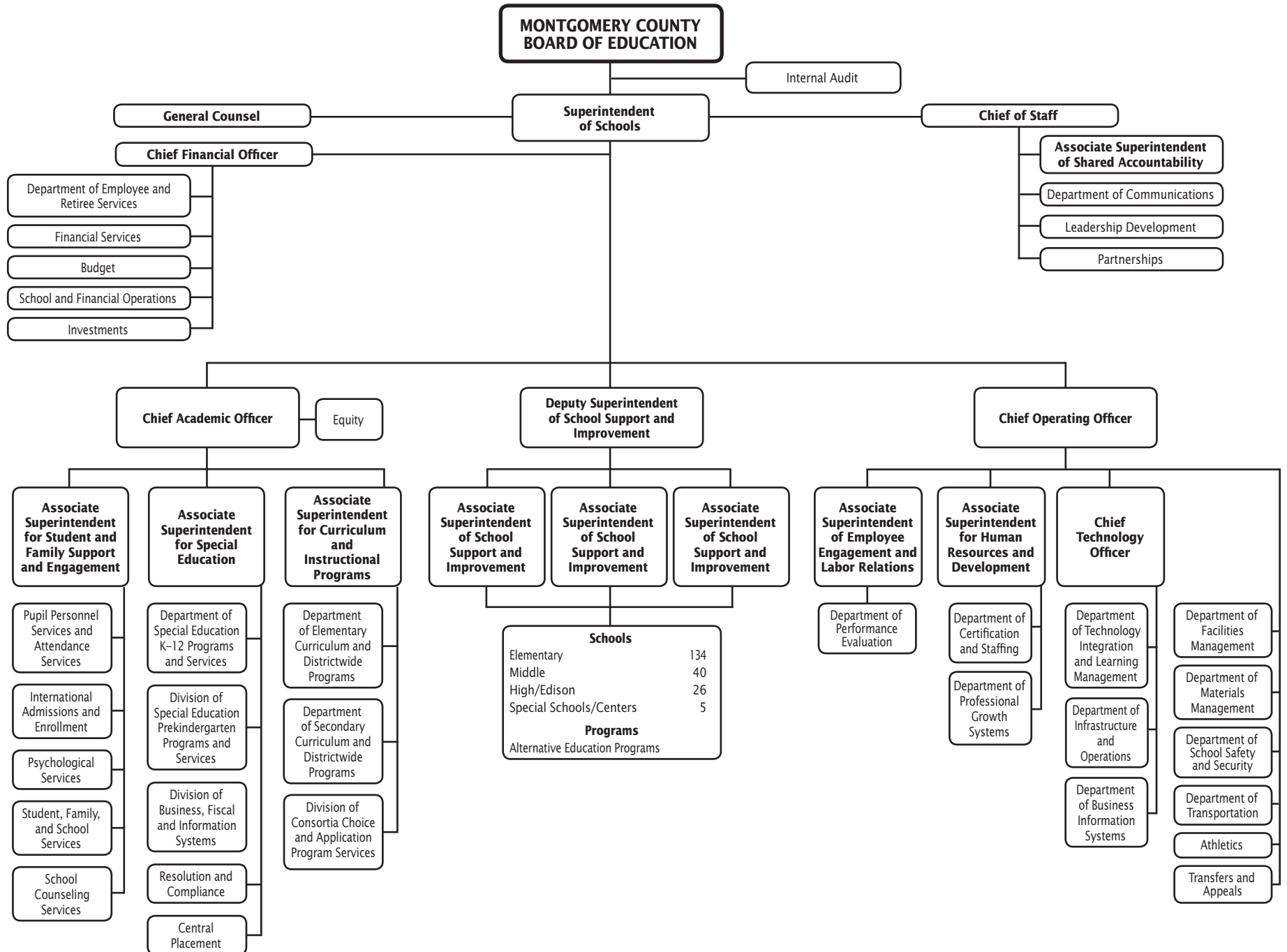
Enrollment figures used to calculate cost per student excludes students in Prekindergarten/Head Start.

**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 2018 figures reflect the \$2.2 million that were added to the budget for local Head Start Program services as a result of additional county funding.

*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 2019



Montgomery County Public Schools
FY 2019 Operating Budget
Summary of Negotiations

The bargaining units for MCPS are the Montgomery County Education Association (MCEA), representing certificated non-administrative employees; Service Employees International Union (SEIU) Local 500, representing supporting services employees; and the Montgomery County Association of Administrators and Principals/Montgomery County Business and Operations Administrators (MCAAP/MCBOA), representing certificated and non-certificated administrators and non-certificated supervisory employees in separate units. The two MCAAP units are covered in a single contract for both units. During FY 2017, the Board of Education reached agreement on comprehensive three-year agreements covering economic and non-economic terms with all three employee associations. All groups are covered under separate three-year agreements, effective July 1, 2017, through June 30, 2020.

Based on the three agreements, employees received a general wage increase of one percent effective July 1, 2017, which is reflected in the FY 2018 budget. The agreements ratified between April and June 2017 also provide annual step increases and longevity increases for FY 2018 based on eligibility criteria.

As part of the ratified agreements, the second and third years (FY 2019 and FY 2020) of the three-year union contracts are open for negotiations on wages. Negotiations began with our three employee associations, and are continuing at this time. Once negotiations are complete, updates to the operating budget will be made as needed.

Montgomery County Public Schools FY 2019 Operating Budget

Operating Budget Summary

An increase of \$67,304,349 and 166.224 positions are required for the Fiscal Year (FY) 2019 Operating Budget for Montgomery County Public Schools (MCPS) to fund the same level of services for an additional 2,472 students, rising costs in operations, and key bodies of work, which are offset in part by savings from efficiencies and reductions. This is a 2.7 percent increase in the FY 2019 Operating Budget. In addition, the FY 2019 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 2019 as it has in recent years.

As a result, the Superintendent's Recommended FY 2019 Operating Budget for MCPS totals \$2,586,584,370 and 22,465.788 positions.

The Superintendent's Recommended FY 2019 Operating Budget includes \$1,729,597,754 in local funding. This is an increase of \$64,130,891 in local funding compared to the amount received in FY 2018.

There are several key components of this expenditure increase for FY 2019. The major elements of the changes in the Superintendent's Recommended FY 2019 Operating Budget are detailed below. A summary of the changes in the FY 2019 Operating Budget may also be found on Table 1A of the budget document.

