

MONTGOMERY COUNTY PUBLIC SCHOOLS, ROCKVILLE MARYLAND

THE SUPERINTENDENT'S RECOMMENDED

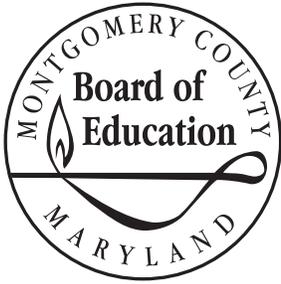
# FY 2015 OPERATING BUDGET in Brief

Recommended to the Board of Education  
December 2013

Fiscal and School Year Ending  
June 30, 2015

Dr. Joshua P. Starr  
Superintendent of Schools





## **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*



**[montgomeryschoolsmd.org](http://montgomeryschoolsmd.org)**

Check out the MCPS website for more detailed information about the FY 2015 Recommended Operating Budget.

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December 10, 2013



Dear Members of the Board of Education:

I am pleased to submit for your consideration my Fiscal Year (FY) 2015 Operating Budget recommendation for Montgomery County Public Schools (MCPS).

This budget is driven by our core values, and it reflects extensive external and internal feedback that we have received during the past year from a wide array of stakeholders. I continue to be grateful for the partnership of our employee associations—the Montgomery County Education Association, the Service Employees International Union Local 500, and the Montgomery County Association of Administrators and Principals—and the Montgomery County Council of Parent Teacher Associations. The way in which MCPS works with its employees and parents to develop a budget that is focused on our values and the needs of our students is a national model of collaboration.

We modified our budget development process this year to achieve broader stakeholder involvement. Beginning in the spring, our staff met with focus groups of teachers, support staff, administrators, parents, students, and community members to gather their input on the priorities that should guide the MCPS budget in the coming years. In addition, small teams were established to discuss the work of elementary, middle, and high schools to identify the structures, resources, and processes that should be in place for MCPS to continue to provide our students with a world-class education. Through this process, we received input from more than 210 individuals, many of whom may not otherwise have participated in the process.

An important part of the budget development process included working with the Board of Education to identify its operating budget interests. On July 16 and September 10, 2013, the Board discussed the areas for which its members would like to see MCPS focus its resources in the coming years. Understanding Board members' budget interests has been extremely valuable as our team has worked to develop a responsible recommendation. As we discussed last year, we will add a new element to our budget process by convening after the Board has reviewed my budget and heard from the public. The purpose of doing so is to discuss any changes to my recommendation that the Board may want to propose.

I am recommending an FY 2015 Operating Budget of \$2,281,809,121, which is an increase of 2.5 percent compared with FY 2014. Almost 85 percent of this recommended budget increase will simply allow us to keep up with our continued enrollment growth and the increased costs of doing business. This budget recommendation is 1.2 percent—approximately \$17.4 million—more than the minimum county funding level required by state law.

**Office of the Superintendent of Schools**

Similar to last year, it is important that this recommendation be considered preliminary for several reasons. At this time, we do not know the level of state aid we will receive next year. I have included an estimated increase of \$14 million in state aid, which is a projection based on past trends in state funding. Additionally, negotiations on a new contract with the three employee associations are progressing, but have not been completed. My recommendation does not include any funding for compensation increases in FY 2015. We should have more complete information before the Board approves its budget request in February 2014 and will make the appropriate adjustments at that time.

### **Building Our Future Together**

Montgomery County takes great pride in its public schools and, historically, has made a significant investment in the students and staff of MCPS. Over the years, the county has earned a strong return on that investment that clearly was seen in recently released data on the participation and performance of MCPS students on Advanced Placement (AP) exams. In 2013, MCPS students took 33,642 AP exams, which is an all-time record for the district and a 30 percent increase in just 5 years. Of the AP exams our students took, 73 percent earned a college-ready score of 3 or higher, which is significantly higher than students in Maryland (60.4 percent) and the nation (57 percent). Our students and staff are to be congratulated for the outstanding work they have done to achieve these remarkable results in AP and many other areas.

However, I also believe our AP data demonstrates the challenge that MCPS faces as it becomes a more diverse district racially, ethnically, and socioeconomically. We should be proud that the number of AP exams taken by African American and Hispanic students continues to increase and their performance far outpaces their peers across the state and the nation. For instance, 47 percent of the exams taken by African American students earned a score of 3 or higher. That is significantly higher than for African American students across the state (31.1 percent) and the nation (28.2 percent). However, that is significantly lower than the percentage for MCPS students who are White (79.6 percent) and Asian (78.2 percent).

Over the years, MCPS has put considerable effort toward narrowing the achievement gap and has had success in many areas, including reading in the early grades and graduation rates. However, in other areas, the gaps have been persistent and have even grown. In order for MCPS to continue to serve all students at a high level, we must continue to reenergize our efforts to narrow the achievement gap and recognize that the strategies we have used to achieve this success may need to be changed or modified in the future.

Even as we deal with this long-standing challenge, we also must prepare our students and staff for significant changes in education and workplace expectations. MCPS is in the process of implementing the Common Core State Standards (CCSS) by aligning curriculum and instruction with these new, internationally benchmarked expectations in reading and mathematics. We also are preparing to administer new assessments to our students. This includes new state assessments developed by the Partnership for Assessment of Readiness for College and Careers (PARCC) that will be more rigorous and will require us to purchase new technology as they are computer-based assessments, as well as changes to national assessments, such as AP exams and the SAT. Perhaps most importantly, we must prepare our students to succeed in a new global economy that demands a very different set of skills and knowledge.

Addressing our longstanding challenge of closing the achievement gap while preparing our students and staff to thrive in their future will require us to think differently about how we deliver and budget

for education. This is at the heart of our new Strategic Planning Framework, *Building our Future Together: Students, Staff, and Community*, which the Board adopted in June 2013. The Framework codifies the core purpose of MCPS—to prepare our students to thrive in their future—and is built on five core values: Learning, Relationships, Respect, Excellence, and Equity. The Framework identifies our mission around the three core competencies students need so they are prepared to thrive in their future—Academic Excellence, Creative Problem Solving, and Social Emotional Learning. The Framework also affirms our longstanding commitment to Organizational Effectiveness.

### **A Multiyear Budget**

The Strategic Planning Framework will guide the work of MCPS in the years to come and this requires us to think in the long term about our priorities and our budget. Each year's budget cannot stand alone; it must be strategic and build upon the work we have done in previous years. In December 2012, I stated that my FY 2014 Operating Budget was the first year of a multiyear budgeting strategy that will allow us to keep up with our growth and strategically invest in areas that are aligned with our core purpose, values and mission. Despite receiving a budget at the minimum required funding level in FY 2014, we reprioritized some funds and applied funds from our budget surplus to make strategic investments, including:

- improving middle schools by hiring 30 additional English and mathematics teachers to allow for more individualized instruction, and restoring middle school staff development teachers to full-time status;
- improving student success in mathematics by adding teachers who provide accelerated instruction for students who are ready, as well as staff to help with CCSS implementation in mathematics;
- investing in our staff by increasing professional development, especially around the CCSS and Curriculum 2.0; and
- supporting community partnerships that benefit students, including the Achieving Collegiate Excellence and Success program, a partnership with Montgomery College and The Universities at Shady Grove aimed at improving college completion.

In our effort to address the individual needs of our students and our schools, we began two initiatives last year that did not have a direct budgetary impact, but required the redirection of resources to where they are needed most. First, we began working with 10 Innovation Network Schools that are receiving intense support in designing and implementing innovative school improvement strategies and professional learning plans. These schools are working with the chief school improvement officer and each other to develop and implement customized plans to address specific areas that need improvement in each building.

Our 10 Intervention Network Schools also are working with central office and one another to gain knowledge, practice, and expertise in providing direct, individualized support to students. These schools are serving as models as MCPS designs and phases in its systemic approach to interventions throughout the district. The schools are focusing on four areas—identifying early warning signs that indicate additional support or enrichment is needed; creating personalized learning plans for each student; implementing and monitoring student progress; and developing and cultivating a culture of high expectations and equity.

My FY 2015 Recommended Operating Budget builds upon the work we began with the FY 2014 budget. It continues our commitment to a multiyear budgeting strategy that will allow us to manage our growth as we innovate in ways to address our longstanding challenge—closing the achievement gap—while embracing future opportunities for our staff and students.

### **Managing Growth**

Enrollment in MCPS for this school year is 151,289, an increase of 2,510 students compared with last school year and nearly 11,000 more students than just five years ago. This growth is expected to continue in the years to come, with enrollment projected to increase by approximately 2,800 students in FY 2015. At the same time, more of these students are coming to us needing specific supports and services to ensure success. More than one-third of MCPS students now receive Free and Reduced-price Meals System services, a number that has grown by 37.5 percent in the past five years. We also are seeing dramatic increases in the number of students receiving English for Speakers of Other Languages (ESOL) services. Currently, 13.3 percent of our students receive ESOL services, but in our elementary schools, that number nearly doubles. In addition, 2,294 students are eligible to receive ESOL services; however, their parents/guardians have decided not to have them participate in the program, and another 10,222 students exited the ESOL program within the past two years.

My recommendation includes \$19 million to hire additional staff to serve our growing student population. This includes the addition of 156.5 elementary and secondary teaching positions and 7.7 ESOL positions, as well as nearly 75 positions to provide additional services and support to students with special needs, in accordance with their Individualized Education Programs. We also are adding 15.25 positions for staff at the new Clarksburg Cluster Elementary School that will open in August 2014. My budget recommendation also includes an additional \$6.8 million for continuing salaries and \$17.3 million for increased benefit costs for current and retired employees. This includes \$3.3 million for the shift of the teacher pension costs from the state of Maryland to MCPS.

### **Fostering Innovation and Collaboration**

Building upon the work we began with this year's budget, my FY 2015 recommendation invests in strategic areas that will allow us to be innovative in how we deal with our longstanding challenges and embrace future opportunities. These investments include \$11.77 million in new funds and the redirection of other funds into these areas. This amount is offset by a reduction of \$3.3 million due to efficiencies and other base budget reductions.

I am recommending additional funding aimed at fostering innovation and improved instruction and support across all grade levels. This includes \$800,000 to begin an effort that will encourage high-performing teachers to move to or stay in high-needs schools. This budget includes \$500,000 in salary supplements for 250 teachers who will work in high-needs schools to provide instruction and leadership. In addition, \$300,000 is budgeted to provide grants to these schools that they can use to design school improvement projects that will support student learning. This Career Lattice is the result of our continued collaboration with our employee associations. My budget also includes approximately \$300,000 to provide additional support and coaching to our Innovation and Intervention Network Schools.

I also am recommending we invest \$947,109 to begin a multiyear effort to improve our student support model. The funds in FY 2015 will allow for the hiring of additional positions, including

5.5 elementary school counselors, 4 school psychologists, and 3 pupil personnel workers. As I shared in my December 5 memorandum on Positions without Staffing Ratios, additional positions will be added in future years to help reduce caseloads and provide more focused support to students, especially those in schools that are demonstrating a need through multiple data points, including poverty, attendance, mobility, and suspension rates.

The innovative use of technology is an important part of providing our students with a 21st century education and administering the PARCC online assessments. I am recommending \$3 million for the purchase of mobile devices that will be used to engage students in learning and that will allow us to be ready for the rollout of the new assessments.

My budget recommendation includes funds to continue to improve our middle schools, where we are seeing some of the largest and most persistent gaps. For instance, while 62 percent of students successfully complete Algebra 1 by Grade 8 districtwide, just 22.3 percent of ESOL students meet this important benchmark. We must address these gaps quickly and comprehensively. Therefore, my budget includes \$1.45 million to fund 10.5 positions that will provide focused support to ESOL students at 21 middle schools, as well as professional development for classroom teachers. In addition, the budget includes \$704,167 and 8.2 positions that will provide teacher leaders more opportunities to engage and support middle school staff.

I am recommending substantial investment to support the improvement and redesign of our high schools. The gaps in performance data—including AP, SAT, and graduation rates—make it clear that our high schools are serving some students at a very high level, but are not serving others as well. My budget includes \$977,145 for 15 high school focus teachers that, in combination with 23.5 existing positions, will reduce English and mathematics class sizes in the most impacted schools. These positions will be allocated based on enrollment and poverty factors. My recommendation also includes \$996,918 for additional positions that will allow high school resource and staff development teachers to increase opportunities for planning, coaching, and professional learning in our schools.

I also am recommending \$49,500 to further project-based learning at Wheaton High School. As we prepare for a new Wheaton High School building to open in August 2015, we are working with staff, students, business leaders, and community members to design a curriculum built around project-based learning. This small investment will continue those efforts in the coming year. My budget also recommends \$136,534 to redesign our Alternative Programs, which serve students who have not been successful in traditional secondary school settings. These funds, combined with approximately \$300,000 in reallocated funds, will provide for more individualized instruction and support to these students and help them stay on track for graduation and future success.

My budget also recommends \$251,832 to create additional team leader positions in some elementary schools that will help serve special education and ESOL students, as well as expand the arts programs. I also am recommending \$456,000 for mathematics teachers who will offer accelerated instruction to Grade 5 students who are ready for such rigor and \$541,677 for various positions in elementary schools that have been reduced during the past five years, including staff development teachers, reading specialists, media specialists, and counselors.

Lastly, our Strategic Planning Framework is called *Building Our Future Together: Students, Staff, and Community* because we know we alone cannot provide our students with all the opportunities and support they need. We already have many successful partnerships with county agencies, as well as

nonprofit and community organizations. My budget recommends investing approximately \$800,000 to support and grow some of these important partnerships. This includes funds to expand the Kennedy Cluster Project, a multiagency effort aimed at providing students and their families with access to health care, housing, financial assistance, and other social services. These funds would allow for similar services for students and families in the Watkins Mill Cluster and support future expansion in FY 2016 and FY 2017. I also am recommending funds designated to provide transportation for students participating in Excel Beyond the Bell, a collaborative effort that provides high-quality after-school programs. These funds would extend transportation until 5:15 p.m. for students participating in the program. My recommendation also adds positions to the Office of Community Engagement and Partnerships for a multiyear effort that will build our district's ability to develop business and community connections and provide support to parents in our schools.

To provide a growing number of students with the skills and knowledge they need to be successful in their future, we must invest today. While MCPS enjoys strong support from our community, the reality is that our budget has been funded at or below the minimum required funding level for the past five years. In that time, the county's per-pupil investment has dropped by approximately \$1,500. I urge the Board of Education to carefully consider my recommendation and work with the County Council to fund the strategic investments that will allow our students to thrive in their future and maintain Montgomery County's reputation as a great place to live, work, and raise a family.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Starr", written in a cursive style.

Joshua P. Starr, Ed.D.  
Superintendent of Schools

JPS:LAB:dmt

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

OBJECT OF EXPENDITURE	FY 2013 ACTUAL	FY 2014 BUDGET	FY 2014 CURRENT	FY 2015 BUDGET	FY 2015 CHANGE
<b>POSITIONS</b>					
Administrative	700.000	709.201	709.200	713.900	4.700
Business/Operations Admin.	92.000	91.629	91.650	89.650	(2.000)
Professional	11,950.380	12,250.970	12,257.970	12,530.071	272.101
Supporting Services	8,119.226	8,191.818	8,184.918	8,249.472	64.554
<b>TOTAL POSITIONS</b>	<b>20,861.606</b>	<b>21,243.618</b>	<b>21,243.738</b>	<b>21,583.093</b>	<b>339.355</b>
<b>01 SALARIES &amp; WAGES</b>					
Administrative	\$87,751,894	\$90,283,393	\$90,143,875	\$91,928,290	\$1,784,415
Business/Operations Admin.	8,345,471	8,962,361	8,962,361	8,701,784	(260,577)
Professional	914,211,694	958,593,114	958,923,325	973,486,304	14,562,979
Supporting Services	334,616,345	347,459,323	347,190,630	353,049,478	5,858,848
<b>TOTAL POSITION DOLLARS</b>	<b>1,344,925,404</b>	<b>1,405,298,191</b>	<b>1,405,220,191</b>	<b>1,427,165,856</b>	<b>21,945,665</b>
<b>OTHER SALARIES</b>					
Administrative	406,417	382,576	382,576	397,576	15,000
Professional	49,699,491	57,633,096	57,597,186	57,997,522	400,336
Supporting Services	22,319,844	24,039,019	24,071,107	24,728,452	657,345
<b>TOTAL OTHER SALARIES</b>	<b>72,425,752</b>	<b>82,054,691</b>	<b>82,050,869</b>	<b>83,123,550</b>	<b>1,072,681</b>
<b>TOTAL SALARIES AND WAGES</b>	<b>1,417,351,156</b>	<b>1,487,352,882</b>	<b>1,487,271,060</b>	<b>1,510,289,406</b>	<b>23,018,346</b>
<b>02 CONTRACTUAL SERVICES</b>	<b>27,710,293</b>	<b>25,299,082</b>	<b>25,444,404</b>	<b>26,407,694</b>	<b>963,290</b>
<b>03 SUPPLIES &amp; MATERIALS</b>	<b>69,565,430</b>	<b>68,654,922</b>	<b>68,588,282</b>	<b>73,240,609</b>	<b>4,652,327</b>
<b>04 OTHER</b>					
Local/Other Travel	2,156,282	2,999,620	3,000,760	2,876,082	(124,678)
Insur & Employee Benefits	526,714,624	536,798,214	536,798,214	560,124,293	23,326,079
Utilities	38,866,350	39,799,058	39,799,058	38,633,435	(1,165,623)
Miscellaneous	46,890,072	50,971,034	50,973,034	54,412,195	3,439,161
<b>TOTAL OTHER</b>	<b>614,627,328</b>	<b>630,567,926</b>	<b>630,571,066</b>	<b>656,046,005</b>	<b>25,474,939</b>
<b>05 EQUIPMENT</b>	<b>14,359,360</b>	<b>13,546,240</b>	<b>13,546,240</b>	<b>15,825,407</b>	<b>2,279,167</b>
<b>GRAND TOTAL AMOUNTS</b>	<b>\$2,143,613,567</b>	<b>\$2,225,421,052</b>	<b>\$2,225,421,052</b>	<b>\$2,281,809,121</b>	<b>\$56,388,069</b>

