

MONTGOMERY COUNTY PUBLIC SCHOOLS, ROCKVILLE, MARYLAND

THE SUPERINTENDENT'S RECOMMENDED

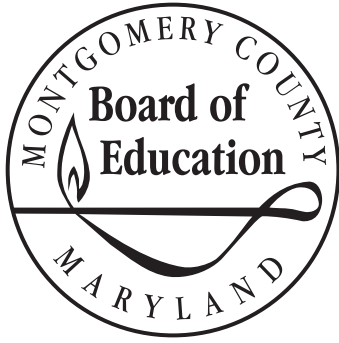
FY 2014 OPERATING BUDGET in Brief

Recommended to the Board of Education
December 2012

Fiscal and School Year Ending
June 30, 2014

Dr. Joshua P. Starr
Superintendent of Schools





VISION

A high-quality education is the fundamental right of every child. All children will receive the respect, encouragement, and opportunities they need to build the knowledge, skills, and attitudes to be successful, contributing members of a global society.



montgomeryschoolsmd.org

Check out the MCPS website for more detailed information about the FY 2014 Recommended Operating Budget.

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December 11, 2012

Dear Members of the Board of Education:

I am pleased to submit for your consideration my Fiscal Year (FY) 2014 Operating Budget recommendation for Montgomery County Public Schools (MCPS).

This budget is the culmination of extensive external and internal feedback that we have received during the past several months and reflects the budget interests that the Board of Education identified earlier this year. Once again, our employees and our parents were integral in developing a budget recommendation that serves the needs of our students and is aligned to our strategic plan, *Our Call to Action: Pursuit of Excellence*. I am grateful for the continued partnership of the Montgomery County Council of Parent Teacher Associations (MCCPTA) and our three employee associations—the Montgomery County Education Association (MCEA), the Service Employees International Union (SEIU) Local 500, and the Montgomery County Association of Administrators and Principals (MCAAP).

I also received a tremendous amount of feedback during community outreach events and through our new Neighbor-to-Neighbor initiative, which allowed our citizens to hold self-guided small group discussions on the operating budget. More than 20 Neighbor-to-Neighbor sessions were held during the fall, with more than 100 attendees who covered a broad array of issues. I deeply appreciate their input into the process. They provided feedback in several areas, including curriculum; the development of 21st century skills in our students; class sizes; and the availability of technology.

I am recommending an FY 2014 Operating Budget of \$2,217,247,656, which is an increase of \$48,950,123—or 2.3 percent—compared to FY 2013. My budget is less than half of one percent, or \$10.0 million, above the Maintenance of Effort (MOE) level, the funding floor mandated by state law. The increase in the required local contribution is \$28.7 million, which is \$21.4 million for MOE and \$7.3 million for the second year of a four-year plan to shift certain teacher pension costs to local boards of education.

It is important to acknowledge that my recommendation should be considered preliminary for several reasons. First, we do not know the level of state aid we will receive next year and do not anticipate receiving that information until Governor Martin O'Malley releases his budget in mid-January. I have included in my budget an increase of \$10 million in state aid, which is a projection based on trends in state funding. Another reason for the preliminary nature of my budget recommendation is uncertainty about the so-called "fiscal cliff." If no action is

Office of the Superintendent of Schools

taken and sequestration is implemented, the impact on the state, county, and MCPS budgets will be significant and may make it more difficult for the county to meet its MOE obligation. Additionally, even as the economy is showing signs of improvement, there remains overall uncertainty about the county's financial situation. We should have better information by the time the Board is ready to approve a final budget request in February 2013 and will make the appropriate adjustments at that time.

It also should be noted that we have not completed negotiations with our three employee associations. In FY 2013, we recognized our employees with their first compensation increase in three years and, in May, will restore the FY 2011 step increase for employees who are eligible, which is approximately 57 percent of our employees. As part of the FY 2013 agreement with our employee associations, it was determined that any salary increase or adjustments for FY 2014 would have to be negotiated into the contracts. Therefore, I have not included any funding in my budget for compensation increases—the first time this has been done in recent history.

In building this recommendation, there were three areas of focus for the budget—keeping up with growth; reenergizing our efforts to narrow achievement gaps; and investing in the future of our school district. The economic downturn of the past several years had a dramatic impact on the MCPS budget. Since 2009, the operating budget has been reduced by \$161.2 million in base budget cuts, and one-time savings of \$108 million have been made through a hiring freeze and comprehensive expenditure restrictions. Employees agreed to forego a negotiated general wage increase in FY 2010, saving \$89 million, and salary increments (steps and longevity increases), saving \$54 million during FY 2011 and FY 2012.

Since FY 2008, our enrollment has grown by more than 11,000 students and we have added 1,400 positions to meet their educational needs. However, the fiscal situation required us to eliminate many resources in our budget, which led to cutting approximately 1,350 positions, most of which provided support for student instruction. Therefore, with 11,000 more students, or an increase of 8 percent, we have added fewer than 100 positions.

As part of my FY 2014 budget, I am recommending that we begin the process of restoring some of these positions. But I want to be clear: I have not and will not recommend any restorations or additions unless I am confident we are using our existing resources in those areas efficiently and effectively.

Managing Growth

Managing our continuing enrollment growth remains our top budgetary priority. In fact, 82 percent of the \$48.95 million increase in my budget will go toward maintaining the current level of service to a growing number of students. The current student enrollment in MCPS is 148,779, an increase of almost 2,300 students from FY 2012. This growth is expected to continue, and by FY 2019, enrollment is expected to exceed 159,000 students.

At the same time, more of our students are requiring specific services and supports to ensure success. More than 49,300 students—almost one-third of our enrollment—now are eligible to receive Free- and Reduced-price Meals System services, which represents an increase of more than 12,000 students in just 5 years. And across the district, nearly 20,000 students—more than 13 percent of our enrollment—receive English for Speakers of Other Languages (ESOL) services, a number that has almost doubled since 2000.

A total of \$21.2 million is needed in FY 2014 for a projected student enrollment increase of 2,336 students. My budget calls for the hiring of 127.4 positions in general education (kindergarten through Grade 12) to serve additional students, and 22.2 positions are needed to support 900 additional ESOL students. The budget also includes an increase of \$8.5 million to provide increased individualized

services to our special education students, including funds for 52 additional teachers, 36 paraeducators, 7.25 speech pathologists, and increased funds for students placed in nonpublic schools. My budget also includes an additional \$7.1 million for continuing salaries and an increase of \$15.4 million for benefits for current and retired employees. The increase in benefits includes \$7.3 million for the shift of the teacher pension costs to MCPS.