Expenditures to Fund Same Services

FY 2019 will be the tenth 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. The increased costs related to enrollment, including employee benefits, are as follows:

- **K-12**—A total of \$6,715,782 and 84.460 additional positions are needed for the Kindergarten through Grade 12 student enrollment. While there is an overall increase across K-12, there is a decrease in elementary schools. The decrease in K-5 enrollment along with a review of school by school enrollment projections by grade level resulted in a decrease of \$2,844,647 and 40.0 positions including kindergarten and elementary classroom teachers, elementary reading initiative positions, and paraeducator positions. In secondary schools, an additional 2,492 students are projected in FY 2019. These additional students require \$9,560,429 and 124.460 positions including assistant school administrator, teacher, counselor, security assistant, and secretary positions.
- **Special Education**—An additional \$6,099,552 and 77.374 positions are needed for changes in special education enrollment and services. This includes \$2,133,490 for 28.7 additional teachers, \$2,246,059 for 46.664 paraeducator positions, \$316,307 for 3.0 speech pathologist positions, and a net decrease of \$126,001 and 1.390 occupational

therapy/physical therapy positions. There is an increase of \$32,854 for a 0.4 psychologist position and \$64,093 for paraeducator substitutes. Other major changes include \$1,396,440 for an enrollment increase projected for non-public placements in FY 2019.

- English for Speakers of Other Languages (ESOL)—An increase to the budget of \$3,036,453 and 32.0 positions, substitutes, and employee benefits are required for an increase of 2,970 ESOL students, and for the total of 26,120 ESOL students anticipated for FY 2019. While these students receive supplementary services, they are included in the overall enrollment numbers.
- New School/New Class—An increase of \$1,562,744 and 9.625 positions is required for the opening of the new Richard Montgomery #5 Elementary School in August 2019. In addition, \$502,681 and 5.0 positions are required for adding Grade 8 to Silver Creek Middle School beginning with the 2018–2019 school year. To prepare for the opening of Clarksburg Cluster #2 Elementary School, an increase of \$111,369 and 1.0 is required. There is a non-recurring decrease of \$1,000,125 in the FY 2019 Operating Budget for start-up costs related to the opening of Silver Creek Middle School and adding Grade 8 to Hallie Wells Middle School in the 2017-2018 school year and \$353,750 related to the implementation of an IEP and 504 data and access tool.
- Student Transportation—An additional \$1,045,743 and 15.0 bus operator positions are required to support 13 additional buses for routes related to the increased enrollment projected for FY 2019.
- School Plant Operations—An increase of \$1,048,723 and 10.5 positions is necessary for school plant operations due to the increased square footage of space across MCPS facilities in FY 2019.

Continuing and Negotiated Salaries—During FY 2017, the Board of Education reached agreement on comprehensive three-year agreements covering economic and non-economic terms with all three employee associations, effective July 1, 2017, through June 30, 2020. All three contracts are open for negotiations on wages alone for the second (FY 2019) and third (FY 2020) years. The final terms of negotiations on wages for FY 2019 have not yet been agreed upon. Once negotiations are completed, updates will be made as needed to the operating budget. Continuing salaries are offset by savings from lapse and turnover of \$26,304,492.

Employee Benefits and Insurance—The cost of employee benefits and insurance for current and retired employees will add a net increase of \$19,694,912 to the FY 2019 Operating Budget, including funding for the increased cost of health care, retirement, and insurance. This includes \$15,500,000 for health and life insurance benefits for current and retired employees, \$3,150,733 for employee pension benefits, and \$2,032,729 for self-insurance program benefits based on an estimate received from the county. Other cost adjustments reflect a reduction of \$988,550 for social security benefits as related to employee benefits. The total benefits amount for the FY 2019 Operating Budget of \$626.6 million represents 24.2 percent of the total operating budget.

Inflation, Grants and Other Expenses—The effects of inflation, grants, and other expenditures changes require an increase of \$3,598,544 and a net decrease of 5.535 positions. Included in these adjustments is an increase of \$428,201 for a 2.0 percent inflation adjustment for supplies and materials. An increase of \$465,053 is included for special education for the anticipated 1.0 percent rate change for non-public placements of students. Also, an additional \$678,888 is needed for projected utility costs in FY 2019. Another \$599,103 is required for the roll-on of 106 buses and the roll-off of 83 buses from expiring leases. For compliance with Environmental Protection Agency requirements and other maintenance related expenses, an additional \$549,532 is included. In support of MCPS technology activities, an increase of \$217,553 funds fees related to extended support, legacy migration services, and increased rate/maintenance costs. Finally, \$600,000 is required for the Enterprise Fund for food services (\$400,000) and the MCPS field trip fund (\$200,000).

Strategic Accelerators to Fund Key Bodies of Work

- The FY 2019 recommended budget includes \$7,747,173 in strategic accelerators, including 9.4 positions. These resources are in addition to realignments of existing resources and will 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 originally outlined in fall 2016.
- For our strategic focus on learning, accountability, and results, an additional \$5,330,335 and 8.4 positions are included. Within this total, \$1,326,540 and 4.4 positions along with the realignment of funds will be used to add pathway opportunities for students in areas including cybersecurity, law enforcement and leadership, fire science and rescue, and aviation and aerospace programs at various sites throughout the county. We will expand our Finance Park and strategic business partnerships. In addition, \$282,121 will be used above and beyond realigned funds to add more dual language schools as part of our work to expand language opportunities for our students. We also will be exploring approaches to language exposure in elementary schools. Additionally, \$401,208 will be added to expand access to enriched studies program to more students. To enhance our Equal Opportunity Schools, \$100,000 above and beyond existing funds is included in this FY 2019 Recommended Operating Budget. A funding increase of \$448,166 and 2.0 positions is included to expand intervention to graduation programs.
- In order to promote the social, physical, and psychological well-being of MCPS students, an additional \$442,452 and 2.0 positions are included in this budget. Funding of \$294,890 is included for recovery educational programs. An additional \$1,900,000 is added to this budget along with the realigned funds to increase access to innovative programs and instructional materials in both literacy and mathematics. This includes supports to target stronger mathematics learning and more exposure to computer science and coding opportunities for students. To convert three middle school and three high school assistant school administrators to assistant principal positions, this budget includes a funding increase of \$120,069. In addition, the budget includes a realignment of funds and positions

in our current Alternative Programs to create a new expanded and reimagined program that will meet the needs of our students through a multi-site program.