**TABLE 1A**  
**SUMMARY OF BUDGET CHANGES FY 2014 - FY 2015**  
(\$ in millions)

ITEM	FTE	AMOUNT
<b>FY 2014 CURRENT OPERATING BUDGET</b>	<b>21,243.600</b>	<b>\$2,225.4</b>
<b>ENROLLMENT CHANGES</b>		
Elementary/Secondary	156.500	10.9
Special Education	74.911	6.6
ESOL	7.700	0.5
Transportation/Food Services/School Plant Operations	15.626	1.0
<b>Subtotal</b>	<b>254.737</b>	<b>\$19.0</b>
<b>NEW SCHOOLS/ADDITIONAL SPACE</b>	<b>21.750</b>	<b>\$2.9</b>
<b>EMPLOYEE SALARIES - CONTINUING SALARIES FOR CURRENT EMPLOYEES (including benefits)</b>		<b>\$6.8</b>
<b>EMPLOYEE BENEFITS AND INSURANCE</b>		
Employee Benefits Plan (active)		10.2
Employee Benefits Plan (retired)		1.7
Retirement		(0.4)
FICA/Self-Insurance/Workers' Compensation, Fire Insurance		1.8
Tuition Reimbursement		0.7
Pension Shift from State of Maryland		3.3
<b>Subtotal</b>		<b>\$17.3</b>
<b>INFLATION AND OTHER</b>		
Textbooks, Instructional Materials, Building/Maintenance Supplies		0.7
Utilities		(2.0)
Special Education		1.3
Transportation		1.3
Facilities Management		1.5
Technology		0.9
Grants and Enterprise Funds	(3.800)	(2.7)
Other	3.793	0.8
<b>Subtotal</b>	<b>(0.007)</b>	<b>\$1.8</b>
<b>EFFICIENCIES &amp; REDUCTIONS</b>		
Central Services	(9.500)	(2.2)
Support Operations (Buses/Bus Operators, Bus Supplies)	(13.125)	(1.0)
School-Based	-	-
<b>Subtotal</b>	<b>(22.625)</b>	<b>(\$3.2)</b>

ITEM	FTE	AMOUNT
<b>STRATEGIC PRIORITY ENHANCEMENTS</b>		
Psychologists, Pupil Personnel Workers, Elementary Counselors	12.500	0.9
Provide Support to English Language Learners in Middle Schools	10.500	1.5
Middle School Leadership - Content Specialists and Team Leaders	8.200	0.7
Middle School Improvement		0.1
Support for High Needs High Schools - English & Math Focus Teachers	15.000	1.0
Increase Allocation of High School Staff Development Teachers	5.000	0.3
Provide Support for Project-Based Learning at Wheaton High School		0.1
Expand the High School Minority Achievement Initiative		0.1
Release High School Resource Teachers One Additional Period Per Day	10.000	0.7
Alternative Programs Redesign	1.200	0.1
Expand the Office of Community Engagement and Partnerships	5.000	0.5
Expand the Kennedy Cluster Project	1.300	0.1
Provide Transportation for Students Attending Excel Beyond the Bell		0.1
Elementary Team Leaders		0.3
Grade 5/6 Compacted Math Teachers	7.000	0.5
Restore Key Positions in Small Elementary Schools -Staff Development		0.5
Teachers, Reading Specialists, Counselors, Media Specialists	8.000	0.8
Implement the Career Lattice to Improve Student Achievement		0.1
Expansion of Innovation Schools		0.1
Increase Support for the Interventions Network	1.000	0.2
Expand the Use of Technology for Teaching, Learning, and PARCC		3.0
Review Special, Choice, and Signature Programs		0.2
<b>Subtotal</b>	<b>84.700</b>	<b>11.8</b>
<b>FY 2015 OPERATING BUDGET</b>	<b>21,582.155</b>	<b>2,281.8</b>
<b>FY 2014 - FY 2015 CHANGE</b>	<b>338.555</b>	<b>\$56.4</b>
Less Enterprise funds		0.4
Less Grants	(35.700)	(4.3)
<b>SPENDING AFFORDABILITY BUDGET</b>	<b>21,546.455</b>	<b>\$2,277.9</b>
<b>REVENUE INCREASE BY SOURCE</b>		
Local (1)		46.0
State		14.0
Federal		(4.3)
Other		0.3
Fund Balance		-
Enterprise/Special Revenue Fund		0.4
<b>TOTAL REVENUE INCREASE</b>		<b>\$56.4</b>

(1) The increase in the required local contribution is \$28,604,715 (\$25,306,853 for MOE and \$3,297,862 for the pension shift from the state)

**TABLE 2  
BUDGET REVENUE BY SOURCE**

<b>SOURCE</b>	<b>FY 2013 ACTUAL</b>	<b>FY 2014 BUDGET</b>	<b>FY 2014 CURRENT</b>	<b>FY 2015 ESTIMATED</b>
<b>CURRENT FUND</b>				
<b>From the County:</b>	\$1,392,286,148	\$1,413,738,905	\$1,413,738,905	\$1,456,465,777
Local Contribution for State Retirement	\$27,227,553	34,511,689	34,511,689	37,809,551
Total from the County	1,419,513,701	1,448,250,594	1,448,250,594	1,494,275,328
<b>From the State:</b>				
Bridge to Excellence				
Foundation Grant	302,187,876	305,839,903	305,839,903	317,839,903
Geographic Cost of Education Index	32,796,296	33,636,554	33,636,554	33,636,554
Limited English Proficient	55,107,686	57,776,368	57,776,368	57,776,368
Compensatory Education	115,208,321	121,839,206	121,839,206	121,839,206
Students with Disabilities - Formula	34,967,841	35,214,250	35,214,250	35,214,250
Students with Disabilities - Reimbursement	14,905,288	13,354,565	13,354,565	15,347,937
Transportation	36,100,856	36,928,769	36,928,769	36,928,769
Miscellaneous	281,377	400,000	400,000	400,000
Programs financed through State Grants	2,859,930			
Total from the State	594,415,471	604,989,615	604,989,615	618,982,987
<b>From the Federal Government:</b>				
Impact Aid	504,490	400,000	400,000	400,000
Programs financed through Federal Grants	72,775,609	72,280,788	72,280,788	67,963,644
Total from the Federal Government	73,280,099	72,680,788	72,680,788	68,363,644
<b>From Other Sources:</b>				
Tuition and Fees				
D.C. Welfare	219,115	200,000	200,000	200,000
Nonresident Pupils	792,291	725,000	725,000	780,000
Summer School	1,506,343	1,305,000	1,305,000	1,400,000
Outdoor Education	487,564	525,000	525,000	525,000
Student Activities Fee	727,276	725,000	725,000	725,000
Miscellaneous	451,955	245,708	245,708	345,708
Programs financed through Private Grants	901,113	8,448,354	8,448,354	8,448,354
Total from Other Sources	5,085,657	12,174,062	12,174,062	12,424,062
Fund Balance	17,000,000	26,972,451	26,972,451	26,972,451
Total Current Fund	2,109,294,928	2,165,067,510	2,165,067,510	2,221,018,472
<b>ENTERPRISE &amp; SPECIAL FUNDS</b>				
<b>School Food Service Fund:</b>				
State	1,097,324	2,236,607	2,236,607	2,236,607
National School Lunch, Special Milk and Free Lunch Programs	30,354,187	28,797,309	28,797,309	28,821,508
Child Care Food Program	1,393,322	1,334,335	1,334,335	1,334,335
Sale of Meals and other	17,942,534	18,821,419	18,821,419	18,829,956
Total School Food Service Fund	50,787,367	51,189,670	51,189,670	51,222,406
<b>Real Estate Management Fund:</b>				
Rental fees	3,026,997	2,920,399	2,920,399	3,166,047
Total Real Estate Management Fund	3,026,997	2,920,399	2,920,399	3,166,047

**TABLE 2  
BUDGET REVENUE BY SOURCE**

<b>SOURCE</b>	<b>FY 2013 ACTUAL</b>	<b>FY 2014 BUDGET</b>	<b>FY 2014 CURRENT</b>	<b>FY 2015 ESTIMATED</b>
<b>Field Trip Fund:</b>				
Fees	1,735,962	1,917,672	1,917,672	1,895,960
Total Field Trip Fund	1,735,962	1,917,672	1,917,672	1,895,960
<b>Entrepreneurial Activities Fund:</b>				
Fees	2,235,250	2,848,540	2,848,540	2,910,612
Total Entrepreneurial Activities Fund	2,235,250	2,848,540	2,848,540	2,910,612
<b>Total Enterprise Funds</b>	<b>57,785,576</b>	<b>58,876,281</b>	<b>58,876,281</b>	<b>59,195,025</b>
<b>Instructional Television Special Revenue Fund:</b>				
Cable Television Plan	1,457,591	1,477,261	1,477,261	1,595,624
Total Instructional Special Revenue Fund	1,457,591	1,477,261	1,477,261	1,595,624
<b>GRAND TOTAL</b>	<b>\$2,168,538,095</b>	<b>\$2,225,421,052</b>	<b>\$2,225,421,052</b>	<b>\$2,281,809,121</b>

<b>Tax - Supported Budget</b>	<b>FY 2013 ACTUAL</b>	<b>FY 2014 BUDGET</b>	<b>FY 2014 CURRENT</b>	<b>FY 2015 ESTIMATED</b>
Grand Total	\$2,168,538,095	\$2,225,421,052	\$2,225,421,052	\$2,281,809,121
<b>Less:</b>				
Grants	(76,536,652)	(80,729,142)	(80,729,142)	(76,411,998)
Enterprise Funds	(57,785,576)	(58,876,281)	(58,876,281)	(59,195,025)
Special Revenue Fund	(1,457,591)	(1,477,261)	(1,477,261)	(1,595,624)
<b>Grand Total - Tax-Supported Budget</b>	<b>\$2,032,758,276</b>	<b>\$2,084,338,368</b>	<b>\$2,084,338,368</b>	<b>\$2,144,606,474</b>

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

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

<b>Program Name and Source of Funding</b>	<b>FY 2013 ACTUAL</b>	<b>FY 2014 BUDGET</b>	<b>FY 2014 CURRENT</b>	<b>FY 2015 ESTIMATED</b>
<b><u>Budgeted</u></b>				
<b>FEDERAL AID: NO CHILD LEFT BEHIND (NCLB)</b>				
<b>Title I - A (941/949)</b>	\$ 20,999,778	\$ 23,957,144	\$ 23,957,144	\$ 22,355,254
Subtotal	20,999,778	23,957,144	23,957,144	22,355,254
<b>Title I - D</b>				
Neglected and Delinquent Youth (937)	194,970	131,896	131,896	131,896
Total Title I	21,194,748	24,089,040	24,089,040	22,487,150
<b>Title II - A</b>				
Skillful Teaching and Leading Program (915)	405,691	355,443	355,443	355,443
Teacher Mentoring (917)	139,672	249,480	249,480	249,480
Consulting Teachers (961)	3,383,537	3,205,176	3,205,176	2,910,100
Total Title II	3,928,900	3,810,099	3,810,099	3,515,023
<b>Title III</b>				
English Language Acquisition (927)	3,776,800	3,699,880	3,699,880	3,354,765
<b>Title VII</b>				
American Indian Education (903)	24,225	29,028	29,028	25,440
<b>SUBTOTAL</b>	<b>28,924,673</b>	<b>31,628,047</b>	<b>31,628,047</b>	<b>29,382,378</b>
<b>OTHER FEDERAL, STATE, AND LOCAL AID</b>				
Head Start Child Development (932)				
Federal	3,549,379	3,535,742	3,535,742	3,371,910
Individuals with Disabilities Education (907/913/963/964/ 965/966/967)				
Federal	29,533,256	30,314,319	30,314,319	28,142,282
Infants and Toddlers (930)				
Federal	793,028	823,695	823,695	797,345
Passthrough from Montgomery County Department of Health and Human Services	232,394	226,393	226,393	226,393
Education Jobs Fund (935)				
Federal*	343,626	-	-	-
Medical Assistance Program (939)				
Federal	4,348,530	4,412,832	4,412,832	4,705,938
National Institutes of Health (NIH) (908)				
Federal	245,487	254,733	254,733	265,252
Provision for Future Supported Projects (999)				
Other	7,365,655	8,448,354	8,448,354	8,448,354
Carl D. Perkins Career & Technical Ed. Improvement (951)				
Federal	1,200,624	1,085,027	1,085,027	1,072,146
<b>SUBTOTAL</b>	<b>47,611,979</b>	<b>49,101,095</b>	<b>49,101,095</b>	<b>47,029,620</b>
<b>TOTAL</b>	<b>\$ 76,536,652</b>	<b>\$ 80,729,142</b>	<b>\$ 80,729,142</b>	<b>\$ 76,411,998</b>

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

Program Name and Source of Funding	FY 2013 ACTUAL	FY 2014 BUDGET	FY 2014 CURRENT	FY 2015 ESTIMATED
<b>Summary of Funding Sources</b>				
Federal	\$ 69,170,997	\$ 72,280,788	\$ 72,280,788	\$ 67,963,644
State				
County				
Other	7,365,655	8,448,354	8,448,354	8,448,354
<b>GRAND TOTAL</b>	<b>\$ 76,536,652</b>	<b>\$ 80,729,142</b>	<b>\$ 80,729,142</b>	<b>\$ 76,411,998</b>

FOR INFORMATION ONLY			
<b>Additional grant appropriation through the Provision for Future Supported Projects as of November 19, 2013</b>			
DHHS Alternative Education Grant			\$ 64,000
DHHS Alternative Education Grant - Special Education Portion			61,750
Carl D. Perkins Biomedical Sciences			24,276
Carl D. Perkins CTE Connect to the Future			8,000
Carl D. Perkins CTE Computer Sciences Program			7,992
National Institutes of Health - Research Experience for Teachers			16,000
National Institutes of Health - Summer Institute			6,000
Medical Assistance			293,106
Head Start - Extended Year			101,256
Healthy Hunger Free Kids Act			8,500
<b>SUBTOTAL FEDERAL FUNDING</b>			<b>590,880</b>
Educator Effectiveness Academy			422,807
Maryland Model for School Readiness (MMSR) Program			69,301
Judith B. Hoyer Childcare & Education (Judy Centers)			644,000
<b>SUBTOTAL STATE FUNDING</b>			<b>1,136,108</b>
<b>TOTAL</b>			<b>\$ 1,726,988</b>

**TABLE 4  
SUMMARY OF STUDENT ENROLLMENT - FY 2012 THROUGH FY 2015**

DESCRIPTION	(1) FY 2012 ACTUAL 9/30/2011	(2) FY 2013 ACTUAL 9/30/2012	(3) FY 2014 ACTUAL 9/30/2013	(4) FY 2014 BUDGET 9/30/2013	(5) FY 2015 Projected 9/30/2014	CHANGE COLUMN (5) LESS COLUMN (4)	
						#	%
<b>ENROLLMENT</b>							
PRE-KINDERGARTEN	2,060	1,989	1,899	2,145	2,145		
HEAD START	618	618	628	628	628		
KINDERGARTEN	11,380	11,620	11,858	11,466	11,944	478	4.0
GRADES 1-5 / 6 *	54,994	56,768	58,121	58,360	59,453	1,093	1.9
<b>SUBTOTAL ELEMENTARY</b>	<b>69,052</b>	<b>70,995</b>	<b>72,506</b>	<b>72,599</b>	<b>74,170</b>	<b>1,571</b>	<b>2.2</b>
GRADES 6-8 **	30,972	31,228	32,125	32,037	33,012	975	3.0
<b>SUBTOTAL MIDDLE</b>	<b>30,972</b>	<b>31,228</b>	<b>32,125</b>	<b>32,037</b>	<b>33,012</b>	<b>975</b>	<b>3.0</b>
GRADES 9-12	44,764	44,707	44,759	44,505	44,680	175	0.4
<b>SUBTOTAL HIGH</b>	<b>44,764</b>	<b>44,707</b>	<b>44,759</b>	<b>44,505</b>	<b>44,680</b>	<b>175</b>	<b>0.4</b>
<b>SUBTOTAL PRE-K - GRADE 12</b>	<b>144,788</b>	<b>146,930</b>	<b>149,390</b>	<b>149,141</b>	<b>151,862</b>	<b>2,721</b>	<b>1.8</b>
<b>SPECIAL EDUCATION</b>							
PRE-KINDERGARTEN	951	1,030	1,112	1,213	1,364	151	13.6
SPECIAL CENTERS	444	485	486	540	522	(18)	(3.7)
<b>SUBTOTAL SPECIAL EDUCATION</b>	<b>1,395</b>	<b>1,515</b>	<b>1,598</b>	<b>1,753</b>	<b>1,886</b>	<b>133</b>	<b>8.3</b>
MONTESSORI CHARTER SCHOOL		68	99	101	130	29	29.3
ALTERNATIVE PROGRAMS	185	137	155	225	225		
GATEWAY TO COLLEGE	129	129	47	134	75	(59)	(125.5)
<b>GRAND TOTAL</b>	<b>146,497</b>	<b>148,779</b>	<b>151,289</b>	<b>151,354</b>	<b>154,178</b>	<b>2,824</b>	<b>1.9</b>

