



The Superintendent's Recommended
Budget in Brief



FY 2020

Operating Budget

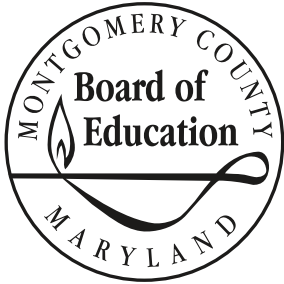
Montgomery County Public Schools, Rockville, Maryland

Recommended to the Board of Education
December 2018

Fiscal and School Year Ending June 30, 2020

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

www.montgomeryschoolsmd.org/budget



VISION

We inspire learning by providing the greatest public education to each and every student.

MISSION

Every student will have the academic, creative problem solving, and social emotional skills to be successful in college and career.

CORE PURPOSE

Prepare all students to thrive in their future.

CORE VALUES

*Learning
Relationships
Respect
Excellence
Equity*



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Check out the MCPS website for more detailed information about the FY 2020 Operating Budget.

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December 18, 2018



Dear Members of the Board of Education:

I am pleased to submit for your consideration my Fiscal Year (FY) 2020 Operating Budget recommendation for Montgomery County Public Schools (MCPS). The FY 2020 Operating Budget I am recommending continues to be one that is a student, classroom, and school-focused budget that is centered on our core purpose of preparing all students to thrive in their future. This budget will help us achieve our mission that every student will have the academic, creative problem solving, and social emotional skills to be successful in college and career.

The Superintendent's Recommended FY 2020 Operating Budget totals \$2,651,597,328 for MCPS. My budget recommendation includes an increase of \$55,155,609 and 221.110 Full-time Equivalent (FTE) positions compared to the current FY 2019 Operating Budget. This will fund services for a growing number of students, the costs of operating the school system, and our strategic key bodies of work. Part of this increase is offset by savings of \$1,831,688 generated by efficiencies and reductions. The increase of \$55,155,609 represents a 2.1 percent increase in the operating budget compared to FY 2019. In addition, this budget assumes that the Montgomery County Council will continue to fund \$27,200,000 from the County's Consolidated Other Post-Employment Benefits Trust Fund to cover a portion of our retiree health benefits costs.

MCPS has a long history of high achievement for many students—but not all. Our data indicate that some students have not yet realized their potential. As a district, it is our responsibility to maintain both our high level of achievement for which our County is known and raise to a strata of excellence those students who have not yet met their potential. We will not be great until all students are achieving at their potential.

FY 2020 marks the third budget that I have submitted to the Board of Education as the superintendent of schools. We have made progress in these last two years in aligning existing dollars and adding new resources to accelerate programs and efforts that are helping our students to be college and career ready. With this year's budget, we want to "stay the course" by continuing our work of accelerating the progress of all students and closing the achievement and opportunity gaps. We are accomplishing important work that we must continue and expand in FY 2020. We want to enhance and improve programs that are demonstrating results and increase opportunities and outcomes. We want to ensure that all MCPS students, regardless of their background, socioeconomic status, or ethnicity can learn, explore, and meet their highest potential. The operating budget is a reflection of how we want adults to do their work and students to be cared for and to learn.

We recently announced that the MCPS Class of 2018 earned an average combined SAT score of 1167. This was a 41-point increase from the previous year. Moreover, it was 101 points greater than the state of Maryland average and 118 points greater than the national average for the Class of 2018. All racial/ethnic groups saw an increase in SAT total scores with Black or African American graduates from MCPS scoring an average of 1035, an increase of 15 points and significantly greater than their peers in the state (956) and the nation (946). Hispanic/Latino students also made gains in performance earning an average score of 1044, a 7-point increase from 2017 and notably greater than their peers across the state (1036) and the nation (990). This improvement helps to demonstrate that our efforts are making an impact.

The MCPS Operating Budget lays out the strategies we will use to achieve our goal and matches them with the investment we need to implement the strategy. The FY 2020 Recommended Operating Budget is centered on our four strategic priorities so that we can improve teaching and learning and provide a strong academic program for all students. These four strategies focus on: (1) learning, accountability, and results; (2) community partnerships and engagement; (3) human capital management; and (4) operational excellence.

Through this FY 2020 Recommended Operating Budget, we are improving programs; increasing access to strong academic and career opportunities; extending learning for students; providing enhanced language opportunities; focusing on the physical, social, and psychological well-being of our students; hiring and retaining an effective and diverse workforce; strengthening operational excellence; and creating a safe and secure environment for all students across the school district.

We believe that investment in early childhood education is both essential and wise to ensure success for every student. We continue to strive to create opportunities and pathways for all students. MCPS is engaged in a curriculum-selection process to select the most up-to-date instructional materials to support learning. We are upgrading the existing curriculum for elementary students in a way that will better engage students and teachers that include devoting additional time to subjects such as the arts, information literacy, mathematics, science, social studies, and physical education. MCPS is committed to producing a challenging and comprehensive middle school program that provides the basis for continuous improvement in teaching and learning. Additionally, we strive to create opportunities and pathways for all students including signature programs in high schools that integrate a specific focus or distinguishing theme with the skills, concepts, and instructional strategies of a portion of the school's curriculum with the aim that all high school curriculum is fresh, interesting, and challenging.

Today's investments in MCPS are crucial to a prosperous economy, strong business growth, and students' ability to compete for desirable jobs in a global, high-tech economy. We must adequately fund our school system to prepare our youth to support future economic health. The following table reflects the revenue and expenditure details of my FY 2020 Recommended Operating Budget compared to the FY 2018 actual and current FY 2019 budgets.

Montgomery County Public Schools
 Superintendent's Recommended FY 2020 Operating Budget
 (including budgeted grants)

	FY 2018 <u>Actual Budget</u>	FY 2019 <u>Current Budget</u>	FY 2020 <u>Recmd. Budget</u>	FY 2020 Change from <u>FY 2019</u>
Total Expenditures	\$2,528,825,122	\$2,596,441,719	\$2,651,597,328	\$55,155,609
Revenue				
Local Revenue	1,665,550,392	1,708,627,645	1,747,331,826	38,704,181
State Revenue	681,749,220	707,968,748	715,732,124	7,763,376
Fund Balance (from prior years)	22,783,303	25,000,000	22,000,000	(3,000,000)
Fed/Other Revenue	<u>158,742,207</u>	<u>154,845,326</u>	<u>166,533,378</u>	<u>11,688,052</u>
Total Revenue	\$2,528,825,122	\$2,596,441,719	\$2,651,597,328	\$55,155,609

Managing Growth

The projected enrollment for the 2019–2020 school year is 164,477, or 1,183 more students than budgeted for the 2018–2019 school year. Our current FY 2019 budget year was the tenth consecutive year that our enrollment had increased by at least 2,000 students. While we continue to project student enrollment growth for the FY 2020 Operating Budget, the growth has slowed compared to the last decade.

In order to manage our anticipated student enrollment growth in FY 2020, my budget recommendation adds 139.827 FTE positions, including 60.675 general elementary/secondary FTE positions, 40.252 FTE positions for special education services, and 15.775 FTE positions to serve our growing population of students who receive English for Speakers of Other Languages services. In addition, 3.0 FTE psychologist, 2.0 FTE pupil personnel worker, and 2.0 FTE parent community coordinator positions are included. We also need 10.250 FTE positions to open the new Clarksburg Cluster Elementary School (Clarksburg Village Site #2). Finally, we need 34.3 FTE positions in school support operations for transportation and school plant operations for the additional students and facilities expected next fiscal year.

Strategic Accelerators to Support Key Bodies of Work

The FY 2020 recommended budget includes \$9,327,447 in strategic accelerators, including 51.5 FTE positions. These resources are in addition to realignments of existing resources and will help intensify efforts to close the persistent opportunity gaps and improve academic excellence for all students. The strategic accelerators are grouped by the four strategic priorities.

For our strategic focus on learning, accountability, and results, an additional \$5,845,116 and 46.750 FTE positions are included. Within this total, \$2,200,000 will provide extended year programming at 2 schools. In order to add additional focus teachers in highly impacted elementary schools, \$1,434,489 and 21.0 teacher positions are included in the operating budget. In order to expand prekindergarten programs, an increase of \$1,007,411 and 19.750 positions, including 11.0 teachers and 8.750 paraeducators have been included. To add 4.0 additional assistant principal positions, an increase of \$568,871 is provided in this budget. Furthermore, \$157,993 and a 1.0 program specialist position is added to focus on school climate and culture. To expand the arts initiative program to elementary schools, \$75,000 and a 1.0 music teacher position has been included. Finally, there are several funding increases for this strategic focus area. This includes \$107,044 for staff development stipends in the Office of Shared Accountability for professional learning sessions for Grades K–12 general and special education teachers to build the capacity for creating standards-based assessment items. In addition, \$185,000 is to increase language exposure at elementary schools through volunteers, online resources, and after-school programming. Also, we have added \$95,116 for the conversion of assistant school administrators to assistant principals to provide administrative support at highly impacted schools, and \$14,192 for additional staff support for an Outdoor Education coordinator and nurse.

For the strategic focus on community partnerships and engagement, an additional \$435,000 is included. Within this funding, \$265,000 is to expand dual enrollment (college and high school) opportunities. Another \$115,000 will be used to expand the Northwest and Northwood Middle College Programs for students outside the schools' service areas. A total of \$55,000 is provided to support the implementation of the Summer R.I.S.E. (Real Interesting Summer Experience) partnership program within MCPS, which provides rising juniors and seniors with career development opportunities in a professional environment.

An additional \$458,286 and a 1.0 FTE position is included for our strategic focus on human capital management. These resources are included to continue our work to ensure all employees have the proper background check before they are hired. We also will continue our work to develop and expand pathways for our supporting services employees to earn teacher and other certificates.

Finally, a total of \$2,589,045 and 3.750 FTE positions is included for our focus on operational excellence. Within these resources, \$787,000 will provide enhancements for hazardous safety initiatives; heating, ventilation, and air conditioner chiller overhauls in our schools; and for carpet replacement. Another \$800,000 of funding is for technology improvements to support expansion of our platforms. Also, \$500,000 is for additional furniture needed at schools. A total of \$100,000 is required to install seatbelts in our special education buses. In order to add a 1.0 supervisor position for our information technology systems specialists, who provide technology support to our 206 schools, an additional \$124,918 is included. To add additional support for the call center for the Employee and Retiree Services Center, given the increase in calls and e-mail messages during the past few years, \$78,344 and 0.750 positions are added. In support of our Office of Employee Engagement and Labor Relations, an increase of \$140,496 and a 1.0 investigation specialist position is included. Finally, \$58,287 is provided for a 1.0 secretary

position for the Office of the General Counsel to address the increasingly high volume of requests for assistance from schools and offices, as well as for contract review and employee-related matters.

Program Efficiencies and Reductions

In addition to accelerating and realigning funding to improve teaching and learning for all students, program efficiencies and reductions are included in this FY 2020 Recommended Operating Budget that total \$1,831,688 and 9.125 FTE positions. This includes reductions of \$1,535,600 and 3.250 FTE positions from central services, \$117,317 from schools, and \$178,771 and 5.875 FTE positions from support operations.

Contract Negotiations

Between April and June 2017, the Board of Education reached agreement on comprehensive three-year agreements covering economic and non-economic terms with all three employee associations, effective July 1, 2017, through June 30, 2020. As part of the ratified agreements, the second and third years (FY 2019 and FY 2020) of the three-year association contracts were open for negotiations on wages. Negotiations with our three employee associations were completed and ratified, and the contracts approved by the Board of Education on April 24, 2018. The agreements addressed salary and wage increases for employees for FY 2019 and FY 2020. The two-year agreement mirrors the school system's commitment to ensure MCPS can hire and retain a talented and highly qualified workforce reflected in this FY 2020 Recommended Operating Budget.

Collaborative Budget Development


My recommended FY 2020 Operating Budget was developed through a partnership with our stakeholders. I want to thank the leadership of the Montgomery County Association of Administrators and Principals, the Montgomery County Education Association, and the Service Employees International Union Local 500 for their input and commitment during the development of this operating budget. I also am grateful to the leaders of the Montgomery County Council of Parent Teacher Associations (MCCPTA), Inc., and representatives of the African American Student Achievement Action Group and the Latino Student Achievement Action Group, who were involved in the development of this budget recommendation. This year, we added three additional members to the Budget Advisory Committee including representatives from the Asian Pacific American Student Achievement Action Group, the MCCPTA Gifted Child Committee, and the Special Education Advisory Committee; we continue to have a student representative on the committee who advised us. I am grateful to have the input from a group representing a broad set of interests in our community. Lastly, I appreciate the input and work from our MCPS senior leadership team and additional staff in the development of this operating budget recommendation.

This year, we implemented a new way of soliciting input from the community through an online survey available on the MCPS website. We received nearly 500 responses from MCPS students, MCPS parents and guardians, MCPS teachers, various MCPS staff, and community members on the strategies, programs, and efforts that are helping to improve outcomes for all students, those efforts that are not helping to improve outcomes for all students, and those efforts that should be added to improve outcomes for all students. Receiving timely feedback from the community was pertinent to developing the Superintendent's Recommended FY 2020 Operating Budget.