Focus on the Achievement Gap

With *Our Call to Action* as a foundation for its work, MCPS has been dedicated to the pursuit of equity and excellence. Seen clearly in the district's efforts to narrow the achievement gap, these efforts have met with tremendous academic success in many areas, including the following:

- In 2012, MCPS students took nearly 33,000 Advanced Placement (AP) exams—a district record—and 75 percent of those exams earned a college-ready score of 3 or higher. For the past five years, the most significant growth in AP participation and success has been among African American and Hispanic students.
- For the fourth year in a row, MCPS has the highest graduation rate among the nation's largest school districts, according to a report from Education Week. Additionally, MCPS has the highest graduation rate for African American males among the nation's largest districts, according to a 2012 Schott Foundation report.
- The Class of 2012 earned an average combined score of 1651 on the SAT, the highest in the district's history. African American and Hispanic graduates in MCPS outperformed their peers across the nation by more than 100 points.
- More than three-quarters (76 percent) of students are reading above grade level (Text Level 6) by the end of kindergarten. In six years, the percentage of African American students reading at this level has increased by 24 percentage points.

These outstanding results are due, in great part, to the tremendous work and tireless dedication of our employees—the best staff in public education, bar none. But there is work left to be done. While we have made progress, there are persistent gaps in key areas that must be addressed. For example, the percentage of White and Asian ninth graders earning an A or B in Algebra 1 is 37 points higher than for African American students. And the percentage of White and Asian eighth graders scoring advanced on the state reading exam is 40 points higher than for Hispanic students.

Some of our largest gaps are in middle school. Therefore, I am recommending \$1.97 million for the hiring of 30 focus teacher positions at the middle school level to support students who are struggling in mathematics and English. The intent is to lower the student-teacher ratios for literacy and mathematics instruction and allow students to receive focused instruction in these key areas. I also am recommending \$1.5 million to restore reductions to staff development teacher positions in our middle schools. These positions were reduced as part of our districtwide savings efforts and these funds will restore the equivalent of 0.6 full-time equivalent (FTE) positions to each middle school, for a total of 22.8 positions. Staff development teachers work with and train classroom teachers to teach and support students who are struggling, and to implement new curriculum aligned with the Common Core State Standards.

Another important area we must address is mathematics, which is undergoing significant changes in MCPS and throughout the nation with the goal of giving our students a deeper conceptual understanding and the opportunity to apply, in concrete terms, what they are learning. To help provide direct support to our schools, I am recommending the creation of a Mathematics Implementation Team that will work to support teachers, participate in school-based planning, model classroom

instruction, and provide system-level professional development. This will be accomplished through the reallocation of existing positions, grants, and other revenue. I also am recommending \$655,934 to fund 10 elementary school teacher positions to help provide accelerated instruction for students who truly are ready for advanced work in mathematics.

Investing in Our Staff and Our Future

This is a time of tremendous change in public education and our schools must change as well. The Common Core State Standards—adopted by the state of Maryland as the curricular foundation for public schools—already are being implemented. And the new state tests aligned to the Common Core State Standards will begin soon. At the same time, today's economy demands that our students have three distinct sets of skills in order to be successful:

- Deep academic knowledge and understanding
- 21st century skills such as critical thinking, problem solving, and collaboration
- Social and emotional competencies to learn how to persevere, have empathy, and be productive citizens

In order for our students to be ready, we must make sure our staff is prepared to give them the necessary instruction and support. My budget allocates an additional \$1,549,475 for continued professional development for teachers in elementary and secondary schools around the Common Core and Curriculum 2.0, our improved elementary curriculum that provides students with well-rounded academics and builds important 21st century skills. Also, I am restoring 4 consulting teacher positions; these staff members will work closely with new educators and those who are struggling. This is a crucial part of our Teacher Professional Growth System, which has been impacted by the economic downturn. I also am recommending an \$800,000 increase for professional development substitutes in secondary schools. This will allow our teachers some flexibility so they may continue to grow and learn.

This budget recommendation also recognizes the importance of restoring some other positions lost over the past several years, including elementary school media specialists, reading specialists, counselors, and staff development teachers. Also, I am recommending the addition of 5 elementary school music instructor positions to serve our growing student population. My budget also includes \$94,000 that will support the Achieving Collegiate Excellence and Success (ACES) program. This collaborative effort with Montgomery College and the Universities at Shady Grove seeks to increase college enrollment and success for our students, especially those who have been traditionally underrepresented in higher education.

I look forward to working with the Board of Education on my recommended budget and receiving input from our citizens in the coming weeks. After several years of simply trying to keep up with growth, I am pleased to provide a budget to you that will allow us to move forward.

Sincerely,



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

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TABLE 1
SUMMARY OF RESOURCES
BY OBJECT OF EXPENDITURE

OBJECT OF EXPENDITURE	FY 2012 ACTUAL	FY 2013 BUDGET	FY 2013 CURRENT	FY 2014 BUDGET	FY 2014 CHANGE
POSITIONS					
Administrative	701,000	699,000	700,000	705,201	5,201
Business/Operations Admin.	92,000	92,000	92,000	91,629	(,371)
Professional	11,744,730	11,922,480	11,950,380	12,237,870	287,490
Supporting Services	8,074,496	8,129,664	8,119,226	8,179,343	60,117
TOTAL POSITIONS	20,612,226	20,843,144	20,861,606	21,214,043	352,437
01 SALARIES & WAGES					
Administrative	\$86,746,835	\$89,105,835	\$89,222,435	\$88,971,141	(\$251,294)
Business/Operations Admin.	8,175,371	8,648,824	8,648,824	8,733,851	85,027
Professional	886,753,233	922,485,401	924,698,695	947,737,390	23,038,695
Supporting Services	323,092,461	341,761,446	341,774,693	342,258,338	483,645
TOTAL POSITION DOLLARS	1,304,767,900	1,362,001,506	1,364,344,647	1,387,700,720	23,356,073
OTHER SALARIES					
Administrative	415,834	382,576	382,576	382,576	
Professional	51,438,126	51,349,064	53,056,193	55,595,308	2,539,115
Supporting Services	21,129,269	20,703,678	22,264,616	23,827,780	1,563,164
TOTAL OTHER SALARIES	72,983,229	72,435,318	75,703,385	79,805,664	4,102,279
TOTAL SALARIES AND WAGES	1,377,751,129	1,434,436,824	1,440,048,032	1,467,506,384	27,458,352
02 CONTRACTUAL SERVICES	25,282,316	24,947,219	24,913,189	25,060,675	147,486
03 SUPPLIES & MATERIALS	65,916,385	66,036,062	67,209,283	67,891,043	681,760
04 OTHER					
Local/Other Travel	2,354,057	2,586,848	2,600,853	2,905,958	305,105
Insur & Employee Benefits	482,937,643	525,701,924	527,106,085	548,400,446	21,294,361
Utilities	40,549,810	41,396,374	41,396,374	40,199,058	(1,197,316)
Miscellaneous	49,028,861	51,292,737	51,328,189	51,728,572	400,383
TOTAL OTHER	574,870,371	620,977,883	622,431,501	643,234,034	20,802,533
05 EQUIPMENT	14,113,849	13,631,607	13,695,528	13,555,520	(140,008)
GRAND TOTAL AMOUNTS	\$2,057,934,050	\$2,160,029,595	\$2,168,297,533	\$2,217,247,656	\$48,950,123