- An additional \$740,292 and 1.0 position is included for our strategic focus on community partnerships and engagement. Within these resources is \$319,180 for science, technology, engineering, and mathematics-related activities including one to expand the KID Museum and to add computer coding as an elective for MCPS students. Also, \$71,112 and 1.0 position will be used to expand an arts initiative to another cluster. Lastly, \$350,000 in funding is for expansion of College Tracks and the Achieving College Excellence and Success program.
- A total of \$1,676,546 is included for our focus on operational excellence. This includes \$1,500,000 to expand the work started last year to improve our business systems that are either obsolete or cumbersome in order to create effective and efficient business operations. This is a multi-year initiative to upgrade, streamline, and improve systems for budgeting, finance, and human resources that are critical to supporting MCPS operations. A funding increase of \$176,546 along with the realignment of funds will increase hours of clerical and fiscal support in our more impacted schools and schools with numerous programs and will also provide additional bookkeeper support to all elementary schools.

Efficiencies and Reductions

- In addition to accelerating and realigning funding to improve teaching and learning for all students, program efficiencies and reductions are included that total \$10,761,420 and 72.6 positions. This includes reductions of \$7,976,301 and 55.6 positions from central services.
- In K-12 schools, reductions total \$1,301,558. There is a reduction of \$835,770 for substitutes related to professional leave, \$185,788 for a reduction of part-time salaries and substitutes for High School Intervention, and a net reduction of \$280,000 for instructional materials.
- In the Office of School Support and Improvement, reductions total \$986,137 and 9.0 positions. There are personnel reductions of 6.0 director II positions and \$808,614, 2.0 administrative secretary III positions and \$97,968, and a 1.0 instructional specialist position and \$74,325. In addition, there is a reduction of \$5,230 in stipends.
- The Office of the Chief Academic Officer has reductions totaling \$303,216 and 3.2 positions. It includes a 1.0 director II position and \$134,769 and a 1.0 instructional specialist position and \$89,190. Another reduction is a 1.0 administrative secretary III position and \$48,984. There also is a reduction of \$30,273 in substitutes.
- In the Office of Curriculum and Instructional Programs (OCIP), reductions total \$2,281,280 and 25.8 positions. This includes the elimination of 10.0 central office English for Speakers of Other Languages coach positions and \$564,790. These employees will now be working directly with students as teachers. Other reductions include a 1.0 director

II position and a 1.0 director I position and \$261,910, 2.0 supervisor positions and \$239,890, 2.0 instructional specialist positions and \$148,650, a 1.0 accountant position and \$71,968, a 1.0 administrative secretary III position and \$48,984, 2.0 administrative secretary II positions and \$95,410, and a 0.8 fiscal assistant position and \$43,048. Other reductions include 3.0 content specialist positions and \$222,975 and 2.0 curriculum specialist positions and \$148,650. Additional OCIP reductions include \$256,321 for part-time salaries, substitutes, and stipends, \$127,542 for instructional materials and supplies, and \$51,142 for contractual services and other expenses.

- In the Office of Special Education, reductions total \$1,331,240 and 6.0 positions. Reductions include 2.0 instructional specialist positions and \$148,650, 2.0 elementary program specialist positions and \$98,769, a 1.0 assistant to the associate superintendent position and \$113,155, and a 1.0 administrative secretary I position and \$44,262. In addition, there is savings of \$326,230 by redirecting funding for six school support supervisor positions to fund six instructional specialist positions and a director II position for preschool/elementary school. There are funding reductions of \$139,274 for professional development stipends, \$125,000 for Individualized Education Program translations, \$115,822 in instructional materials and office and program supplies, and \$25,000 in local travel mileage reimbursement. Finally, following the implementation of the Maryland On-line Individualized Education Program system at MCPS, savings of \$195,078 from the FY 2018 strategic accelerator is possible.
- In the Office of Student and Family Support and Engagement, reductions total \$271,976 and 2.5 positions. There is a reduction of a 1.0 supervisor position and \$119,945, a 1.0 fiscal assistant position and \$40,340, and a 0.5 councilor position and \$38,232. In addition, there is a reduction of \$45,388 in part-time salaries and stipends, \$7,164 in contractual services and maintenance, \$20,907 in instructional materials.
- For the Office of the Chief Operating Officer, there are reductions totaling \$1,090,648 and 17.0 positions. There is a reduction of 11.0 central services building service worker positions and \$339,385 in the Department of Facilities Management where there has been high annual vacancy rates, \$250,000 for a reduction of School Energy and Recycling Team awards, and \$7,000 in supplies. In the Department of Transportation, there are reductions of 5.0 positions and \$283,550 for the elimination of positions as a result of efficiencies along with a lowering in the estimate for bus fuel purchase costs of \$136,000. There are reductions of \$30,132 in lease/purchases and \$4,000 in program supplies. Finally, there is a reduction of a 1.0 secretary position and \$40,581 in the Office of the Chief Operating Officer.
- In the Office of the Chief Technology Officer, there are reductions of \$577,742 and 2.0 positions. There is a reduction of a 1.0 director II position and \$134,769 along with a funding reduction of \$378,100 related to savings from local travel mileage reimbursement, program supplies, tax software support, document imaging support, assessment and gradebook redundancy, mobile communication tools, and completion of a master lease. There also is a reduction of a 1.0 administrative secretary III position and \$64,873.

- For the Office of Human Resources and Development, there are reductions that total \$499,145 and 5.1 positions. There is a reduction of a 1.0 instructional specialist position and \$74,325 and a 1.0 staffing coordinator position and \$113,155. Another savings comes from the contracting out for employee assistance program services allowing for a reduction of 3.1 positions and \$95,777. Finally, there is a funding reduction of \$110,000 in partnership tuition and \$105,888 for a variety of savings including stipends, part-time salaries, local and out-of-area travel, supplies, and advertising.
- In the Office of the Chief Financial Officer, there is reduction that totals \$1,860,606 as a result of employee-related benefits.
- In the Office of Chief of Staff, there are reductions totaling \$257,872 and 2.0 positions. There is an elimination of 2.0 partnership manager positions and \$157,872 and \$100,000 in contractual services.