My top priority with this budget is to both maintain the high levels of achievement that we have for many of our students and eliminate those opportunity gaps that most heavily impact our Black or African American students, our Hispanic/Latino students, children who live in poverty, English language learners, and our students who receive Individualized Education Program services. We stand at the crossroads where our school system will be defined by its capacity to ensure the success of all children. We have before us the opportunity to create a school system where academic success is not predictable by race, ethnicity, socioeconomic status, language or disability. MCPS cannot and will not be satisfied until we have eliminated disparities in opportunities and performance among our student populations.

I look forward to working with the Members of the Board of Education on this FY 2020 Operating Budget for MCPS to improve teaching and learning for all of our students.

Sincerely,



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

JRS:ND:tpk

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TABLE 1
SUMMARY OF RESOURCES
BY OBJECT OF EXPENDITURE

OBJECT OF EXPENDITURE	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 BUDGET	FY 2020 CHANGE
POSITIONS					
Administrative	730.250	727.750	727.750	737.250	9.500
Business/Operations Admin.	90.750	94.750	95.750	95.750	
Professional	13,134.316	13,260.711	13,260.711	13,384.936	124.225
Supporting Services	8,344.248	8,427.652	8,426.652	8,514.037	87.385
TOTAL POSITIONS	22,299.564	22,510.863	22,510.863	22,731.973	221.110
01 SALARIES & WAGES					
Administrative	\$99,286,260	\$102,662,182	\$102,662,182	\$104,253,090	\$1,590,908
Business/Operations Admin.	8,715,795	9,787,488	9,882,593	10,127,027	244,434
Professional	1,094,408,292	1,138,764,566	1,138,764,566	1,164,275,653	25,511,087
Supporting Services	363,785,005	389,107,942	389,012,837	394,399,701	5,386,864
TOTAL POSITION DOLLARS	1,566,195,352	1,640,322,178	1,640,322,178	1,673,055,471	32,733,293
OTHER SALARIES					
Administrative	126,466	298,629	298,629	262,112	(36,517)
Professional	67,024,957	63,242,210	63,242,210	68,593,751	5,351,541
Supporting Services	27,846,389	26,563,153	26,563,153	26,383,268	(179,885)
TOTAL OTHER SALARIES	94,997,812	90,103,992	90,103,992	95,239,131	5,135,139
TOTAL SALARIES AND WAGES	1,661,193,164	1,730,426,170	1,730,426,170	1,768,294,602	37,868,432
02 CONTRACTUAL SERVICES	39,399,270	43,504,724	43,504,724	54,065,648	10,560,924
03 SUPPLIES & MATERIALS	69,992,743	69,782,141	69,782,141	72,797,809	3,015,668
04 OTHER					
Local/Other Travel	2,453,727	2,206,190	2,206,190	2,249,851	43,661
Insur & Employee Benefits	594,189,150	620,533,672	620,533,672	618,356,835	(2,176,837)
Utilities	41,591,838	42,042,605	42,042,605	43,348,553	1,305,948
Miscellaneous	60,704,075	67,620,375	67,620,375	71,141,027	3,520,652
TOTAL OTHER	698,938,790	732,402,842	732,402,842	735,096,266	2,693,424
05 EQUIPMENT	20,128,761	20,325,842	20,325,842	21,343,003	1,017,161
GRAND TOTAL AMOUNTS	\$2,489,652,728	\$2,596,441,719	\$2,596,441,719	\$2,651,597,328	\$55,155,609

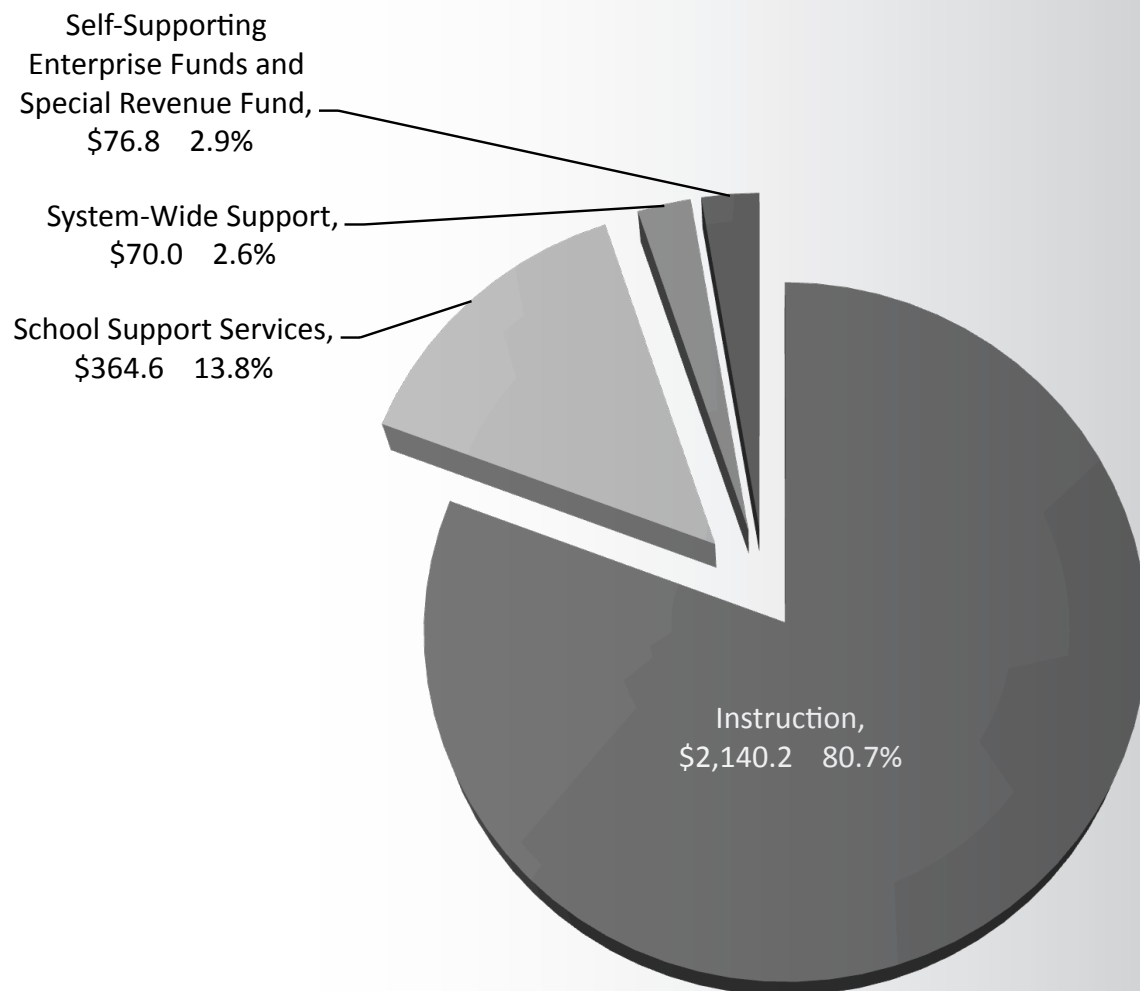
TABLE 1A
SUMMARY OF BUDGET CHANGES FY 2019 - FY 2020
(\$ in millions)

ITEM	FTE	AMOUNT	FY 2020 CHANGES CONTINUED:	ITEM	FTE	AMOUNT
FY 2019 CURRENT OPERATING BUDGET	22,510.863	\$2,596.44				
FY 2020 CHANGES:			EFFICIENCIES & REDUCTIONS			
ENROLLMENT CHANGES			Central Office	(3.250)	(1.54)	
Elementary/Secondary	60.675	5.64	Support Operations	(5.875)	(0.18)	
Prekindergarten	1.125	0.05	School-based		(0.11)	
Special Education	40.252	3.48	Subtotal	(9.125)	(1.83)	
ESOL	15.775	1.33				
Student Services and Engagement	7.000	0.65	STRATEGIC PRIORITY ACCELERATORS			
Transportation	15.000	0.88	Focus on Learning, Accountability, and Results	46.750	5.85	
Technology		0.02	Focus on Operational Excellence	3.750	2.59	
Subtotal	139.827	12.05	Focus on Community Partnerships and Engagement	0.000	0.43	
NEW SCHOOLS/ADDITIONAL SPACE	29.550	2.12	Focus on Human Capital Management	1.000	0.46	
EMPLOYEE SALARIES - CONTINUING SALARIES FOR CURRENT EMPLOYEES (including benefits)		23.16	Subtotal	51.500	9.33	
EMPLOYEE BENEFITS AND INSURANCE			FY 2020 OPERATING BUDGET	22,731.973	\$2,651.59	
Employee Benefits Plan (active)		(6.00)	FY 2019 - FY 2020 CHANGE	221.110	\$55.15	
Employee Benefits Plan (retired)		(4.00)	Grants Funding		(87.08)	
Retirement (local)		(1.87)	Enterprise Funding		(74.96)	
FICA		-	Special Revenue Funding		(1.81)	
Self-insurance, Worker's Compensation		2.16	SPENDING AFFORDABILITY BUDGET	22,731.973	\$2,487.74	
Administrative Costs/Fees		(0.64)	REVENUE CHANGES BY SOURCE			
State Pension		1.41	Local		38.72	
Subtotal		(8.94)	State		7.87	
INFLATION AND OTHER			Federal		3.54	
Textbooks, Instructional Materials, Building/Maintenance Supplies		0.51	Fund Balance		(3.00)	
Utilities		0.67	Enterprise/Special Revenue Funds		8.12	
Special Education		0.97	NonPublic		(0.10)	
Maintenance		3.22	TOTAL REVENUE INCREASE	\$	55.15	
Transportation		1.55				
Technology		2.34				
Labor Relations & Electronic Graphics Publishing Services		0.06				
Human Capital Management		0.11				
Grants and Enterprise Funds	0.500	9.83				
Realignments	8.858	-				
Subtotal	9.358	19.26				

WHERE THE MONEY GOES

Total Expenditures = \$2,651,597,328

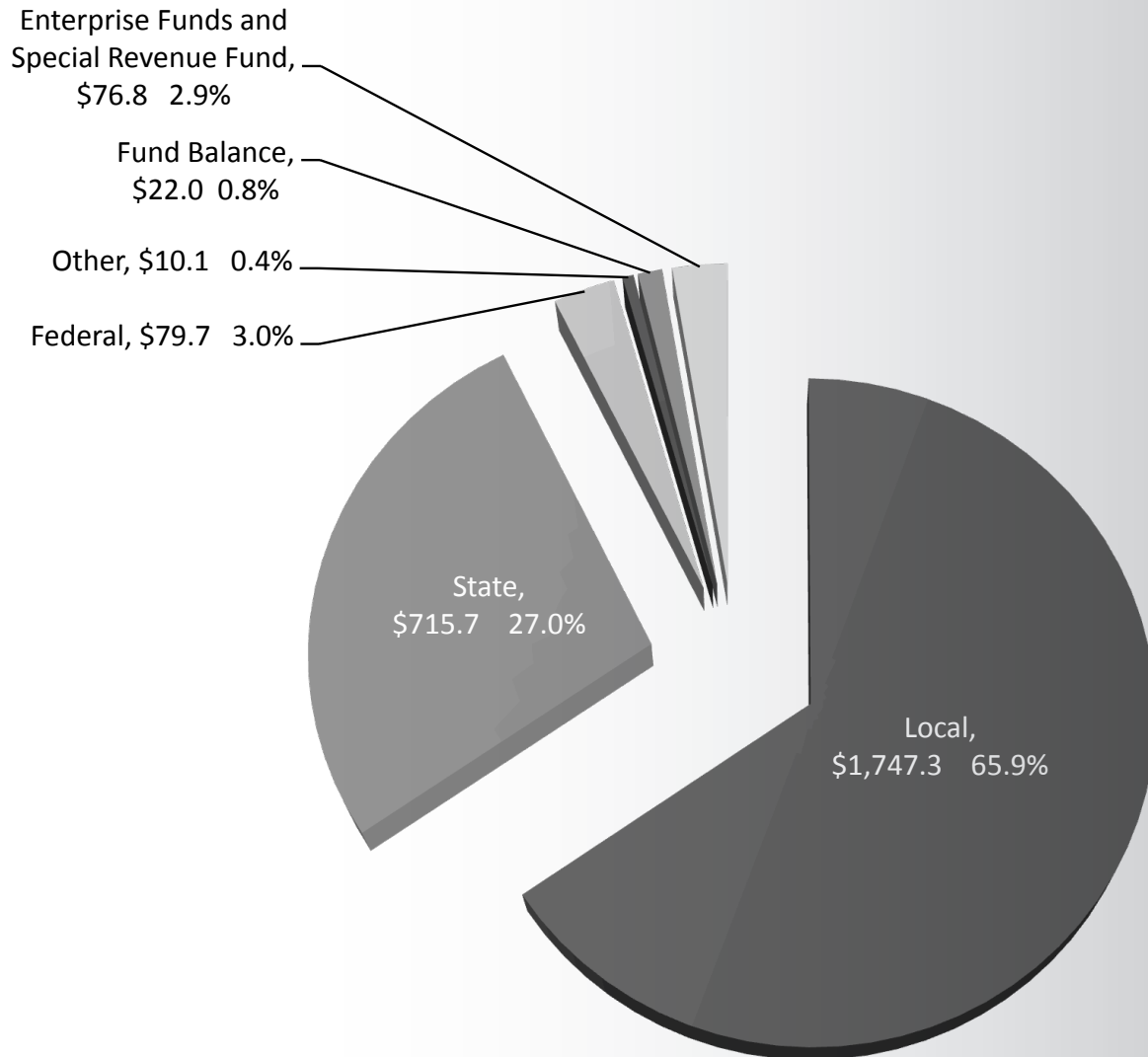
(Dollars in Millions on Chart)