SOURCE: Division of Long-range Planning

NOTE: Grade enrollments include special education students

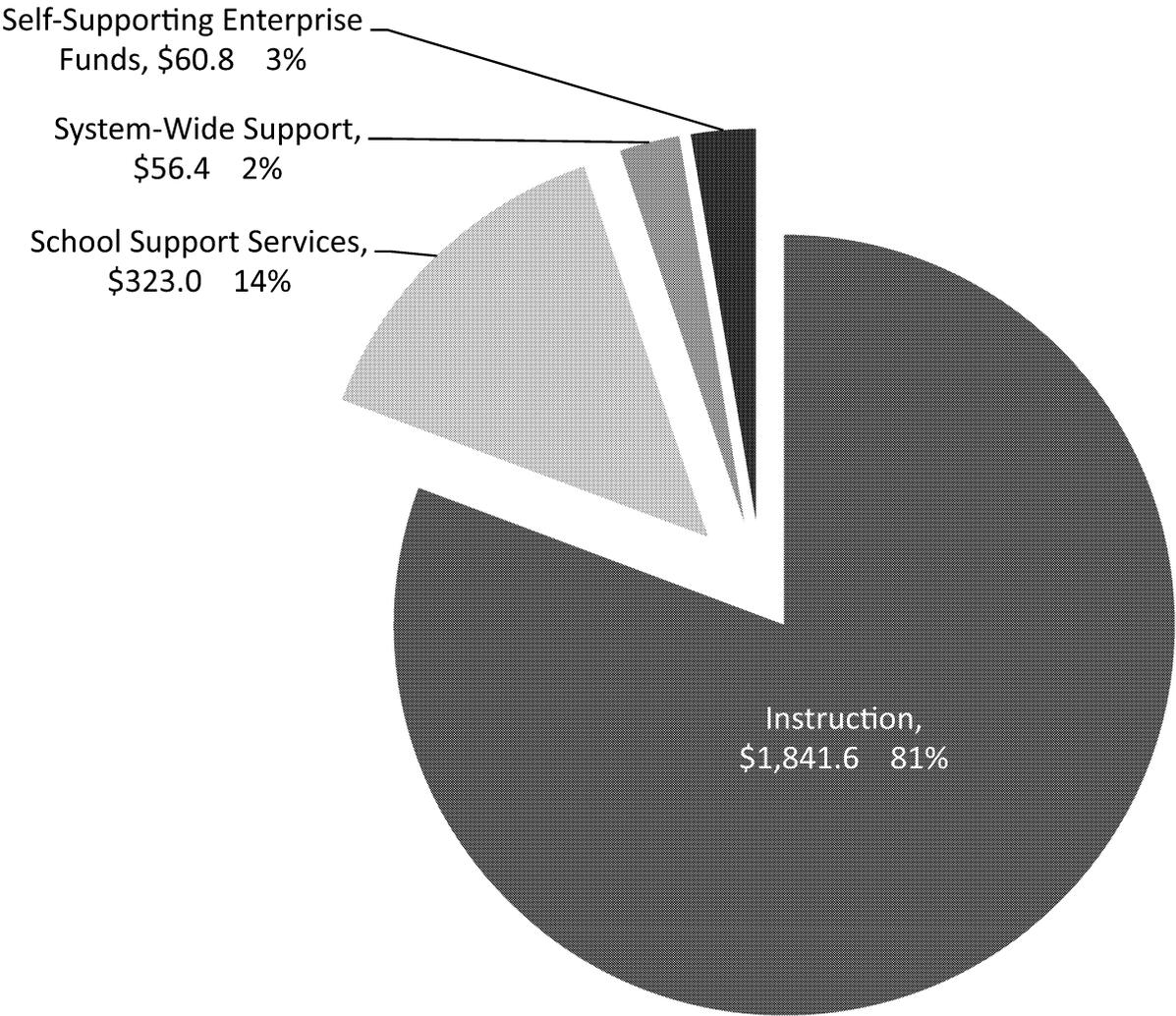
\* The Elementary enrollment figures include enrollment numbers for Chevy Chase and North Chevy Chase Grade 6.

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

# WHERE THE MONEY GOES

## FY 2015 OPERATING BUDGET

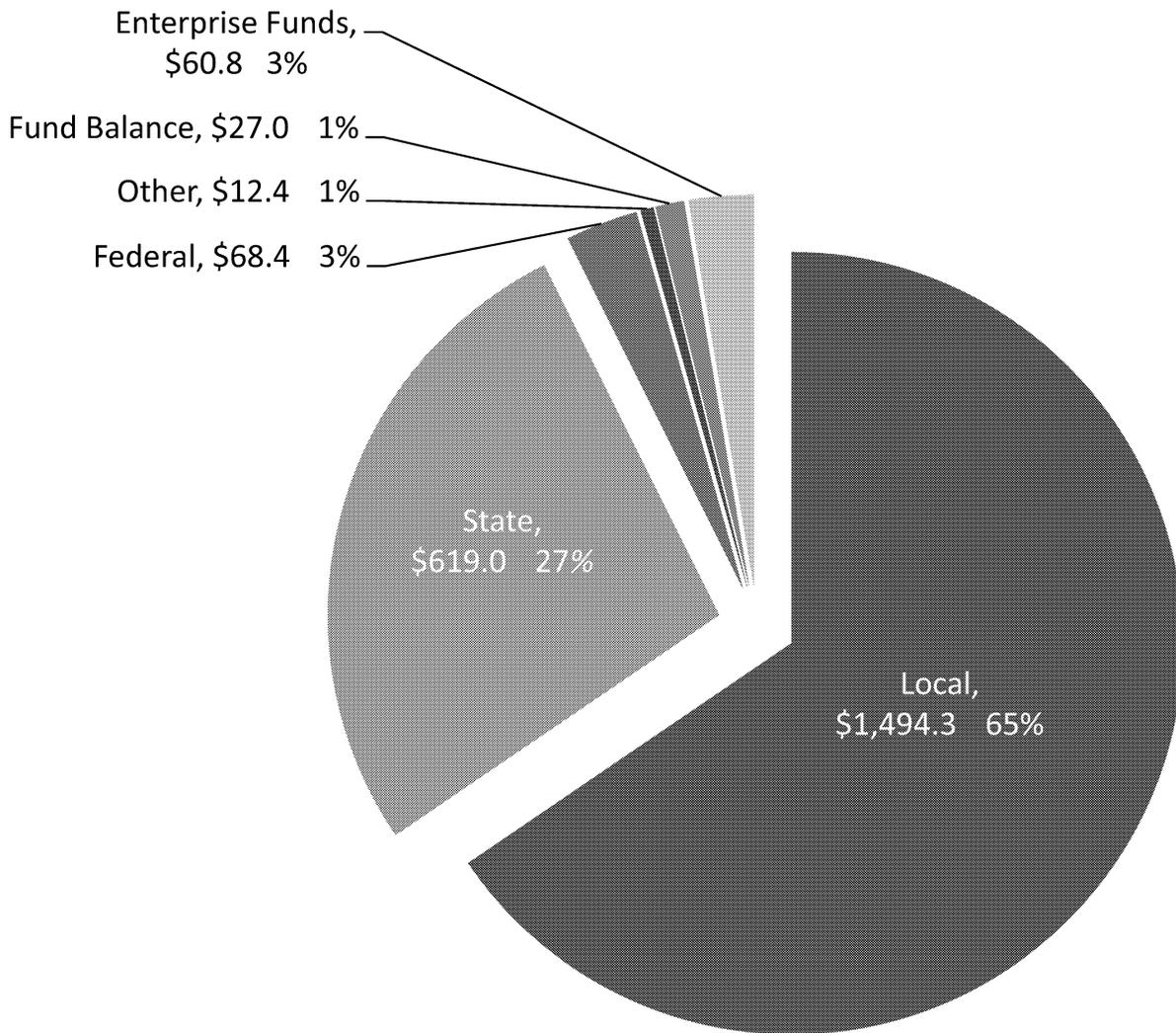
Total Expenditures = \$2,281,809,121  
(Dollars in Millions on Chart)



# WHERE THE MONEY COMES FROM

## FY 2015 OPERATING BUDGET

Total Revenue = \$2,281,809,121  
(Dollars in Millions on Chart)

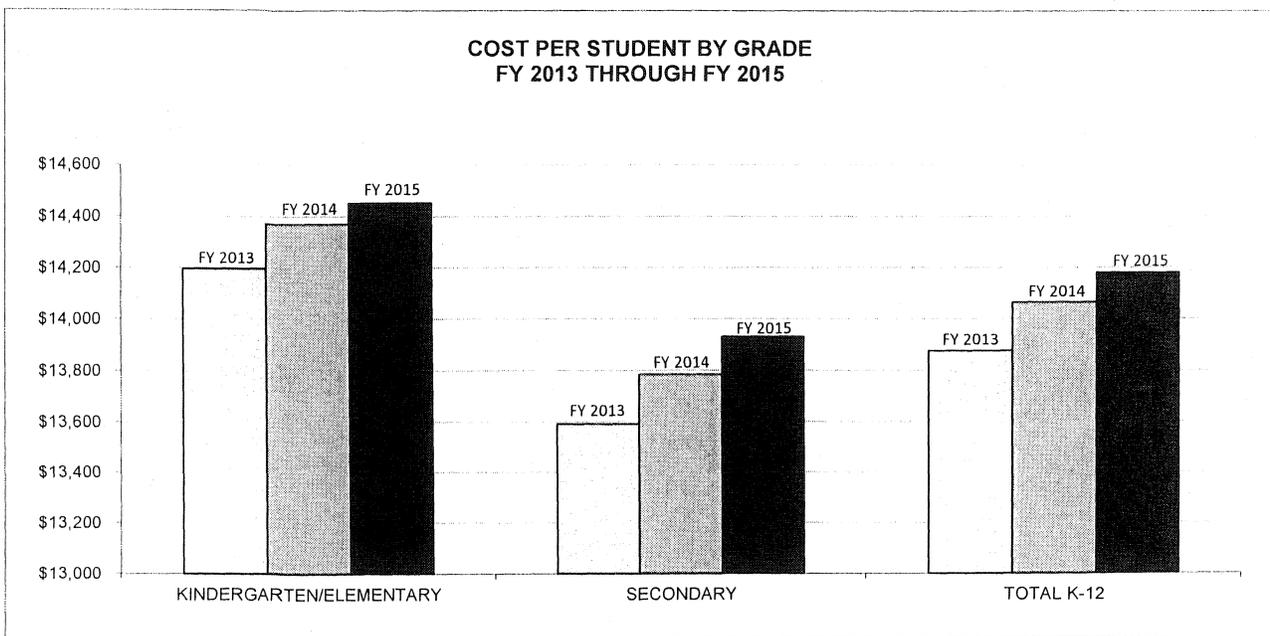


**TABLE 5  
ALLOCATION OF STAFFING**

	POSITIONS	BUDGET FY 2010	BUDGET FY 2011	BUDGET FY 2012	BUDGET FY 2013	BUDGET FY 2014	BUDGET FY 2015	FY 14-FY 15 CHANGE
1	<b>Executive</b>	19.000	17.000	17.000	19.000	21.000	21.000	-
2	<b>Administrative</b> - (directors, supervisors, program coordinators, executive assistants)	213.000	200.200	199.000	195.000	196.700	197.900	1.200
3	<b>Business/Operations Administrator</b> - (leadership positions supervised by directors and supervisors)	94.000	94.000	92.000	92.000	91.650	89.650	(2.000)
4	<b>Other Professional</b> - (12-month instructional/ evaluation specialists)	210.800	198.500	186.900	182.300	183.500	190.300	6.800
5	<b>Principal/Assistant Principal</b>	485.000	484.000	484.000	486.000	491.500	495.000	3.500
6	<b>Teacher</b>	10,408.500	10,239.670	10,281.220	10,475.070	10,759.420	10,999.121	239.701
7	<b>Special Education Specialist</b> (speech pathologists, physical/occupational therapists)	469.500	479.600	482.400	495.200	506.750	508.850	2.100
8	<b>Media Specialist</b>	201.500	197.500	189.200	190.200	192.200	195.500	3.300
9	<b>Counselor</b>	467.000	461.000	451.300	453.300	456.300	468.500	12.200
10	<b>Psychologist</b>	97.100	96.205	94.805	94.905	100.000	105.000	5.000
11	<b>Social Worker</b>	14.100	14.805	13.905	14.405	14.800	14.800	-
12	<b>Pupil Personnel Worker</b>	47.000	45.000	45.000	45.000	45.000	48.000	3.000
13	<b>Instructional Aide and Assistant</b> (paraeducators, media assistants, lunch-hour aides, parent assistants, instructional data assistants)	2,614.880	2,627.980	2,519.048	2,560.253	2,596.605	2,647.534	50.929
14	<b>Secretarial/Clerical/Data Support</b> (secretarial, clerical, personnel/transportation/fiscal/other lower grade program/data assistants)	1,020.837	1,000.025	997.250	988.100	986.625	983.750	(2.875)
15	<b>IT Systems Specialist</b>	144.500	143.000	131.000	131.000	131.000	132.500	1.500
16	<b>Security</b> - (includes all positions except those in lines 2,3,14 above)	229.000	227.000	227.000	227.000	227.000	228.000	1.000
17	<b>Cafeteria</b> - (Includes all positions except those in lines 2,3,14,15 above)	557.448	557.488	556.448	557.948	558.948	561.448	2.500
18	<b>Building Services</b> - (includes all positions except those in lines 2,3,14 above)	1,309.700	1,319.200	1,335.200	1,342.700	1,365.075	1,377.075	12.000
19	<b>Facilities Management/Maintenance</b> - (includes all positions except those in lines 2,3,14,15 above)	349.000	347.000	344.500	345.000	354.000	354.000	-
20	<b>Supply/Property Management</b> - (includes all positions except those in lines 2, 3,14,15 above)	54.500	53.500	53.000	47.000	50.000	50.500	0.500
21	<b>Transportation</b> - (includes all positions except those in lines 2,3 14,15 above)	1,694.750	1,695.750	1,687.650	1,685.650	1,685.590	1,685.590	-
22	<b>Other Support Personnel</b> - (business, technology human resources,communications, printing, and other support staff)	248.800	245.260	224.400	234.575	230.075	229.075	(1.000)
	<b>TOTAL</b>	<b>20,949.915</b>	<b>20,743.683</b>	<b>20,612.226</b>	<b>20,861.606</b>	<b>21,243.738</b>	<b>21,583.093</b>	<b>339.355</b>

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

	KINDERGARTEN/ ELEMENTARY	SECONDARY	TOTAL K-12*	AMOUNT EXCLUDED*	TOTAL BUDGET**
<b>FY 2013 BUDGET</b>					
EXPENDITURES	\$970,827,703	\$1,039,120,060	\$2,009,947,763	150,081,832	\$2,160,029,595
STUDENTS 9/30/12	68,393	76,452	144,845		
COST PER STUDENT	\$14,195	\$13,592	\$13,877		
<b>FY 2014 BUDGET</b>					
EXPENDITURES	\$1,008,872,900	\$1,062,018,494	\$2,070,891,394	\$154,529,658	\$2,225,421,052
STUDENTS 9/30/13	70,197	77,037	147,234		
COST PER STUDENT	\$14,372	\$13,786	\$14,065		
<b>FY 2015 BUDGET</b>					
EXPENDITURES	\$1,032,767,810	\$1,093,519,643	\$2,126,287,453	\$155,521,668	\$2,281,809,121
STUDENTS 9/30/14	71,451	78,491	149,942		
COST PER STUDENT	14,454	13,932	14,181		



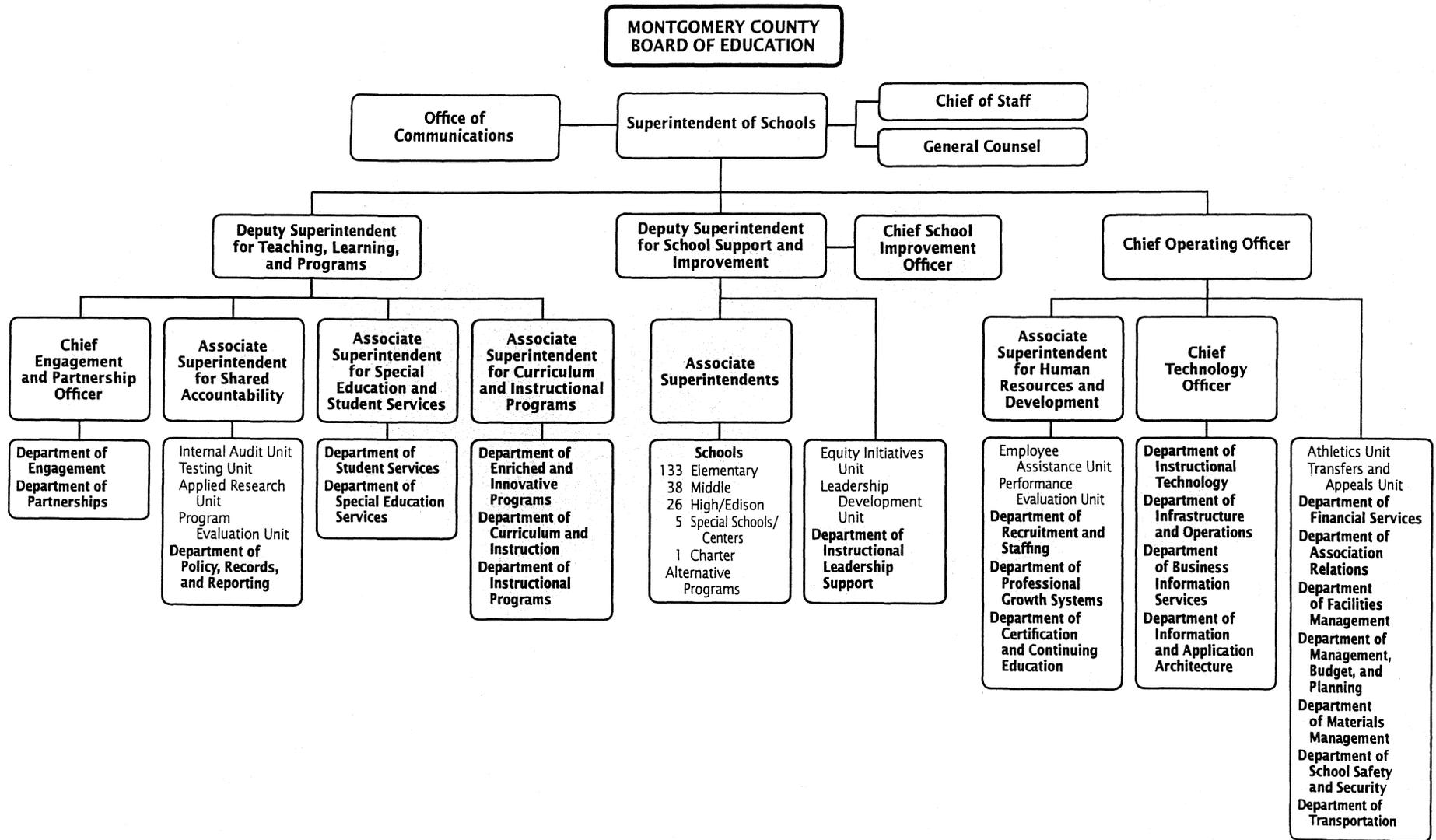
**Notes:**

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

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

FY 2014 Figures Reflect Current Approved Budget.