TABLE 1A
FY 2014 OPERATING BUDGET - SUMMARY OF BUDGET CHANGES FY 2013 - FY 2014
(\$ in millions)

ITEM	FTE	AMOUNT	ITEM	FTE	AMOUNT
FY 2013 CURRENT OPERATING BUDGET	20,861.606	\$2,168.3	STRATEGIC PROGRAM RESTORATIONS AND ENHANCEMENTS		
ENROLLMENT CHANGES			Expanded Implementation of Curriculum 2.0	2,000	1.5
Elementary/Secondary	127,400	8.7	Elementary Math Teachers	10,000	0.6
Special Education	101,564	8.5	Elementary Teacher-level Support Positions	11,000	0.7
ESOL	22,200	1.5	Middle School Focus Teachers	30,000	2.0
Transportation/Food Services/School Plant Operations	32,440	2.5	Middle School Staff Development Teachers	22,800	1.5
Subtotal	283,604	\$21.2	Consulting Teachers	4,000	0.3
			Staff Development Substitutes		0.8
NEW SCHOOLS	1,000	\$0.1	Achieving Collegiate Excellence and Success (ACES) Program		0.1
			Preventions, Interventions, and Personalized Learning	1,000	0.3
EMPLOYEE SALARIES - CONTINUING SALARIES			Elementary Instrumental Music Teachers	5,000	0.3
COSTS FOR CURRENT EMPLOYEES (including benefits)		\$7.1	Elementary Assistant School Administrators and Secretaries	4,500	0.4
EMPLOYEE BENEFITS AND INSURANCE			Baseline Testing for High School Athletes		0.1
Employee Benefits Plan (active)	2.0		Equity Certificate Program	0,200	0.1
Employee Benefits Plan (retired)	-		Subtotal	90,500	\$8.7
Retirement	4.5		EFFICIENCIES & REDUCTIONS		
FICA/Self-Insurance/Workers' Compensation, Fire Insurance	1.6		Central Services	(5,670)	(1.9)
Pension Shift from State of Maryland	7.3		Support Operations (Buses/Bus Operators, Bus Supplies)	(10,500)	(0.8)
Subtotal	\$15.4		School-Based (Inflation, Phase-out of Secondary Learning Centers)	(11,312)	(1.6)
INFLATION AND OTHER			Total Efficiencies & Reductions	(27,482)	(\$4.3)
Textbooks, Instructional Materials, Building/Maintenance Supplies	0.7		FY 2014 BUDGET	21,214,043	\$2,217.2
Utilities	(2.1)		FY 2013-FY 2014 CHANGE	352,437	\$48.9
Special Education Including Non-public Tuition	0.9		Less Enterprise funds	(619,948)	(58.8)
Transportation	0.3		Less Grants	(472,138)	(80.7)
Food Services	0.5		SPENDING AFFORDABILITY BUDGET	20,121,957	\$2,077.7
Facilities Management	0.4		REVENUE INCREASE BY SOURCE		
Grants Revenue	0.1		Local*		38.7
Other	(0.1)		State		10.0
Subtotal	4.815	\$0.7	Federal		0.9
			Other		(1.0)
			Enterprise		0.3
			TOTAL REVENUE INCREASE		\$48.9

* The increase in the required local contribution is \$28,736,286 (\$21,452,150 for MOE and \$7,284,136 for the pension shift from the state)

**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2012 ACTUAL	FY 2013 BUDGET	FY 2013 CURRENT	FY 2014 ESTIMATED
CURRENT FUND				
From the County:	\$1,370,101,480	\$1,392,286,148	\$1,392,286,148	\$1,423,734,478
Local Contribution for State Retirement		27,227,553	27,227,553	34,511,689
Total from the County	1,370,101,480	1,419,513,701	1,419,513,701	1,458,246,167
From the State:				
Bridge to Excellence				
Foundation Grant	290,050,156	302,207,487	302,187,876	312,187,876
Geographic Cost of Education Index	31,954,820	32,796,296	32,796,296	32,796,296
Limited English Proficient	49,786,885	55,107,686	55,107,686	55,107,686
Compensatory Education	106,595,114	115,208,321	115,208,321	115,208,321
Students with Disabilities - Formula	34,348,730	34,967,952	34,967,952	34,967,952
Students with Disabilities - Reimbursement	11,152,803	11,543,388	11,543,388	11,543,388
Transportation	35,210,643	36,100,856	36,100,856	36,100,856
Miscellaneous	301,431	400,000	400,000	400,000
Programs financed through State Grants	1,797,840			
Total from the State	561,198,422	588,331,986	588,312,375	598,312,375
From the Federal Government:				
Impact Aid	448,477	300,000	300,000	400,000
Emergency Reimbursements				
Additional Education Jobs Fund Revenue			19,611	
Programs financed through Federal Grants	79,411,513	64,222,375	71,509,924	72,280,788
Total from the Federal Government	79,859,990	64,522,375	71,829,535	72,680,788
From Other Sources:				
Tuition and Fees				
D.C. Welfare	193,921	270,000	270,000	200,000
Nonresident Pupils	695,231	750,000	750,000	725,000
Summer School	1,601,910	1,281,148	1,281,148	1,305,000
Outdoor Education	476,871	574,560	574,560	525,000
Student Activities Fee	711,032	690,000	690,000	725,000
Miscellaneous	667,985	160,000	160,000	245,708
Programs financed through Private Grants	865,613	9,448,354	9,448,354	8,448,354
Total from Other Sources	5,212,563	13,174,062	13,174,062	12,174,062
Fund Balance	17,000,000	17,000,000	17,000,000	17,000,000
Total Current Fund	2,033,372,455	2,102,542,124	2,109,829,673	2,158,413,392
ENTERPRISE & SPECIAL FUNDS				
School Food Service Fund:				
State	958,588	1,018,607	1,125,607	1,125,607
National School Lunch, Special Milk and Free Lunch Programs	29,579,681	23,683,878	24,280,196	28,797,309
Child Care Food Program		1,000,000	1,296,682	1,334,335
Sale of Meals and other	19,312,601	21,773,810	21,773,810	18,446,434
Total School Food Service Fund	49,850,870	47,476,295	48,476,295	49,703,685
Real Estate Management Fund:				
Rental fees	2,892,122	3,520,603	3,520,603	2,913,646
Total Real Estate Management Fund	2,892,122	3,520,603	3,520,603	2,913,646