Revenues

- Local—The Superintendent’s Recommended FY 2019 Operating Budget includes an increase of \$64,130,891 in the local contribution to MCPS. This amount includes the current estimate for Maintenance of Effort which adds \$24,565,329 based on the official enrollment submitted to the Maryland Department of Education as of September 30, 2017.
- State—Total revenue from the state is estimated to increase by an estimated \$10,599,244 in the recommended FY 2019 Operating Budget. The Foundation grant, part of the Bridge to Excellence in Public Schools Act 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 recommended FY 2019 Operating Budget includes an estimated increase of \$10,599,244 from the state based on the amount of aid per student received by MCPS from the state in FY 2018. MCPS will receive preliminary state aid estimates from the Maryland State Department of Education in January 2018.
- Federal/Other—Revenue is estimated to be \$84,877,399 for Federal grants, Impact aid, and other revenue sources compared to FY 2018, an increase of \$40,000 compared to FY 2018.
- Fund Balance—The County Council used \$22,783,303 of MCPS fund balance to fund the same amount of recurring expenditures in the FY 2018 Operating Budget. This left \$3,675,993 remaining in MCPS fund balance at the start of FY 2018. The Superintendent’s Recommended FY 2019 Operating Budget assumes \$14,683,303 of MCPS fund balance will be available at the end of FY 2018 to fund the FY 2019 Operating Budget, a decrease of \$8,100,000 from the amount used to fund the FY 2018 budget.

**Montgomery County Public Schools
FY 2019 Operating Budget**

Strategic Accelerators to Fund Key Bodies of Work - Detailed

Resources totaling \$7,747,173 and 9.4 FTE positions are added to the budget for strategic accelerators to fund key bodies of work. A summary of the strategic accelerators included in the FY 2019 Recommended Operating Budget are provided below.

| Strategic Accelerator to Fund Key Bodies of Work | | | |
|---|---------------------------------------|--------------|------------------|
| Chapter | Name | FTE | \$ |
| 1 | Schools | 6.400 | 4,934,583 |
| 6 | Student Services and Engagement | 2.000 | 396,240 |
| 7 | Operations | - | 437,471 |
| 8 | Technology Support and Infrastructure | - | 1,500,000 |
| 10 | Finance | | 358,934 |
| 11 | Administration and Oversight | 1.000 | 119,945 |
| Total Strategic Accelerators | | 9.400 | 7,747,173 |

Elementary Schools

For FY 2019, the budget includes \$249,734 to expand the two-way immersion/dual language program to two additional elementary schools. This includes \$31,203 for staff development stipends, 74,393 for contractual services, and \$144,138 for instructional supplies.

The FY 2018 budget included additional funding for the expansion of the Center for Enriched Literacy Studies both at regional centers and local schools. For FY 2019, the budget includes \$55,000 for teacher stipends, \$139,000 for contractual services, and \$203,000 for instructional supplies to continue to support the expansion of access to enriched studies to more students.

For FY 2019, the budget includes \$1,900,000 in contractual services to support the professional development of teachers and to increase access to innovative programs and instructional materials in both literacy and mathematics. This includes supports to target stronger mathematics learning and more exposure to computer science and coding opportunities for students.

For FY 2019, to support the expansion of the arts initiative to an additional cluster, the proposed budget is increased by a 1.0 elementary music teacher position and \$52,801, as well as \$1,500 for teacher stipends. Additionally, the FY 2019 budget includes an accelerator to provide additional clerical and financial support to elementary schools. To fund this effort, \$69,000 in clerical support is added to the budget.

Middle Schools

This budget includes a strategic accelerator to convert 3.0 assistant school administrator positions to assistant principal positions to occur at our more highly impacted schools. Assistant school administrators are able to conduct observation of teachers, but cannot evaluate their performance. An increased number of assistant principals will reduce staff to evaluator ratios and ensure a productive and thorough evaluation process that cites evidence that supports high quality instruction and clearly identifies and documents areas of growth. To fund this accelerator, \$39,621 is added to the budget.

High Schools

This budget includes a strategic accelerator to convert 3.0 assistant school administrator positions to assistant principal positions to occur at our more highly impacted schools. Assistant school administrators are able to conduct observation of teachers, but cannot evaluate their performance. An increased number of assistant principals will reduce staff to evaluator ratios and ensure a productive and thorough evaluation process that cites evidence that supports high quality instruction and clearly identifies and documents areas of growth. To fund this accelerator, \$80,448 is added to the budget.

For FY 2019, funding is included to add pathways for cybersecurity, law enforcement and leadership, fire science and rescue, and aviation and aerospace programs at various sites throughout the county. Finally, several signature programs including Pathways in Technology Early College High School (P-TECH), Teacher Academy of Maryland, and early college associates of arts degree in teaching will be added to complement the list of opportunities for students. The expansion of this accelerator includes 3.4 special program teacher positions and \$179,523, \$4,500 in stipends, and \$529,853 for contractual services.

The FY 2018 budget included funding to add additional Equal Opportunity Schools to increase access for students to advanced academic courses through Advanced Placement and International Baccalaureate courses. For FY 2019, the budget includes additional funding of \$100,000 for contractual services to add more Equal Opportunity Schools.

This budget increases funding for the Online Pathways to Graduation program to offer additional sites and additional licenses for students to take online courses. The funding includes \$92,620 for professional part-time salaries and \$39,375 for instructional supplies.

The budget expands intervention to graduation programs with additional support for the Bridge Plan for Academic Validation by providing additional release time for teachers to deliver individual support to students. The funding for this accelerator includes 2.0 special program teacher positions and \$105,602, as well as \$158,006 for professional part-time salaries for scoring the Bridge projects.

Academic programs will be established for students undergoing recovery, due to substance abuse or acculturation issues, to ensure that students are academically successful and to support their

social/physical and psychological well-being. To fund this program, the budget includes \$260,000 for professional part-time salaries and \$15,000 for instructional supplies.

Funding was included in the FY 2018 budget for the expansion of Achieving Collegiate Excellence and Success (ACES) program to additional locations. Through the ACES program, first generation college students will be able to participate in this collaboration with Montgomery College that exposes them to information about the college application and financial aid processes. For FY 2019, the budget is increased by \$350,000 to expand the Achieving Collegiate Excellence and Success program and College Tracks programs to additional high schools.

For FY 2019, the budget includes \$310,000 for the expansion of science, technology, engineering, and math (STEM) programs to increase participation of traditionally under-represented students in these fields. Of this amount, \$120,000 is for professional part-time salaries, \$90,000 is for contractual services, and \$100,000 is for instructional supplies.