WHERE THE MONEY COMES FROM

Total Revenue = \$2,651,597,328

(Dollars in Millions on Chart)



**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2018 ACTUAL*	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 ESTIMATED
CURRENT FUND				
From the County:	1,663,280,683	\$1,708,627,645	\$1,708,627,645	\$1,747,331,826
Local Contribution for State Retirement				
Programs financed through local Grants	2,269,709			
Total from the County	1,665,550,392	1,708,627,645	1,708,627,645	1,747,331,826
From the State:				
Bridge to Excellence				
Foundation Grant	338,744,661	351,744,825	351,744,825	355,033,053
Geographic Cost of Education Index	36,854,599	37,711,769	37,711,769	38,224,101
Limited English Proficient	64,721,654	73,546,106	73,546,106	74,560,772
Compensatory Education	140,036,855	141,592,674	141,592,674	143,545,206
Students with Disabilities - Formula	38,947,354	40,404,075	40,404,075	40,947,110
Students with Disabilities - Reimbursement	17,302,362	18,551,804	18,551,804	18,445,511
Transportation	42,090,090	43,244,528	43,244,528	43,990,739
Miscellaneous	242,513	140,000	140,000	200,000
Programs financed through State Grants	2,809,132	1,032,967	1,032,967	785,632
Total from the State	681,749,220	707,968,748	707,968,748	715,732,124
From the Federal Government:				
Impact Aid	104,794	150,000	150,000	100,000
Emergency Reimbursements				
Additional Education Jobs Fund Revenue				
Programs financed through Federal Grants	76,798,000	75,964,327	75,964,327	79,558,409
Total from the Federal Government	76,902,794	76,114,327	76,114,327	79,658,409
From Other Sources:				
Tuition and Fees				
D.C. Welfare	256,162	160,000	160,000	240,000
Nonresident Pupils	526,852	530,000	530,000	530,000
Summer School	1,655,806	1,676,736	1,676,736	1,600,000
Outdoor Education	685,790	700,000	700,000	700,000
Student Activities Fee	-	-	-	-
Miscellaneous	417,424	300,000	300,000	300,000
Programs financed through Private Grants	518,581	6,731,204	6,731,204	6,731,204
Total from Other Sources	4,060,615	10,097,940	10,097,940	10,101,204
Fund Balance	22,783,303	25,000,000	25,000,000	22,000,000
Total Current Fund	2,451,046,324	2,527,808,660	2,527,808,660	2,574,823,563
ENTERPRISE & SPECIAL FUNDS				
School Food Service Fund: *				
State	2,179,972	2,229,567	2,229,567	2,243,044
National School Lunch, Special Milk and Free Lunch Programs	41,872,671	36,910,793	36,910,793	38,276,538
Child Care Food Program				
Sale of Meals and other	17,486,176	17,078,839	17,078,839	17,588,383
Total School Food Service Fund	61,538,819	56,219,199	56,219,199	58,107,965
Real Estate Management Fund:				
Rental fees	3,536,111	3,952,935	3,952,935	3,966,407
Total Real Estate Management Fund	3,536,111	3,952,935	3,952,935	3,966,407

**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2018 ACTUAL*	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 ESTIMATED
Field Trip Fund:				
Fees	2,148,783	2,530,246	2,530,246	2,736,949
Total Field Trip Fund	2,148,783	2,530,246	2,530,246	2,736,949
Entrepreneurial Activities Fund:				
Fees	8,857,581	4,140,738	4,140,738	10,150,669
Total Entrepreneurial Activities Fund	8,857,581	4,140,738	4,140,738	10,150,669
Total Enterprise Funds	76,081,294	66,843,118	66,843,118	74,961,990
Instructional Television Special Revenue Fund:				
Cable Television Plan	1,697,504	1,789,941	1,789,941	1,811,775
Total Instructional Special Revenue Fund	1,697,504	1,789,941	1,789,941	1,811,775
GRAND TOTAL	2,528,825,122	\$2,596,441,719	\$2,596,441,719	\$2,651,597,328
Tax - Supported Budget	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 ESTIMATED
Grand Total	2,528,825,122	\$2,596,441,719	\$2,596,441,719	\$2,651,597,328
Less:				
Grants	(82,395,421)	(83,728,498)	(83,728,498)	(87,075,245)
Enterprise Funds	(76,081,294)	(66,843,118)	(66,843,118)	(74,961,990)
Special Revenue Fund	(1,697,504)	(1,789,941)	(1,789,941)	(1,811,775)
Grand Total - Tax-Supported Budget	2,368,650,903	\$2,444,080,162	\$2,444,080,162	\$2,487,748,318

The Real Estate Management Fund was created July 1, 1992. The Field Trip Fund was created effective July 1, 1993. The Entrepreneurial Activities Fund was created effective July 1, 1998. The Instructional Television Special Revenue Fund was created July 1, 2000. *The actual column refers to revenue received during the fiscal year. In some cases, this may not include total amount of revenue awarded if the revenue spans over a multiyear funding period, which is the case for many MCPS budgeted grants.

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

Program Name and Source of Funding	FY 2018 ACTUAL*	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 ESTIMATED
<u>Budgeted</u>				
FEDERAL AID: NO CHILD LEFT BEHIND (NCLB)				
Title I - A (941/942)	\$ 28,337,432	\$ 25,124,592	\$ 25,124,592	\$ 28,577,342
Subtotal	28,337,432	25,124,592	25,124,592	28,577,342
Title I - D				
Neglected and Delinquent Youth (937)	101,992	168,164	168,164	92,050
Total Title I	28,439,424	25,292,756	25,292,756	28,669,392
Title II - A				
Skillful Teaching and Leading Program (915)	561,843	869,042	869,042	631,080
Teacher Mentoring (917)	292,451	259,220	259,220	388,980
Consulting Teachers (961)	3,132,262	2,211,828	2,211,828	2,525,017
Total Title II	3,986,556	3,340,090	3,340,090	3,545,077
Title III				
English Language Acquisition (927)	3,306,334	3,365,645	3,365,645	3,365,645
Title VII				
American Indian Education (903)	25,232	25,669	25,669	25,669
SUBTOTAL	35,757,546	32,024,160	32,024,160	35,605,783
OTHER FEDERAL, STATE, AND LOCAL AID				
Head Start Child Development (931/932) Federal	3,870,476	3,870,476	3,870,476	3,870,476
Individuals with Disabilities Education (907/913) Federal	31,586,828	32,729,014	32,729,014	32,729,014
Infants and Toddlers - Passthrough from Montgomery County Department of Health and Human Services (930) Federal	642,770	642,770	642,770	638,105
State	380,967	380,967	380,967	385,632
Judith P. Hoyer Child Care Centers State (904/905)	644,000	652,000	652,000	400,000
Medical Assistance Program (939) Federal	5,117,501	5,117,501	5,117,501	5,117,501
National Institutes of Health (NIH) (908) Federal	286,983	281,388	281,388	298,512
Provision for Future Supported Projects (999) Other	6,122,940	6,731,204	6,731,204	6,731,204
Carl D. Perkins Career & Technical Ed. Improvement (950/951) Federal	1,236,577	1,299,018	1,299,018	1,299,018
SUBTOTAL	49,889,042	51,704,338	51,704,338	51,469,462
TOTAL	\$ 85,646,588	\$ 83,728,498	\$ 83,728,498	\$ 87,075,245
<u>Summary of Funding Sources</u>				
Federal	\$ 78,498,681	\$ 75,964,327	\$ 75,964,327	\$ 79,558,409
State	1,024,967	1,032,967	1,032,967	785,632
County				
Other	6,122,940	6,731,204	6,731,204	6,731,204
GRAND TOTAL	\$ 85,646,588	\$ 83,728,498	\$ 83,728,498	\$ 87,075,245

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

**TABLE 4
SUMMARY OF STUDENT ENROLLMENT - FY 2017 THROUGH FY 2020**

DESCRIPTION	(1) FY 2017 ACTUAL 9/30/2016	(2) FY 2018 ACTUAL 9/30/2017	(3) FY 2019 ACTUAL 9/30/2018	(4) FY 2019 BUDGET 9/30/2018	(5) FY 2020 PROJECTED* 9/30/2019	CHANGE COLUMN (5) LESS COLUMN (4)	
						#	%
ENROLLMENT							
PRE-KINDERGARTEN	2,278	2,244	2,338	2,375	2,395	20	0.8%
HEAD START	628	628	640	648	648		
KINDERGARTEN	11,224	11,240	11,316	11,154	11,210	56	0.5%
GRADES 1-5 / 6 **	60,829	60,831	60,421	60,464	60,063	(401)	-0.7%
SUBTOTAL ELEMENTARY	74,959	74,943	74,715	74,641	74,316	(325)	-0.4%
GRADES 6-8 ***	34,957	36,006	36,489	36,598	37,435	837	2.3%
SUBTOTAL MIDDLE	34,957	36,006	36,489	36,598	37,435	837	2.3%
GRADES 9-12	47,131	48,498	49,315	49,937	50,443	506	1.0%
SUBTOTAL HIGH	47,131	48,498	49,315	49,937	50,443	506	1.0%
SUBTOTAL PRE-K - GRADE 12	157,047	159,447	160,519	161,176	162,194	1,018	0.6%
SPECIAL EDUCATION							
PRE-KINDERGARTEN****	1,414	1,431	1,521	1,493	1,593	100	6.7%
SPECIAL CENTERS	441	477	444	490	510	20	4.1%
SUBTOTAL SPECIAL EDUCATION	1,855	1,908	1,965	1,983	2,103	120	6.1%
ALTERNATIVE PROGRAMS	108	115	116	135	180	45	33.3%
GRAND TOTAL	159,010	161,470	162,600	163,294	164,477	1,183	0.7%

NOTE: Grade enrollments include special education students.

*Based on final enrollment projections

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

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

The FY 2018 - 2020 middle enrollment numbers include Chevy Chase Elementary School and North Chevy Chase Elementary School Grade 6.

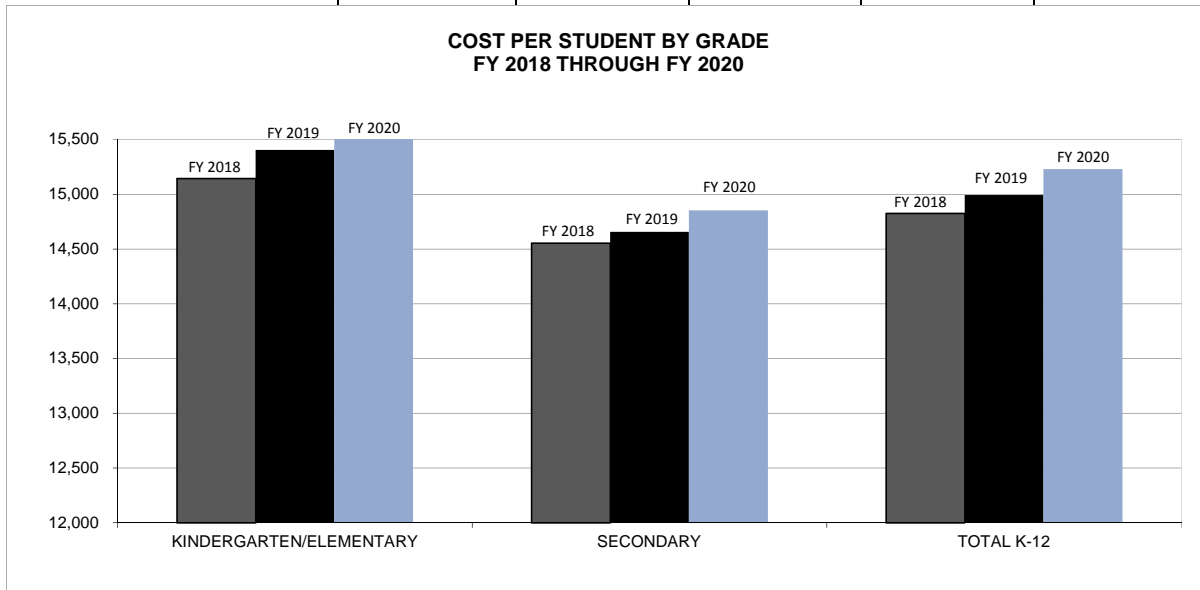
****Special education pre-kindergarten enrollment numbers **do not** include PEP Itinerant students.