**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2012 ACTUAL	FY 2013 BUDGET	FY 2013 CURRENT	FY 2014 ESTIMATED
Field Trip Fund:				
Fees	1,778,378	2,026,046	2,026,046	1,909,415
Total Field Trip Fund	1,778,378	2,026,046	2,026,046	1,909,415
Entrepreneurial Activities Fund:				
Fees	2,186,618	3,006,936	3,006,936	2,839,155
Total Entrepreneurial Activities Fund	2,186,618	3,006,936	3,006,936	2,839,155
Total Enterprise Funds	56,707,988	56,029,880	57,029,880	57,365,901
Instructional Television Special Revenue Fund:				
Cable Television Plan	1,425,000	1,457,591	1,457,591	1,468,363
Total Instructional Special Revenue Fund	1,425,000	1,457,591	1,457,591	1,468,363
GRAND TOTAL	\$2,091,505,443	\$2,160,029,595	\$2,168,317,144	\$2,217,247,656

Tax - Supported Budget	FY 2012 ACTUAL	FY 2013 BUDGET	FY 2013 CURRENT	FY 2014 ESTIMATED
Grand Total	\$2,091,505,443	\$2,160,029,595	\$2,168,317,144	\$2,217,247,656
Less:				
Grants	(82,074,966)	(73,670,729)	(80,958,278)	(80,729,142)
Enterprise Funds	(56,707,988)	(56,029,880)	(57,029,880)	(57,365,901)
Special Revenue Fund	(1,425,000)	(1,457,591)	(1,457,591)	(1,468,363)
Grand Total - Tax-Supported Budget	\$1,951,297,489	\$2,028,871,395	\$2,028,871,395	\$2,077,684,250

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

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

Program Name and Source of Funding	FY 2012 ACTUAL	FY 2013 BUDGET	FY 2013 CURRENT	FY 2014 ESTIMATED
<u>Budgeted</u>				
FEDERAL AID: NO CHILD LEFT BEHIND (NCLB)				
Title I - A (941/949)	\$ 20,478,168	\$ 17,414,740	\$ 24,682,678	\$ 23,957,144
Title I - A (ARRA) (941/949)				
Subtotal	20,478,168	17,414,740	24,682,678	23,957,144
Title I - D				
Neglected and Delinquent Youth (937)	177,941	137,644	137,644	131,896
Total Title I	20,656,109	17,552,384	24,820,322	24,089,040
Title II - A				
Skillful Teaching and Leading Program (915)	704,578	426,723	426,723	355,443
Teacher Mentoring		178,200	178,200	249,480
Consulting Teachers (961)	2,961,268	3,134,958	3,134,958	3,205,176
Staff Development Team (960)	287			
Subtotal	3,666,133	3,739,881	3,739,881	3,810,099
Title II - D				
Enhancing Education through Technology (918)		-	-	-
Total Title II	3,666,133	3,739,881	3,739,881	3,810,099
Title III				
Limited English Proficiency (927)	3,761,008	3,609,452	3,609,452	3,699,880
Title VII				
American Indian Education (903)	42,977	29,028	29,028	29,028
SUBTOTAL	28,126,227	24,930,745	32,198,683	31,628,047
OTHER FEDERAL, STATE, AND LOCAL AID				
State Fiscal Stabilization Fund (SFSF) (901)				
Federal (ARRA)	1,902,103	-	-	-
Head Start Child Development (932)				
Federal	4,040,526	3,433,406	3,433,406	3,535,742
Individuals with Disabilities Education (907/913/963/964/ 965/966/967)				
Federal	31,698,674	29,425,299	29,425,299	30,314,319
Federal (ARRA)		-	-	-
Subtotal	31,698,674	29,425,299	29,425,299	30,314,319
Infants and Toddlers (930)				
Federal	1,378,418	974,844	974,844	1,050,088
Education Jobs Fund (935)				
Federal*	4,377,655		19,611	
Medical Assistance Program (939)				
Federal	4,097,476	4,061,262	4,061,262	4,412,832
National Institutes of Health (NIH) (908)				
Federal	254,254	254,733	254,733	254,733
Provision for Future Supported Projects (999)				
Other	4,969,971	9,448,354	9,448,354	8,448,354

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

Program Name and Source of Funding	FY 2012 ACTUAL	FY 2013 BUDGET	FY 2013 CURRENT	FY 2014 ESTIMATED
Carl D. Perkins Career & Technical Ed. Improvement (951) Federal County Subtotal	1,204,534	1,142,086	1,142,086	1,085,027
SUBTOTAL	53,923,611	48,739,984	48,759,595	49,101,095
TOTAL	\$ 82,049,838	\$ 73,670,729	\$ 80,958,278	\$ 80,729,142

Summary of Funding Sources				
Federal	\$ 77,079,867	\$ 64,222,375	\$ 71,509,924	\$ 72,280,788
State	-	-	-	-
County	-	-	-	-
Other	4,969,971	9,448,354	9,448,354	8,448,354
GRAND TOTAL	\$ 82,049,838	\$ 73,670,729	\$ 80,958,278	\$ 80,729,142

FOR INFORMATION ONLY			
Additional grant appropriation through the Provision for Future Supported Projects			
National Institute of Standards Summer Institute			\$ 10,000
Perkins - Career and Technology			153,228
Infants and Toddlers			70,878
National Institute of Standards - Research Experience-Teachers			16,000
Education Cluster Model (thru DHHS)			125,750
Neglected and Delinquent Youth			32,876
Head Start			115,973
IDEA - Part B			797,715
Medical Assistance			541,948
National Defense Education Program			55,000
Fine Arts Initiative			30,921
Building Bridges			118,000
Expanding Bridges			667,596
SUBTOTAL FEDERAL FUNDING			2,735,885
Educator Effectiveness Academy			1,500
Maryland Model for School Readiness (MMSR) Program			84,700
Judith Hoyer Childcare & Education (Judy Centers)			524,988
Project Lead the Way - Biomedical Sciences			19,999
SUBTOTAL STATE FUNDING			631,187
Defined Contribution Plan			75,000
Inovative Minds of Tomorrow Institute			15,000
SUBTOTAL OTHER			90,000
TOTAL			\$ 3,457,072

