

## Glossary of MCPS Operating Budget Terms

**Agency**—One of the major organizational components of government in Montgomery County; namely, Montgomery County Public Schools (MCPS); Montgomery County Government (Executive departments, Legislative offices and boards, Circuit Court and judicial offices); Montgomery College (MC); Maryland-National Capital Park and Planning Commission (M-NCPPC) Washington Suburban Sanitary Commission (WSSC); Housing Opportunities Commission (HOC); and Montgomery County Revenue Authority.

**Allocation**—The process by which staffing and other resources are given to each individual school based upon factors such as enrollment, types of programs, and other identified needs of the school.

**Annual Yearly Progress (AYP)**—No Child Left Behind (NCLB) requires schools to demonstrate specific quantified progress each year in achieving state standards for each school as a whole and for designated categories of students that include students who are economically disadvantaged, from major racial and ethnic groups, with disabilities, and with limited English proficiency.

**Appropriation**—Authority to spend money within a specified dollar limit for an approved work program during a fiscal year. The County Council appropriates funds to MCPS according to state categories. Unless explicitly renamed, appropriation authorizations expire at the end of the fiscal year.

**Bridge to Excellence (Thornton) Act**—State legislation that increases state funding and mandates that each school district must develop a comprehensive five-year master plan to describe how it intends to make improvements in achievement for every student.

**Budget Review Committee (BRC)**—A committee, established by the Board of Education (BOE), comprised of parents, students, community, business leaders, and MCPS staff that identifies issues and make recommendations to the superintendent of both a general and specific nature on matters that impact on the budget and expenditures.

**Budget Staffing Guidelines**—Guidelines approved by the BOE used to budget and allocate personnel positions in regular and special education.

**Capital Improvements Program (CIP)**—The comprehensive presentation of capital project expenditure estimates; funding requirements; capital budget requests; and program data for the construction and modernizations of all schools and for other capital projects that address facility issues. The CIP includes a six-year period. The CIP constitutes both a fiscal plan for proposed project expenditures and funding, and an annual capital budget for appropriations to fund project activity during the first fiscal year of the plan. The six-year program is produced every two years.

**Category**—Also known as State Category. State law requires all county school districts to appropriate and record expenditures for education in accordance with standardized state budget categories. These categories are generally based

on broad functional classifications such as administration, instructional costs, special education, and student transportation. Current categories were effective FY 1998.

**Compensation**—Payment made to employees in return for services performed. Total compensation includes salaries, wages, employee benefits (Social Security, employer-paid insurance premiums, disability coverage, and retirement contributions), and other forms of remuneration when these have a stated value.

**Consumer Price Index—Urban (CPI-U)**—A commonly accepted indicator of inflation as it applies to consumer goods, including the supplies, materials, and services required by MCPS. For budget purposes, inflation is measured on a fiscal year (FY) basis using the CPI-U for the Washington-Baltimore Area. That rate of inflation is computed using the average of the indexes in one fiscal year compared to the average of the indexes in the prior fiscal year. For purposes of Charter limitation of property tax, the November to November CPI-U of the preceding year is used.

**Continuing Salary Costs**—The difference in dollars required to fund the final approved budgeted positions in the current year and the projected cost of funding those same positions for the next budget development year with current salary schedules.

**Continuous Improvement**—An ongoing MCPS effort aimed at improving the organizational culture by improving teaching and management processes and creating ownership and shared responsibility among all employees and stakeholders.

**Cost Per Pupil**—A complex calculation taking the operating budget, excluding summer school, community services, tuition for students with disabilities in private placement, and revolving management accounts, divided by the number of students in Grades K-12.

**Depreciation**—The expiration of the useful life of a fixed asset over a determined period of time attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. Also, the portion of the cost of a fixed asset charged as an expense during a particular period.

**Employee Benefits**—For budgeting purposes, employee benefits are payments by the employer for social security taxes, retirement contributions, and group health and life insurance.

**Encumbrance**—An accounting commitment that reserves appropriated funds for a future expenditure. The total of all expenditures and encumbrances for a department or agency in a fiscal year, or for a capital project, may not exceed its total appropriation. The commitments relate to unperformed contracts for goods or services.

