

Office of the Chief Operating Officer
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

October 27, 2003

MEMORANDUM

To: Executive Staff

From: Larry A. Bowers, Chief Operating Officer

Subject: FY 2004 Operating Budget Expenditure Restrictions

Due to increasing concerns about the economic outlook, the superintendent of schools has decided that it is necessary to impose restrictions on expenditures in the current fiscal year. These expenditure restrictions are effective immediately and until further notice.

Background

In FY 2003, as a result of staff's efforts, Montgomery County Public Schools (MCPS) made more than \$10 million in savings to offset deficits in several categories of expenditure. As a result, MCPS had a net surplus of \$1.8 million in expenditures that was used to fund the FY 2004 Operating Budget. We will need continuing commitment and dedication this year to maximize expenditure savings.

Recent reports from county officials make it clear that the economic situation is resulting in lower than anticipated tax receipts for the current fiscal year. These revenue shortfalls at the county level may worsen as additional economic data become available.

As a result of these economic and fiscal forecasts, it is necessary to take steps to reduce both short-term and long-term fiscal commitments. The restrictions detailed below are effective immediately. Each office will be expected to make only absolutely necessary expenditures. Without specific authorization, positions that are not exempt from the freeze may not be filled, no equipment may be ordered, and no new commitments may be made for non-position salaries, contractual services, or consultants.

These expenditure restrictions do not apply to school-based expenditures except where specifically noted. Additionally, enterprise funds are not included in the restrictions. Restrictions on grant expenditures will depend on the terms of specific grants, the details of which are discussed below.

Positions

1. All position vacancies are frozen, with the following exceptions:
 - All school-based professional positions (teachers and administrative)
 - Bus operators and attendants
 - Building service managers, work leaders, and workers
 - School-based secretarial positions
 - Security staff
2. Other school-based supporting services staff positions, including paraeducator positions, are frozen. Unless specifically approved, existing paraeducators may not be authorized for additional time.
3. Vacant paraeducator positions in schools may be filled with temporary part-time employees.
4. Supporting services employees who work part-time temporary hours above their position allocations, doing the same work, may be paid at their hourly rate.
5. Positions in enterprise funds are exempt from the freeze.
6. Other position vacancies may not be filled unless job offers have been made and accepted as of October 31, 2003. If there is any question as to the date of a job offer, contact the Department of Staffing.

Other Salaries

1. Overtime—Only emergency overtime is permitted. Except for emergency overtime in the departments of Transportation and Facilities Management, all emergency overtime must be pre-approved by the responsible associate superintendent according to existing procedures. Overtime in non-emergency situations must not be authorized.
2. Nonschool-based Temporary Part-time Employment—Central office and field operations temporary part-time is frozen, with the following exceptions:
 - Per diem psychologists
 - Bus operator and attendant substitutes
 - Interpreters
 - Security assistants
 - Hearing officers
 - Home and hospital instructors

All other temporary part-time employment, including school-based temporary part-time employees, requires a prior exception. Unless an exception is authorized by the Freeze Committee, all previously authorized part-time temporary employment must cease after November 14, 2003.

Contractual Services

1. **New Contractual Commitments**—No new contractual commitments may be made except for emergency repairs, waste disposal, and the extension of existing maintenance agreements for copiers or computers. This restriction also applies to school-based expenditures.
2. **Existing Contractual Commitments**—Offices may accept delivery of previously ordered contractual services. Each office must review contractual service encumbrances to see if they can be cancelled.
3. **Consultants**—All commitments for consultant services will require an exception. Services under ongoing consultant contracts must cease after November 14, 2003, unless specifically authorized through the exception process.

Supplies and Materials

1. Supplies and materials may be ordered only to permit employees to continue essential duties. Requests for nonschool-based supplies and materials orders require approval by the Freeze Committee.
2. Materials and supplies for maintenance work, vehicle maintenance, and printing materials are exempt.
3. Printing orders for new items must be authorized in writing by a primary account manager before the Department of Electronic Graphics and Publishing may accept them.

Other Expenditures

1. Staff will continue to be reimbursed for local travel expenditures.
2. Travel expenditures that are the result of negotiated agreements may proceed. All other travel commitments are frozen.
3. Employees must not arrange travel expenditures unless the travel has been previously authorized. Any arrangements made after this notification will not be honored.
4. Expenditures for dues, registrations, and subscriptions require advance authorization.

Equipment

1. All equipment purchases are frozen and require freeze exceptions.
2. The acquisition of school buses is exempt from this restriction.
3. Any new lease or master lease commitments require an approved exception.

Grants

1. Expenditures for non-budgeted grants (i.e., competitive grants that have no local component) are exempt from expenditure restrictions. These grants must be spent according to the terms of the grant. Project managers should check with their budget specialist to determine if their grant falls within this category.
2. Budgeted grants that have a local component (i.e., grants that include locally funded expenditures as part of the budgeted program) are subject to expenditure restrictions. These grants also must be expended according to the terms of the grant, but all expenditures not otherwise exempt under the provisions listed above must be scrutinized for opportunities to shift local expenditure to the grant. Grant managers must request exceptions from the Freeze Committee to authorize expenditures in these grants, unless otherwise exempt, and show why it is not possible to shift locally funded expenditures to the grant.
3. Project managers for budgeted grants must prepare expenditure plans for FY 2004 showing how they plan to spend out the grant within the fiscal year.

Exception Process

1. Exceptions to the freeze may be permitted for emergencies or other unavoidable expenditures if authorized by the chief operating officer.
2. Any exceptions must be requested by memorandum to the director of Management, Budget, and Planning from the deputy superintendent, chief operating officer, chief of staff, or an associate superintendent. Secondary account managers may not directly request an exception.
3. A committee consisting of the director of the Department of Management, Budget, and Planning and representatives of the deputy superintendent, chief operating officer, and chief of staff will make a recommendation to the chief operating officer regarding all exception requests. The decision of the chief operating officer will be final.
4. The chief operating officer may announce additional expenditure restrictions. Executive staff should remain alert for these announcements.

Requests for approval of exceptions must be justified according to the following criteria:

1. Emergency spending that cannot be avoided without endangering health or safety
2. Expenditures for supplies and materials necessary for employees to continue assigned duties
3. Unavoidable contractual commitments
4. Expenditures without which essential operations could not continue
5. Expenditures for which no alternative revenue sources, such as grants, are available

Until exceptions are approved, no expenditure should be made that would conflict with these criteria.

Orientation

An orientation meeting to explain the FY 2004 expenditure restrictions and the process for applying for exceptions will be held on October 31, 2003, at 9:00 a.m. in the CESC Auditorium. All account managers should attend the meeting. Immediately after that orientation, there will be a special meeting for grants managers to review the provisions concerning grant expenditures.

I want to thank you for your cooperation. These expenditure restrictions are absolutely essential to maintain the high quality of instruction for all of our children despite growing fiscal constraints. If you have any questions, please contact Dr. Marshall Spatz at 301-279-3547 or me.

LAB:vnb

Copy to:

Members of the Board of Education

Ms. DeGraba

Mr. Doody

Dr. Monk