**TABLE 4
SUMMARY OF STUDENT ENROLLMENT - FY 2011 THROUGH FY 2014**

DESCRIPTION	(1) FY 2011 ACTUAL 9/30/2010	(2) FY 2012 ACTUAL 9/30/2011	(3) FY 2013 ACTUAL 9/30/2012	(4) FY 2013 BUDGET 9/30/2012	(5) FY 2014 Projected 9/30/2013	CHANGE COLUMN (5) LESS COLUMN (4)	
						#	%
ENROLLMENT							
PRE-KINDERGARTEN	1,965	2,060	1,989	2,145	2,145		
HEAD START	618	618	618	618	628	10	1.6
KINDERGARTEN	10,917	11,380	11,620	11,425	11,466	41	0.4
GRADES 1-5 / 6 *	53,281	54,994	56,768	56,717	58,360	1,643	2.9
SUBTOTAL ELEMENTARY	66,781	69,052	70,995	70,905	72,599	1,694	2.4
GRADES 6-8 **	30,754	30,972	31,228	31,145	32,037	892	2.9
SUBTOTAL MIDDLE	30,754	30,972	31,228	31,145	32,037	892	2.9
GRADES 9-12	44,807	44,764	44,707	44,830	44,505	(325)	(0.7)
SUBTOTAL HIGH	44,807	44,764	44,707	44,830	44,505	(325)	(0.7)
SUBTOTAL PRE-K - GRADE 12	142,342	144,788	146,930	146,880	149,141	2,261	1.5
SPECIAL EDUCATION							
PRE-KINDERGARTEN	929	951	1,030	1,250	1,213	(37)	(3.6)
SPECIAL CENTERS	463	444	485	503	540	37	7.6
SUBTOTAL SPECIAL EDUCATION	1,392	1,395	1,515	1,753	1,753	-	4
MONTESSORI CHARTER SCHOOL			68	-	101	101	148.5
ALTERNATIVE PROGRAMS	213	185	137	225	225	-	-
GATEWAY TO COLLEGE	117	129	129	160	134	(26)	(20.2)
GRAND TOTAL	144,064	146,497	148,779	149,018	151,354	2,336	1.6

SOURCE: Projected enrollment by the Division of Long-range Planning

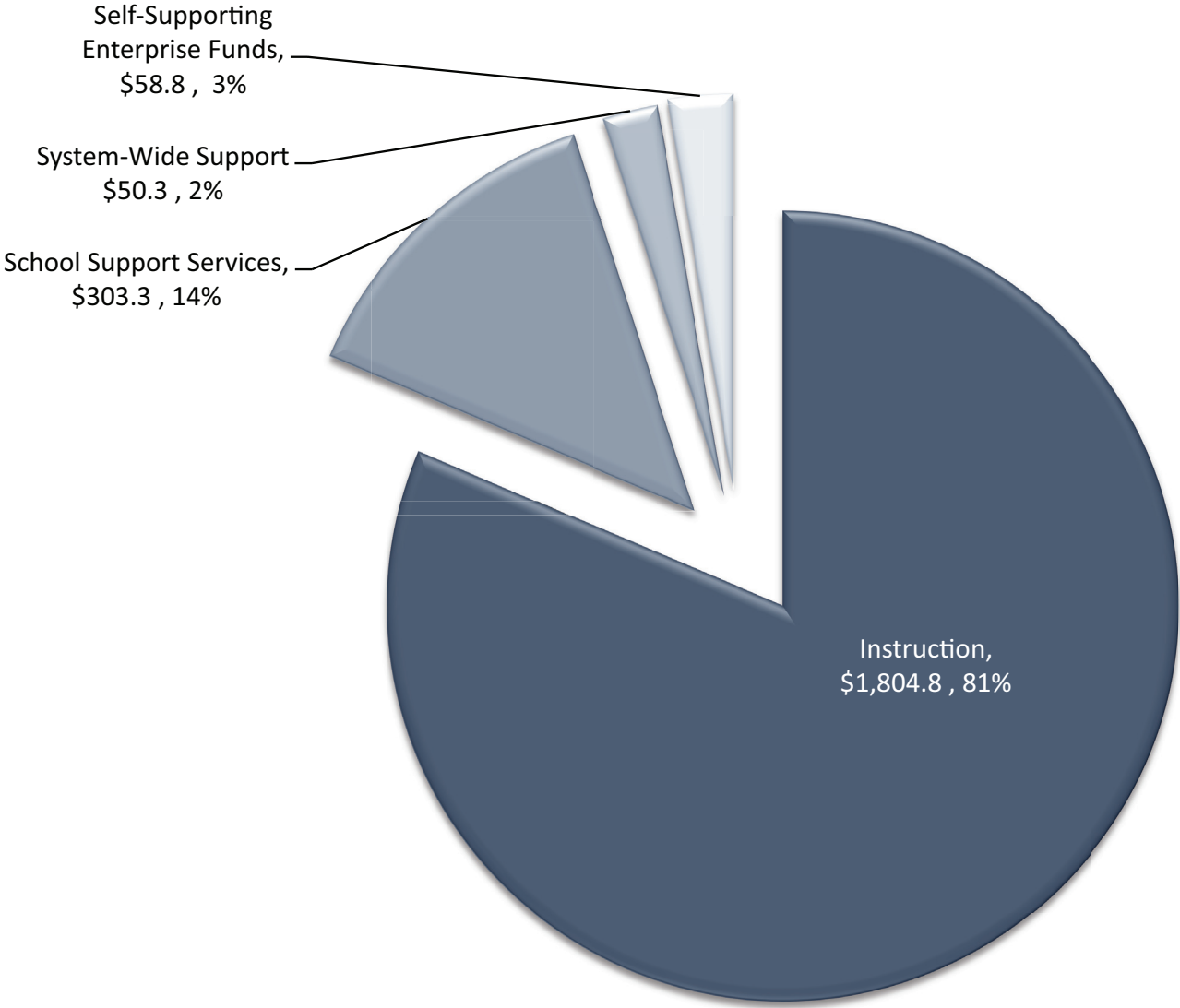
NOTE: Grade enrollments for include special education students