**TABLE 5
ALLOCATION OF STAFFING**

	POSITIONS	BUDGET FY 2015	BUDGET FY 2016	BUDGET FY 2017	BUDGET FY 2018	CURRENT FY 2019	REQUEST FY 2020	FY 19 - FY 20 CHANGE
1	Executive	19.000	16.000	17.000	17.000	17.000	17.000	-
2	Administrative - (directors, supervisors, program coordinators, executive assistants)	204.700	199.700	197.600	198.750	182.250	184.250	2.000
3	Business/Operations Administrator - (leadership positions supervised by directors and supervisors)	90.650	88.650	86.650	90.750	95.750	95.750	-
4	Other Professional - (12-month instructional/evaluation specialists)	189.500	187.400	185.400	169.500	163.100	161.500	(1.600)
5	Principal/Assistant Principal	494.000	491.500	503.500	514.500	528.500	536.000	7.500
6	Teacher	10,984.160	10,940.304	11,481.264	11,572.529	11,686.139	11,784.264	98.125
7	Special Education Specialist - (speech pathologists, physical/occupational therapists)	508.958	506.708	503.008	509.148	511.608	521.208	9.600
8	Media Specialist	195.500	195.500	196.500	198.200	198.200	199.200	1.000
9	Counselor	467.500	467.000	486.000	496.500	504.500	515.500	11.000
10	Psychologist	106.034	106.034	115.034	115.409	120.534	125.034	4.500
11	Social Worker	14.830	14.830	15.830	20.030	24.230	23.830	(0.400)
12	Pupil Personnel Worker	51.000	51.000	53.000	53.000	52.400	54.400	2.000
13	Instructional Aide and Assistant - (paraeducators, media assistants, lunch-hour aides, parent assistants, instructional data assistants)	2,660.994	2,652.222	2,764.814	2,704.947	2,762.101	2,801.761	39.660
14	Secretarial/Clerical/Data Support - (secretarial, clerical, personnel/transportation/fiscal/other lower grade program/data assistants)	983.250	963.225	967.850	977.500	973.750	981.550	7.800
15	IT Systems Specialist	133.000	109.000	108.000	108.000	121.500	119.500	(2.000)
16	Security - (includes all positions except those in lines 2,3,14 above)	229.000	232.000	232.000	240.000	242.000	244.000	2.000
17	Cafeteria - (Includes all positions except those in lines 2,3,14,15 above)	561.448	561.448	564.323	568.323	571.323	576.823	5.500
18	Building Services - (includes all positions except those in lines 2,3,14 above)	1,376.700	1,363.200	1,379.700	1,403.700	1,403.700	1,419.000	15.300
19	Facilities Management/Maintenance - (includes all positions except those in lines 2,3,14,15 above)	354.000	352.000	352.000	367.000	368.000	367.500	(0.500)
20	Supply/Property Management - (includes all positions except those in lines 2, 3,14,15 above)	51.500	51.500	51.500	53.500	53.500	53.500	-
21	Transportation - (includes all positions except those in lines 2,3 14,15 above)	1,685.590	1,673.153	1,693.153	1,690.153	1,700.153	1,713.278	13.125
22	Other Support Personnel - (business, technology human resources,communications, printing, and other support staff)	226.675	224.875	226.375	231.125	230.625	237.125	6.500
	TOTAL	21,587.989	21,447.249	22,180.501	22,299.564	22,510.863	22,731.973	221.110

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

	KINDERGARTEN/ ELEMENTARY	SECONDARY	TOTAL K-12*	AMOUNT EXCLUDED*	TOTAL BUDGET**
FY 2018 BUDGET					
EXPENDITURES	1,088,834,671	1,237,170,197	2,326,004,868	193,275,153	2,519,280,021
STUDENTS 9/30/16	71,898	84,998	156,896		
COST PER STUDENT	15,144	14,555	14,825		
FY 2019 BUDGET					
EXPENDITURES	1,106,841,232	1,282,795,819	2,389,637,051	196,947,319	2,586,584,370
STUDENTS 9/30/17	71,843	87,525	159,368		
COST PER STUDENT	15,406	14,656	14,994		
FY 2020 BUDGET					
EXPENDITURES	1,119,141,402	1,315,386,107	2,434,527,509	217,069,819	2,651,597,328
STUDENTS 9/30/18	71,273	88,568	159,841		
COST PER STUDENT	15,702	14,852	15,231		

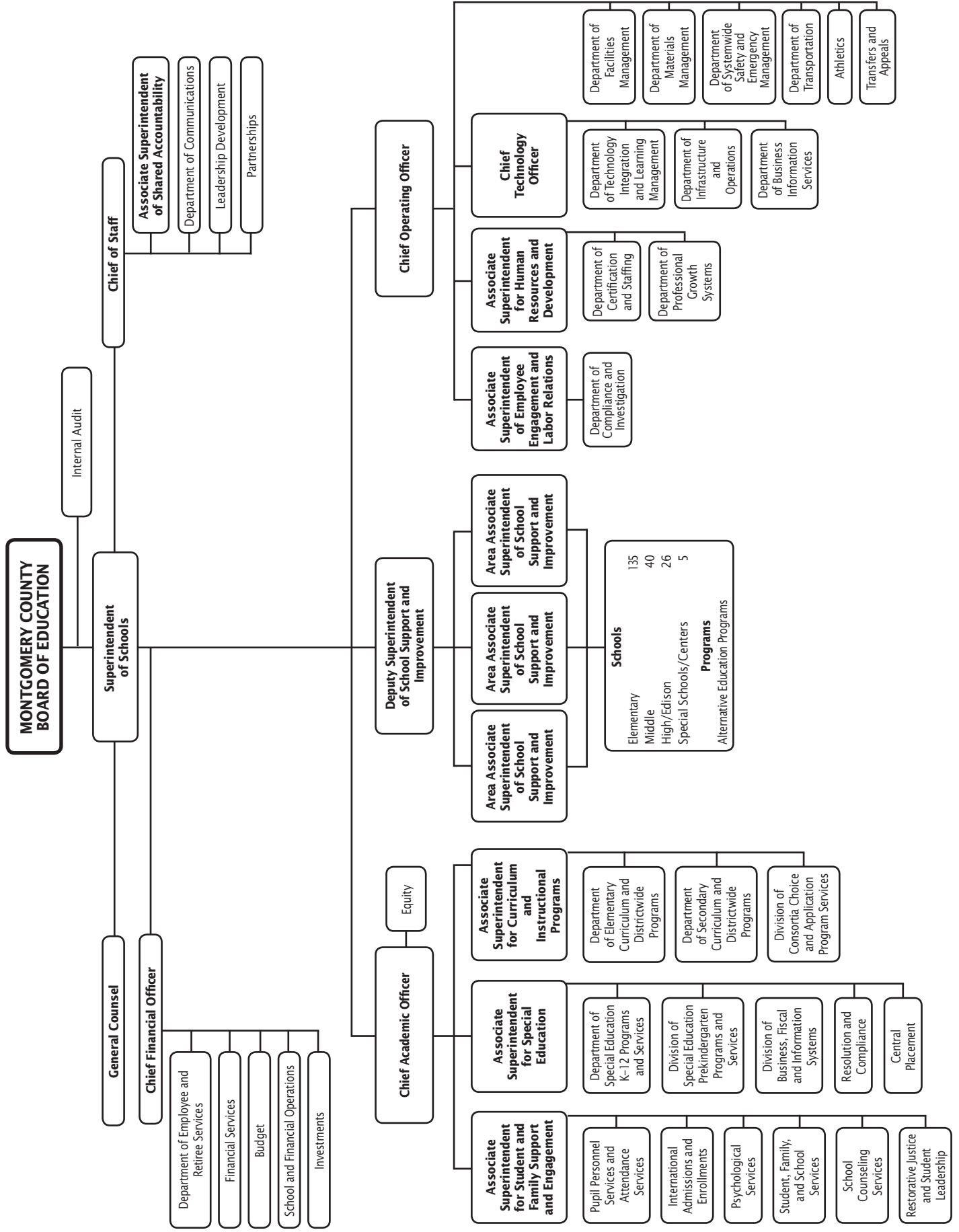


Notes:

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

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

MONTGOMERY COUNTY PUBLIC SCHOOLS ORGANIZATION—FY 2020



Montgomery County Public Schools FY 2020 Operating Budget

Summary of Negotiations

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

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

As part of the ratified agreements, the second and third years (FY 2019 and FY 2020) of the three-year union contracts are open for negotiations on wages. Negotiations with our three employee associations were completed and ratified, and the contracts approved by the Board of Education on April 24, 2018. The agreements addressed salary and wage increases for employees for fiscal years 2019 and 2020. The two-year agreement reflects the school system's commitment to ensuring MCPS can hire and retain a talented and highly qualified workforce.

Key highlights of the two-year agreements are as follows:

Agreement between MCAAP/MCBOA and MCPS for the School Years 2018-2020:

Effective July 1, 2018

1. Salary scales will be increased by 2.0 percent.
2. All eligible employees will receive scheduled step increases.

Effective July 1, 2019

1. Salary scales will be increased by 1.0 percent.
2. All eligible employees will receive scheduled step increases.

Agreement between MCEA and MCPS for School Years 2018-2020:

Effective July 1, 2018

1. All eligible employees will receive scheduled step increases.
2. Substitute teacher pay scales will be increased by 1.0 percent.
3. Teachers paid on off-scale salary code 50 will be moved to step 25 on the salary schedule and teachers paid on off-scale code 60 will move to off-scale code 55.

Summary of Negotiations (cont.)

4. Members of the bargaining unit who were members of the bargaining unit during FY 2011 and missed a scheduled step increase during FY 2012, and who continue to serve in a position comparable to the position held in FY 2012, will receive salary scale credit for the missed step, effective January 5, 2019.
5. A unit member whose annual salary rate does not increase over that unit member's FY 2018 annual salary rate as a result of any of the aforementioned agreements will receive a one-time bonus payment of \$900, pro-rated by total FTE—paid in the October 26, 2018, paycheck.

Effective July 1, 2019

1. Salary scales will be increased by 1.0 percent.
2. All eligible employees will receive scheduled step increases.
3. It is recognized that approximately \$6.5 million in additional annualized costs will occur during FY 2020 as a result of the delayed implementation of the missed salary step makeup during FY 2019 (Item #4 for FY 2019).

Agreement between SEIU Local 500 and MCPS for School Years 2018-2020:

Effective July 1, 2018

1. Members of the bargaining unit who were members of the bargaining unit during FY 2011 and missed a scheduled step increase during FY 2012 and whose primary position continues to be at the same grade as, or lower than, the position held in FY 2012 will receive salary scale credit for the missed year if the missed step impacted the current rate of pay.
2. All eligible employees will receive scheduled step increases.
3. Off-scale steps 50 and 60 will be added to the salary scales as regular steps 13 and 17. Unit members on step 10 on June 30, 2018, will be placed on steps 10 through 17 based on total time on step 10.
4. Unit members whose hourly pay rate does not increase over that unit member's FY 2018 hourly pay rate as a result of any of the aforementioned agreements will receive a one-time bonus payment of \$900, pro-rated by total FTE—paid in the October 26, 2018, paycheck.

Effective July 1, 2019

1. Salary scales will be increased by 1.0 percent.
2. All eligible employees will receive scheduled step increases.

Montgomery County Public Schools FY 2020 Operating Budget

Operating Budget Summary

An increase of \$55,155,609 and 221.110 positions are required for the Fiscal Year (FY) 2020 Operating Budget for Montgomery County Public Schools (MCPS) to fund the same level of services for an additional 1,183 students overall including 998 additional Kindergarten through Grade 12 (K-12) students when comparing the FY 2020 budget to the FY 2019 budget, rising costs in operations, and key bodies of work, which are offset in part by savings from efficiencies and reductions. This is a 2.1 percent increase in the FY 2020 Operating Budget. In addition, the FY 2020 Operating Budget assumes that Montgomery County will continue to provide \$27,200,000 from the county's Consolidated Other Post-employment Benefits (OPEB) Trust Fund to pay for a portion of retiree health benefits in FY 2020 as it has in recent years.

As a result, the Superintendent's Recommended FY 2020 Operating Budget for MCPS totals \$2,651,597,328 and 22,731.973 positions.

The Superintendent's Recommended FY 2020 Operating Budget includes \$1,747,331,826 in local funding. This is an increase of \$38,704,181 in local funding compared to the amount received in FY 2019.

There are several key components of this expenditure increase for FY 2020. The major elements of the changes in the Superintendent's Recommended FY 2020 Operating Budget are detailed below. A summary of the changes in the FY 2020 Operating Budget may also be found on Table 1A of the budget document.

Expenditures to Fund Same Services

From FY 2010 through FY 2019, MCPS enrollment increased by at least 2,000 students over this ten-year time period. As mentioned earlier, enrollment for the FY 2020 Operating Budget is projected to increase by 1,183 students (+998 students in K-12) compared to the number budgeted for FY 2019. Along with this continued enrollment growth is an increasing number of students needing special services. The increased costs related to enrollment, including employee benefits, are as follows:

- K-12—A total of 60.675 additional positions (\$4,849,731) are needed for the Kindergarten through Grade 12 student enrollment. While there is an overall increase across K-12, there is a decrease in elementary schools as was the case in FY 2019. The decrease in K-5 enrollment of 345 students along with a review of school by school enrollment projections by grade level resulted in an increase of \$99,153. In secondary schools, an additional 1,343 students are projected in FY 2020. These additional students require 60.675 positions (\$4,750,578) including assistant principals, classroom teachers, counselors, security assistants, and other positions.
- Special Education—An additional 40.252 positions (\$3,481,221) are needed for changes in special education enrollment and services. This includes 9.5 preschool special education

teacher positions (\$701,078), 23.652 paraeducator positions (\$1,105,469), 7.250 speech pathologist positions (\$758,855), and 3.6 social workers (10-month) (\$349,913). There is an increase of \$802,354 for other costs including \$468,463 for critical staffing for paraeducators and \$237,870 for nonpublic tuition based on the projected enrollment in FY 2020. There is a net decrease of 3.6 special education resource teachers (\$258,101) and 4.2 special education teacher positions (\$309,950).