**Enrollment**—The number of students attending MCPS, officially counted as of September 30th each school year.

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**Enterprise Fund**—A fund used to record the fiscal transactions of MCPS activities financed and operated in a manner similar to private enterprise, with the intent that the costs of providing goods and services, including financing, are wholly recovered through charges to consumers or users or other non-tax revenue.

**Expenditure**—A decrease in the net financial resources of MCPS generally due to the purchase of goods and services or the payment of salaries and benefits.

**Fiscal Year**—The 12-month period to which the annual operating and capital budgets and their appropriations apply. The Montgomery County fiscal year for MCPS starts on July 1 and ends on June 30. The number of the fiscal year refers to the year in which the fiscal year ends.

**Fixed Charges**—Charges of a generally recurrent nature which are not allocable to other expenditure categories. Included are: Contributions to employee retirement and insurance, social security, interest on current loans, fidelity and personal liability insurance, and personnel tuition reimbursements.

**Full-Time Equivalent (FTE)**—Method of equating less than full-time employees in permanent positions to a full-time basis.

**Grade**—An assigned level on a salary schedule given to positions that denotes the level of skills, education, and responsibility of a position.

**Grant**—A payment from one level of government to another or from a private organization to a government. Grants are made for specified purposes and must be spent only for that purpose. MCPS accounts for grant expenditures through supported projects.

**High School Assessments (HSA)**—Determine if a 7–12 grade student enrolled in algebra, English, government, and biology has demonstrated mastery of the Maryland Content Standards established by the State Board of Education.

**Lapse**—The unused budgeted salary that accumulates when an employee terminates and is not immediately replaced.

**Lease-Purchase Agreement**—A contractual agreement which is termed “lease,” but is in substance a purchase contract, with payments made over time.

**Least Restrictive Environment (LRE)**—A federal mandate included in the Individuals with Disabilities Education Act (IDEA) that requires children with disabilities are educated to the maximum extent appropriate with their peers with no disabilities.

**Level of Service**—The existing or current services, programs, and facilities provided by MCPS to students. The level of service may increase, decrease, or remain the same depending upon needs, alternatives, and available resources.

**Maintenance of Effort**—A State law that requires local governments to provide a definite level of local effort to fund public education from year to year. Specifically, if there is no enrollment growth, local funding is to remain the same as for the previous fiscal year in terms of total dollars and, if there is enrollment growth, local funding is to remain the same on a per pupil basis. The law ensures that additional state aid will not supplant local revenues.

**Maryland State Assessment (MSA)**—The criterion-referenced items in this assessment provide proficiency scores expressed as Basic, Proficient or Advanced proficiency level to describe how well a student in Grades 3–8 and 10 has mastered the reading and mathematics content specified in the Maryland Content Standards. This assessment meets the requirements of No Child Left Behind (NCLB) federal mandates as it provides national norm-referenced and Maryland criterion-referenced data.

**Master Plan**—A MCPS multiyear plan that describes the goals, objectives, and strategies that will be used to improve student achievement and meet state and local performance standards for all students. The master plan also described specifically how to improve student achievement for students in special education, with limited English proficiency, in Prekindergarten and kindergarten, gifted and talented, and in career and technology courses. The Master Plan includes the MCPS strategic plan.

**Maximum Class Size Guidelines**—Represents the standard MCPS strives for in placing the number of children in one classroom.

**MCAASP**—Montgomery County Association of Administrative and Supervisory Personnel, the employee organization that represents administrators and supervisors.

**SEIU**—Service Employees International Union, the employee organization that represents supporting services employees.

**MCEA**—Montgomery County Education Association, the employee organization that represents teachers and other professional staff.

**Mission**—A statement that describes the basic purpose of an organizational unit, the reason it exists, and explains its relationship to the *Success for Every Student Plan*.

**Negotiated Agreement**—A legal contract between the BOE and a certified representative of a recognized bargaining unit for specific terms and conditions of employment; e.g., hours, working conditions, salaries, or employee benefits.