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

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

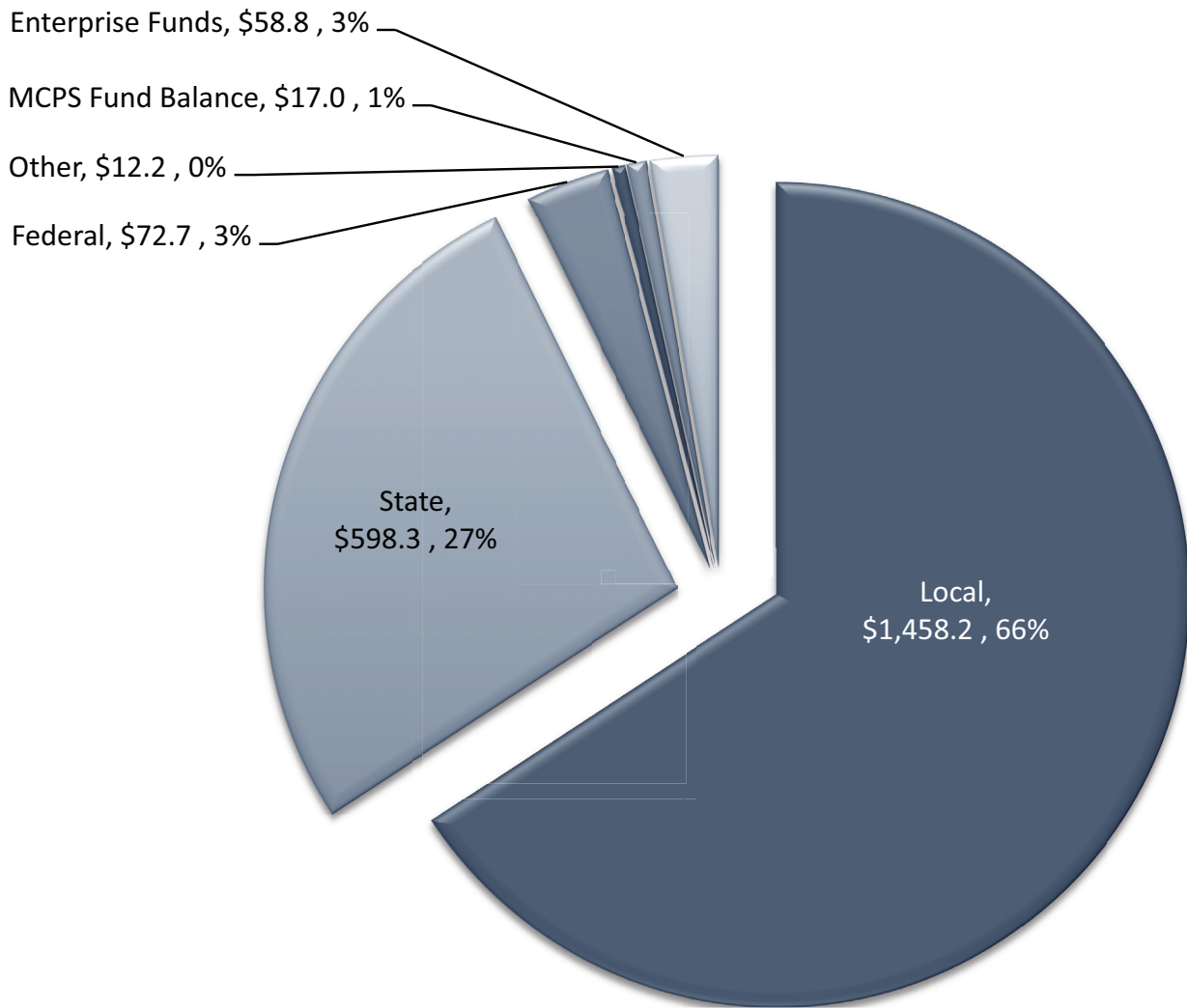
WHERE THE MONEY GOES

Total Expenditures = \$2,217,247,656
(Dollars in Millions on Chart)



WHERE THE MONEY COMES FROM

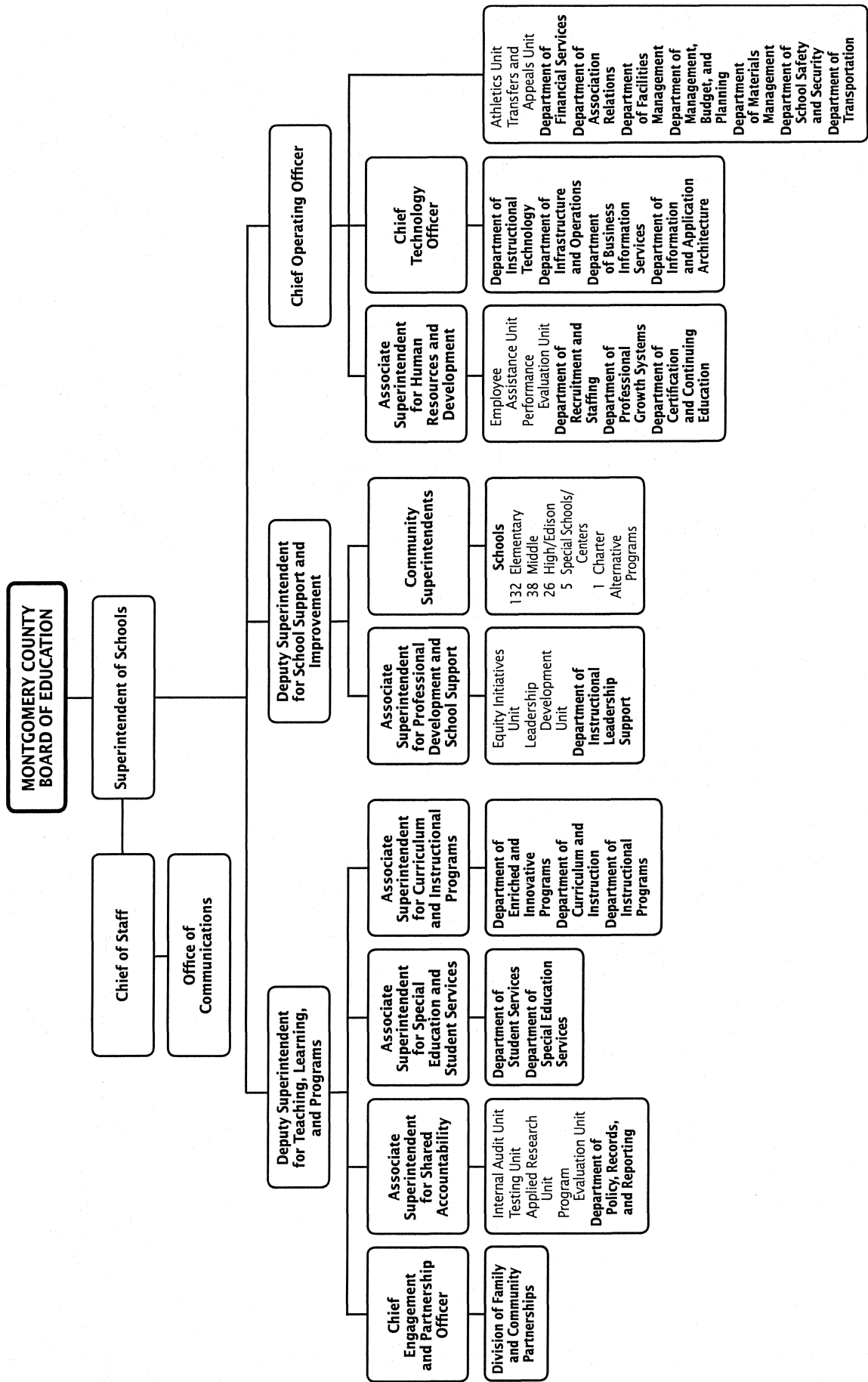
Total Revenue = \$2,217,247,656
(Dollars in Millions on Chart)