- English for Speakers of Other Languages (ESOL)—A net increase to the budget of 15.775 positions (\$1,329,099) including additional teachers and counselors are required for an increase of 191 ESOL students, and for the total of 25,823 ESOL students anticipated for FY 2020. While these students receive supplementary services, they are included in the overall enrollment numbers.
- New School—An increase of 10.250 positions (\$1,567,033) is required for the opening of the new Clarksburg Cluster Elementary (Clarksburg Village #2) School in August 2020.
- Student Transportation—An additional 15.0 bus operator/attendant positions (\$887,958) are required to support additional buses for routes related to the increased enrollment projected for FY 2020.
- School Plant Operations/Utilities/Technology—An increase of 19.3 positions (\$1,456,468) is necessary for school plant operations due to the increased square footage of space across MCPS facilities in FY 2020 including the new Clarksburg Elementary (Clarksburg Village #2) School. This also includes \$437,484 in increased utility expenses, and \$17,000 for technology.

Continuing and Negotiated Salaries—During FY 2017, the Board of Education reached agreement on comprehensive three-year agreements covering economic and non-economic terms with all three employee associations. All groups are covered under separate three-year agreements, effective July 1, 2017, through June 30, 2020. As part of the ratified agreements, the second and third years (FY 2019 and FY 2020) of the three-year union contracts are open for negotiations on wages. Negotiations with our three employee associations were completed and ratified, and the contracts approved by the Board of Education on April 24, 2018. The agreements addressed salary and wage increases for employees for fiscal years 2019 and 2020. The two-year agreement reflects the school system's commitment to ensuring MCPS can hire and retain a talented and highly qualified workforce. On July 1, 2019, eligible employees will receive a one percent general wage adjustment, scheduled step, and longevity increases. The total cost of continuing salaries for FY 2020 is a net increase of \$23,160,545. This includes savings from lapse and turnover of \$27,274,492 and funding in the base budget.

Employee Benefits and Insurance—The cost of employee benefits and insurance for current and retired employees result in a net decrease of \$8,939,564 to the FY 2020 Operating Budget related to the cost of health care, retirement, and insurance. This includes a decrease of \$10,000,000 in budgeted expenditures for the MCPS Employees Group Insurance Trust Fund based on current projections for the fund. The total benefits

amount for the FY 2020 Operating Budget of \$618,356,835 represents 23.3 percent of the total operating budget.

Inflation, Grants, Realignments, and Other Expenses—The effects of inflation, grants, and other expenditures changes require an increase of \$19,261,464 and a net increase of 9.358 positions. Included in these adjustments is an increase of \$507,007 for a 2.0 percent inflation adjustment for supplies and materials. An increase of \$970,676 is included for special education for the anticipated 2.0 percent rate change for nonpublic placements of students. Changes in grants for FY 2020 result in an increase of \$2,708,594 and a decrease of 4.0 FTE positions as a result of anticipated changes in grants revenue. Finally, for enterprise fund activities, an increase of \$7,125,554 and 4.5 FTE positions are budgeted for FY 2020.

Strategic Accelerators to Fund Key Bodies of Work

- The Superintendent’s Recommended FY 2020 Operating Budget includes \$9,327,447 in strategic accelerators to fund key bodies of work, including 51.5 positions. These resources are in addition to realignments of existing resources and will help intensify efforts to close the persistent opportunity gaps and improve academic excellence for all students. The strategic accelerators are grouped by the four strategic priorities including (1) learning, accountability, and results, (2) community partnerships and engagement, (3) human capital management, and (4) operational excellence.
- For our strategic focus on learning, accountability, and results, an additional 46.750 FTE positions (\$5,845,116) are included. Within this total, \$2,200,000 will provide extended year programming at two schools. In order to add additional focus teachers in highly impacted elementary schools, 21.0 teacher positions (\$1,434,489) are included in the operating budget. In order to expand pre-Kindergarten programs, an increase of 19.750 positions (\$1,007,411), including 11.0 teachers and 8.750 paraeducators have been included. To add 4.0 additional assistant principal positions, an increase of \$568,871 is provided in this budget. Furthermore, 1.0 program specialist position (\$157,993) is added to focus on school climate and culture. To expand the arts initiative program to elementary schools, a 1.0 music teacher position (\$75,000) has been included. Finally, there are several funding increases for this strategic focus area. This includes \$107,044 for staff development stipends in the Office of Shared Accountability for professional learning sessions for grades K-12 general and special education teachers to build the capacity for creating standards-based assessment items. In addition, \$185,000 is to increase language exposure at elementary schools through volunteers, online resources, and after school programming. Also, we have added \$95,116 for the conversion of assistant school administrators to assistant principals to provide administrative support at more highly impacted schools, and \$14,192 for additional staff support for an Outdoor Education coordinator and nurse.
- For the strategic focus on community partnerships and engagement, an additional \$435,000 is included. Within this funding, \$265,000 is to expand dual enrollment (college and high school) opportunities. Another \$115,000 will be used to expand the Northwest and Northwood Middle College Programs for students outside the schools’ service areas.

A total of \$55,000 is provided to support the implementation of the Summer R.I.S.E. (Real Interesting Summer Experiences) partnership program within MCPS, which provides rising juniors and seniors with career development opportunities in a professional environment.

- An additional 1.0 FTE position (\$458,286) is included for our strategic focus on human capital management. These resources are included to continue our work to ensure all employees have the proper background check before they are hired. We also will continue our work to develop and expand pathways for our supporting services employees to get teacher and other certificates.
- Finally, a total of 3.750 FTE positions (\$2,589,045) is included for our focus on operational excellence. Within these resources, \$787,000 will provide enhancements for hazardous safety initiatives, heating, ventilation, and air conditioner chiller overhauls in our schools, and for carpet replacement. Another \$800,000 of funding is for technology improvements to support expansion of our platforms. Also, \$500,000 is for additional furniture needed at schools. A total of \$100,000 is required to install seatbelts in our special education buses. In order to add a 1.0 supervisor position to support our Information Technology Systems Specialists who provide technology support to our 206 schools, an additional \$124,918 is included. To add additional support for the call center for the Employee and Retiree Services Center given the increase in calls and emails over the last few years, a 0.750 position (\$78,344) is added. In support of our Office of Employee Engagement and Labor Relations, an increase of a 1.0 investigation specialist position (\$140,496) is included. Finally, a 1.0 secretary position (\$58,287) is included for the Office of General Counsel to address the increasingly high volume of requests for assistance from schools and offices, as well as for contract review and employee-related matters.

Efficiencies and Reductions

- In addition to accelerating and realigning funding to improve teaching and learning for all students, program efficiencies and reductions are included in this FY 2020 Recommended Operating Budget that total \$1,831,688 and 9.125 FTE positions. This includes reductions of \$1,535,600 and 3.250 FTE positions from central services, \$117,317 from schools, and \$178,771 and 5.875 FTE positions from support operations.

Revenues

- Local—The Superintendent’s Recommended FY 2020 Operating Budget includes an increase of \$38,704,181 in the local contribution to MCPS. This amount includes the current estimate for Maintenance of Effort (MOE) which adds \$10,388,107 offset by FY 2019 nonrecurring decreases of \$898,967 based on the official enrollment submitted to the Maryland Department of Education as of September 30, 2018. The FY 2020 budget recommendation is \$29,215,041 greater than the minimum level required by the MOE law.
- State—Total revenue from the state is estimated to increase by an estimated \$8,057,004 in the recommended FY 2020 Operating Budget. The Foundation grant, part of the aid from

the *Bridge to Excellence in Public Schools Act*, is the largest component of state aid and the amount reflects changes in enrollment. The foundation aid formula is also driven by property and income wealth in the county relative to the rest of the state. We will receive preliminary state aid estimates from the Maryland State Department of Education in late January 2019 following the release of the Governor's FY 2020 budget.

- Federal—Revenue is estimated to be \$79,658,409 for Federal grants and Impact aid, an increase of \$3,594,082 compared to FY 2019. The majority of the change from the prior is related to an increase of \$3,452,750 for Title 1 Part A of the *Every Student Succeeds Act*. There are small adjustments in a few other grants.
- Enterprise/Other Changes—For FY 2020, revenue from Enterprise Funds and other sources increases by \$8,143,970 compared to the current FY 2019 Operating Budget. The majority of the increase, \$6,000,000, is from additional school bus camera fines that are collected and then passed onto Montgomery County.
- Fund Balance—The County Council used \$25,000,000 of MCPS fund balance to fund the FY 2019 Operating Budget. This left \$6,848,599 remaining in MCPS fund balance at the start of FY 2019. The start of FY 2019 balance is higher than typical because of the change in plans for the curriculum Request for Proposals (RFP) that now will be implemented in FY 2019 rather than FY 2018. Once the RFP process is completed, MCPS will request that the necessary funding for the contract award be appropriated in FY 2019 from this fund balance. The Superintendent's Recommended FY 2020 Operating Budget assumes \$22,000,000 of MCPS fund balance will be available at the end of FY 2019 to fund the FY 2020 Operating Budget, or \$3,000,000 less than the amount used to fund the FY 2019 Operating Budget.

**Montgomery County Public Schools
FY 2020 Operating Budget**

Strategic Accelerators to Fund Key Bodies of Work - Detailed

Resources totaling \$9,327,447 and 51.5 FTE positions are added to the budget for strategic accelerators to fund key bodies of work. A summary of the strategic accelerators included in the FY 2020 Recommended Operating Budget are provided below.

Strategic Accelerators to Fund Key Bodies of Work - Detailed

Chapter	Name	FTE	Amount
1	Schools	45.750	\$ 5,048,933
2	School Support and Improvement	1.000	110,000
4	Curriculum and Instructional Programs	0.000	13,106
7	Operations	2.000	1,968,077
8	Technology Support and Infrastructure	1.000	898,687
10	Finance	0.750	1,096,041
11	Administration and Oversight	1.000	192,603
Total		51.500	\$ 9,327,447

Schools

Elementary Schools—\$4,106,145

The FY 2020 budget includes \$59,492 to expand the arts initiative program. The proposed budget is increased by a 1.0 art teacher position (\$52,801), and \$6,691 for substitutes. In addition, \$15,508 for employee benefits is added to chapter 10, Department of Employee and Retiree Services budget.

The budget includes \$1,963,810 to provide extended year programming at Arcola and Roscoe R. Nix Elementary Schools. This budget includes \$1,339,921 for summer employment non-teaching salaries, \$499,000 for stipends, \$91,373 for supporting services part-time salaries, \$21,107 for instructional materials, and \$12,409 for substitutes. In addition, \$236,190 for employee benefits is added to chapter 10, Department of Employee and Retiree Services budget.

In addition, the FY 2020 budget includes \$177,350 for language exposure programming for elementary schools to introduce students to language through online content. This budget

includes \$102,350 for stipends, and \$75,000 for instructional materials. In addition, \$7,650 for employee benefits is added to chapter 10, Department of Employee and Retiree Services budget. For FY 2020, this budget includes an accelerator to provide additional focus teachers for elementary schools. To fund this effort, 21.0 focus teacher positions (\$1,108,821) is added to the budget. Also, \$325,668 for employee benefits is added to chapter 10, Department of Employee and Retiree Services budget.

The budget includes an accelerator for the expansion of prekindergarten programs. To support this effort, 11.0 prekindergarten teacher positions (\$580,811), and 8.75 prekindergarten paraeducator positions (\$199,361) are added to the budget. In addition, this budget includes \$16,500 for substitutes. Lastly, \$210,739 for employee benefits is added to chapter 10, Department of Employee and Retiree Services budget.

Middle Schools—\$69,208

This budget includes funding to convert 4.0 assistant school administrator positions to assistant principal positions to occur at our more highly impacted schools. To fund this accelerator, a net increase of \$69,208 is added to the budget. In addition, \$15,170 for employee benefits is added to chapter 10, Department of Employee and Retiree Services budget.

High Schools—\$873,580

This budget includes a strategic accelerator to convert a 1.0 assistant school administrator position to an assistant principal position to occur at a more highly impacted school. To fund this accelerator, a net increase of \$25,908 is added to the budget.

In addition, the budget includes an additional 4.0 assistant principal positions and \$467,672 for leadership and administrative support. In addition, \$101,199 for employee benefits is added to chapter 10, Department of Employee and Retiree Services budget.

The budget includes \$265,000 for contractual services for the expansion of the Early College (EC) program with Montgomery College. The EC program is expanded to all three Montgomery College campuses, and provides qualified students the opportunity of earning an Associate Degree. Participating students complete their 11th and 12th grade years of high school while simultaneously completing their first two years of college. These students graduate with an Associate's degree from Montgomery College and a Maryland State High School diploma.

For FY 2020, the budget includes \$115,000 for contractual services for the expansion of the Montgomery College Middle College (MC2) program at Northwest and Northwood high schools. These are dual enrollment programs that prepares students to earn a High School Diploma, and college credit towards an Associate's degree.

School Support and Improvement

Office of School Support and Improvement—\$110,000

For FY 2020, a strategic accelerator totaling \$110,000 is added to support a 1.0 project specialist position to focus on school climate and culture. Additionally, \$47,993 for employee benefits is added to chapter 10, Department of Employee and Retiree Services budget.