# MONTGOMERY COUNTY PUBLIC SCHOOLS ORGANIZATION—FY 2015



## **Montgomery County Public Schools FY 2015 Operating Budget**

### **Summary of Negotiations**

During FY 2013, the Board of Education reached agreement on economic re-opener agreements with all three employee associations. All groups are covered under separate two-year agreements covering July 1, 2012, through June 30, 2014. The bargaining units 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 (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 covering both units.

On March 21, 2013, the Board of Education ratified final agreements with its three employee associations on economic terms for FY 2014. Eligible employees hired prior to February 1, 2013, who are not at the top step of their range, will move one step from their current step on the schedule effective February 8, 2014, and employees who are eligible for longevity increases also will receive these increases on February 8, 2014. Employees not eligible for steps or longevity increases will receive a two percent salary increase on February 8, 2014.

Negotiations on successor agreements effective FY 2015 and beyond have been initiated and are ongoing. Negotiations are planned to be concluded earlier in the budget process than the preceding two years; however, the scope and complexity of the issues will determine how quickly agreement will be achieved.

## Montgomery County Public Schools FY 2015 Operating Budget

### Budget Transparency and Publications

The Montgomery County Public Schools publishes and posts on its website a variety of publications that involve 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, but all budget documents are available on the MCPS website at [www.montgomeryschoolsmd.org/departments/budget/](http://www.montgomeryschoolsmd.org/departments/budget/).

Following are details of the information available on the MCPS operating budget.

- *Building Our Future Together: Students, Staff and Community* – The MCPS strategic planning framework emphasizes MCPS’ commitment to ensuring that students are college and/or career ready while focusing on three key competency areas: academic excellence; creative problem solving; and social emotional learning.
- *Recommended Operating Budget* – The *Superintendent’s Recommended Operating Budget*, often called the management budget, shows budget resources as a summary and by office, department, and other units.
- *Budget in Brief* – The *Budget in Brief* describes briefly major budget changes and other issues as an introduction to the operating budget. It includes details of proposals included in the recommended budget. It also includes important summary statistical information about the operating budget.
- *Personnel Complement* – The *Personnel Complement* includes a detailed listing of all positions requested in the budget. Both the *Program Budget* and the *Recommended Operating Budget* include personnel complements organized by program and unit respectively.
- *Program Budget* – The *Program Budget* summarizes the operating budget in more than 100 major programs across departments and offices. The *Program Budget* is being redesigned and will be issued in the spring of 2014 reflecting strategies and initiatives by program consistent with the new strategic planning framework.
- *Schools at a Glance* – The *Schools at a Glance* annual publication shows a variety of information for each MCPS school, including programs from the *Program Budget* that are implemented at each school and personnel allocated to each school. A separate document, *Special Education at a Glance*, is published to show special education resources at each school.

## Montgomery County Public Schools FY 2015 Operating Budget

### Public Engagement and the Operating Budget

While the MCPS strategic planning framework: *Building Our Future Together: Students, Staff, and Community* helps to guide budgetary planning and decision making, the superintendent and Board of Education have a variety of efforts to reach out to stakeholders to strengthen public engagement in the development of the budget. A description of these efforts is described below.

- The Superintendent has held two Community Days on October 14, 2013, at Clarksburg High School and November 21, 2013, at Montgomery Blair High school. Each Community Day ends with an evening Town Hall event during which the public can ask questions and share thoughts and ideas. In addition, the superintendent facilitated two meetings with Board members to elicit feedback on its “Operating Budget Interests” for FY 2015.
- For the second year in a row, MCPS is hosting a Neighbor to Neighbor conversation on the topic of the MCPS Operating Budget. Through feedback from Neighbor to Neighbor conversations, the Board of Education and the Superintendent can hear what parents and community members value in the school district’s budget for the next school year.
- Each year, the Board of Education holds public hearings on the operating budget. These are scheduled for January 10 and 17, 2014, 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. In addition, the Board gains valuable insight from the public comments that are presented at each Board of Education meeting.
- In a memorandum dated April 30, 2013, to the Board of Education, the Superintendent outlined a modified budget development process for FY 2015. The refined budget process provides the means to develop a multiyear plan for the operating budget that is focused on implementation of the Common Core State Standards, closing the achievement gap, and ensuring students are college and career ready. During the spring of 2013, focus groups that included teachers, students, parents, principals, and community members met to align resources of the school system with the strategic planning framework and priorities. In addition, three teams were established made up of principals, teachers, other school-based staff, central office staff, and community members to gather input on the work of elementary, middle, and high schools in order to identify the structures, resources, and processes that should be in place in order to achieve the goals of MCPS. The three school level teams met during the summer and reviewed the input of the focus groups. The work of both the focus groups and the school level teams provided opportunities for many individuals to provide input into the development of the operating budget before the Superintendent’s recommended budget is given to the Board of Education.

## **Montgomery County Public Schools FY 2015 Operating Budget**

### **Operating Budget Summary**

The Superintendent's FY 2015 Recommended Operating Budget for the Montgomery County Public Schools (MCPS) totals \$2,281,809,121. This is an increase of \$56,388,069 (2.5 percent) more than the current FY 2014 Operating Budget of \$2,225,421,052. Excluding grants and enterprise funds, the superintendent's FY 2015 budget recommendation for the purpose of spending affordability is \$2,144,606,474, or the total tax-supported budget. This is \$60,268,106 (2.9 percent) more than the current tax-supported portion of the FY 2014 Operating Budget of \$2,084,338,368.

The FY 2015 Recommended Operating Budget includes an increase of \$46,124,734 in local funding. This amount includes \$25,306,853, which is required under the Maintenance of Effort (MOE) law and \$3,297,862 required for the third year of the shift of a portion of teacher pensions from the state to the county.

Below are details of major elements that change the MCPS operating budget for FY 2015.

#### **Expenditures to Fund Same Services**

- Enrollment Changes—A total of \$10.9 million and 156.5 additional positions is needed for a total student enrollment increase of 2,721 additional Grades K-12 students projected for FY 2015. The total increase of 2,721 students in FY 2015 reflects actual FY 2014 enrollment that is 495 more Grades K-12 students than the FY 2014 budgeted projection. Resources are included for the Montessori Charter School, which is adding a first grade class in the 2014-2015 school year.
- Special Education—An additional \$6.6 million and 74.911 positions are needed for changes in special education enrollment, including \$2.4 million for 35.0 additional teachers; \$1.4 million for 35.8 paraeducators; \$84,000 for 1.2 occupational and physical therapist positions; \$71,000 for a .9 speech pathologist; \$67,000 for a 1.0 brailist; \$788,000 for critical staffing requirements; \$576,000 for substitutes, extended school year services, and materials; and \$1.1 million for additional students projected to attend non-public schools. MCPS receives partial state reimbursement for these students in non-public schools.
- ESOL—An additional \$507,000 and 7.7 positions are required for an increase of 150 ESOL students, for a total of 20,250 students for FY 2015. While these students receive supplementary services, they are included in the overall enrollment numbers.
- New Schools/Additional Space—An increase of \$2.9 million and 21.750 positions is needed for the opening of new school space in FY 2015. An increase of \$1.7 million and 15.250 positions is required for the opening of the new Clarksburg Cluster Elementary School in August 2014. This includes the annualization of the principal and administrative secretary positions that were partially funded in FY 2014 to prepare for the

opening of the school. Other positions include an assistant principal, reading specialist, staff development teacher, counselor, media specialist, media assistant, instructional data assistant, secretary, and building service workers. In addition, an increase of \$1.3 million and 6.5 building service worker positions is needed for additional space at several school buildings in FY 2015.

- **Continuing Salaries**—A total of \$6.8 million is required to be added to the budget for continuing salaries and associated benefits. This includes funding for the annualization of the February 8, 2014, step increase, longevities and two percent salary adjustment provided to eligible employees.
- **Employee Benefits**—The cost of employee benefits and insurance for current and retired employees will add \$17.3 million to the budget, including \$10.2 million for the increased cost of health and life insurance for current employees and \$1.7 million for retirees. Also, the budget includes \$3.3 million for the third year of a four-year plan that shifts part of teacher pension payments made by the state on behalf of local school districts to local school boards. In addition, \$1.8 million is included for the cost of self-insurance, including \$1.7 million for worker's compensation. An additional \$700,000 is included for tuition reimbursement for FY 2015. All of these costs are offset by a savings of \$358,000 in the administrative fees for the state's retirement fund administration and other costs.
- **Inflation and Other Expenditures**—The effects of inflation and other required expenditures will add a net increase of \$1.8 million, including \$743,000 for higher costs of supplies and materials, \$1.3 million for a 2.5 percent rate increase for tuition for special education students in non-public placements; \$1.3 million for costs of replacement buses; \$855,000 for technology; and \$1.5 million for plant operations and maintenance. These costs are offset by a savings of \$2.0 million for reduced utility costs based on rate projections and conservation in the consumption of utilities, and a net decrease of \$1.9 million for grant expenditures due to sequestration and other cost adjustments.

### **Strategic Priority Enhancements**

- Strategic program restorations and enhancements are included in the FY 2015 budget totaling \$11.8 million and 84.70 positions. These resources will meet new demands and address longstanding issues through (1) improving the student services support model, (2) continuing the middle school focus, (3) enhancing high school initiatives, (4) supporting partnerships and community engagement, (5) providing elementary school support, and (6) investing in other initiatives across grade levels.

### **Efficiencies and Reductions**

- Between FY 2009 and 2014, the MCPS Operating Budget has been reduced by more than \$165 million and 1,375 positions from savings from program efficiencies and reductions. Employees also agreed to forego a negotiated general wage increase in FY 2010, saving \$89 million, and salary increments (steps and longevity increases) savings of \$54 million during FY 2011 and FY 2012.

- In FY 2015, budget efficiencies and reductions total \$3.3 million and 22.6 positions, including \$2.2 million and 9.5 positions from central services.

## **Revenue**

- **Local Contribution**—The FY 2015 Recommended Operating Budget includes an increase of \$46.0 million in the local contribution. For FY 2015, the minimum increase in the local contribution required by the Maintenance of Effort law is \$25.3 million plus \$3.3 million required for the shift of part of teacher pension payments from the state to the county.
- **State Aid**—State aid is estimated to increase by \$14 million in the FY 2015 Operating Budget. Foundation aid is the largest component of state aid and the amount reflects changes in enrollment. The Foundation aid formula also is driven by relative property and income wealth in the county. The \$14 million estimate is preliminary until state aid figures are available in January 2014.
- **Federal Aid**—Federal aid is estimated to total \$68.4 million for Impact Aid and Federal grant aid. This reflects the anticipated decrease of \$4.3 million in Federal grant aid due mostly to federal sequestration required by the Budget Control Act of 2011.
- **Fund Balance**—The FY 2015 Operating Budget includes \$27.0 million of fund balance from prior year savings. This is the same amount that was used in support of the FY 2014 Operating Budget.

## Montgomery County Public Schools FY 2015 Operating Budget

### Development of the FY 2015 Operating Budget Priorities

The FY 2015 Recommended Operating Budget reflects the impact of a number of drivers that led to priorities included in the formulation and development of this year's budget. These drivers include the new strategic planning framework, the operating budget interests adopted by the Board of Education, expanded public engagement through the use of focus groups and school level teams, and continuous improvement processes to improve performance.

On June 24, 2013, the Board of Education approved a new strategic planning framework that will guide the work of MCPS in the coming years. The framework, *Building Our Future Together: Students, Staff, and Community*, incorporates the three competencies that students need for success in the 21st century—academic excellence, creative problem solving, and social emotional learning—as well as a continued commitment to operational excellence. The strategic planning framework emphasizes the commitment to ensure that students graduate from MCPS ready for college and/or entry into the workforce. Created in collaboration with a variety of stakeholders including students, staff, parents, and the community, the strategic planning framework addresses what students need to be successful. The framework outlines the expectations for staff, students, and the community, laying out a clear path to meet our goals. MCPS will continue to organize and optimize resources that align to the three competency areas and reflect the Board's core values to ensure that every student is well prepared for success beyond high school.

In addition, for the past three years, the Board of Education has developed operating budget interests that have served as a guide to MCPS in the formulation of the annual operating budget. These operating budget interests were developed to ensure that all involved in the formulation of the operating budget were aware of the interests of the Board but also to enhance transparency and lead to a richer discussion for the operating budget during the year. The development of the Board's FY 2015 Operating Budget interests was an important initial step in the MCPS budget process. As a starting point, the Board used the ten budget interests it had adopted in September 2012 for the FY 2014 Operating Budget. On July 16, 2013, the Board reviewed each of the ten budget interests and found that a few should remain unchanged while others needed modification. In the end, the Board adopted the following budget interests for the FY 2015 Operating Budget on September 10, 2013.

1. Provide multiple pathways enabling graduates to be globally competitive and college and career-ready.
2. Meet the needs of each individual child, including their health and social and emotional wellbeing and a strong start for all students before kindergarten.
3. Continue to reduce variability of performance/address student performance issues.
4. Retain and support staff to create the conditions for success that support schools and students.

5. Expand and support community engagement in our schools. Work hard to ensure that communities and families know what they need to do to support their children.
6. Maintain and improve our special education programs and processes.
7. Promote instructional strategies and curriculum that engage students through innovative delivery methods and 21st Century physical spaces.
8. Focus on all students and ensure all students have equity of access to appropriate and higher level courses so that outcomes are not predictable by race, ethnicity, or socioeconomic status and all gaps in achievement are eliminated.
9. Ensure the budget is aligned to the Strategic Planning Framework and organize and optimize resources, including the implementation of the Strategic Technology Plan and the Environmental Sustainability Plan, while providing the highest quality business operations and support services that are essential to the educational success of all students.
10. Pay attention to areas of great need, in particular, middle school.

Also, during the spring and summer of 2013, MCPS implemented a modified budget development process for the FY 2015 Operating Budget that engaged our staff, students, and the community at the early stages of the budget process. This modified process was described in a memorandum from the superintendent of schools to the Board of Education on April 30, 2013.

During the spring, focus groups were formed consisting of principals, teachers, other staff, parents, students, and community members. These focus groups met to respond to a series of questions including the following:

- Regarding the achievement gap, what is working with how resources are allocated and used?
- How should MCPS be organized differently or allocate resources differently for students impacted by the achievement gap?
- What is working for our most academically advanced students?
- How should MCPS be organized differently or allocate resources differently for our most academically advanced students?
- What is working with respect to career and college readiness and the implementation of the Common Core State Standards?
- How should MCPS be organized differently or allocate resources differently to meet the needs of our students?
- As system priorities, job priorities, and student needs have adjusted in response to changed expectations for graduates in the 21<sup>st</sup> century, what resources should be considered for realignment or should be adjusted to reflect these changing demands?

In addition, three school level teams formed to identify the structures, resources, and processes that should be in place for MCPS. One of the teams looked at elementary schools, a second at middle schools, and the third team at high schools. The teams reviewed the input from the focus groups and were tasked to prepare multiyear budget plans that were aligned with the new strategic planning framework, the system priorities and the Board of Education interests. Each team's membership consisted of principals, teachers and other school-based staff, parents, and representatives from central offices. The three teams' discussions focused on what is needed to

implement the strategic planning framework including professional development, interventions, and engagement. The discussions were directed at how schools' work ensures success for all levels of students. Each of the three teams was tasked with presenting a multiyear plan to include an assessment of additional resources that may be required, as well as those resources that may be eliminated or realigned in the operating budget.

The input submitted by the three teams was shared with the budget review committee made up of the deputy superintendents, the employee association leaders, and the Montgomery County Council of Parent Teacher Associations leadership. This budget review committee serves as the steering committee for budget discussions and assists the superintendent of schools as the operating budget is determined.

Another important factor in the development of the FY 2015 Operating Budget is the continuous improvement process embodied in the Malcolm Baldrige Education Criteria for Performance Excellence. This continuous improvement process has helped produce the school system's outstanding academic and operational results. MCPS has formalized key processes designed to produce high levels of performance from each staff member. These processes were created through collaboration, making employees integral players in the design of the systems they use every day to perform their jobs. Collecting, tracking and analyzing data to monitor progress and make decisions about what happens inside and outside the classroom is the anchor in the MCPS process of continuous improvement.

In summary, there are a number of drivers that impacted the development of the FY 2015 Recommended Operating Budget. A new strategic planning framework, *Building Our Future Together: Students, Staff, and Community*, lays out a path to meet our goals. For the third year, the Board of Education adopted budget interests to guide MCPS in the development of the operating budget. Public engagement occurred early in the budget development process in the formulation and work of focus groups and school level teams that provided valuable information to the budget review committee. Finally, the continuous improvement process of MCPS that was critical to the school district receiving the prestigious Malcolm Baldrige National Quality Award in 2010 continues to be a part of operating budget development process.

## Montgomery County Public Schools FY 2015 Operating Budget

### MCPS Record of Success

#### National Assessments

- Four MCPS high schools rank in the top 100 of *The Washington Post* 2013 High School Challenge and all 25 MCPS high schools appear on this list, which only includes the top nine percent of high schools in the country.
- Eight MCPS high schools made the *U.S. News & World Report* 2013 list of Best High Schools. MCPS had the top six high schools in the state of Maryland. *U.S. News* also ranked six MCPS high schools among the nation's best for Science, Technology, Engineering, and Mathematics (STEM) education.
- 17 MCPS high schools made the annual list of America's Best High Schools, published by *Newsweek/The Daily Beast*. Two MCPS high schools made the top 100 nationally, and the district had the top six 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.
- The Schott Foundation reports that MCPS has the highest graduation rate in the nation for African American males among the nation's largest districts.
- A historic high of 32,974 Advanced Placement (AP) exams were taken by MCPS students in 2012. Students earned a college-ready score (3 or higher) on 75 percent of those exams.
- In 2012, the percentage of AP exams taken by MCPS' African American students (51.8 percent) that earned college-ready scores of 3 or higher is significantly higher than the percentage of 30.9 percent in Maryland and 27.7 percent in the nation.
- In 2012, 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 Maryland (53.4 percent) and the nation (41.3 percent).
- More than two-thirds (67.3 percent) of graduates from the Class of 2012 took at least one AP exam, compared with 48.2 percent in Maryland and 32.4 percent nationally.
- More than half (52.3) of the Class of 2012 scored a 3 or higher on at least one AP exam while in high school—significantly higher than the state average of 29.6 percent and the national average of 19.5 percent.

