Glossary of MCPS Operating Budget Terms

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

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

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

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

Authorized Positions—A position that has been approved for hiring, either in the approved budget or by a subsequent action within the revised budget.

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

Budget Staffing Guidelines—Guidance approved by the Board of Education (BOE) used to budget and allocate personnel positions in regular and special education. *Example:* Counselors are allocated to middle schools based on projected enrollment.

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

Category—(Also known as State Category) State law requires all county school districts to appropriate and record expenditures for education in accordance with standardized state budget categories. These categories are generally based on broad functional classifications such as administration, instructional costs, special education, and student transportation. Current categories were effective in FY 1998.

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

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

Continuing Salary Costs—The incremental salary cost associated with the movement of current MCPS employees along the applicable salary schedule, including changes for longevity (years of service).

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

Cost Per Student—A figure that is calculated using the total operating budget amount, excluding summer school, community services, tuition for students with disabilities in private placement, and revolving management accounts, divided by the number of students in Grades K–12.

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

Employee Benefits—For budgeting purposes, payments made by MCPS for the employer portion of social security taxes, retirement contributions, group health, and life insurance.

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

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

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

Expenditure Restrictions—A limitation placed on spending budgeted funds that may occur in any given year as a result of a difficult fiscal climate. The specific restrictions and a process for implementation are specified in a memorandum from the chief operating officer. The restrictions may include a freeze on filling vacant positions and other expenditures.

Financial Management System (FMS)—An integrated, Web-enabled solution for tracking and managing MCPS financial business functions within one centralized system. FMS automates many previously paper-based processes and supports efficient operation of schools and offices through improved access to information consistent with the MCPS strategic plan.

Fiscal Year—The 12-month period to which the annual operating and capital budgets and their appropriations apply. The Montgomery County fiscal year for MCPS starts on July 1 and ends on June 30. The number of the fiscal year refers to the year in which the fiscal year ends. *Example:* Fiscal Year 2011 runs from July 1, 2010 to June 30, 2011.

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

Full-Time Equivalent (FTE)—The designation of equating less-than-full-time employees in permanent positions to a full-time basis. *Example:* a .5 FTE is authorized to work 20 hours a week.

Fund—The balancing segment that identifies the level at which balanced sets of books are defined. MCPS will use the following funds: general, capital projects, supported projects, food services, instructional TV, real estate management, field trip, entrepreneurial, and warehouse.

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

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

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

Interagency Coordinating Board for Community Use of Public Facilities (ICB/CUPF)—Office within Montgomery County Government whose mission is to maximize the community's use of schools and other public facilities and to identify and facilitate activities and programs that respond to the community's needs without disrupting the instructional program of MCPS.

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

Lease-Purchase Agreement—A contractual agreement that is a financing mechanism with payments made over time. The mechanism is typically used to acquire equipment.

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

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

Maintenance of Effort—A Maryland state law that requires local governments to provide a definite level of local effort to fund public education from year to year. Local funding is to remain at least the same on a per-student basis. The law ensures that additional state aid will not supplant local revenues.

Malcolm Baldrige Criteria for Performance Excellence (Baldrige)—A systematic process for understanding and improving school performance. The Criteria, comprising 11 Core Values/Best Practices and 7 Categories, provide a dynamic framework for continuous improvement.

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

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Master Plan—A MCPS multiyear plan that describes the goals, objectives, and strategies that will be used to improve student achievement and meet state and local performance standards for all students. The master plan also describes specifically how to improve student achievement for students in special education, with limited English proficiency, in prekindergarten and kindergarten, gifted and talented, and in career and technology courses. The master plan includes the MCPS strategic plan. By law, the master plan must be submitted to the state of Maryland every five years.

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

MCAAP—The Montgomery County Association of Administrators and Principals (MCAAP) is the bargaining unit that represents principal trainees, administrative interns, and all administrative and supervisory positions on the M to Q salary schedule, including 11-month assistant school administrators.

MCBOA—The Montgomery County Business and Operations Administrators (MCBOA), represented by MCAAP, includes all noncertificated supervisory employees who provide direction to other employees, exercise independent judgment, are responsible for the evaluation of at least two other employees, and do not report to members of the SEIU bargaining unit, except those excluded by the Board of Education as confidential employees and those who are represented by MCAASP.

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

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

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

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

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

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

Operating Budget Guide—A guide that is developed and published annually to explain the budgetary process for the upcoming budget development cycle and promote a clear understanding of budget preparation and submission requirements.

Operating Budget Orientation—Meetings held by the Department of Management, Budget and Planning to review the Operating Budget Guide and provide clarification to MCPS units regarding budget preparation.

Other Salaries—The amount of salaries for temporary employment for a short duration that includes substitute teachers, stipends, extracurricular activities, summer teaching, and support during peak or seasonal periods.

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

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

Personnel Complement—A chart published in the budget that displays budgeted positions by unit. The chart provides position titles, total number of FTEs, grade, and whether the position works year round or is school-calendar based.

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

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

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

Program Budget—A published document that displays the allocation of budgeted expenditures by specific MCPS programs. The Program Budget is published twice annually and corresponds to the publication of the Superintendent's Recommended Operating Budget and the Operating Budget Summary.

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

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

Reorganization—A change in the organizational structure within or between MCPS units.

Resource Page—Charts published in the operating budget document that display the budget for a unit or group of units.

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

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

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

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

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

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

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

State Categories—State law requires all county school districts to appropriate and record expenditures for education in accordance with standardized state budget categories. These categories are generally based on broad functional classifications such as administration, instructional costs, special education, and student transportation. Current categories were effective FY 1998.

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

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

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

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

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

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

Zero-based Budgeting—A method of budgeting where, at the beginning of the budget process, budget line items are presumed to have $0 funds and the amounts budgeted are based on justified need. This method is in contrast to incremental budgeting, where amounts or increments are either added or subtracted from the amount budgeted in the current year.