Curriculum and Instructional Programs

Department of Secondary Curriculum and Districtwide Programs—\$13,106

The budget includes a strategic accelerator of \$13,106 to pay the salaries for registered nurses for Outdoor Environmental Education Programs at Skycroft. In addition, \$1,003 for employee benefits is added to chapter 10, Department of Employee and Retiree Services budget.

Operations

Office of Employee Engagement and Labor Relations—\$140,496

The budget includes \$82,638 and a 1.0 investigation specialist position; \$40,858 for supporting services part-time salaries, \$15,000 for association relation expenses, and \$2,000 for program supplies. These resources are added to enable the office to more rapidly investigate and bring MCPS grievance related and other cases to closure and reduce the time employees remain on administrative leave.

Department of Facilities Management—\$787,000

The budget includes includes \$500,000 for science safety and hazardous energy initiatives to comply with Occupational Safety and Health Administration (OSHA) standards, \$39,000 for operable wall inspections and repairs, and \$248,000 for maintenance supplies.

Department of Transportation—\$100,000

The budget for this department includes an additional \$100,000 on new lease payments for buses. Specifically, the funds are used to install seat belts in special education buses.

Department of Facilities Management—\$500,000

The FY 2020 budget includes an additional \$500,000 in school furniture for 18 schools that have been identified in critical need.

Department of Systemwide Safety and Emergency Management—\$440,581

The budget includes \$40,581 for a 1.0 secretary position, and \$400,000 in contractual services. This strategic accelerator is added due to the increased workload associated with the new initiative to re-fingerprint all MCPS employees. Additionally, \$17,705 for employee benefits is added to Chapter 10, Department of Employee and Retiree Services budget.

Technology Support and Infrastructure

Department of Technology Integration and Learning Management Systems—\$800,000

For FY 2020, \$800,000 is added to this department for contractual maintenance to support the purchase of additional modules for online professional development.

Department of Infrastructure and Operations—\$98,687

For FY 2020, a 1.0 supervisor position (\$98,687) is added to the budget for School Technology Support. The additional funding will support the management and supervision of school-based IT system specialists. In addition, \$26,231 is added to chapter 10, Department of Employee and Retiree Services budget, for employee benefits.

Finance

Department of Employee and Retiree Services—\$1,096,041

Within the Department of Employee and Retiree Services, there is an increase of \$37,140 for a 0.75 transaction assistant I position. A 0.25 transaction assistant I position also is added to the Trust Fund, which is not shown in the Operating Budget. In addition, there is an increase of \$25,000 for supporting services part-time salaries. This strategic accelerator supports the increase in high volume of calls made to the ERSC call center.

Details on increases in strategic accelerators are included in various chapters of the budget. As a result of these strategic accelerators, there is an increase of \$449,651 for social security contributions, \$463,355 for employee health benefits, and \$120,895 for retirement contributions.

Administration and Oversight

Office of the Chief of Staff—\$52,514

For FY 2020, \$52,514 is added to this budget as follows: \$15,000 for contractual services; \$12,500 for supporting service part-time salaries; \$20,000 for part-time trainer salaries; and \$5,014 for program supplies, in addition to \$2,486 added to chapter 10, Department of Employee and Retiree services, for employee benefits. These funds will support the implementation of the Summer R.I.S.E (Real Interesting Summer Experiences) partnership program, which provides rising juniors and seniors with career development opportunities in a professional environment.

Office of Shared Accountability—\$99,508

For FY 2020, \$99,508 is added to this office as follows: \$40,908 for substitute teacher salaries; \$57,600 for staff development stipends; and \$1,000 for program supplies, in addition to \$7,536 added to chapter 10, Department of Employee and Retiree Services, for employee benefits. These funds will support professional learning sessions for grades K–12 general and special education teachers to build the capacity for creating standards based assessment items using the Performance Matters Unify data platform.

Office of General Counsel—\$40,581

For FY 2020, a 1.0 secretary position (\$40,581) is added to this office to help address the increasingly high-volume of requests for assistance from schools and offices, as well as support for contract review and employee related matters. In addition, \$17,706 is added to chapter 10, Department of Employee and Retiree Services budget, for employee benefits.

**Montgomery County Public Schools
FY 2020 Operating Budget**

Program Efficiencies and Reductions - Detailed

Every year, MCPS undertakes a comprehensive process to identify potential program reductions and efficiencies in the operating budget. This zero-based budgeting methodology is used to review and justify all expenditures in the base budget and identify opportunities for efficiencies, realignments, and reductions.

For FY 2020, the operating budget includes \$1,831,688 of efficiencies and reductions, along with a reduction of 9.125 full time equivalent (FTE) positions. Of these amounts, \$1,535,600 and 3.250 FTE positions are from central services. The table below summarizes these reductions and is followed by details of the reductions.

FY 2020 Program Efficiencies and Reductions

Chapter	Central Services Efficiencies/Reductions	FTE	Amount
2	School Support and Improvement	-	\$ (35,962)
3	Academics	-	(44,472)
4	Curriculum and Instructional Programs	(2.250)	(303,518)
5	Special Education	-	(194,431)
6	Student Services and Engagement	-	(80,312)
8	Technology Support and Infrastructure	-	(334,418)
9	Human Capital Management	-	(187,581)
10	Finance	-	(234,961)
11	Administration and Oversight	(1.000)	(119,945)
	Total, Central Services Reductions	(3.250)	\$ (1,535,600)

School-Support Operations Efficiencies/Reductions			
7	Operations	(5.875)	\$ (178,771)

School-Based Efficiencies/Reductions			
1	Schools	-	(117,317)
	Total, Efficiencies/Reductions	(9.125)	\$ (1,831,688)

The following are descriptions by budget chapter/office of the recommended program efficiencies and reductions for FY 2020.

Schools – (\$117,317)

Elementary Schools – (\$82,317)

There is a reduction of \$82,317 budgeted for instructional materials. This reduction reflects current

fiscal year spending, and creates the opportunity to effectively allocate needed resources for elementary schools.

Special Education Programs and Services – (\$35,000)

There is a reduction of \$35,000 budgeted for occupational and physical therapy services in Programs for the Physically Disabled. These services will be provided through in-house physical and occupational therapist positions.

School Support and Improvement – (\$35,962)

There are reductions of \$19,781 from professional part-time salaries, \$4,000 from supporting service part-time salaries, \$2,500 from contractual services, \$1,681 from office supplies, \$3,000 from program supplies, and \$5,000 from local travel mileage reimbursement. These reductions are able to be taken based on prior year spending.

Academics – (\$44,472)

Within the Equity Unit, there are non-position reductions which include a reduction of \$31,101 for program supplies, \$6,265 for local travel mileage reimbursement, \$5,000 for contractual services, and \$2,106 for supporting services part-time salaries. In summary, these reductions reflect current fiscal year spending, and enable this office to effectively allocate needed resources to achieve more efficient business operations.

Curriculum and Instructional Programs – (\$303,518)

In the Department of Elementary Curriculum and Districtwide Programs, there is a reduction of \$58,250 for a 0.75 data management coordinator position from the Accelerated and Enriched Instruction Unit. There also is a reduction of \$35,282 and a 0.5 administrative secretary I position from the Evaluation and Instructional Materials Unit.

In the Department of Secondary Curriculum and Districtwide Programs, there is a reduction of \$137,133 for a 1.0 content specialist position, \$19,275 for non-training stipends, and \$53,578 for professional part-time salaries.

Special Education – (\$194,431)

Within the Office of Special Education, there is a reduction of \$1,500 budgeted for office supplies as a result of an analysis of prior year expenditures.

In the Division of Business, Fiscal, and Information Systems, there are reductions of \$1,320 for supporting services part-time salaries and \$2,500 for contractual maintenance for lift inspections, based on prior year spending trends. There also is a reduction of \$5,600 for dues, fees, and registrations budgeted for membership dues, which will be supported by funding from grants.

In the Department of Special Education Services, there is a reduction of \$48,705 for instructional materials based on historic expenditure surpluses and trend analysis. Transition Services is reduced by \$24,806 for program supplies that is used to provide schools with Innovative School-Work Project Mini Grants. Moving forward, the Individuals with Disabilities Act (IDEA) grant will fund these mini grants. There also is a decrease of \$20,000 for professional part-time salaries in Child Find as a result of a calculation correction, and a decrease of \$30,000 for interpreter part-time salaries for students with hearing impairments in the Division of Special Education Pre-kindergarten Programs and Services resulting from an in-depth analysis of student scheduling. In the Infants and Toddlers Program, there is a net reduction of \$35,000 for contractual services to provide speech, occupational, and physical therapy which will be supported through in-house coverage and temporary part-time salary funds.

There are additional savings of \$25,000 budgeted for local travel mileage reimbursement in this department, based on prior year spending trends. In addition, there is a reduction of \$3,926 for employee benefits to chapter 10, Department of Employee and Retiree Services budget.

Student Services and Engagement – (\$80,312)

There are reductions of \$25,500 from contractual services, \$10,000 from program supplies, \$20,000 from staff development stipends, \$19,812 from supporting service part-time salaries, and \$5,000 from psychologists part-time salaries. These reductions are able to be taken based on prior year expenditures.

Operations – (\$178,771)

The budget of the Department of Facilities Management includes a decrease of 4.0 building service worker positions and \$125,400. These reductions can be made as a result of position vacancies within the Division of Maintenance.

In the Department of Transportation, there is a reduction of \$53,371 and 1.875 bus operator I positions. A new approach to transportation route scheduling will allow the removal of two regular education routes. This reduction can be made as a result of improved efficiencies within the department and without any decrease in services to students.

Technology Support and Infrastructure – (\$334,418)

In the Office of the Chief Technology Officer, there is a reduction of \$819 for software used for technology investigations based on prior year expenditures.

There is a reduction of \$96,330 in the Department of Technology Integration and Learning Management from instructional materials, as a result of using open educational resources and other alternative instructional resources in lieu of paid subscription services.

There is a reduction of \$134,997 for contractual maintenance and \$550 for dues, registration, and fees. Based on prior year actuals, the Department of Infrastructure and Operations is able to recognize these reductions without an impact on operations.

There is a reduction of \$23,160 in the Department of Business Information Systems from contractual services, as a result of efficiencies from upgrading the application system document imaging solutions. Also, there is a reduction of \$78,562 from contractual maintenance as the extended support payment for Lawson is not necessary for FY 2020.

Human Capital Management – (\$187,581)

In the Office of the Associate Superintendent for Human Resources and Development, there are reductions of \$505 for substitutes, \$1,178 for contractual maintenance, \$1,010 for office supplies, \$303 for local travel mileage reimbursement, \$2,700 for awards and recognition, \$500 for subscriptions, \$3,823 for program supplies, and \$7,000 for consultants. These reductions are able to be taken based on prior year expenditures.

In the Department of Certification and Staffing, there are reductions of \$2,500 for advertising, \$2,500 for program supplies, \$2,689 for local travel mileage reimbursement, \$2,310 for non-local travel, \$12,884 for non-training stipends, and \$4,077 for stipends for trainers. These reductions are able to be taken based on prior year expenditures.

There are reductions of \$30,000 in the Department of Professional Growth Systems for supporting services part-time salaries, \$100,000 for support staff training stipends, \$5,106 for contractual services, \$3,496 for local travel mileage reimbursement, and \$5,000 for substitutes. These reductions are able to be taken based on prior year expenditures.

Finance (including Benefits) – (\$234,961)

In the Office of the Chief Financial Officer, there is a reduction of \$17,015 in supporting services part-time salaries and a reduction of \$6,000 in other program expenditures budgeted for system-wide activity needs. These reductions can be made as result of overall efficiencies within the office.

In the Department of Employee and Retiree Services, there are overall program efficiencies and reductions totaling \$1.8 million. Included in this amount is a \$211,946 reduction in employee benefits associated with the elimination of 9.125 positions and part-time salaries. This includes reductions in employee health benefits of \$110,269, social security contributions of \$72,906, and retirement contributions of \$28,771.

Administration and Oversight – (\$119,945)

In the Office of the Chief of Staff, there is a reduction of a 1.0 supervisor position and \$119,945. This position was added to the FY 2019 budget to provide leadership through the transition of work from the Office of School Support and Improvement to the Office of the Chief of Staff. Responsibilities will be absorbed by the personnel remaining in the office.

Montgomery County Public Schools FY 2020 Operating Budget

Budget Publications and Engagement

Montgomery County Public Schools (MCPS) publishes and posts on its website a variety of publications that provide different ways of looking at its operating budget. Together, these documents enable citizens to understand how MCPS resources are used and what is recommended in the operating budget. MCPS is continually trying to improve the transparency of these budget documents. To save printing and postage costs, the publication of paper documents has been considerably reduced, and all budget documents are available on the MCPS website at www.montgomeryschoolsmd.org/departments/budget/.

Publications

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

This strategic plan found at <https://www.montgomeryschoolsmd.org/campaigns/Strategic-Planning-2017/index.html> outlines expectations for students and staff and lays out a clear path to meet our objectives and goals. It also requires MCPS staff to assess student performance by addressing key essential questions:

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

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

- *Recommended Operating Budget* – The *Superintendent’s Recommended Operating Budget* published in December each year shows budget resources in summary and by office, department, and other units. Various charts and displays provide staffing and other detailed information such as program mission summaries for offices and departments.
- *Budget in Brief* – Also published in December, The *Budget in Brief* describes major budget changes and other issues as an introduction to the operating budget. It includes details of

proposals included in the Superintendent's Recommended Operating Budget. It also includes important summary information about the operating budget.