- In 2012, the percentage of MCPS African American and Hispanic graduates earning a 3 or higher on at least one AP exam surpassed the national average for *all* graduates (19.5 percent).
- The Class of 2013 earned a 1648 average combined SAT score, surpassing both national and state averages. Sixty-nine percent of graduates took the SAT and MCPS' Hispanic and African American students outperformed their peers across the nation.
- Nearly 50 percent of the graduates in the MCPS Classes of 2001–2004 earned a bachelor's degree within six years, compared with 27.5 percent nationwide. Sixty percent of 2003 MCPS graduates who enrolled in college within the first year after high school obtained bachelor's degrees or higher within six years, nearly double the rate of the nation at 30.7 percent.
- More than \$288 million in scholarships was awarded to students in the Class of 2013.
- There were 169 Ivy League school acceptances in the Class of 2012
- The Class of 2013 had 65 National Merit Finalists.
- MCPS has 36 schools that have been named National Blue Ribbon Schools.

### **Math, Science, and Reading**

- More than 90 percent of kindergartners have met or exceeded reading targets from 2008 to 2012, closing the achievement gap by race/ethnicity and socioeconomic status at this grade level.
- Sixty-two percent of Grade 8 students in 2012 completed Algebra 1 with a "C" or higher or enrolled in a higher-level math course.
- Across the district, eight students were semifinalists in the 2013 Intel Science Talent Search. From 1999 to 2011, Montgomery Blair High School has had more semifinalists than any other high school in the United States.
- Fifteen students were named regional finalists or semifinalists in the prestigious Siemens Competition in Math, Science and Technology in 2013.

## Montgomery County Public Schools FY 2015 Operating Budget

### Building on Our Current Work

The FY 2014 Operating Budget was the first year of a multiyear budget strategy that invests in managing our continued growth in student enrollment, addressing our long-standing challenge of the achievement gap, and preparing our students and staff to embrace new and innovative ways of teaching and learning. The FY 2014 Operating Budget included \$12.7 million for the first year of this investment. The FY 2015 Operating Budget includes \$11.8 million in strategic priority enhancements that build on the investments made in FY 2014.

Examples of the strategic enhancements in the FY 2014 Operating Budget included:

- Providing critical training and support for teachers to implement Curriculum 2.0, including expansion to Grades 4 and 5, and mathematics and literacy at the secondary level.
- Improving middle schools by adding 30 English and mathematics teachers to allow for more individualized instruction, and restoring middle school staff development teachers to full time;
- Adding 10 elementary school mathematics teachers to provide accelerated instruction to students who are ready, as well as staff to help with the Common Core State Standards implementation in mathematics;
- Supporting community partnerships that benefit students, including the Achieving Collegiate Excellence and Success (ACES) program, a partnership with Montgomery College and the Universities at Shady Grove.

Other important work is underway this year to improve student outcomes. Several of these efforts are described below.

#### Innovation Schools Network

This year funds were redirected and targeted on the considerable effort now underway in our ten Innovation Schools. These schools were chosen in May 2013 to receive intense support in designing and implementing innovative school improvement and professional learning plans to accelerate the closing of achievement gaps.

The Innovation Schools were selected based on an analysis of multiple measures of student outcomes, leadership, and implementation data. An important part of the selection process was prioritizing schools where comprehensive school improvement efforts already were taking place and where leadership strengths were present. Using a needs assessment process, schools' needs were diagnosed and customized plans of support were developed to assist the schools in achieving their innovation goals. Central services staff are providing intense one-on-one coaching and support to school principals. This partnership is leading the process of improvement, focusing on the development of high-performing leadership teams, and enhancing instructional programming. Innovation Schools serve as a primary example of how central services are collaborating with school leaders in new ways and inform next steps in improvement

systemwide. Additional funding is included in the FY 2015 Operating Budget to provide time for leadership teams to deepen their work and to support the development and implementation of each school's improvement plan.

#### Interventions Schools Network

In August 2013, MCPS announced the first 10 schools that are a part of a districtwide initiative to improve the quality and timeliness of interventions for students who are struggling. The 10 schools that were selected had applied to be a part of the Interventions Network. These schools are working with central office staff and other schools to gain knowledge and expertise in providing differentiated support to students. The Interventions Network schools also serve as models in the district as MCPS designs and phases in its systemic approach to interventions. Members of the Interventions Network receive training, coaching, and support that are tailored to each individual school. Staff from the schools participate in monthly Network meetings focused on professional learning, case study analysis, and shared best practices. The FY 2015 Operating Budget continues the investment and includes funding to identify early warning signs that indicate that students require support, develop personalized learning plans for students, support monitoring of student progress, and develop a school culture of high expectations and equity.

#### Coordinated Student Services

As part of a multi-year effort, the FY 2014 Operating Budget included the addition of five psychologist positions and two elementary school counselors to begin to provide lower caseloads, and to improve the timeliness and quality of services to our most vulnerable students. However, current staffing levels continue to impose constraints on the ability of our Coordinated Student Services Teams to deliver comprehensive services. The FY 2015 Operating Budget includes the addition of 4.0 psychologists, 5.5 elementary school counselors, and 3.0 pupil personnel workers. These positions will provide additional support for the teams to help educators promote social/emotional learning, identify mental health needs, and provide support to schools and students with the most immediate needs. Additional positions will be required beyond FY 2015 to continue to meet the needs of students who require services and support.

#### Community Engagement and Partnerships

The FY 2014 budget included realigned resources to support the expansion of the Office of Community Engagement and Partnerships. The mission of this office is to improve student outcomes by engaging parents and forming strategic partnerships between local schools and local community organizations and stakeholders. This year, initial efforts are underway to form community engagement teams that will help parents to navigate the school environment. In addition, the office is forming connections with local businesses, faith-based organizations, nonprofit organizations, governmental agencies, and other community affiliates to enhance education. Additional resources are recommended in the FY 2015 Operating Budget to provide coordination and direct support for parent and community engagement services and to expand the work of the community engagement teams.

#### Project-Based Learning

This year, Wheaton High School received a staff allocation to coordinate the work of three strategic planning committees that are focusing on transforming the school culture, implementing project-based learning, and forming collaborative partnerships among the school, parents, and the community. Additional professional development funds are recommended in the FY 2015

Operating Budget to prepare for Wheaton High School's transformation from a traditional high school to a project-based community high school

Minority Achievement Programs

In FY 2014, \$100,000 was budgeted to support minority achievement extracurricular programs in high schools. Schools applied for funds and allocations were based on need and the ability of schools to support the program. Schools have initiated a variety of extracurricular programs to support achievement of minority students outside of the student day. The FY 2015 Operating Budget includes a small additional investment of \$50,000 to support these programs.

## **Montgomery County Public Schools FY 2015 Operating Budget**

### **Program Realignments to Fund the Highest Priority Work**

Each year, MCPS realigns millions of dollars for positions and other resources within and between units to ensure that the budget is aligned with the most important priorities. The FY 2015 Operating budget includes \$2.7 million in realignments. A summary of the realignments is provided below.

#### **Professional Development**

The amount budgeted for professional development is targeted on building the capacity of school leaders, teachers, and other staff and enable them to meet the instructional and social/emotional needs of all students, and to implement the new curriculum aligned with the Common Core State Standards. The FY 2015 Operating Budget includes the realignment of approximately \$1.0 million of existing professional development funds to focus on literacy and building the capacity of all teachers to meet the English language and content needs of English language learners. At the elementary school level, all Pre-K through Grade 2 teachers, including reading teachers, staff development teachers, and special education and ESOL teachers, will attend face-to-face training on early literacy skills and the unique needs of English language learners. At the secondary level, core team training for resource teachers will address both the English language and specific content needs of English language learners.

#### **Alternative Programs**

Alternative Programs are redesigned for FY 2015 to strengthen the instructional program and learning environment for students who have not been successful in traditional middle and high school programs. The redesigned program will include the following components;

- Individualized alternative education plans with measurable goals and criteria for success.
- Comprehensive, therapeutic, and wrap-around services for students and families including both behavior and mental health specialists on site to support students as well as case managers to connect families to supports.
- Academic standards aligned with the Common Core State Standards that are transparently linked to future learning and work opportunities.
- Student-centered project-based instruction and experiential learning, including online learning opportunities.
- A healthy and inviting physical environment that fosters education, emotional well-being, and sense of pride.

For FY 2015, approximately \$300,000 is realigned to support the redesigned program. Resource teachers for individual programs are realigned to support content areas. Staffing reallocations will create a curriculum program coordinator position to develop and implement the

instructional redesign, and reading specialist, school psychologist, and counselor positions to address academic and social emotional needs.

### **Other Realignments**

In addition to these program realignments, a zero-based budgeting process has resulted in the identification of \$1.4 million that is realigned for FY 2015 to ensure that budgeted funds are used for the highest priority work. Several of these realignments are described below.

#### K-12 Instruction

- Realignment of \$400,000 from middle schools substitute salaries to the elementary schools budget to provide additional funding for sick and annual leave.

#### Office of Curriculum and Instructional Programs

- Realignment of \$55,934 from the Division of Accelerated and Enriched Instruction to the Division of Consortia Choice and Applicant Programs Services to better align budgeted resources where they are managed and utilized.

#### Office of the Chief Operating Officer

- Realignment of \$250,000 budgeted for facility rental costs from the Department of Facilities Management to the Real Estate Management Fund. The amount of building rental charged to the Real Estate Management Fund has increased to reduce the fund balance from a reserve level of 15 percent to 10 percent of the total operating income. Therefore, these expenditures are realigned from the General Fund to the Real Estate Management Fund for FY 2015.
- Realignment of \$55,560 for the Montgomery County Mechanical Skills courses from the Office of Human Resources and Development to the Division of School Plant Operations where the resources are managed and utilized.

#### Office of the Chief Technology Officer

- Realignment of \$444,676 for contractual services and consultant services from the Department of Information and Application Service's budget to the Division of Instructional Information Services. This change will realign budgeted expenditures where they are managed and utilized.
- Realignment of \$72,660 from various units to the Department of Instructional Technology budget to fund stipends for Promethean ActivStudio training.

## Montgomery County Public Schools FY 2015 Operating Budget

### Strategic Priority Enhancements

#### Improve the Student Support Model

##### *5.5 Elementary Counselors, 4.0 School Psychologists and 3.0 Pupil Personnel Workers - \$947,109*

The role of Coordinated Student Services Teams (CSST) in schools is to align services and programs to enable students to acquire social and emotional competence, help educators promote social/emotional learning, identify mental health needs, and provide mental health support. Current staffing levels impose significant constraints upon the ability of student services personnel to deliver a comprehensive continuum of services.

To effectively enhance the work of CSSTs, and as part of a multi-year effort, the FY 2015 Recommended Operating Budget includes \$413,078 for an additional 5.5 elementary school counselors, \$300,421 for 4.0 school psychologists, and \$233,610 for 3.0 pupil personnel workers. Adding positions over three years will provide for lower caseloads for employees and improvement of services to our most vulnerable students. Deployment of new staff will be based on school enrollment and variables which are associated with high school drop-out rates and lack of school success, including Free and Reduced-price Meals System (FARMS) eligibility, attendance, mobility, and suspension rates. These variables will be weighted to identify schools with the most immediate needs.

#### Continue the Middle School Focus

##### *10.5 Positions to Support English Language Learners - \$1,451,145*

MCPS is recommending a comprehensive multi-year effort to address the performance of English language learners to ensure that students attain and progress in English proficiency, and score proficient in reading and math. To improve academic outcomes for these students \$1,159,545 is budgeted to enable 21 middle schools to receive direct consultation and professional development from an English language development teacher/coach. The English language development teachers/coaches (average of .5 per school) will build the capacity of general education staff to support the language and academic content needs of ESOL students, students whose parents have refused ESOL services, and reclassified English language learners who have exited the ESOL program within the past two years.

The English language development teacher/coach will (1) support general education classroom teachers to analyze assessment data and differentiate classroom instruction based on the English language proficiency levels of students; (2) facilitate the use of information and resources provided through system-wide ESOL training to customize professional development to school staff members; and (3) model lessons, observe and provide feedback to teachers, and support grade-level and content team planning.

In addition, \$291,600 is budgeted to expand the Sheltered Instruction Observation Tool (SIOP) model to these 21 middle school and to 13 elementary middle schools. The SIOP model, sponsored by research conducted by the Center for Research on Education, Diversity, and Excellence, will be used to design and deliver instructional strategies to help both ESOL and general education teachers meet the unique needs of English Language Learners (ELLs) as they acquire proficiency in English and in the content areas.

Existing professional development funds of \$995,366 are realigned and targeted to build the capacity of general education teachers and leaders to work with ESOL students to support their language development and acquisition of academic content. The professional development will include face-to-face training, core team training, and training of trainers

### ***8.2 Teachers for Middle School Leadership - \$704,167***

As part of Middle School Reform, 11 schools implemented a leadership model where team leaders and content leaders for departments were allocated as separate positions. For FY 2015, implementation will continue for the remaining 27 middle schools. Implementation will be over three years with twelve schools changing to the new model in FY 2015, nine schools in FY 2016, and the remaining six schools in FY 2017. The change from the current model where leaders sometimes serve in both roles consists of adding leadership positions to schools. These leaders teach four classes in addition to serving in the leadership role. Therefore, the cost of each position is a .2 FTE. To implement the model so that each school has a content leader for each major content area and team leaders for each grade level, each school requires an additional .6 or .8 for a total of 8.2 FTE positions between the twelve schools. This new model will allow for more focused attention on each of the content areas so that the teacher leaders have more time to coach and work directly with teachers in the department.

### ***Middle School Improvement Strategy Implementation - \$102,835***

The middle school improvement strategy is based on the Strategic Planning Framework and lessons learned from Middle School Reform. The theory of action that guides this work is: If we value and understand all 21<sup>st</sup> century adolescent learners, and engage them in relevant, rigorous, and culturally responsive learning experiences, then we will improve conditions for teaching and learning that promote academic excellence, creative problem solving, and social emotional learning, and they will leave 8<sup>th</sup> grade ready for high school.

The work being done involves identifying the specific knowledge and skills (aligned to the academic, creative problem solving, and social emotional competencies outlined in the strategic planning framework) students should have before entering 9<sup>th</sup> grade. By the spring of their 8<sup>th</sup> grade year, students will be able to demonstrate their mastery of these competencies in a culminating activity through the use of technology called a Middle School Passport. The Passport will be an e-portfolio that allows students to contribute artifacts to demonstrate their growth in each of the three competencies. The Passport will serve as an additional communication tool to parents about their child's growth. Utilizing the Passport to understand the student as a learner will help build relationships with staff and improve the conditions of teaching and learning.

A pilot group of five middle schools and leadership teams will study ways to incorporate the middle school academic, creating problem solving, and social emotional competencies

throughout the instructional program. School administrators will build collaborative planning time into the schedule for staff to incorporate these characteristics in their content areas, reflect on their own practice, develop authentic relationships with students and colleagues, balance content expectations with instructions/interactions using these competencies, and explore and exploit rigorous and culturally relevant instructional strategies. Leadership teams in the five schools will participate in a one-day workshop to focus on understanding the middle school improvement strategy, and to explore opportunities to incorporate the strategy in the school structure, curricula, and activities. During the school year, cohorts of staff will have opportunities to plan and design innovative ways to apply the middle school improvement strategy, including the implementation of the Passport.

### **Enhance High School Initiatives**

#### ***15.0 FTE High School Focus Teachers - \$977,145***

A key area of focus in high schools continues to be reducing the achievement gap between White and Asian students and their Black and Latino counterparts. The FY 2015 budget includes 15 positions to address the achievement gap in the most impacted high schools. These positions will be combined with the existing 23.5 positions (17.3 budgeted for the Downcounty Consortium (DCC) high schools plus 6.2 added in FY 2014 for three additional impacted high schools) to reduce class sizes in our most impacted schools. These positions will be allocated to the eight schools that received these positions in FY 2014, as well as to other schools impacted by poverty to lower class sizes in English and mathematics (with a focus on Algebra 1 and Geometry) across all four grades.

The 17.3 positions were originally allocated to the DCC high schools to lower class sizes in ninth grade. However, over the past few years, these positions have been used in other grades as well. In FY 2014, 6.2 positions were added to support Watkins Mill, Springbrook, and Gaithersburg high schools in English and mathematics. The 38.5 positions will be allocated to schools based on enrollment and poverty factors to be used to support instruction across all grade levels in mathematics and English classes. The intent is to lower the student to teacher ratios and to provide high quality teachers to provide this instruction. Schools are expected to provide a plan for use of these positions.

#### ***10.0 Teacher Positions to Increase Release Periods for High School Resource Teachers - \$651,430***

Currently, resource teachers teach four classes, one less than classroom teachers. The additional release period provides time for resource teachers to fulfill leadership responsibilities including observations, coaching, professional development, planning for meetings, and providing other supports. While developing and providing support to classroom teachers is a key leverage point to achieve our goals, one release period does not provide the time needed for resource teachers to do this work. To accomplish this work, high school resource teachers in the critical content areas need additional time to work with, mentor, coach, and support teachers. The additional 10.0 teacher positions will provide 50 resource teachers an additional release period. An additional 10 teacher positions will be requested in FY 2016 to provide resource teachers in math, English, social studies, and science an additional release period.

### ***5.0 High School Staff Development Teachers - \$345,488***

Previous budget reductions resulted in each high school losing .6 staff development teacher position, and each school was allocated a .4 staff development teacher position. The result was that each school has less staff development support for teachers. The addition of 5.0 high school staff development teacher positions for FY 2015 will restore a .2 position to each of the 25 high schools. With the emphasis on improving instruction and preparing all students for career and college in our high schools, it is imperative that teachers have the required staff development support. In addition, the curriculum changes that will result from the Common Core State Standards will require much more focused support and assistance, which can only be accomplished by increasing the allocation of these staff development teachers. The additional .2 position per school will provide staff development teachers more time to provide school teams and individual teachers the support needed to build professional learning communities and focus on improving instruction and learning in all schools.