**Non-Recommended Reduction**—A list of expenditure reductions that address the difference between the County Council’s recommended affordability allocation and the Board of Education’s requested amount. The options cannot be recommended because the Board believes the cuts would harm the schools.

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**Object of Expenditure**—A numeric indicator that identifies the form of an expenditure as salaries (01), contractual (02), supplies and materials (03), other (04), and furniture and equipment (05).

**Operating Budget**—A comprehensive plan by which the MCPS operating programs are funded for a single fiscal year. The operating budget includes descriptions of programs, appropriation authority, and details of estimated expenditures and revenue sources, as well as related program data information on the fiscal management of the school system.

**Other Salaries**—Temporary employment for a short duration that includes substitute teachers, extracurricular activities, summer teaching, and support during peak or seasonal periods.

**Per Pupil Allocations**—Per student dollar amounts used to budget for textbooks, instructional supplies, media center materials, and other funds for schools.

**Performance Measurement**—A description/s of how key objectives will be measured to attain the Success for Every Student goals.

**Personnel Costs**—Expenditures made for salaries, wages, and benefits payable to MCPS employees.

**Positions**—Identified permanent jobs into which persons may be hired on either a full-time or less than full-time basis.

**Program**—A primary service, function, or set of activities which address a specific responsibility or goal within a mission. A program encompasses all associated activities directed toward the attainment of established objectives; for example, Physical Disabilities program. A program will have clearly defined, attainable objectives which may be short-term or long-term in nature, and will have measurable outcomes.

**Program Budget**—The identification and presentation of resource requirements and allocation by specific MCPS programs.

**Ratio Positions**—Positions established by applying each school's student enrollment to BOE-approved staffing standards.

**Realignment**—The process by which resources are moved from one part of the budget to another part to meet managerial and operational needs with no net change in the total budget.

**Revenue**—All funds MCPS receives annually for the Operating Budget from federal, state, and county sources, enterprise funds, fees, and other sources.

**Salaries and Wages**—An object of expenditure for monetary compensation to employees in the form of annual or hourly rates of pay for hours worked.

**Salary Schedule**—A listing of minimum and maximum salaries for each grade level in a classification plan for authorized positions.

**Special Education Staffing Plan**—An annual plan required by the state of Maryland for each local district that describes the needs of special education students and how these needs will be met.

**Spending Affordability Guideline (SAG)**—An approach to budgeting that assigns expenditure ceilings for the forthcoming budget year, based on expected revenues and other factors. Under the County Charter (Section 305), the County Council is required to establish spending affordability guidelines for both the capital and operating budgets.

**Staffing Ratios**—Per student standards used to budget for teachers, administrators, and other instructional and support staff at schools.

**Step**—A salary increment awarded annually to an employee based on satisfactory performance until the employee reaches the top pay step of the pay grade to which the position is assigned.

**Strategic Plan—Our Call to Action: Pursuit of Excellence**—A plan adopted by the Board of Education that focuses on the major academic priorities of the school system. It includes major goals, objectives, performance measures, and instructional strategies. The Operating Budget is aligned with the strategic plan.

**Strategy**—The principal ways in which MCPS staff direct their efforts in pursuit of the school system's and unit's mission and goals. They are clear and uncomplicated methods for attaining goals and key results.

**Success for Every Student (SES)**—This strategic plan for ensuring the success of every student in MCPS is based on the belief that a quality education is the fundamental right of every child. In January 1992, when the BOE first adopted the *Success for Every Student Plan*, it determined that the resources of MCPS would be focused on the goal of ensuring individual student success.

**Supplemental Appropriation**—An appropriation of funds above amounts originally appropriated, to authorize expenditures not anticipated in the adopted budget. A supplemental appropriation is required to enable expenditure of reserves or additional revenues received by MCPS through grants or other sources.

**Tax Supported**—A program supported in whole or part by tax revenues and included in spending affordability guidelines.

**Turnover**—The unused budgeted salary that accumulates when an employee terminates and is replaced by a lower salaried employee.