- *Personnel Complement* – The *Personnel Complement* includes a detailed listing of all actual and budgeted positions. The *Recommended Operating Budget* (December) and the *Summary Budget* (June) include personnel complements.
- *OpenDataMCPS* – MCPS launched an open data portal, OpenDataMCPS on January 5, 2015, that allows the public to search, sort, and download a variety of information about the district's operating budget. The portal, which is available at <https://data.montgomeryschoolsmd.org/> currently contains detailed budget data for the Board of Education's Approved FY 2019 Operating Budget. The Superintendent's Recommended FY 2020 Operating Budget will be available on the OpenDataMCPS portal a few weeks after the operating budget is presented on December 18, 2018.
- *Budget 101 Website* – An enhanced *Budget 101* website is available at <http://www.montgomeryschoolsmd.org/budget-101/index.html>. This website provides a substantial array of information about the annual MCPS Operating Budget. It includes major drivers of the budget and details of where the funding comes from and how it is used. It explains in a short video the Maintenance of Effort law and why the minimum funding level is not sufficient to cover increased costs. The website is being updated with new modules to provide more details on health benefits and retirement costs for current and retired MCPS employees. Finally, the *Budget 101* website explains how resources are allocated to schools and gives a “real world” example of three actual elementary schools with similar enrollment but with a different number of students who receive English for Speakers of Other Languages services and/or free and reduced-price meals, which is an indicator of poverty.
- *Schools at a Glance* – The *Schools at a Glance* annual publication provides a variety of information for each MCPS school, including demographic and staff personnel allocated to each school. A separate document, *Special Education at a Glance*, is published to show special education resources at each school.

Engagement

- Each year, the Board of Education holds public hearings on the operating budget. Hearings for the FY 2020 Operating Budget are scheduled for January 9 and 14, 2019, when the Board will receive testimony from Montgomery County Council of Parent Teacher Associations cluster representatives and other interested citizens regarding the Superintendent's budget recommendations.
- The Board of Education convenes each month over the course of the year. Near the beginning of these meetings, the public is allotted time to make comments to the Board. This provides the Board and the superintendent an opportunity to hear the views and advice from the community about MCPS and its programs and policies.

- MCPS hosts a website where the public may ask questions about the MCPS Operating Budget. The address for the website is the following:
<http://www.montgomeryschoolsmd.org/departments/budget/question.aspx>
- As part of the development of the Superintendent's Recommended FY 2020 Operating Budget, the community, including students, parents of students, teachers, other MCPS staff, and other citizens has been able to provide its input to the budget. The website sought public input on what strategies, programs, or efforts are: (1) helping improve outcomes for students; (2) are not helping improve outcomes for students; and (3) should be added to improve outcomes for students. MCPS received nearly 500 responses during the Fall 2018 to this opportunity for the public to provide online input.

Montgomery County Public Schools FY 2020 Operating Budget

Continuing Salaries

Continuing salaries and related employee benefits will increase the FY 2020 Operating Budget by \$52,028,479. The increase is the cost associated with the salary step and general wage adjustment (GWA) of 1.0 percent that eligible employees will receive on July 1, 2019. In addition, the cost of these salary increases 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 including the annualized cost of the FY 2018 make-up step implemented on January 5, 2019. 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 the three employee organizations:

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

Montgomery County Public Schools FY 2020 Operating Budget

Employee Benefits and Insurance

The Superintendent's Recommended FY 2020 Operating Budget includes a net decrease of \$2,374,493 for employee benefits and insurance. There is a decrease of \$594,547 for employee local retirement benefits and an increase of \$1,410,020 for employee state retirement benefits. There is a decrease of \$7,948,420 for health and life insurance benefits for new and existing employees and retirees. There is an increase of \$2,212,144 for the self-insurance program benefits, and \$2,916,310 for social security benefits as related to employee salaries. In addition, there is a decrease of \$370,000 for other related employee benefits. The total tax-supported budget for FY 2020 of \$580.0 million (including the amount required to maintain insurance coverage, primarily through the county's Self-Insurance Program) represents 21.8 percent of the total operating budget. An explanation of these changes follows.

Retirement Benefits (State and Local) – \$815,473

The state and local retirement budget for FY 2020 is increased by \$815,473. The change in budget is due to the following items:

- The budget for retirement costs owed to the state for the teacher pension shift to local school districts is changed from the prior fiscal year. At this time, the increase in the amount estimated at \$1,410,020 is based on salary increases from the prior year. The total obligation amount will be provided by the state in late December 2018, and the budget will be adjusted accordingly.
- There is a decrease to the budget of \$1,871,805 in local retirement benefits for existing employees. The normal pension cost for current retirement programs is based on a percentage of salary, as provided by the annual actuarial study. The rate applied in FY 2020 has decreased from 5.07 to 4.95 percent. As a result of this rate decrease, the budget is decreased by \$1,871,805 for retirement contributions. The new contribution rate assumes an investment return of 7.0 percent annually. There also is a decrease of \$265,861 for administrative retirement fees.
- In addition, there is an increase of \$1,543,119 for the continuing salary cost, enrollment growth, program efficiencies and reductions, and strategic accelerators.

Health and Life Insurances – (\$7,948,420)

The health and life insurance coverage for current active and retired employees and their families is provided through the MCPS Employees Group Insurance Fund. The health and life insurance budget for FY 2020 active and retired employees is decreased by \$10,000,000. In addition, there is a net increase of \$2,051,580 for enrollment growth, program efficiencies and reductions, and strategic accelerators.

The MCPS Employees Group Insurance Fund beginning balance in FY 2019 was \$45.1 million. Medical and prescription drug claims continue to increase at a much lower rate than previously anticipated. As a result of lower expenditures in the trust fund, the fund balance continues to increase year over year. Lower expenditures can be attributed to increased employee participation in wellness incentives, with fewer employees subject to the smoker surcharge based on their tobacco attestations. It is expected that with the continued wellness initiatives, there will be a positive effect on the plan's short and long-term cost growth rates as more employees actively participate in their own health and wellness. MCPS recognizes that the low trend increase of expenditures of 1.4 percent during the past fiscal year may be a result of the wellness program's impact. The request to lower the budget by \$10,000,000 for current active and retired employees is a strategic effort to reduce the reserve balance in the trust fund by the end of FY 2020.

Other Post-Employment Benefits – \$0

In FY 2012, Montgomery County established a combined Retiree Health Trust Fund for Other Post-employment Benefits (OPEB) to pre-fund retiree health benefits. In FY 2012, the Montgomery County Council made \$20 million in contributions on behalf of MCPS as part of an eight-year phase-in period on behalf of MCPS. Consequently, OPEB contributions are no longer included in the MCPS Operating Budget. However, the MCPS Operating Budget will continue to include "Paygo" contributions for current retiree health obligations.

Last fiscal year, the County Council contributed \$27.2 million to MCPS by transferring funds from the county's OPEB Trust Fund to fund current retiree health benefits costs within the Group Insurance Fund for retirees. The MCPS FY 2020 Operating Budget assumes that the county will continue to transfer \$27.2 million for retirees' health benefit costs to the Group Insurance Fund.

Self-Insurance Program Benefits – \$2,212,144

MCPS participates in an inter-agency risk management fund that covers worker's compensation and other types of insurance. Due to recent claims experience and higher reserve targets, the cost share allocated to MCPS is increased by \$2,212,144 for FY 2020. Worker's compensation is increased by \$1,662,224, and fire and other insurance is increased by \$384,856. In addition, there are other increases in worker's compensation in the amount of \$54,062 as part of the allocation to the Food Services Fund, and \$111,002 for auto liability insurance, shown within the MCPS Department of Transportation. While these amounts contribute to the total share allocated to MCPS for the Self-Insurance program, they are displayed in their respective departments within the Operating Budget.

Social Security Benefits – \$2,916,310

Social security contributions for existing employees is increased by \$1,662,073 as a result of the continuing salaries costs needed for current employees. In addition, there is an overall increase of \$1,254,237 in social security contributions for enrollment growth, program efficiencies and reductions, and strategic accelerators.

Other Employee Benefits – (\$370,000)

There is a reduction of \$370,000 for other employee benefits related to automobile allowance, unemployment compensation, and MCAAP leave conversion payout. These reductions can be made as a result of the surplus generated on a consistent basis from prior years. There are no programmatic changes to these accounts as these reductions are made based on spending trends from prior fiscal years.

Montgomery County Public Schools FY 2020 Operating Budget

Local, State, and Federal Revenue

Local Revenue

The local contribution that Montgomery County Public Schools (MCPS) received in FY 2019 was \$1,708,627,645. This included \$898,967 in nonrecurring costs for one-time expenditures. By law, nonrecurring costs are excluded in determining the FY 2020 minimum local contribution under the Maintenance of Effort (MOE) law. Based the MOE law for the eligible student enrollment as of September 30, 2018, MCPS is to receive a minimum increase of \$10,388,107, less \$898,967 in non-recurring costs for a revised total of \$9,489,140 in the local contribution for FY 2020.

The Superintendent's Recommended FY 2020 Operating Budget requests \$1,747,331,826 in local revenue for MCPS. This local contribution is \$29,215,041 greater than the minimum level required by the MOE law. This local contribution amount represents 65.9 percent of MCPS' total revenue.

State Revenue

To fund MCPS' FY 2020 Operating Budget, \$715,732,124 is budgeted for state revenue. This is an increase of \$7,763,376 compared to the amount in the current FY 2019 Operating Budget. For FY 2020, 27.0 percent of the recommended operating budget is funded by the state of Maryland. It is necessary to estimate state aid for the superintendent's recommended budget for FY 2020 since the Maryland State Department of Education will not provide preliminary allocations until late January 2019.

- State aid is distributed using a variety of formulas that provide relative comparisons of student enrollment and wealth with other Maryland school districts. MCPS has experienced enrollment growth which factors into the amount of state aid that is received. While we continue to project student enrollment growth for the 2019-2020 school year, the growth has slowed down compared to the past decade when MCPS saw enrollment growth of at least 2,000 students per year. In addition, there is uncertainty as to whether MCPS will continue to benefit as much from the wealth-based components of the formula for counties as it has over the past several years.

Federal Revenue

The FY 2020 Operating Budget includes federal revenue of \$79,658,409, which is 3.0 percent of total revenue. This is \$3,544,082 greater than the amount in the current FY 2019 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 2020, MCPS expects to receive \$100,000 in federal Impact Aid, \$50,000 less than the amount in the current FY 2019 Operating Budget.
- Major federal categorical grants include Title I to provide support for children living in poverty, Title II Part A to improve teacher quality, Title III (Limited English Proficiency) for English language learners, all three of these titles are from the *Every Student Succeeds Act*. We project to receive an additional \$3,452,750 for Title I Part A in FY 2020. Examples of other grants include Head Start, Vocational Education, the *Individuals with Disabilities Education Act* (IDEA), and the Infants and Toddlers program.

Montgomery County Public Schools FY 2020 Operating Budget

MCPS Record of Success

Achievement Highlights

- Five MCPS high schools made the *U.S. News & World Report* 2018 list of Best High Schools. MCPS had four of the top five high schools in the state of Maryland.
- MCPS has one of the highest graduation rates among the nation's largest school districts, according to an *Education Week* report.
- MCPS students took more than 36,400 Advanced Placement exams in 2017. Students earned a college-ready score (3 or higher) on 73.4 percent of those exams.
- In 2017, the percentage of AP exams taken by MCPS' African American students (49.6 percent) that earned college-ready scores of 3 or higher is significantly higher than the percentage of exams for African American students in the nation (34.8 percent).
- In 2017, the percentage of AP exams taken by Hispanic students that earned college-ready scores of 3 or higher (58.5 percent) was greater than the percentage of exams for Hispanic students in the nation (40.9 percent).
- Two-thirds (66.2 percent) of graduates from the Class of 2017 took at least one AP exam, compared with 49.8 percent in Maryland.
- More than half (52.1) of the Class of 2017 scored a 3 or higher on at least one AP exam while in high school—significantly higher than the state average of 31.2 percent.
- In 2017, the percentage of MCPS African American and Hispanic graduates earning a 3 or higher on at least one AP exam surpassed the state average.
- The Class of 2018 earned a 1157 average combined SAT score, surpassing both national and state averages. More than 65.7 percent of graduates took the SAT and MCPS' Hispanic and African American students outperformed their peers across the nation.
- More than \$364 million in scholarships was awarded to students in the Class of 2018.
- 41 National Blue Ribbon Schools
- 9 National Green Ribbon Schools
- 15 MCPS students were named semifinalists in the 2018 Intel Science Talent Search (now called the Regeneron Science Talent Search), one of the most prestigious high school science competitions in the nation. In 2015, Michael Winer, a student at Montgomery Blair High School, was one of three first place winners in the competition.

Montgomery County Public Schools FY 2019 Operating Budget

School Resource Allocations

Operating budget resources, including staffing, materials, and equipment, are allocated to all schools using formulas and guidelines. Budget staffing formulas and guidelines are published in the annual operating budget documents. The equitable allocation of resources is crucial to ensure that each school has the staffing and material resources that are essential to high quality educational programs and academic excellence for all students.