### ***Project-based Learning (PBL) at Wheaton High School – \$49,500***

Project-Based Learning (PBL) refers to students designing, planning, and carrying out an extended project such as a product, publication, or presentation. Teams of teachers, often from different disciplines, carefully plan learning experiences that engage students, scaffold skills, and culminate in a public sharing or presentation.

The additional amount requested to prepare for Wheaton's transformation from a traditional high school to a project-based community high school is \$49,000 for professional development. The following three interrelated initiatives are being developed and implemented:

- (1) Project-based learning: To ensure school staff understands the components of a successful project-based school, the budget includes funding for PBL materials, time for teachers to work on designing and implementing pilot projects, and the opportunity to work with an outside consultant to provide professional development on the principles for designing, assessing, and managing standards-focused projects as well as designing performance assessments.
- (2) Transformation of culture: The budget includes funding for summer professional development to help staff and students identify and understand the pillars of the cultural transformation. This work will help Wheaton High School move toward a culture of trust and transparency that supports all students and promotes PBL.
- (3) Collaborative partnerships among schools, parents, and the community: For FY 2014, Wheaton High School received a .4 staff allocation to coordinate the work of the three strategic plan subcommittees that focus on school culture, problem-based learning (PBL), and community outreach. For FY 2015, an additional .2 allocation will allow the school to expand its PBL efforts from experimental design in selected classrooms to a framework of PBL that is applied in all classrooms.

### ***Minority Achievement Programs- \$50,000***

In FY 2014, \$100,000 was budgeted to support minority achievement extracurricular programs in high schools. Schools applied for funds, and allocations were based on need and the ability of schools to support the program. Schools have initiated a variety of extracurricular programs that support improving achievement for minority students, including stipends for sponsors, materials for programs, and speaker fees. Each of the programs provides ongoing support for groups of minority students involved in programs outside of the student day. For FY 2015, an additional \$50,000 is budgeted to support these programs. These funds will be allocated through an application process.

### ***Alternative Programs Redesign - \$136,534***

The Alternative Programs redesign will strengthen the instructional program and learning environment for students who have not been successful in traditional middle school and high school programs. The redesigned program will include the following components of research-based best practices:

- Individualized alternative education plans with measurable goals and criteria for success.
- Comprehensive, therapeutic, and wrap-around services for students and families including both behavior and mental health specialists on site to support students as well as case managers to connect families to supports.
- Academic standards aligned with the Common Core State Standards that are transparently linked to future learning and work opportunities.
- Student-centered project-based instruction and experiential learning, including online learning opportunities.
- A healthy and inviting physical environment that fosters education, emotional well-being, and sense of pride.

Each student will have a personalized learning plan that is coordinated, monitored, and revised as needed. Student support teams consisting of educators and mental health professionals will meet weekly to measure student progress toward academic and social emotional goals. The redesign team is exploring a partnership with the “City Connects” program that joins students and families to school and community resources. Expanded and individualized wrap-around services will address health-related and environmental barriers to student achievement.

For FY 2015, approximately \$300,000 is realigned to support the redesigned program. Resource teachers for individual programs are realigned to support content areas. Staffing reallocations will create a curriculum program coordinator position to develop and implement the instructional redesign, and reading specialist, school psychologist, and counselor positions to address academic and social emotional needs. An additional 1.2 FTE positions and \$136,534 is added to complete the redesign, including the creation of 1.0 City Connects Coordinator to develop and monitor student interventions. The additional funds will support additional position salaries and benefits of \$14,757. The remaining \$121,777 will allow resource and staff development teachers to attend a summer professional development conference to study best practices for alternative education, all staff to participate in a five-day summer onboarding retreat, and time for professional staff to create individual student learning plans.

## **Support Partnerships and Community Engagement**

### ***5.0 Positions for the Office of Community Engagement and Partnerships - \$532,230***

Resources are requested to expand the Office of Community Engagement and Partnerships (OCEP) to enhance business and community engagement and partnership activities. These additional resources include two directors, two parent community coordinators, and one administrative secretary to enhance MCPS efforts to engage with parents and the community.

One director will lead OCEP's business and community partnership efforts, concentrating on building key relationships with corporate partners. This leader will develop strategies and networks to build new and strengthen existing partnerships, resulting in increased financial and volunteer support to MCPS' initiatives. The second director position will lead OCEP's engagement efforts, concentrating on exploring trends and activities in community organizing around education, as well as leading MCPS collaborations across disciplines to share resources and support family-facing staff throughout the system.

The two parent community coordinator positions will provide additional coordination of OCEP's parent and community engagement services, with direct focus on activities to implement Community Engagement Teams. The teams will work with Interventions and Innovation schools, as well as, the new Joint Engagement Plan. The Joint Engagement Plan requires coordination and oversight of a host of new activities in support of the superintendent's and Board of Education's outreach to families and communities. The administrative secretary will supported the expanded activities in the office.

### ***Expand the Kennedy Cluster Project - \$118,157***

The Kennedy Cluster Project was initiated in 2007 to identify and address the root causes of the achievement gap in MCPS. Schools in the Kennedy High cluster were selected as the focus of the project because the Kennedy Cluster schools enrolled large percentages of African American and Hispanic students, many of whom were poor or lived in homes where Spanish was the primary language. The Kennedy Cluster Project multiagency team representatives have provided students and their families support in school as well as access to health care, housing, financial assistance, legal aid, and many other social services. Although the achievement gap has not closed for the Kennedy Cluster students, there is evidence that the Kennedy Cluster Project has contributed to positive academic outcomes for individual at-risk students and for the Kennedy Cluster schools overall.

In FY 2015, the project model will expand to the Watkins Mill Cluster, and further expansion to other clusters is anticipated for FY 2016 and FY 2017. MCPS' share of this expansion for FY 2015 is \$118,227. This amount is distributed as follows:

- \$45,675 for a 0.5 evaluation specialist to conduct a study of the outcomes of the program. While the project has undergone several informal evaluations, there has never been an in-depth, formal evaluation conducted by the MCPS Office of Shared Accountability.
- \$60,552 for two 0.4 teacher-level positions to coordinate after-school programs at Col. E. Brook Lee Middle School and Montgomery Village Middle School. The Kennedy Project model includes extended-day programs in secondary schools, including Excel Beyond the Bell, Sports Academy, and Police Explorers. This position would report to the

principals of these schools and work with the multiple agencies that provided these programs to facilitate scheduling, coordination, and problem resolution.

- \$12,000 to help serve families. Currently, the Montgomery County Department of Health and Human Services provides \$12,000 per year to the Project's Multi-Agency Team to provide emergency cash assistance to families referred by the project schools. This amount would be a matching share from MCPS and would expand the Multi-Agency Team's ability to serve families in these schools.

### ***Transportation for Students Attending Excel Beyond the Bell—\$148,480***

Excel Beyond the Bell (EBB) provides high quality after-school programming for students to promote social, emotional, intellectual, and physical development. EBB operates as a collaborative partnership, combining the commitment and resources of the Montgomery County Recreation Department, the Montgomery County Collaboration Council for Children, Youth and Families, and MCPS. EBB is offered free of charge to students and their families, operates from 2:45 to 5:15 p.m. up to four days per week, and includes snacks and a hot meal, as well as transportation home for students. Course offerings vary by location and have included: Science, Technology, Engineering, and Mathematics (STEM) Academy; robotics; yoga; sports instruction; financial management; art and dance; and culinary arts. EBB currently is offered at six middle schools (Argyle, A. Mario Loiederman, Clemente, Forest Oak, Neelsville, and Col. E. Brooke Lee). The FY 2015 recommended budget assumes that one additional school, Montgomery Village Middle School, will receive the program as part of the expansion of the Kennedy Project Cluster. The budgeted dollars will be used to provide transportation for students participating in the program. Current activity bus funds cover buses that leave school at approximately 4:15 p.m., when MCPS-sponsored activities end. Because the EBB program extends until 5:15 p.m., additional funds are needed to pay for the 5:15 p.m. activity buses.

### **Provide Elementary School Support**

#### ***Elementary Team Leaders - \$251,832***

Most elementary schools receive seven team leader positions, and schools often use six of these seven positions for grade level teams, leaving one position for Special Education, ESOL, or the arts team. To provide opportunities for elementary schools with larger Special Education, ESOL, or arts teams with more than four full-time equivalent positions to have a team leader, an additional 40 team leader positions are budgeted for FY 2015 at a cost of \$251,832. Since some schools include ESOL and Special Education teachers on the grade level teams, not all schools will need the additional allocation even though they have more than four teachers.

#### ***7.0 Teacher Positions for Grade 5/6 Compacted Mathematics - \$456,000***

The ongoing rollout for the Curriculum 2.0 mathematics program includes a compacted mathematics course beginning in Grade 4. Approximately 13 percent of the Grade 3 class was identified by schools for this course. Many schools had small numbers of identified students and could not support the course with existing staff. To support these students, MCPS added 10 teacher positions in the FY 2014 Operating Budget to support those who have demonstrated proficiency in the grade-level curriculum and need additional challenge. During FY 2014, students who met this designation are taking the equivalent of mathematics curriculum for Grades 4 and 5 during Grade 4. An additional 7.0 teacher positions are included in the FY 2015

Recommended Operating Budget to support these students as they enroll in the compacted Grade 5/6 Mathematics Curriculum next year.

***8.0 Teacher Positions for Elementary Schools that had Previous Reductions in Staff Development Teacher, Reading Specialist, Media Specialist, or Counselor Positions - \$541,677***

Reductions in the budget over the past five years resulted in small and midsize schools losing either a .5 of a 1.0 teacher position in one or two of their teacher-level support positions. These positions include staff development teacher, reading specialist, media specialist, and counselor. Small and midsize non-focus schools had a reduction of either a 1.0 or a .5, while focus schools had a reduction of a .5 teacher position. Schools determined which of the four positions to reduce based on their individual needs. Prior to these reductions, all elementary schools had a full-time allocation for each of the positions.

With increases in enrollment over recent years some of these schools have struggled to provide support with this reduction. The restoration of eight positions in FY 2015 will mean that .5 positions will be restored at 16 schools. The restorations will occur at schools that had lost 1.0 position while others will be at schools that had lost a 0.5 position. The restoration will be based on enrollment in kindergarten through Grade 5. In addition, a plan is in place to restore another eight positions in FY 2016, and eight positions in FY 2017, for a total of 24.0 positions over three years. At that time, all elementary schools will have a 1.0 position for each of the four types of positions.

**Investing in Initiatives Across Grade Levels**

***Career Lattice Program - \$800,000***

The Career Lattice provides educators with opportunities to make a difference in student achievement beyond their classroom, as well as an incentive to work in high-need schools. Participants in the Career Lattice assume greater levels of responsibility for improving student learning, both inside and outside the classroom.

The Career Lattice provides recognition and career planning opportunities for exemplary teachers to retain direct responsibility for students while accepting additional responsibilities as leaders, coaches, and facilitators of school improvement. The budget includes \$500,000 to provide salary supplements to:

- Attract and retain high-performing teachers, especially in high-need schools;
- Promote leadership skills among teachers, both in the classroom and in the larger school community to the benefit of the instructional program;
- Promote teacher leadership for measureable educational improvements; and
- Promote and support collaborative and reflective practices that influence school culture and student achievement.

In addition, \$300,000 is budgeted to provide grants to high needs schools for locally designed school improvement projects that will increase student learning. Supported school improvement projects must be aligned with the school improvement plan. Proposals for projects will be developed by the school leadership team in conjunction with the lead teacher. The projects will be monitored by the school leadership team. In order to take advantage of the enhanced skills

and leadership of lead teachers, these school improvement projects will be implemented by lead teachers.

As a component of the Teacher Professional Growth System (PGS), the Career Lattice recognizes those teachers who are exemplary, and provides a structure for career planning that expands professional opportunities for teacher leaders while allowing them to continue to have direct responsibility for student learning. This final step in the development of the Teacher PGS reinforces the importance of high-quality teachers in every classroom.

***Expand Innovation Schools - \$75,000***

Innovation Schools are currently receiving intense support in designing and implementing innovative school improvement and professional learning plans to accelerate the closing of achievement gaps. Customized plans of support have been crafted according to each school's specific needs. By providing one-on-one coaching and support to school principals, the Chief School Improvement Officer partners with schools in leading the process of improvement, focusing on the development of high-performing leadership teams, and enhancing instructional programming. The Innovation Schools serve as a key example of how central services is collaborating with our school leaders in new ways and informing next steps in improvement system-wide.

Funds budgeted to support the Innovation Schools will be used for: (1) professional learning to facilitate school improvement at the Innovation Schools; (2) the Panasonic Foundation partnership; and (3) the career lattice. For FY 2015, \$75,000 will provide for substitutes and stipends to provide time for leadership team members to deepen their work as leaders of school improvement practices and to engage in their own learning of school improvement strategies. The funds will be allocated to individual Innovation Schools to support the development and implementation of each school's school improvement plan. Additionally, members of leadership teams may engage in cross-school learning together with other Innovation Schools to further their development as leaders of school improvement in specific strategy areas.

The Panasonic Foundation partners with the Innovation Schools to provide professional learning experiences; to co-facilitate the innovation network design; and to author reports on the progress of the initiative. Existing funds of \$75,000 will continue to be used as matching funds to the Panasonic Foundation to facilitate the foundation's achievement of these purposes and to demonstrate our commitment to the Innovation Schools' work.

The Innovation Schools also will have the first opportunity to interview and hire teachers who have attained lead teacher status as designated by the Career Lattice.

***Resources for the Intervention Schools Network - \$226,881***

The Interventions Schools Network began in FY 2014 and is comprised 10 schools that are part of a district-wide initiative to improve the timeliness and quality of interventions for students who are struggling. These schools have created student support teams that meet regularly to assess student performance, problem-solve and plan instruction, and monitor progress. A 1.0 instructional specialist and \$81,881 is recommended for FY 2015 to provide direct support and assistance and professional development to the Intervention Schools. In addition, \$145,000

is budgeted for professional development materials, contractual services to support implementation and monitoring of the early warning indicators system, and to purchase materials for pilot programs to support personalized learning. The additional support will include coaching schools in the Interventions Schools Network, technical assistance for infrastructure planning, and the delivery of early warning indicators through a blended learning model.

***Expand the Use of Technology for Teaching and Learning - \$3,000,000***

The innovative use of technology remains a significant strategy in MCPS' ongoing improvement initiatives, and advances in mobile, social, information, and cloud technologies are creating new opportunities for how we teach and learn. The convergence of these four forces is enabling access to personal mobile technologies to learn and work. Moreover, the interactive and mobile technologies with which our students are immersed outside of school present tremendous opportunities to redesign our learning environments. The growing use of personal and consumer-grade technology products in the workplace also increases the expectation of our staff and students to use their own technology tools at school.

The FY 2015 Operating Budget includes \$3 million to enable MCPS to move forward in acquiring mobile devices that are essential for transforming our learning environments for teaching and learning in the digital age. To prepare students to succeed in college and career pursuits, MCPS schools must have the ability to use instructional resources and pedagogical strategies that incorporate the technology that is part of daily life outside the classroom. In addition to being an integral part of enhancing student learning experiences, these devices also will be used to enable the district to comply with the state's Partnership for Assessment of Readiness for College and Careers (PARCC) online assessment requirements.

***Special, Choice, and Signature Programs - \$200,000***

MCPS provides a wide variety of specialized academic programs for students at the elementary, middle, and high school levels. Examples of these programs include elementary and middle school world language immersion programs, various magnet school programs in middle and high schools, International Baccalaureate Programs, and choice programs in the Northeast and Downcounty Consortiums. In addition, a number of high schools have created signature programs that integrate a specific focus or distinguishing theme with the skills, concepts, and instructional strategies of some portion of a school's curriculum. Each program is designed to provide enriched learning opportunities based on student interest, motivation and/or level of achievement in a particular area of study. Funding is included in the FY 2015 Recommended Operating Budget for an outside study of the Special, Choice, and Signature Programs in MCPS to assess their effectiveness in meeting the needs of students in the 21<sup>st</sup> century.

## Montgomery County Public Schools FY 2015 Operating Budget

### Program Efficiencies and Reductions

Each year, MCPS undertakes a comprehensive process to identify potential program reductions and efficiencies in the operating budget. This is called the Program Efficiency, Abandonment, and Redirection (PEAR) process. Zero-based budgeting is used to review and justify all expenditures and identify opportunities for efficiencies, realignments, and reductions.

Between FY 2009 and FY 2014, MCPS has made base budget reductions of nearly 1,400 full-time equivalent (FTE) positions and more than \$165 million. Additionally, employees did not receive \$89.5 million of negotiated wage increases and \$54.0 million of seniority salary increments. Budget reductions have been targeted to minimize disruptions to classroom instruction and to preserve as much as possible the highest priority improvement initiatives. Central services reductions over this time frame have included \$47.2 million (more than 20 percent of total central services expenditures) and 310.3 positions. Details on the reductions for FY 2009 through 2014 can be found at the following link:

<http://www.montgomeryschoolsmd.org/uploadedFiles/departments/budget/fy2014/budget-in-brief.pdf>

Budget Reductions	FTE	Dollars in Millions
<b>FY 2009</b>		
Total	(375.1)	\$ (32.0)
Central Services	(79.4)	(11.5)
<b>FY 2010</b>		
Total	(194.3)	(40.5)
Central Services	(74.5)	(12.2)
<b>FY 2011</b>		
Total	(452.3)	(49.3)
Central Services	(74.9)	(6.5)
<b>FY 2012</b>		
Total	(322.3)	(30.1)
Central Services	(58.0)	(8.7)
<b>FY 2013</b>		
Total	(23.4)	(9.3)
Central Services	(17.8)	(6.4)
<b>FY 2014</b>		
Total	(27.5)	(4.3)
Central Services	(5.7)	(1.9)
<b>FY 2015 Recommended</b>		
Total	(22.6)	(3.3)
Central Services	(9.5)	\$ (2.4)

For FY 2015, the operating budget includes an additional \$3,289,070 of efficiencies and reductions, including a reduction of 22.625 positions. The table below summarizes these reductions and is followed by details of the reductions.