Student Services and Engagement

For FY 2019, an additional 2.0 psychologist positions and \$146,240, and \$250,000 for contractual services are included in this budget. This funding is to support recovery schools, and to provide additional funding for EveryMind, a nonprofit organization that promotes mental wellness and supports those with mental illness by sponsoring and implementing advocacy, education and community service programs.

Operations

There are two strategic accelerators for the Department of Transportation. They are as follows: (1) for expanding opportunities for students in the apprenticeship program, business pathways, and Career and Technology Education programs, the budget is increased by \$407,471 in activity buses for transportation services; and (2) for expanding language opportunities to more dual language schools and elementary exposure, the budget is increased by \$30,000 in activity buses for transportation services.

Technology Support and Infrastructure

For FY 2019, an additional \$1,500,000 is added for contractual services. This additional funding is to upgrade, streamline, and improve systems for greater efficiency in budgeting, finance, and human resources.

Finance

For expanding elementary clerical and fiscal support in highly impacted schools, the budget is increased \$95,000 for visiting book-keeping services. The additional funds will be used to provide more frequent monthly visits for bookkeeping services.

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 \$98,510 for social security

contributions, \$117,371 for employee health benefits, and \$48,053 for retirement contributions funded for the school district in this chapter of the budget.

Administration and Oversight

For FY 2019, a 1.0 supervisor position and \$119,945 is added to the Office of the Chief of Staff to support the expansion of career pathway opportunities for students with a focus on career and technology education, apprenticeships, and business pathways.

**Montgomery County Public Schools
FY 2019 Operating Budget**

Program Efficiencies and Reductions - Detailed

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 2019, the operating budget includes \$10,761,420 of efficiencies and reductions, along with a reduction of 72.6 full time equivalent (FTE) positions. Of these amounts, \$7,976,301 and 55.6 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 | \$ |
| Central Services Reductions | | | | | | |
| School Support and Improvement | (2.000) | (214,324) | (7.000) | (771,813) | (9.000) | (986,137) |
| Academics | (1.000) | (104,598) | (2.200) | (198,618) | (3.200) | (303,216) |
| Curriculum and Instructional Programs | (3.000) | (736,346) | (22.800) | (1,544,934) | (25.800) | (2,281,280) |
| Special Education | (1.000) | (805,651) | (5.000) | (525,589) | (6.000) | (1,331,240) |
| Student Services and Engagement | (2.500) | (271,976) | | | (2.500) | (271,976) |
| Technology Support and Infrastructure | | (378,100) | (2.000) | (199,642) | (2.000) | (577,742) |
| Human Capital Management | (1.000) | (208,741) | (4.100) | (290,404) | (5.100) | (499,145) |
| Finance (Benefits) | | (409,212) | | (1,058,481) | - | (1,467,693) |
| Administration and Oversight | | | (2.000) | (257,872) | (2.000) | (257,872) |
| Total Central Services | (10.500) | (3,128,948) | (45.100) | (4,847,353) | (55.600) | (7,976,301) |
| | | | | | | |
| | | | | | | |
| School-Support Operations Reductions | | | | | | |
| Operations | (13.500) | (726,902) | (3.500) | (363,746) | (17.000) | (1,090,648) |
| Finance (Benefits) | | (263,340) | | (54,484) | - | (317,824) |
| Total School-Support Operations Reductions | (13.500) | (990,242) | (3.500) | (418,230) | (17.000) | (1,408,472) |
| | | | | | | |
| | | | | | | |
| School-based Reductions | | | | | | |
| Schools | | (185,788) | | (1,115,770) | - | (1,301,558) |
| Finance (Benefits) | | (11,153) | | (63,936) | - | (75,089) |
| Total School-based Reductions | - | (196,941) | - | (1,179,706) | - | (1,376,647) |
| Total All Efficiency Reductions | (24.000) | (4,316,131) | (48.600) | (6,445,289) | (72.600) | (10,761,420) |

The following are descriptions by budget chapter/office of the recommended program efficiencies and reductions for FY 2019.

Elementary Schools

There is a reduction of \$835,770 budgeted for substitute salaries to support training and professional development. An effort will be made to provide more professional development and training for teachers outside of the student instructional day. In addition, there is a savings of \$280,000 for instructional supplies.

High Schools

There is a reduction of \$141,000 for professional part-time salaries, \$40,000 for supporting services part-time salaries, and \$4,788 for substitutes.

School Support and Improvement

There is a reduction of 6.0 director II positions and \$808,614, 2.0 administrative secretary III positions and \$97,968, and a 1.0 instructional specialist position and \$74,325. Responsibilities will be absorbed by the personnel remaining in the office. Furthermore, there is a reduction of \$5,230 from stipends.

Academics

There is a reduction of a 1.0 instructional specialist position and \$74,325 from the Office of the Chief Academic Officer, and a 1.0 director position and \$134,769 and a 1.0 administrative secretary III position and \$48,984 from the Department of Professional Learning. The responsibilities for these positions are able to be reassigned to other staff to ensure seamless transition of services. There also is reductions of a .2 instructional specialist position and \$14,865 and \$30,273 for substitutes, based on prior year spending, from the Equity Unit.

Curriculum and Instructional Programs

There is a reduction of a 1.0 administrative secretary III position and \$48,984. This reduction can be made as a result of overall efficiencies in the office. In addition, there are reductions of \$5,000 from professional part-time salaries, \$5,000 from stipends, \$14,000 from supporting services part-time salaries, \$250 from program supplies, and \$600 from local travel mileage reimbursement as a result of overall efficiencies.

Within the Department of Elementary Curriculum and Districtwide Programs, there is a reduction of a 1.0 instructional specialist position and \$74,325. Responsibilities are able to be reassigned to other staff to ensure a seamless transition of services provided. In addition, there is a reduction of \$2,000 from office supplies, and \$550 from local travel mileage reimbursement based on prior year spending.

Within the Accelerated and Enriched Instruction Unit, there is a reduction of a 1.0 director position and \$127,141 and a 1.0 administrative secretary II position and \$46,426. This reduction can be made as a result of overall efficiencies in the office. In addition, there are reductions of \$4,900 from professional part-time salaries, \$8,193 from office supplies, \$2,319 from program supplies, and \$570 from local travel mileage reimbursement based on prior year spending. There also are reductions of \$754 from travel for professional development and \$2,995 from dues, registration, and fees based on not attending the National Association on Gifted Children conference.