- *Allocation Formulas* – Staffing and non-position resources including textbooks, media materials, and instructional materials funds are allocated based on formulas and guidelines. These formulas and guidelines are applied to enrollment projections provided by the staff in Division of Long-range Planning. For example, in elementary schools, teacher positions are allocated based on a class size guideline of 27 in grades 1-3 and 29 in grades 4-5. The goal is to minimize the number of classes over guideline each year. The allocation ratio is sometimes higher than the budgeted ratio to permit the creation of a staff reserve to handle allocation adjustments when the school year begins. In middle and high schools, staffing formulas consider the number of student class periods per day divided by the number of periods taught by each teacher. Other enrollment-based formulas are listed for each allocated position in the Budget Staffing Guidelines (Appendix D of the operating budget). Formulas for building service workers are based on a school's square footage. For some staffing, schools receive a single position (principal, for example), or a fraction of a position, regardless of enrollment.
- *Special Program and Needs-based Support* – All schools at each school level receive similar standard allocations based on established ratios as described above. In addition, schools receive positions above the base allocation for special programs or to address needs. Special and needs-based programs include Title I for high poverty schools, reading initiative, English for Speakers of Other Languages, signature programs, and high school consortia. In addition, elementary schools impacted by poverty, Focus and Title I schools, are allocated additional classroom teacher positions to lower class size in the primary grades. Additionally, higher poverty schools may be allocated academic intervention teachers to support students and programs. These positions are often used for intervention programs to help students. The special program support accounts for much of the difference in per pupil costs from one school to another.
- *Special Education* – Special education resources are allocated differently than general education K-12 resources. Special education positions, including teachers, paraeducators, and other staff, are allocated based on formulas tailored to provide the delivery of a continuum of services for students with disabilities according to the level of support documented in the Individualized Education Program (IEP). Special education allocations may be based on enrollment, on the hours of service required to meet a student's needs, or on the number of teaching stations required to serve students across the entire county. Staffing for special education is another factor that explains why some schools have higher per pupil costs than other schools. Special education allocations also are published in the

Superintendent's Recommended Operating Budget (Appendix E). Once approved by the Board of Education, special education staffing guidelines must be submitted to the Maryland State Department of Education, annually, as part of the Special Education Staffing Plan. The staffing plan is developed with significant community input. Non-position allocations for special education instructional supplies are communicated in June prior to the start of the school year.

- *Initial Allocation Process* – Schools receive initial staffing allocations for the upcoming school year early in March. Although the operating budget has not yet been approved, initial allocations are necessary to enable principals to plan schedules, make hiring decisions, and communicate with staff members who will not have positions, to allow them the opportunity to transfer to other schools. Preliminary non-position allocations, including funding for textbooks, media materials, and instructional materials, are made in May prior to the start of the school year to allow sufficient time for the procurement of essential instructional supplies.
- *Allocation Adjustments* – A limited number of reserve positions are available to support schools that experience significant enrollment increases during the spring and summer. Depending on needs, staffing may be allocated as a full-time positions or in smaller increments. Schools also may have a reduction of positions if actual enrollment does not support the need for the positions. Data are reviewed weekly, beginning in March, to identify staffing needs at schools. Allocations for instructional supplies are adjusted when final enrollment numbers are confirmed in the fall.
- *Scheduling Classes* – Schools prepare master schedules based on the allocated staffing. In secondary schools, principals must balance the breadth of course offerings with class size as they develop schedules. The goal is to decide how to use allocated staffing most effectively to support student learning. Once a school develops its schedule and identifies staffing needs, it can begin the hiring process to ensure that all required staff is on board for the start of school.

Montgomery County Public Schools FY 2020 Operating Budget

Audits

Audits of financial operations and programs of Montgomery County Public Schools ensure financial and operational accountability to the public. Below are details of some of the audits.

Board of Education Oversight

- According to State of Maryland law, Section 5-109 of the Education Article, requires all school districts to commission an annual external audit of financial transactions and accounts by an independent certified public accountant. MCPS uses the firm of CliftonLarsonAllen (CLA) to perform this audit. Neither CLA nor its predecessors have identified any material weaknesses or noncompliance with internal controls, and MCPS has always received a “clean”, unmodified opinion from the auditors.
- In addition to the annual audit of financial statements, the external auditors also perform a Federal Single Audit in accordance with Uniform Guidance. This includes the audit of the Schedule of Expenditures of Federal Awards (SEFA) and certification of the data collection form. This audit is scheduled to be completed in December 2018.
- MCPS issues an annual financial report, the Comprehensive Annual Financial Report, for the previous fiscal year. This report has repeatedly received an Excellence in Financial Reporting Award from the Government Financial Officers Association of the United States and Canada, and from the Association of School Business Officials International.
- Board of Education Policy DAA, *Fiscal Responsibility and Control*, requires the superintendent of schools to ensure that adequate fiscal responsibility and control are maintained for funds entrusted to MCPS that conform to the laws and regulations of the state of Maryland and to applicable provisions of the charter and laws of Montgomery County. In accordance with MCPS Regulation DAA-RB, *External Audits Requiring Board of Education Approval*, the Board of Education authorizes external agency performance audits that focus on processes and their inherent efficiencies.
- The Board of Education’s Fiscal Management Committee meets regularly with staff to review audit findings and provide financial oversight of MCPS. The Fiscal Management Committee reviews the reports of the system’s actuary and external auditor.

County Audits

- The county’s Office of Legislative Oversight has conducted comprehensive reviews of MCPS programs and procedures, including food services, student transportation, special education, school plant operations, compliance with environmental regulations, organizational development programs, recycling, Northeast and Downcounty high school consortia, demographic and performance changes of 25 MCPS high schools, employee

benefits administration, resources and staffing among MCPS schools, the MCPS revitalization and expansion program, the local pension plan and supplement, safe routes to school program, new school construction costs, Pre-K, and strategies to address public school capacity constraints.

- The county Office of Inspector General has conducted analyses of MCPS capital improvement program projects, the MCPS budget and related financial information, acquisition of promethean interactive classroom technology systems, and purchase card policies and procedures.

State of Maryland Audits

- The Maryland State Department of Education (MSDE) reviews MCPS activities and financial reports every two years. MSDE audits a variety of issues, including enrollment, program administration, special education, teacher certification, criminal background checks of teachers, and grant programs. MSDE conducted an audit of MCPS in FY 2017 to determine compliance with the financial and other requirements that are applicable to each of its State Aid to Education Programs. Noted were discrepancies in the September 30, 2014 enrollment count due to an internal extract code change to a technology system, and the October 31, 2015 transportation ridership over reported by one student. The next audit of MCPS is projected to be completed December 2018.
- MSDE conducts an audit of the MCPS meal benefit process (Free and Reduced-price Meal System applications) every three years. It is an audit of the verification and financial processes, as well as site reviews in 18 schools. If one of the schools were to fail to demonstrate compliance with U.S. Department of Agriculture and MSDE regulations, then the auditors return and audit 18 more schools. In its May 25, 2018, audit report, MSDE commended MCPS for exceeding standards in several areas.
- In accordance with the requirements of the State Government Article, Section 2-1220 (e) of the Annotated Code of Maryland, the state's Office of Legislative Audit shall conduct an audit of each local school system at least once every six years to evaluate the effectiveness and efficiency of the financial management practices of the local school system. The first audit report published January 15, 2009, found that MCPS has "procedures and controls in place to ensure the safeguarding of assets and the efficient use of financial resources." The report made useful recommendations for process improvements in business operations, including accounting, internal controls, technology, and facilities operations. The second audit report published May 19, 2016, made recommendations to improve cost-effectiveness.
- The Public School Construction Program's (PSCP) Office of the Interagency Committee on School Construction audits the use of state construction funds provided to all Maryland school systems every two to three years. The examination is made in accordance with the public school laws of Maryland and the regulations for the administration of the PSCP, and includes tests of accounting and construction procedures. PSCP conducted its most recent audit of MCPS in FY 2015 to evaluate its regulatory compliance. No material findings

were identified in the report published on the August 21, 2015, as well as in the two prior audit reports. PSCP personnel turnover has delayed the next audit of MCPS.

Federal Audits

- The federal government regularly provides mandated federal Office of Management and Budget Compliance Supplement audits of federal grant programs that have greatly increased in recent years. MCPS also receives a triennial review of its special education early childhood services programs for compliance with Individuals with Disabilities Education Act (IDEA) and Medicaid requirements. Federal audit results of MCPS grants have not identified any material adverse findings.

Internal Audit

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

MCPS NONDISCRIMINATION STATEMENT

Montgomery County Public Schools (MCPS) prohibits illegal discrimination based on race, ethnicity, color, ancestry, national origin, religion, immigration status, sex, gender, gender identity, gender expression, sexual orientation, family/parental status, marital status, age, physical or mental disability, poverty and socioeconomic status, language, or other legally or constitutionally protected attributes or affiliations. Discrimination undermines our community’s long-standing efforts to create, foster, and promote equity, inclusion, and acceptance for all. Some examples of discrimination include acts of hate, violence, insensitivity, harassment, bullying, disrespect, or retaliation. For more information, please review Montgomery County Board of Education Policy ACA, *Nondiscrimination, Equity, and Cultural Proficiency*. This Policy affirms the Board’s belief that each and every student matters, and in particular, that educational outcomes should never be predictable by any individual’s actual or perceived personal characteristics. The Policy also recognizes that equity requires proactive steps to identify and redress implicit biases, practices that have an unjustified disparate impact, and structural and institutional barriers that impede equality of educational or employment opportunities.

For inquiries or complaints about discrimination against MCPS staff *	For inquiries or complaints about discrimination against MCPS students *
Office of Employee Engagement and Labor Relations Department of Compliance and Investigations 850 Hungerford Drive, Room 55 Rockville, MD 20850 240-740-2888 OCOO-EmployeeEngagement@mcpsmd.org	Office of School Administration Compliance Unit 850 Hungerford Drive, Room 162 Rockville, MD 20850 240-740-3215 COS-SchoolAdministration@mcpsmd.org

**Inquiries, complaints, or requests for accommodations for students with disabilities also may be directed to the supervisor of the Office of Special Education, Resolution and Compliance Unit, at 240-740-3230. Inquiries regarding accommodations or modifications for staff may be directed to the Office of Employee Engagement and Labor Relations, Department of Compliance and Investigations, at 240-740-2888. In addition, discrimination complaints may be filed with other agencies, such as: the U.S. Equal Employment Opportunity Commission, Baltimore Field Office, City Crescent Bldg., 10 S. Howard Street, Third Floor, Baltimore, MD 21201, 1-800-669-4000, 1-800-669-6820 (TTY); or U.S. Department of Education, Office for Civil Rights, Lyndon Baines Johnson Dept. of Education Bldg., 400 Maryland Avenue, SW, Washington, DC 20202-1100, 1-800-421-3481, 1-800-877-8339 (TDD), OCR@ed.gov, or www2.ed.gov/about/offices/list/ocr/complaintintro.html.*

This document is available, upon request, in languages other than English and in an alternate format under the *Americans with Disabilities Act*, by contacting the MCPS Department of Public Information and Web Services at 240-740-2837, 1-800-735-2258 (Maryland Relay), or PIO@mcpsmd.org. Individuals who need sign language interpretation or cued speech transliteration may contact the MCPS Office of Interpreting Services at 240-740-1800, 301-637-2958 (VP) or MCPSInterpretingServices@mcpsmd.org. MCPS also provides equal access to the Boy/Girl Scouts and other designated youth groups.

FISCAL YEAR 2020 OPERATING BUDGET TIMELINE

Superintendent's Recommended Fiscal Year 2020 Operating Budget Framework	December 4, 2018
Superintendent Presents Recommended Fiscal Year 2020 Operating Budget	December 18, 2018
Sign-up for Board of Education Public Hearings	December 19, 2018 through January 10, 2019
Board of Education Public Hearings	January 9 & 14, 2019
Board of Education Work Sessions	January 17 & 24, 2019
Board of Education Action	February 12, 2019
Board of Education Budget Transmittal to County Executive/Council (Required by March 1, 2019)	March 1, 2019
County Executive Submits Proposed FY 2020 Operating Budget to County Council	March 15, 2019
County Council Budget Public Hearings	April 2019
County Council Work Sessions	April–May 2019
County Council Budget Action	May 23, 2019
Final Board of Education Action to Approve FY 2020 Operating Budget	June 11, 2019

OPERATING BUDGET DOCUMENTS

The documents listed below enable the reader to understand the MCPS budget and how resources are used.

Budget in Brief—Provides detailed summary information on the budget and changes proposed in the Superintendent's Recommended Operating Budget.

Superintendent's Recommended Operating Budget—Shows budget resources by office, department, and other units. It includes references to the units that carry out each program, describes in detail the work of each unit, shows all budget changes, and includes an overview of major functions, a glossary of budget terms, and a section describing how to understand the budget.

The Operating Budget Adopted by the Board of Education—Shows summary budget information, including changes to the Superintendent's Recommended Operating Budget made by the Board of Education.

The Operating Budget Summary—Includes information based on the final budget appropriated by the County Council and approved by the Board of Education.

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

Budgeted Staffing Guidelines—The Superintendent's Recommended Operating Budget includes budgeted staffing guidelines for general education and special education. These guidelines govern the allocation of personnel resources by school and special education disability.

Schools at a Glance—Provides a variety of information for each school, including programs that are implemented at each school and personnel expenditures budgeted for each school. A separate document, Special Education at a Glance, is published to show special education resources at each school.

All of these publications are available on the MCPS website at www.montgomeryschoolsmd.org/departments/budget/



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