<i>Central Services:</i>	<b>FTE</b>	<b>Amount</b>
<b><u>Office of School Support and Improvement:</u></b>		
1.0 Fiscal Assistant I	(1.000)	\$ (68,178)
<b><u>Office of Curriculum and Instructional Programs:</u></b>		
1.0 Communications Specialist/Web Producer, 1.0 Curriculum Specialist, and .5 Administrative Secretary; Professional Development Stipends; Instructional Materials; Contractual Services; Local Travel; Dues, Registrations, and Fees	(2.500)	(324,237)
<b><u>Office of Special Education and Student Services:</u></b>		
1.0 Office Assistant IV; Professional Part-time Salaries; Professional Development Stipends; Local Travel; Summer Employment - Summer Itinerant Resource Teachers	(1.000)	(187,963)
<b><u>Office of the Chief Operating Officer:</u></b>		
1.0 Director I, 1.0 Safety and Staff Development Manager, 1.0 Instructional Materials Purchasing Assistant, and 1.0 Extracurricular Activities Receipts Assistant; Furniture Lease; TeamWorks Student Intern Stipends; Instructional Materials; Administrative Program Supplies; Vehicle Leases; and Employee Relations Expenses	(4.000)	(741,729)
<b><u>Office of the Chief Technology Officer:</u></b>		
1.0 Operations Development Manager; Consultant Fees for SharePoint Development Support; Telecommunications Expenses; Contractual Maintenance for Technology Security and Data Center Equipment; and Lease/Purchase of Equipment	(1.000)	(457,828)
<b><u>Office of Human Resources and Development:</u></b>		
Temporary Part-time Salaries; Substitutes; Stipends for Administrator and Supervisor Mentors, Mentor Teachers, Trainers and Professional Development Stipends; Contractual Services; Partnership Tuition; Program Supplies; Local Travel; Books and Subscriptions; Dues, Registrations, and Fees; Awards and Recognition	-	(445,777)
<b>Total Central Services</b>	<b>(9.500)</b>	<b>\$ (2,225,712)</b>

<b><i>School Support Operations:</i></b>	<b>FTE</b>	<b>Amount</b>
<b><u>Office of the Chief Operating Officer:</u></b>		
13.125 Bus Operators and Attendants; 11 Growth Buses; Substitute Bus Operators; Bus Fuel, Parts, Supplies, and Repairs; Energy Conservation; Refuse Tax; Three Percent Inflation Building Services and Maintenance Supplies	(13.125)	\$ (1,047,558)
<b>Total School Support Operations</b>	<b>(13.125)</b>	<b>(1,047,558)</b>
<b><i>School-based:</i></b>		
<b><u>Office of Curriculum and Instructional Programs</u></b>		
Stipends and Program Supplies	-	(15,800)
<b>Total School-based</b>	<b>-</b>	<b>(15,800)</b>
<b>TOTAL PROGRAM EFFICIENCIES AND REDUCTIONS</b>	<b>(22.625)</b>	<b>\$ (3,289,070)</b>

### **Central Services Reductions**

For FY 2015, central services reductions total 9.500 positions and \$2,225,712. A summary of the central services efficiencies and reductions follows:

#### Office of School Support and Improvement

- Reduction of 1.0 fiscal assistant I and \$68,178 as duties will be realigned and redistributed to other staff in the office.

#### Office of Curriculum and Instructional Programs

- Reductions include 2.5 positions and \$294,787 for a 1.0 communications specialist/web producer (Korean language), a 1.0 curriculum specialist, and a 0.5 administrative secretary. Korean translation services will be contracted out. The progress on the rollout of elementary integrated curriculum allows for the elimination of one curriculum specialist position. An administrative secretary will be reduced from 1.0 to .5 and duties realigned within the Division of Enriched and Innovative Programs.
- Reductions include \$15,000 training stipends for Read 180, \$1,500 in contractual services and \$2,500 for mileage reimbursement for local travel in the Office of the Associate Superintendent.
- Other reductions include \$5,000 for instructional materials and \$1,000 for dues, registrations, and fees in the Division of Early Childhood Programs and Services,

\$10,000 for instructional materials in the Department of Curriculum and Instruction, and \$5,550 for contractual services in the Division of ESOL and Bilingual Programs.

#### Office of Special Education and Student Services

- Reduction of 1.0 office assistant IV and \$66,573 as responsibilities will be shifted to other staff in the office.
- Reductions include \$66,527 for reimbursement for local travel in the Office of the Associate Superintendent, \$19,440 for professional part-time salaries, \$12,003 for professional development stipends, \$9,720 for summer employment for itinerant resource teachers, and \$7,500 for student part-time salaries.
- Other reductions total \$6,200 for contractual maintenance, mediation expenses, and travel related to students placed in out-of-state nonpublic schools.

#### Office of the Chief Operating Officer

- A reduction of 1.0 director I and \$173,875 in the Division of Procurement. Duties will be assumed by the director II of the Department of Materials Management.
- A reduction of 1.0 safety and staff development manager and \$143,032 in the Department of School Safety and Security as duties will be allocated among other staff in the department.
- A reduction of 1.0 instructional materials purchasing assistant and \$77,891 in the Department of Materials Management as duties will be assumed by other staff in the department.
- A reduction of 1.0 extracurricular activities receipts assistant and \$90,726 in the Division of Controller made possible by the implementation of the Online School Payments system.
- Reductions include \$108,000 in instructional materials as more documents are produced centrally, as well as \$27,000 in administrative program supplies, \$25,000 for student intern stipends during the summer, and \$23,000 related to the lease/purchase of vehicles for copier repair technicians.
- Other reductions include \$58,535 in the Department of Materials Management for furniture and vehicle leases, and dues, registrations, and fees.

#### Office of the Chief Technology Officer

- A reduction of 1.0 operations development manager and \$145,122 whose duties will be covered by other staff in the Office of the Chief Technology Officer.
- Other reductions include \$52,699 for consultant fees for SharePoint development support, \$150,107 in telephone line connection costs that are replaced by Voice Over Internet

Protocol connections, \$99,393 in contractual maintenance for technology security and data center equipment, and \$10,507 for the completion of lease/purchase of technology-related equipment.

#### Office of Human Resources and Development

- A reduction of \$26,600 in temporary part-time salaries in the Office of the Associate Superintendent of Human Resources and Development.
- A reduction of \$144,710 is for stipends for training and mentoring and \$5,400 for substitutes.
- A reduction of \$163,869 for university partnerships is due to the renegotiation of agreements for university partnerships and reductions for substitutes, support services part-time salaries, and consultants.
- Other reductions totaling \$13,500 are for books and subscriptions, awards and recognition, and dues, registrations, and fees.
- Other reductions across the Office of Human Resources and Development include \$21,070 in contractual services, \$48,751 in program supplies, \$19,477 for reimbursement for local travel, and \$2,400 for facilities rental.

#### **School Support Operations Reductions**

For FY 2015, school support operations reductions total 13.125 positions and \$1,047,558. Following is a summary of school support operations reductions:

#### Department of Transportation

- There is a reduction of 13.125 bus operator positions and attendants at a savings of \$472,882, as well as savings of \$234,315 for 11 growth buses, \$24,878 for substitute bus operators, and \$121,688 for bus fuel, parts, supplies, and repairs. While these resources are necessary for enrollment growth, this reduction is possible because of improved efficiency in routing without impacting services to students.

#### Department of Facilities Management

- There is a reduction of \$170,669 related to a cut of the three percent inflation for FY 2015 for building services and maintenance supplies. In addition, there is a reduction of \$17,500 related to the refuse tax and \$5,626 related to energy conservation.

## **School-based Reductions**

For FY 2015, school-based reductions total \$15,800. Following is a description of the school-based reductions:

### Office of Curriculum and Instructional Programs

- A reduction of \$10,800 in stipends and \$5,000 in program supplies for middle school extended day and extended year programs based on actual spending levels in FY 2013.

# Montgomery County Public Schools

## FY 2015 Operating Budget

### Enrollment

The MCPS FY 2015 Operating Budget will increase by 254.737 positions and \$19,013,363 because of enrollment changes. Enrollment growth impacts most aspects of the operating budget, such as requirements for instructional staffing, textbooks and instructional materials, other school-based resources, and new and expanded school facilities. Below are details of the reasons for the increase.

#### Enrollment Projections

- Official enrollment for the 2013-14 school year is 151,289 students. This is an increase of 2,510 students from the official enrollment for the 2012-2013 school year, and 65 students less than what was projected and budgeted for in the FY 2014 Operating Budget.
- Enrollment is projected to be 154,178 students in FY 2015, 2,889 more than this year, and 2,824 more than the total of 151,354 budgeted in the FY 2014 Operating Budget.
- Elementary school enrollment is projected to increase next year. The projection for Grades K-5<sup>1</sup> enrollment in FY 2015 is 71,397, up 1,418 from this year's actual enrollment of 69,979, and up 1,571 from the number budgeted for in the FY 2014 Operating Budget.
- Secondary school enrollment is projected to increase in FY 2015. Grades 6-8 enrollment is projected at 33,012, an increase of 887 from this year's actual enrollment of 32,125, and up 975 from the number budgeted for in the FY 2014 Operating Budget. Grades 9-12 enrollment is projected at 44,680, a decrease of 79 from this year's actual enrollment of 44,759, and an increase of 175 from the number budgeted for in the FY 2014 Operating Budget.
- In addition to Grades K-12 enrollments described above, Pre-kindergarten enrollment is projected to be 2,145 in FY 2015, the same as budgeted in FY 2014. Head Start enrollment is projected to be 628 in FY 2015, the same as budgeted in FY 2014. Pre-kindergarten special education enrollment is projected to be 1,364 in FY 2015, 151 more than budgeted for in FY 2014. Special Centers enrollment is projected to be 522 in FY 2015, 18 less than what was budgeted for in FY 2014.
- In addition to the Grades K-12 enrollments and Pre-kindergarten enrollments described above, the Montessori Charter School is projected to enroll 130 students in Pre-kindergarten to Grade 1 in FY 2015, 29 more students than budgeted in FY 2014. Alternative Programs are projected to enroll 225 students in FY 2015, the same as budgeted in FY 2014. And, Gateway to College is projected to enroll 75 students in FY 2015, 59 less than budgeted in FY 2014.

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<sup>1</sup> Includes enrollment numbers for Chevy Chase and North Chevy Chase Grade 6 that are budgeted in the Elementary schools enrollment figures.

- In summary, the main reasons for the overall higher projected enrollment in FY 2015 include:
  - Higher numbers of resident births since 2000
  - A reduction of out-migration of households from Montgomery County
  - Increased in-migration of households due to a relatively stronger local economy
  - Increased enrollment into MCPS from county private schools

Over the next six years, the large cohorts of elementary school students will move up to middle schools and high schools. Significant total enrollment increases will occur over the six-year forecast period at all school levels. By FY 2020, MCPS is projected to have 162,255 students enrolled, 10,966 more than FY 2014.

### **Costs Related to Enrollment Changes**

Budget calculations are based on changes in projected enrollment. Staffing allocations to schools based on enrollment projections are zero-based each year. For FY 2015, a total of 254,737 positions and \$19,013,363 is required for enrollment growth. The following is a summary of the changes.

- This fall, there are 153 more students in Grades K-5 than were projected and budgeted for in FY 2014. The projection for FY 2015 is 1,571 additional Grades K-5 students compared to what was budgeted for in the FY 2014 Operating Budget. This increase requires an additional 88.2 classroom teachers, 4.875 paraeducators, and 4.125 lunch hour aide positions at a total cost of \$6,405,396. The Montessori Charter School will expand to include Grade 1 in FY 2015. This requires 2.0 teacher positions, 2.0 paraeducators, and \$440,206.
- This fall, there are 88 more students in Grades 6-8 than were projected and budgeted for in FY 2014. The projection for FY 2015 is 975 more middle school students than budgeted for in FY 2014. These additional students require 40.4 additional classroom teacher positions and 5.0 other school-based positions at a cost of \$3,287,667.
- This fall, there are 254 more students in Grades 9-12 than were projected and budgeted for in FY 2014. The projection for FY 2015 is 175 more high school students than budgeted for in FY 2014. These additional students require 10.4 teacher positions and a .5 other school-based position at a cost of \$761,383.
- This fall, there are 155 fewer students in special education prekindergarten programs and special program centers than were projected and budgeted for in FY 2014. The number of special education prekindergarten students grows during the year as more students reach their third birthday. There are 87 fewer students in the Gateway to College Program than were projected and budgeted for in FY 2014. The projection for FY 2015 compared to the budgeted level for FY 2014 reflects 133 additional students in special education prekindergarten programs and special program centers and a decrease of 59 students in the Gateway to College Program.
- For FY 2015, there is a projected increase of 150 ESOL students, for a total of 20,250. The additional students require 7.7 ESOL teacher positions at a total cost of \$506,309.

- Growth in special education requires the addition of 74.911 positions including 35.0 classroom teacher positions, a 0.9 speech pathologist, 1.2 occupational and physical therapist positions, 35.811 paraeducator positions, and a 1.0 brailist, at a total cost of \$4,067,789. Special education students are now included in the total count of students by grade level. There is an increase of 23 students (from 530 to 553) expected to require non-public placements, increasing the budget for tuition payments by \$1,061,495. Other requirements total \$1,136,473 including \$787,814 for critical staffing, \$175,155 for extended school year services, \$54,704 for substitutes, and \$118,800 for paraeducator substitutes. In addition, 1.0 instructional assessment specialist position and \$89,547 is required for the MCPS Bilingual Assessment Team to help meet state timeline requirements for completing evaluations for the rapidly growing English language learner student enrollment. The total cost for enrollment growth in special education is \$6,582,587.
- There are other costs related to enrollment changes for transportation and food services. This includes 15.626 positions and \$1,029,814 for bus operators, bus attendants, food service personnel, the lease/purchase of buses, and for bus parts and supplies.
- Employee benefits costs related to enrollment changes of \$3,797,508 are included in the detailed amounts above.

**Montgomery County Public Schools  
FY 2015 Operating Budget**

**New Schools**

The MCPS FY 2015 Operating Budget will increase by a total of 21.750 FTE and \$2,931,446, reflecting the opening of new school space. Below is the explanation of the increase.

- The new Clarksburg Cluster Elementary School will open in August 2014. A total of 15.250 positions and \$1,660,172 is included for the opening of the new elementary school. The FY 2015 Operating Budget includes funding for the annualization of the principal and administrative secretary positions that were partially funded in the FY 2014 Operating Budget. Costs associated with the opening of the new school include an assistant principal, reading specialist, staff development teacher, counselor, media specialist, media assistant, instructional data assistant, secretary, and building service workers. New school costs also include utilities; textbooks, media, and instructional materials; custodial supplies; and other non-personnel costs.
- The increased costs related to the addition of 133,891 square feet of space at several school buildings totals 6.5 positions \$1,271,274. This includes 6.5 building services positions and \$262,862. Additional costs for building services supplies related to the additional space are \$21,306 and utilities costs of \$987,106 also are included.

## Montgomery County Public Schools FY 2015 Operating Budget

### Continuing Salaries

Continuing salaries and related employee benefits will increase the FY 2015 Operating Budget by \$6,821,449. Continuing salary costs for FY 2015 include the annualized cost of the salary increases (including step, longevities and two percent adjustment) that will be received by eligible employees on February 8, 2014. The additional cost of these salary increases in FY 2015 is adjusted by savings for expected employee lapse (savings resulting from short-term vacancies) and turnover (savings from replacing a senior employee with a lower-paid junior employee) and by other adjustments. An additional factor impacting the cost for continuing salaries for the upcoming year is the amount of salary funds in the base budget.

Changes in employee salaries are determined by negotiated agreements with three employee organizations:

- Montgomery County Education Association (MCEA) representing teachers and other professional employees
- Service Employees International Union (SEIU) Local 500 representing supporting services employees
- Montgomery County Association of Administrators and Principals/Montgomery County Business and Operations Administrators (MCAAP/MCBOA) representing administrators and non-certificated supervisory employees

Funds were budgeted in FY 2014 to provide eligible employees with a step increase or longevity increase on February 8, 2014. Those employees who were not eligible for these increases will receive a two percent pay adjustment. For FY 2015, the net cost of the annualization of these increases is \$26.9 million. In addition, there is an increase of \$1.5 million due to the impact of a change in the calendar for SEIU employees who are paid on an hourly basis rather than on an annual basis. There is no change in the amount budgeted (\$26.8 million) for lapse and turnover. Finally, there is a reduction of \$21.6 million because this amount is already available in the base budget.

Continuing salaries increase the total budget by 0.3 percent and the budget for salaries and wages by 0.5 percent.

## **Montgomery County Public Schools FY 2015 Operating Budget**

### **Employee Benefits and Insurance**

The MCPS FY 2015 Operating Budget includes an increase of \$17,320,980 to provide benefits and insurance for existing employees and retirees. The total budget for FY 2015 of \$561.6 million (including the amount required to maintain insurance coverage, primarily through the county's Self-Insurance Program) represents 24.6 percent of the total operating budget. An explanation of this increase follows.

#### **Retirement Benefits**

The retirement budget for FY 2015 has increased by \$2.9 million. The increase is due to the following items:

- The budget for retirement costs will increase \$3.3 million as a result of a four-year plan that shifts some of the retirement costs from the state to local school districts.
- The cost for current retirement programs is based on percentage of salary as provided by the annual actuarial study. Based on this study, there is a \$203,680 reduction in the budget for retirement benefits. Investment gains and losses in the retirement fund are spread over five years. Thus, some past losses have not yet been fully realized, and there will be a gradual recognition of significant gains and losses.
- In addition, the amount budgeted by MCPS to pay the state for administration of the state retirement plan decreased by \$150,000 based on the latest analysis from the state.

#### **Health and Life Insurances**

Health and life insurance coverage for current active and retired employees and their families are provided through the Employee Benefit Plan (EBP). The health and life insurance budget for FY 2015 will increase by \$11.9 million. This increase is primarily due to a 4.0 percent increase in claims expenses projected for FY 2015. This rate is based on a blend of claim experience trends that include MCPS employees' claims experience, which is significantly lower than local and national trends. In addition to these increases, it is projected that additional costs for the implementation of the Affordable Care Act (ACA) will total \$2.7 million.

Offsetting these increases are lower premiums, administrative costs, and discounts resulting from the re-bidding of multi-year contracts with health providers. Estimated savings for FY 2015 are projected to total \$2.8 million. Prescription drug plan design changes are projected to add another \$2.5 million in savings.