Within the Elementary Integrated Curriculum Team, there is a reduction of 2.0 elementary curriculum specialist positions and \$148,650. These reductions can be made without significant impact to the program. In addition, there are reductions of \$5,889 from substitutes, \$12,761 from

staff development stipends, \$527 from contractual services, and \$1,900 from local travel mileage reimbursement based on prior year spending.

Within the ESOL and Bilingual Programs Unit, there are reductions of \$4,092 from substitutes, \$110 from contractual maintenance, \$2,000 from textbooks, \$2,200 from instructional materials, and \$5,000 from local travel mileage reimbursement. These reductions are able to be taken based on prior year spending.

Within the Division of Early Childhood Programs and Services, there is a reduction of a 1.0 supervisor position and \$119,945. This reduction is able to be taken based on efficiencies and realigning responsibilities to other staff within the division. There also are reductions of \$19,217 from substitutes, \$3,800 from supporting services part-time salaries, and \$2,400 from contractual services based on prior year spending.

The Department of Secondary Curriculum and District-wide Programs has a reduction of 3.0 content specialist positions and \$222,975. Responsibilities are able to be reassigned to other staff to ensure a seamless transition. In addition, there are reductions of \$10,000 from office supplies, \$3,000 from substitutes, \$17,662 from professional part-time salaries, \$30,000 from stipends, \$51,064 from instructional materials, \$7,058 in contractual services, \$10,000 from program supplies, and \$8,000 from assessment scoring based on current department requirements.

Within Career, Postsecondary Partnerships, and Perkins, there is a reduction of a 1.0 director position and \$134,769, a 1.0 supervisor position and \$119,945, a 1.0 accountant position and \$71,968, a 0.8 fiscal assistant IV position and \$43,048, and a 1.0 administrative secretary III position and \$48,984. In addition, there is a reduction of \$4,900 from other program costs based on prior year spending.

Within Secondary ESOL, there is a reduction of 10.0 teacher coach positions and \$564,790 and a 1.0 instructional specialist position and \$74,325. These efficiencies can be made without significant impact to the program. In addition, there is a reduction of \$25,000 for textbooks based on division requirements.

Interim Instructional Services includes reductions of \$100,000 from professional part-time salaries, \$1,200 from hospital materials, \$5,000 from contractual services, and \$10,000 from local travel mileage reimbursement based on program requirements and operational efficiencies.

Within the Bridge for Academic Validation Program, there are reductions of \$1,000 from substitutes, \$10,000 from professional part-time salaries, \$10,000 from stipends, and \$358 from local travel mileage reimbursement based on prior year spending.

Within the Perkins Grant Local Match, there is a reduction of \$10,000 in professional part-time salaries and \$13,316 from instructional materials based on program requirements.

The Outdoor Environmental Education program has a reduction of \$420 from contractual maintenance based on prior year spending.

Special Education

Within the Office of Special Education, there are reductions totaling \$356,742 and 3.0 FTE positions. This amount includes a decrease of \$74,325 for the reduction of a 1.0 instructional specialist position; a decrease of \$113,155 for the reduction of a 1.0 assistant to associate position; and a decrease \$44,262 for the reduction of a 1.0 administrative secretary I position. Responsibilities will be reassigned to other office staff to ensure a seamless transition of services provided. In addition, there is a reduction in this office of \$125,000 for professional part-time salaries for language translation requests of Individualized Education Programs (IEPs), based upon prior year spending trends.

There are additional savings of \$336,352 realized related to the Maryland Online Individualized Education Program system implemented in FY 2018. This includes a reduction of \$195,078 for the contractual services budget and a decrease of \$139,274 in stipends. These costs are no longer necessary during the second year of the implementation process. In addition, there is a reduction of \$2,000 budgeted for local travel mileage reimbursement, due to prior year spending trends.

In the Infants and Toddlers Program, there is a reduction of 2.0 elementary program specialist positions and \$98,769. Also, there are additional savings of \$13,720 related to the realignment of 5.0 paraeducator positions to supporting services part-time salaries. In addition, in the Preschool Education Program, there is a reduction of a 1.0 instructional specialist position and \$74,325. Responsibilities will be reassigned to other department staff to ensure a seamless transition of services provided.

There are additional savings of \$312,510 related to the realignment of 6.0 supervisor positions and a 1.0 coordinator position to 7.0 instructional specialist positions, in the School Support Team. In addition, there is a decrease of \$113,822 budgeted for instructional materials and a decrease of \$25,000 budgeted for local travel mileage reimbursement in this department, based on prior year spending trends.

Student Services and Engagement

There is a reduction of a 1.0 supervisor position and \$119,945, a 1.0 fiscal assistant I position and \$40,340, and a 0.5 counselor position and \$38,232. In addition to position reductions, there also are non-position reductions which include a reduction of \$33,620 for professional part-time salaries, \$20,907 for instructional materials, \$8,612 for supporting services part-time salaries, \$7,014 for contractual services, \$3,156 for non-training stipends, and \$150 for contractual maintenance. In summary, these reductions reflect current fiscal year spending, and enable this office to effectively allocate needed resources to achieve more efficient business operations.

Operations

In the Office of the Chief Operating Officer, there is a reduction of a 1.0 secretary position and \$40,581. This reduction can be made as a result of overall efficiencies within the office.

In the Department of Facilities Management, the budget includes a decrease of 11.0 building service worker positions and \$339,385. These reductions can be made as a result of position vacancies within the division. In addition, there is a reduction of \$7,000 for custodial supplies and \$250,000 for energy awards related to the School Energy and Recycling Team program. These reductions can be made without any significant impact to the program.

In the Department of Transportation, there is a reduction of a 1.0 bus route supervisor position, 2.0 radio bus operator position, 1.0 satellite parts assistant position, 1.0 safety trainer position, and \$283,550 in associated position salaries. In addition, there is a reduction of \$136,000 in bus fuel from lowering the cost from \$2.02 to \$1.98 per gallon. These reductions can be made as a result of improved efficiencies within the department and without any decrease in services to students.

In the Department of Materials Management, there is reduction of \$4,000 for program supplies and \$30,132 for furniture and equipment. These reductions can be made as result of overall efficiencies within the department.