**TABLE 5
ALLOCATION OF STAFFING**

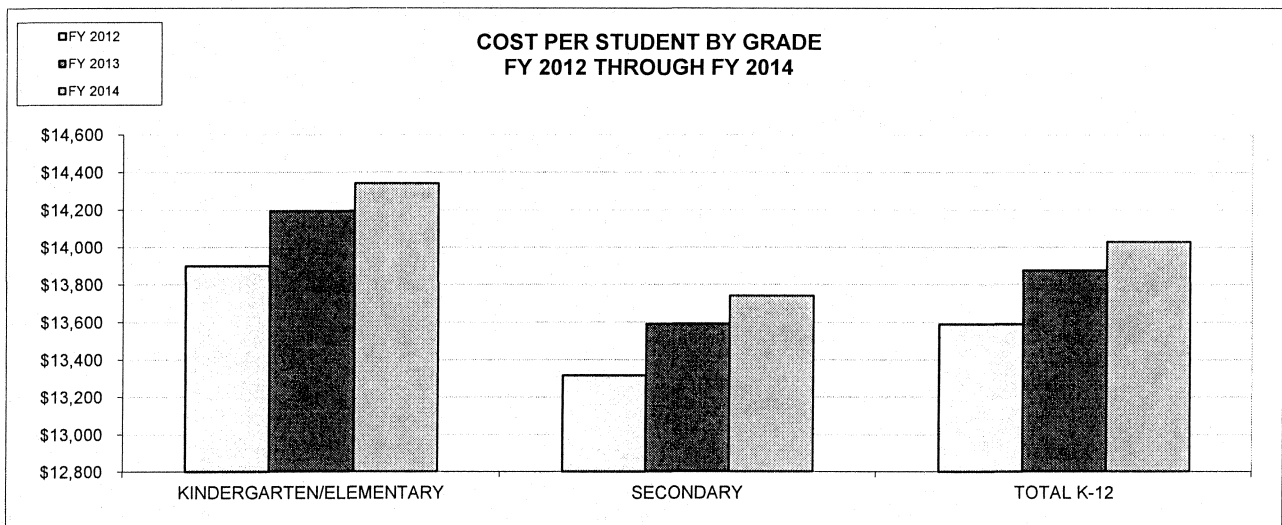
POSITIONS	BUDGET FY 2010	BUDGET FY 2011	BUDGET FY 2012	CURRENT FY 2013	BUDGET FY 2014	FY 14 - FY 13 CHANGE
Executive	19.000	17.000	17.000	19.000	19.000	-
Administrative - (directors, supervisors, program coordinators, executive assistants)	213.000	200.200	199.000	195.000	196.701	1.701
Business/Operations Administrator - (leadership positions supervised by directors and supervisors)	94.000	94.000	92.000	92.000	91.629	(0.371)
Other Professional - (12-month instructional/ evaluation specialists)	210.800	198.500	186.900	182.300	184.500	2.200
Principal/Assistant Principal	485.000	484.000	484.000	486.000	489.500	3.500
Teacher	10,408.500	10,239.670	10,281.220	10,475.070	10,745.320	270.250
Special Education Specialist (speech pathologists, physical/occupational therapists)	469.500	479.600	482.400	495.200	506.750	11.550
Media Specialist	201.500	197.500	189.200	190.200	192.200	2.000
Counselor	467.000	461.000	451.300	453.300	454.300	1.000
Psychologist	97.100	96.205	94.805	94.905	95.000	0.095
Social Worker	14.100	14.805	13.905	14.405	14.800	0.395
Pupil Personnel Worker	47.000	45.000	45.000	45.000	45.000	-
Instructional Aide and Assistant (paraeducators, media assistants, lunch-hour aides, parent assistants, instructional data assistants)	2,614.880	2,627.980	2,519.048	2,560.253	2,598.605	38.352
Secretarial/Clerical/Data Support (secretarial, clerical, personnel/transportation/fiscal/other lower grade program/data assistants)	1,020.837	1,000.025	997.250	988.100	987.125	(0.975)
IT Systems Specialist	144.500	143.000	131.000	131.000	131.000	-
Security - (includes all positions except those in lines 2,3,14 above)	229.000	227.000	227.000	227.000	227.000	-
Cafeteria - (Includes all positions except those in lines 2,3,14,15 above)	557.448	557.488	556.448	557.948	558.948	1.000
Building Services - (includes all positions except those in lines 2,3,14 above)	1,309.700	1,319.200	1,335.200	1,342.700	1,364.700	22.000
Facilities Management/Maintenance - (includes all positions except those in lines 2,3,14,15 above)	349.000	347.000	344.500	345.000	345.000	-
Supply/Property Management - (includes all positions except those in lines 2, 3,14,15 above)	54.500	53.500	53.000	47.000	50.000	3.000
Transportation - (includes all positions except those in lines 2,3 14,15 above)	1,694.750	1,695.750	1,687.650	1,685.650	1,685.590	(0.060)
Other Support Personnel - (business, technology human resources, communications, printing, and other support staff)	248.800	245.260	224.400	234.575	231.375	(3.200)
TOTAL	20,949.915	20,743.683	20,612.226	20,861.606	21,214.043	352.437