During the past three years, actual claims have been lower than amounts budgeted which have resulted in excess balances in the trust fund that is used to pay health and life insurance premiums. Based on a multiyear plan to reduce excess balances in the trust fund to a prudent reserve level, the trust fund is projected to have sufficient balances at the end of FY 2014 to fund approximately \$3.5 million of FY 2015 costs.

### **Other Employee Benefits**

MCPS participates in an inter-agency risk management fund that covers worker's compensation and other types of insurance. Due to higher claims experience and the analysis of reserve targets, the share of costs allocated to MCPS will increase by \$1,847,217 over the amount budgeted for FY 2014. Worker's compensation will increase by \$1,776,931 in FY 2015. In addition, there is an increase of \$270,604 for liability insurance. However, these amounts are partially offset by decreases in fire insurance and other insurance totaling \$200,318.

### **Retiree Health Benefits**

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 \$20.0 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. The MCPS operating budget will continue to include "Paygo" contributions for current retiree health obligations. The FY 2015 payment will total \$48.9 million.

### **Employee Tuition Reimbursement**

Based on prior year spending and amounts forecasted for FY 2014, the budget includes an increase of \$700,000 for tuition reimbursement. This amount is partially offset by a \$139,000 decrease in tuition costs associated with university partnerships due to a projected decrease in candidate enrollments and program operation efficiencies.

## Montgomery County Public Schools FY 2015 Operating Budget

### Inflation and Other Cost Changes

Miscellaneous changes and cost increases resulting from inflation to maintain the same level of services change the MCPS FY 2015 Operating Budget by an increase of .693 positions and \$1,824,292. Below are details of the reasons for the changes.

- As the region's economy has begun to recover from the recession, inflation in the Washington metropolitan area is about 3.0 percent in 2013 compared to 3.0 percent in 2012, 3.3 percent in 2011 and 1.7 percent in 2010. Inflationary increases are calculated for most budgeted items other than salaries, and increases for major items that have specific rates different from general inflation rates are calculated separately. These include such items as utilities, diesel fuel, bus parts, tuition costs for students with disabilities who are in non-public placements, textbooks, and instructional materials.
- Increased costs due to inflation total \$743,461 primarily related to inflation for textbooks, media, instructional materials, and maintenance and building services supplies, based on a three percent inflation rate.
- MCPS has continued to make savings in utilities costs due to energy conservation measures and savings from lower electricity and natural gas costs. In FY 2011, utilities costs decreased by \$5.5 million. In FY 2012, increases in the county Energy Tax resulted in higher costs of electricity and other utilities that totaled \$2.3 million. In FY 2013, the cost of utilities decreased by \$3.4 million due to savings in electricity and natural gas costs. For FY 2014, costs are expected to decrease by \$1,597,316 due to lower consumption totals for natural gas and utilities. For FY 2015, MCPS estimates that increased costs for natural gas, water/sewer, and propane are offset by savings due to an electricity rate decrease resulting in a net savings of \$2,004,500.
- For plant operations, \$200,000 is required to begin to replace custodial equipment such as scrubbers, burnishers, and buffers that are currently over 10 years old and past their normal life expectancy. In addition, \$200,000 is needed beginning in FY 2015 for a re-lamping effort across the district in MCPS facilities expected to take four years to complete. The re-lamping effort includes the replacement of existing lamps with high efficiency and longer life lamps.
- For facilities maintenance, an additional \$1,087,000 is required. A total of \$150,000 is required to purchase 60 tractors under a five-year lease/purchase period, as many of the vehicles are beyond their useful life expectancy and must be replaced. In addition, \$758,000 is required for environmental compliance projects, which includes \$500,000 for Fats, Oils, and Greases (FOG) quarterly pump outs, and \$258,000 for storm water management including \$180,000 for green roof maintenance and \$78,000 for bioretention ponds. In addition, there is \$79,000 for annual maintenance costs at the Darnestown Waste Water Treatment Plant. Finally, \$100,000 is needed for fuel and vehicle maintenance costs for vans and trash trucks.

- The cost of 107 replacement buses offset in part by the completion of lease payments for 58 buses results in the need for \$1,297,576.
- An expected 2.5 percent rate increase for tuition for special education students in non-public placements adds \$1,002,928. This rate increase is preliminary at this time and must be approved by the Maryland State Department of Education. Other miscellaneous changes related to various program needs in special education total .700 positions and \$314,965 bringing the total for this increase to \$1,317,893.

#### **Other Changes**

- Other cost changes reflect a net decrease of \$1,871,657 for FY 2015. This includes the following:
  - A total of \$230,000 is included for the new state of Maryland requirement for Boards of Education to pay for a portion of the tuition who are dually enrolled in public higher education institutions.
  - An increase of 3.0 positions and \$420,890 is needed to continue support for the Math Implementation and Development Team created in FY 2014. With the Investing in Innovation grant and the Pearson contribution not available in FY 2015, these resources are needed to maintain the efforts started this year creating systematic and thorough support to schools for implementation of the mathematics program.
  - Other budget changes include \$50,000 for the replacement of security cameras, \$43,375 for the professional library, and \$36,299 to fund College Board Services.
  - These increases are offset by a decrease of 4.8 positions and \$2,766,875 in grant expenditures due to the impact of Federal sequestration anticipated in FY 2015.

## Montgomery County Public Schools FY 2015 Operating Budget

### Local Revenue and Maintenance of Effort

Montgomery County Public Schools receives more than 65 percent of its total revenue from local county contribution. The state Maintenance of Effort (MOE) law requires each county to appropriate local funds equal to the highest local appropriation per pupil for the previous fiscal year, that is, to provide sufficient local tax dollars at least equal to the same amount in the previous fiscal year for each student. The purposes of the requirement are to stimulate local support of education and prevent a county from reducing its own contribution when the state increases the amount of aid to a school district. This prevents a county from using the increased state aid for a different purpose than education. If state or federal aid increases, that does not change the required local contribution.

- After exceeding the minimum MOE requirement for many years, Montgomery County has fallen short of the minimum requirement since FY 2010, for a total shortfall of about \$345 million. This shortfall reduced the per pupil local contribution from \$11,249 in FY 2009 to \$9,759 in FY 2014, a decrease of \$1,490, or 13.2 percent. The per pupil amount is lower now than what was provided in FY 2007 (\$10,180 per pupil). Because the county did not receive a waiver of the requirement by the Maryland State Board of Education, the MOE law allows future contributions at the reduced level, called “rebasings.” This has permanently reduced local support for schools.
- As enrollment changes, MOE may increase or decrease to maintain the same dollars per pupil in local funds. For FY 2015, the required local contribution is \$9,759 per pupil.
- The Maintenance of Effort requirement for FY 2015 is \$1.439 billion in local tax contribution, an increase over FY 2014 of \$25.3 million.
- The county’s local contribution to MCPS as a percentage of total local revenue has declined by 11.2 percent since FY 2002, from 52.3 percent to 41.1 percent in FY 2014, despite significant increases in student enrollment over that period.
- Because the MOE formula covers only enrollment changes, the MOE amount is not sufficient to meet inflationary cost increases. Those cost increases not covered by MOE include higher prices for textbooks and materials, changes in employee compensation, higher costs for health care and other employee benefits, cost increases for bus fuel, and higher costs for electricity and other utilities.

## Montgomery County Public Schools FY 2015 Operating Budget

### State Revenue

Montgomery County Public Schools (MCPS) currently receives 27 percent of its operating budget revenue from the state of Maryland. To fund the FY 2015 Operating Budget, \$618,982,987 million is budgeted for state revenue, an increase of \$13,993,372 over the amount budgeted for FY 2014. It is necessary to estimate state aid conservatively since the state will not provide allocations until January 2013. A historical perspective and current issues related to state revenue are detailed below.

- State aid is distributed using formulas that provide relative comparisons of student enrollment and wealth with other Maryland school districts. MCPS continues to experience significant growth in enrollment which factors into the amount of state aid that is received. However, there is uncertainty as to whether MCPS will continue to benefit as much from the wealth-based components of the formula for counties as it has over the past several years. This uncertainty is reflected in the estimated amount of state aid included in the Superintendent's FY 2015 Recommended Operating Budget.
- The Foundation Program provided full funding of the Geographic Cost of Education Index (GCEI) in FY 2014, which recognizes the higher cost of education in some districts. GCEI funds are not mandated state aid and there is no guarantee that GCEI funding will be available in FY 2015. When federal stimulus aid terminated after FY 2011, the GCEI was fully funded with state revenue.
- Beginning in FY 2014, the state requires that education aid formulas that are dependent on local wealth be calculated twice, using wealth figures that are based on a net taxable income amount for each county using tax return data filed by September 1, and again using returns filed by November 1. Each local school system will receive the greater total state aid amount of the results of the two calculations. The increased state aid related to this change is phased in over a five-year period, beginning in FY 2014.
- In FY 2012, the state funded \$31.3 million of mandated state aid with state revenue, replacing federal funds temporarily available through economic stimulus assistance that expired after FY 2011.
- FY 2008 was the final year of implementation of increased state funding through the six-year *Bridge to Excellence in Public Schools Act* (BTE). The BTE recognized that the state has an obligation to provide adequate support to all students, to improve the equity of the distribution of state aid to districts with fewer local resources, and to assure accountability for the use of state funds through improved student achievement. Through FY 2012, state aid increased by \$367 million above the amount before the BTE Act.
- After FY 2008, districts were scheduled to receive formula increases only for inflation and higher enrollment. The 2010 session of the General Assembly delayed the inflationary adjustment required by the BTE until FY 2013, and limited it to a maximum of one percent through FY 2015.

## Montgomery County Public Schools FY 2015 Operating Budget

### Federal Revenue

The FY 2015 Operating Budget includes federal revenue of \$68,363,644 million which is 3.0 percent of total revenue, and a decrease of \$4,317,144 from the FY 2014 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 2015, MCPS expects to receive \$400,000 in federal Impact Aid, the same amount as FY 2014.
- Major federal categorical grants include Title I to provide support for children living in poverty, Title II-A to improve teacher quality, Title III (Limited English Proficiency) for English language learners, Head Start, Vocational Education, and the *Individuals with Disabilities Education Act* (IDEA) for special education students.
- *The Budget Control Act of 2011*, Public Law 112-25, included several provisions to reduce the Federal deficit including automatic across the board sequestration. Federal sequestration was triggered in the budget in federal FY 2013. While the federal budget has not been finalized for FY 2014, MCPS is being conservative in its estimate of Federal revenue in the FY 2015 Recommended Operating Budget. In anticipation of sequestration occurring again, federal grant revenue is projected to decrease by \$4,317,144 from the amount budgeted in FY 2014.
- The largest reduction in federal revenue due to sequestration would occur in Title I funding from the federal *No Child Left Behind Act*, where a reduction of \$2,378,894 from the FY 2014 Operating Budget is anticipated. The next largest reduction in federal revenue is anticipated in the *Individuals with Disabilities Education Act* where a reduction of \$1,978,490 from the FY 2014 Operating Budget is anticipated. This decrease in revenue is mitigated by a shift of expenditures from the grant to the locally funded portion of the budget. Another reduction in federal revenue totaling \$294,885 from the FY 2014 Operating Budget is anticipated in Title III of the *No Child Left Behind Act* for support for limited English proficiency.
- MCPS also received ARRA funds in FY 2011 through competitive grants, including \$5.0 million through the Investing in Innovation (I3) grant in conjunction with private and community partners for project NorthStar. This funding is being used to continue work on implementing Curriculum 2.0.

## Montgomery County Public Schools FY 2015 Operating Budget

### Operating Budget Process

The operating budget process provides the Board of Education and the superintendent of schools with the opportunity to align the operating budget with the Montgomery County Public Schools' strategic planning framework, communicate its goals to the public, and secure approval of the operating budget by the county executive and the County Council. Below is a brief summary of the operating budget process and timeline for the FY 2015 Operating Budget.

- **May 2013 – June 2013 – *Focus Group Meetings*** – During the spring, focus groups made up of teachers, students, parents, principals, and community members met to discuss how to align MCPS resources with the strategic planning framework and priorities of the school system.
- **June 2013 – August 2013 – *School Level Team Meetings*** – Three school level teams were formed to review the input of the focus groups and to discuss the work of elementary, middle, and high schools in order to identify the structures, resources, and processes that should be in place to achieve the goals of MCPS. The work of these school teams was shared with the Budget Review Group.
- **September 10, 2013 - *Board of Education Adopts FY 2015 Operating Budget Interests*** – Following a discussion at its July 16, 2013, business meeting, the Board of Education adopted its budget interests for the FY 2015 Operating Budget.
- **September 13, 2013 – *Department Budget Submissions*** – The operating budget is developed through a “zero-based” process that applies staffing and other funding formulas approved by the Board of Education using updated enrollment forecasts and other school-based data. Departments have an opportunity to realign existing resources to higher priority needs based on the system and unit strategic plans.
- **September 2013 – November 2013 – *Budget Review Group Meetings*** – The Budget Review Group, which is comprised of the three deputy superintendents, employee association leaders, and the Montgomery County Council of Parent Teacher Associations leadership met to review the budget requests from offices, departments, and divisions and to examine key components and programs of MCPS. The Budget Review Group advises the superintendent of schools on his recommended operating budget.
- **December 10, 2013 – *Budget Presentation and Publication*** – In December, the superintendent of schools presents his recommendations to the Board of Education. The *Superintendent's Recommended Operating Budget*, often called the management budget, shows budget resources by office, department, and other units. The *Budget in Brief* describes highlights of the recommended operating budget for the general public. Budget publications are all posted to the MCPS website.

- **January 9 and 16, 2014 – Board of Education Public Hearings** – In January, the Board of Education holds two public hearings. Testimony is received from MCCPTA cluster representatives and other interested citizens regarding the superintendent’s recommendations.
- **January 21 and 23, 2014 – Board of Education Worksessions** – Following the hearings, the Board holds two worksessions to ask specific questions about the budget and explore potential amendments.
- **February 11, 2014 – Budget Adoption** – At the all-day meeting in February, the Board formally considers the superintendent’s operating budget, often as amended to take into account updated enrollment and other information. Board members propose and dispose of suggested amendments and adopt the Operating Budget Request as amended.
- **February 2014 – Spending Affordability Guidelines Process** – In February, the County Council adopts spending affordability guidelines (SAG) for the county, including possible property tax rates and allocations of resources to each agency. If an agency’s budget request exceeds its SAG allocation, it must submit a list of possible reductions to meet the SAG guideline no later than March 31. In June 2010, for the first time, the County Council adopted a fiscal plan to serve as the basis for its operating budget deliberations.
- **March 1, 2014 – The Board of Education Budget Submission** – On March 1, 2014, the Board of Education transmits its budget to the county executive and County Council by this date.
- **March 15, 2014 – County Executive Recommendation** – The county executive issues his recommended budget on March 15, including a recommendation for Montgomery County Public Schools.
- **April-May 2014 – County Council Public Hearings and Work Sessions** – In April, the County Council holds a series of public hearings that include considerable testimony on the MCPS budget. The County Council’s Education Committee reviews the MCPS request and the county executive’s recommendation during work sessions in April and May, and the full Council reviews the request in May.
- **May 15, 2014 – County Council Appropriation Action** – On May 15, 2014, the full County Council begins action on the FY 2015 budget.
- **June 17, 2014 – Board of Education Approval** – The Board of Education determines the details of the final approved budget using state category totals approved by the Council. The Board of Education may make changes in the category total amounts only if approved by the Council. The budget for the next school and fiscal year takes effect on July 1, 2014, and concludes on June 30, 2015.
- **July 1, 2014 – Fiscal Year 2015 begins** on this date.

## Montgomery County Public Schools FY 2015 Operating Budget

### School Resource Allocations

Operating budget resources, including staffing, materials, and equipment, are allocated to all individual schools using formulas and guidelines. Budget staffing formulas are published in the annual Superintendent's Recommended Operating Budget. The equitable allocation of resources is crucial to ensure that each school has the staff and other assets that it needs to achieve its goals.

- *Allocation Formulas* – Staffing and non-position resources including textbook, media and materials funds are allocated based on formulas. These formulas and guidelines are based on enrollment projections provided by the Division of Long-range Planning and other factors. For example, in elementary schools, teacher positions are allocated based on a class size guideline of 27 in grades 1-3 and 29 in grade 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 system reserve to handle allocation adjustments when needed. In middle schools and high schools, staffing formulas consider the number of periods taken by each student 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). Some formulas, such as those 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. Allocations for instructional materials, textbooks, and media materials are based on a per student formula.
- *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 additional 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 resources, are allocated based on a formula tailored by disability program and type of services. 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.

- *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 a position in order to give them an opportunity to transfer to another school.
- *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 may also have positions pulled out if actual enrollment does not support the position. Data are reviewed weekly beginning in March to identify staffing needs at schools.
- *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 2015 Operating Budget

### Audit

The MCPS receives many regular financial and operational audits. These audits ensure financial and operational accountability to the public. Below are details of some of the regular audits.

#### Board of Education Oversight

- 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 (CAFR) 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 (GFOA) and from the Association of School Business Officials International (ASBO).
- 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 conform with the laws and regulations of Maryland and applicable provisions of the charter and laws of Montgomery County.
- The Board of Education Fiscal Management Committee meets regularly with staff to review audit findings and provide financial oversight. The Fiscal Management Committee reviews the reports of the system's actuary and external auditor.

#### County Audits

- The county Office of Legislative Oversight (OLO) has conducted comprehensive budget reviews of MCPS programs, including food services, student transportation, special education, school plant operations and compliance with environmental regulations, organizational development programs, recycling, high school consortia, and employee benefits administration.
- The county Office of Inspector General has conducted analyses of MCPS capital improvement program projects and the MCPS budget and related financial information.

#### 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 grants monitoring for the two-year period.

- Senate Bill 323 requires that the state Office of Legislative Audit (OLA) conduct a comprehensive financial and operational audit of each local school system to evaluate the effectiveness of the financial management practices at least once every six years. The 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 Public School Construction Program (PSCP) office of the Interagency Committee on School Construction (IAC) audits the use of state construction funds provided to all Maryland school systems every two 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. No material findings were published in the May 15, 2012, report of MCPS.

#### Federal Audits

- The federal government regularly provides mandated Office of Management and Budget Circular A-133 single 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 included any material adverse findings.

#### Internal Audit

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



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