Technology Support and Infrastructure

There is a reduction of a 1.0 director II position and \$134,769, and a 1.0 administrative secretary III position and \$64,873. In addition to position reductions, also there are non-position reductions which include, a reduction of \$186,700 for consultants, \$44,133 for contractual maintenance, \$13,440 for local travel mileage reimbursement, \$12,064 for contractual services, and \$8,000 for program supplies. In summary, these reductions reflect current fiscal year spending, and enable this department to effectively allocate needed resources to achieve more efficient business operations.

There is a reduction of \$71,948 for lease/purchases. This reduction for lease/purchases reflects lease completion for both servers, and backup and recovery solution software.

There is a reduction of \$23,688 for contractual services, and \$18,127 for contractual maintenance. Based on prior year actuals, this department is able to recognize the reductions for contractual services and contractual maintenance without any impact to operations.

Human Capital Management

There is a reduction of \$110,000 in partnership tuition. The Johns Hopkins University ProMAT partnership program will no longer be offered. Additionally, there is a reduction of 3.1 positions as follows: 2.1 employee assistance specialist positions and a 1.0 secretary position, and \$95,777 from the Employee Assistance Unit, in addition to \$1,000 from consultants.

There is a net reduction of a 1.0 position and \$172,798 as follows: a 1.0 coordinator position and \$113,155, \$35,000 in staff development stipends, \$8,000 in program supplies, \$7,449 in advertising, \$5,000 in travel for professional development, and \$4,194 in substitute teacher salaries. The responsibilities of the coordinator position will be absorbed by the personnel remaining in the department. The savings identified in the non-position account reductions will align the budget with prior-year actual expenditures.

There is a reduction of a 1.0 instructional specialist position and \$74,325. Responsibilities of this position will be absorbed by the personnel remaining in the department and temporary part-time instructional support salaries. Additionally, there is a reduction of \$14,201 in temporary part-time trainer salaries, \$11,415 in supporting service part-time salaries, \$10,000 in support staff training stipends, \$4,779 in program supplies, \$2,850 in supporting service mentor stipends, and \$2,000 in local travel mileage reimbursement. The savings identified will align the budget with prior-year actual expenditures.

Finance

The budget includes overall program efficiencies and reductions totaling \$10.8 million. Included in this amount is a \$1,860,606 reduction in employee benefits associated with the elimination of 72.6 positions and part-time salaries. This includes reductions in employee health benefits of \$1,035,787, social security contributions of \$558,708, and retirement contributions of \$266,111.

Administration and Oversight

In the Office of the Chief of Staff, there is a reduction of 2.0 partnerships manager positions and \$157,872. Responsibilities will be absorbed by the personnel remaining in the office.

In the Office of Shared Accountability, there is a reduction of \$100,000 from contractual services to align the budget with the anticipated expenditures to cover the cost for grade 11 students interested in taking the PSAT, SAT and/or ACT college assessments or trade school assessment.

Montgomery County Public Schools FY 2019 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/.

Publications

- *FY 2017-2018 Strategic Plan* – This Strategic Plan represents our continued commitment to the five core values that define what it means to be an exceptional school system: Learning, Relationships, Respect, Excellence and Equity. Montgomery County Public Schools (MCPS) is committed to educating our students so that academic success is not predictable by race, ethnicity, gender, socioeconomic status, language proficiency or disability. We will continue to strive until all gaps have been eliminated for all groups. Our students will graduate with deep academic knowledge and become prepared for tomorrow’s complex world and workplace.

This plan outlines expectations for students and staff and lays out a clear path to meet our objectives and goals. It also requires MCPS staff to assess student performance by addressing key essential questions:

- Are our children learning?
- Are they learning enough?
- How do we know?
- If not, why not?
- What are we going to do about it?

MCPS will continue to organize and optimize resources that address the essential questions and support the Board’s core values to ensure that every student is well prepared for success. It is this focus that has made MCPS a shining example across the country and will allow us to continue to serve our students at the highest level for generations to come.

- *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 Superintendent’s Recommended Operating 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.
- *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 2018 Operating Budget. The Superintendent’s Recommended FY 2019 Operating Budget will be available on the OpenDataMCPS portal a few weeks after it is presented to the Board on December 19, 2017.
- *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 2019 Operating Budget are scheduled for January 4 and 10, 2018, 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 2019 Operating Budget**

Continuing Salaries

There is a reduction of \$26,304,492 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.

During FY 2017, the Board of Education reached agreement on comprehensive three-year agreements covering economic and non-economic terms with all three employee associations. All groups are covered under separate three-year agreements, effective July 1, 2017, through June 30, 2020. Based on the three agreements, employees received a general wage increase of one percent effective July 1, 2017, which is reflected in the FY 2018 budget. The agreements ratified between April and June 2017 also provide annual step increases and longevity increases for FY 2018 based on eligibility criteria.

As part of the ratified agreements, the second and third years (FY 2019 and FY 2020) of the three-year union contracts are open for negotiations on wages. Negotiations began with our three employee associations, and are continuing at this time. Once negotiations are completed, updates will be made as needed to the operating budget.

Montgomery County Public Schools FY 2019 Operating Budget

Employee Benefits and Insurance

The Superintendent's Recommended FY 2019 Operating Budget includes a net increase of \$22,036,691 for employee benefits and insurance. There is an increase of \$1,413,476 for employee local retirement benefits, \$2,114,770 for employee state retirement benefits, and \$16,899,732 for health and life insurance benefits for existing employees and retirees. There also is an increase of \$2,066,943 for the self-insurance program benefits and a decrease of \$458,230 for social security benefits as related to employee salaries. The total tax-supported budget for FY 2019 of \$586.6 million (including the amount required to maintain insurance coverage, primarily through the county's Self-Insurance Program) represents 22.7 percent of the total operating budget. An explanation of these changes follows.

Retirement Benefits (State and Local) – \$3,528,246

The state and local retirement budget for FY 2019 is increased by \$3,528,246. 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 changed from the prior fiscal year. At this time, the increase in the amount estimated at \$2,114,770 is based on salary increases from the prior year. The total obligation amount will be provided by the state in late December, and the budget will be adjusted accordingly.
- There is an increase to the budget of \$1,003,450 in local retirement benefits for 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 2019 has increased from 4.68 to 4.75 percent. As a result of this rate increase, the budget is increased by \$1,003,450 for retirement contributions. The new contribution rate assumes an investment return of 7.0 percent annually, a decrease in the assumption of 0.25 percent from 7.25 percent in the FY 2018 Operating Budget. There also is an increase of \$32,513 for administrative retirement fees.
- In addition, there is an increase of \$377,513 for the continuing salary cost, enrollment growth, program efficiencies and reductions, and strategic accelerators.

Health and Life Insurances – \$16,899,732

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 2019 active and retired employees is increased by \$15,500,000. In addition, there is a net increase of \$1,399,732 for enrollment growth, program efficiencies and reductions, and strategic accelerators.

The MCPS Employees Group Insurance Fund beginning balance in FY 2018 was \$24.5 million. Although projections for medical and prescription drug claims for FY 2019 are expected to increase by over 5 percent, it is anticipated that fund balance reserves at the end of FY 2018 will be used to cover a portion of these expected increases. The request of \$15.5 million will be used to cover remaining medical and prescription drug costs for current employees, while also allowing the fund to maintain a small reserve balance by the end of FY 2019. The additional request of \$1,399,732 is the amount projected to cover the net change in growth for new employees, while also factoring in amounts for strategic accelerators and reductions in the employee base.

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 2019 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 – \$2,066,943

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 \$2,066,943 for FY 2019. Worker’s compensation is increased by \$2,274,842, and fire and other insurance is increased by \$30,935. In addition, there are other increases in worker’s compensation in the amount of \$34,214 as part of the allocation to the Food Services Fund, and a decrease of \$273,048 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 – (\$458,230)

Social security contributions for existing employees is decreased by \$988,550 as a result of the reduction in salaries for lapse and turnover savings for salaries costs, as well as adjustments in the base budget. In addition, there is an increase of \$530,320 in social security contributions for enrollment growth, program efficiencies and reductions, and strategic accelerators.

Montgomery County Public Schools FY 2019 Operating Budget

Local, State, and Federal Revenue

Local Revenue

The local contribution that Montgomery County Public Schools (MCPS) received in FY 2018 was \$1,665,466,863. This included \$1,353,975 in non-recurring costs for one-time expenditures. By law, non-recurring costs are excluded in determining the FY 2019 minimum local contribution under the Maintenance of Effort (MOE) law. Based the MOE law for the eligible student enrollment as of September 30, 2017, MCPS is to receive a minimum increase of \$24,565,329 in the local contribution for FY 2019.

The Superintendent's Recommended FY 2019 Operating Budget requests \$1,729,597,754 in local revenue for MCPS. This local contribution is \$39,565,561 greater than the minimum level required by the MOE law. This local contribution amount represents 66.9 percent of MCPS' total revenue.

State Revenue

To fund MCPS' FY 2019 Operating Budget, \$690,544,219 is budgeted for state revenue. This is an increase of \$10,599,244 compared to the amount in the current FY 2018 Operating Budget. This increase for Bridge to Excellence and Transportation aid from the state is estimated based on the amount of state aid per pupil received in FY 2018. For FY 2019, 26.7 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 2019 since the state will not provide preliminary allocations until January 2018.

- 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.

Federal Revenue

The FY 2018 Operating Budget includes federal revenue of \$74,779,459, which is 2.9 percent of total revenue. This is the same amount that is in the current FY 2018 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 2019, MCPS expects to receive \$150,000 in federal Impact Aid, the same amount included in the approved FY 2018 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.

Montgomery County Public Schools FY 2019 Operating Budget

MCPS Record of Success

- Five MCPS high schools rank in the top 200 of *The Washington Post* 2017 High School Challenge and all MCPS high schools appear on this list, which only includes the top 11 percent of high schools in the country.
- Nine MCPS high schools made the *U.S. News & World Report* 2017 list of Best High Schools. MCPS had the top five high schools in the state of Maryland.
- MCPS has one of the highest graduation rates among the nation's largest school districts, according to an *Education Week* report.
- MCPS students took more than 34,000 Advanced Placement exams in 2016. Students earned a college-ready score (3 or higher) on 74.1 percent of those exams.
- In 2016, the percentage of AP exams taken by MCPS' African American students (50.1 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 (34.2 percent).
- In 2016, the percentage of AP exams taken by Hispanic students that earned college-ready scores of 3 or higher (60 percent) was greater than the percentage of exams for Hispanic students in the nation (41 percent).
- Nearly two-thirds (65.5 percent) of graduates from the Class of 2016 took at least one AP exam, compared with 49.3 percent in Maryland.
- More than half (51.3) of the Class of 2016 scored a 3 or higher on at least one AP exam while in high school—significantly higher than the state average of 30.4 percent.
- In 2016, 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. More than 62 percent of graduates took the SAT and MCPS' Hispanic and African American students outperformed their peers across the nation.
- More than \$350 million in scholarships was awarded to students in the Class of 2017.
- There were 193 Ivy League school acceptances, Class of 2017, 15 more than the previous year.
- MCPS has 39 National Blue Ribbon Schools
- MCPS has 8 National Green Ribbon Schools.
- A total of 15 MCPS students were named semifinalists in the 2017 Intel Science Talent Search (now called the Regeneron 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

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 textbooks, 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 2019 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, the local pension plan and supplement, safe routes to school program, and new school construction costs.
- 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 2017 to determine compliance with the financial and other requirements that are applicable to each of its State Aid to Education Programs. Noted were discrepancies in the September 30, 2014 enrollment count due to an internal extract code change to a technology system, and the October 31, 2015 transportation ridership over reported by one student.
- 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 2019 OPERATING BUDGET TIMELINE

| | |
|---|--|
| Superintendent Presents Recommended FY 2019 Operating Budget to Board of Education | December 19, 2017 |
| Sign-up for Board of Education Public Hearings | December 20, 2017 through January 9, 2018 |
| Board of Education Public Hearings | January 4 & 10, 2018 |
| Board of Education Budget Work Sessions | January 18 & 25, 2018 |
| Board of Education Action | February 13, 2018 |
| Board of Education Budget Transmittal to County Executive/Council (Required by March 1, 2018) | March 1, 2018 |
| County Executive Submits Proposed FY 2019 Operating Budget to Council | March 15, 2018 |
| County Council Budget Public Hearings | April 2018 |
| County Council Work Sessions | April–May 2018 |
| County Council Budget Action | June 1, 2018 |
| Final Board of Education Action to Approve FY 2019 Operating Budget | June 13, 2018 |

OPERATING BUDGET DOCUMENTS

The documents listed below enable the reader 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 an overview of major functions, a glossary of budget terms, 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.

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

Budgeted Staffing Guidelines—The Superintendent’s Recommended Operating Budget includes budgeted staffing guidelines for general 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 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/



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