MONTGOMERY COUNTY PUBLIC SCHOOLS ORGANIZATION



COST PER STUDENT BY GRADE SPAN

	KINDERGARTEN/ ELEMENTARY	SECONDARY	TOTAL K-12*	AMOUNT EXCLUDED*	TOTAL BUDGET**
FY 2012 BUDGET					
EXPENDITURES	\$925,752,340	\$1,014,058,842	\$1,939,811,182	146,975,431	\$2,086,786,613
STUDENTS 9/30/11	66,596	76,143	142,739		
COST PER STUDENT	\$13,901	\$13,318	\$13,590		
FY 2013 BUDGET					
EXPENDITURES	\$970,827,703	\$1,039,120,060	\$2,009,947,763	150,081,832	\$2,160,029,595
STUDENTS 9/30/12	68,393	76,452	144,845		
COST PER STUDENT	\$14,195	\$13,592	\$13,877		
FY 2014 BUDGET					
EXPENDITURES	\$1,006,910,791	\$1,058,632,188	\$2,065,542,979	\$151,704,677	\$2,217,247,656
STUDENTS 9/30/13	70,197	77,037	147,234		
COST PER STUDENT	\$14,344	\$13,742	\$14,029		



Notes:

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

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

FY 2013 Figures Reflect Current Approved Budget.

Montgomery County Public Schools FY 2014 Operating Budget

Summary of Negotiations

During FY 2012 the Board of Education reached agreement on economic re-opener agreements with all four bargaining units. All groups are covered under separate four year agreements covering July 1, 2010, through June 30, 2014. The amended agreements with each association, negotiated in spring 2012, provide for the following reopeners: economic provisions originally negotiated in FY 2009 and not implemented as a result of reopened negotiations; and implementation dates of normal salary steps scheduled for FY 2014. The bargaining units are the Montgomery County Education Association (MCEA), representing certificated non-administrative employees; SEIU Local 500, representing supporting services employees; and the Montgomery County Association of Administrators and Principals (MCAAP/MCBOA), representing certificated and non-certificated administrators and non-certificated supervisory employees in separate units. The two MCAAP units are covered in a single contract covering both units.

On June 14, 2012, the Board of Education ratified final agreement with its three employee associations on terms of the negotiated agreements for FY 2013. The FY 2013 Operating Budget includes funds for salary steps and longevity increases that take effect on July 1, 2012. Employees not eligible for steps or longevity increases received a two percent salary increase on July 1, 2012. Employees who were eligible for a step increase in FY 2011 and did not receive it will receive that step increase on May 4, 2013. Employees did not receive scheduled steps and longevity increases in FY 2011 or FY 2012.

As in prior years the bargaining groups agreed to participate in joint negotiations regarding benefits for the term of the Agreements. The negotiated agreements include plan design changes in the Employee Benefit Plan, comprising employee health, prescription drug, and life insurance plans for active and retired employees. Savings result from increases in required co-pays for prescription drugs and doctor's visits and from incentives to increase use of generic prescription drugs.

Negotiations on any additional economic provisions for FY 2014 have been initiated and are ongoing. Negotiations are planned to be concluded prior to July 1, 2013.

Montgomery County Public Schools FY 2014 Operating Budget

Operating Budget Summary

The Superintendent's FY 2014 Recommended Operating Budget for the Montgomery County Public Schools (MCPS) totals \$2,217,247,656. This is an increase of \$48,950,123 (2.3 percent) more than the current FY 2013 Operating Budget of \$2,168,297,533. Excluding grants and enterprise funds, the superintendent's FY 2014 budget recommendation for the purpose of spending affordability is \$2,077,684,250. This is \$48,812,855 (2.4 percent) more than the current FY 2013 Operating Budget of \$2,028,871,395.

The FY 2014 Recommended Operating Budget includes a local contribution at the minimum state Maintenance of Effort (MOE) level of \$21,452,150. The MOE amount provides MCPS with the same amount per pupil of local tax contribution as FY 2013, although this amount (\$9,759) decreased by \$1,490 (13 percent) since FY 2009.

Below are details of major elements that change the MCPS operating budget for FY 2014.

Expenditures to Fund Same Services

- Enrollment Changes—A total of \$21.2 million is needed for total projected student enrollment increases. Approximately 121 additional positions are required for 2,261 additional Grades K-12 students projected for FY 2014, at a cost of \$8.2 million. The total increase of 2,261 reflects actual FY 2013 enrollment that is 50 more students than the FY 2013 budgeted projection and a projected increase of 2,211 students for next year.
- Special Education—An additional \$8.4 million is needed for changes in special education enrollment, including \$3.7 million for 51.9 additional teachers, \$1.4 million for 36.1 paraeducators, \$575,000 for 7.250 for speech pathologists, \$714,000 for critical staffing requirements, \$185,000 for part-time home and hospital teachers, and \$847,000 for additional students projected to attend non-public schools. MCPS receives partial state reimbursement for these students.
- ESOL—An additional \$1.4 million and 22.2 positions are required for an increase of 900 ESOL students, for a total of 20,100 students for FY 2014. While these students receive supplementary services, they are included in the overall enrollment numbers.
- New Schools—An increase of \$95,000 is required for a .5 principal and .5 secretary position for a half year in FY 2014. These positions are necessary to prepare for the opening of the new Clarksburg Cluster Elementary School in FY 2015.
- Continuing Salaries—A total of \$7.1 million is required to be added to the budget for continuing salaries and associated benefits. This includes funding for the annualization of the May 4, 2013, step increase provided to eligible employees.

- **Employee Benefits**—The cost of employee benefits and insurance for current and retired employees will add \$15.4 million to the budget, including \$2.0 million for the increased cost of health and life insurance for current employees and \$4.5 million for increased retirement contributions. Also, the budget includes \$7.3 million for the second year of a four-year plan that shifts part of teacher pension payments made by the state on behalf of local school districts to local school boards. In addition, \$1.5 million is included for the cost of self-insurance, including \$1.1 million for worker's compensation.
- **Inflation and Other Expenditures**—The effects of inflation and other required expenditures will add a net increase of \$714,674, including \$716,000 for higher costs of textbooks, instructional materials, and maintenance and building services supplies; \$916,000 for a two percent rate increase for tuition for special education students in non-public placements; \$316,000 for increased costs for transportation parts and supplies; \$427,000 for increased costs for relocatable classrooms and facility lease costs; and \$500,000 for food services. These costs are offset by a savings of \$2.2 million for reduced utility costs based on rate projections and conservation in the consumption of utilities.

Program Enhancements and Restorations

- Strategic program restorations and enhancements are included in the FY 2014 budget totaling 90.5 positions and \$8,729,329. Since FY 2009, as a result of the economic recession, resources that had been funded to improve the academic success of our students were cut from the budget. This amount is necessary to begin to address the educational priorities of the superintendent and the Board of Education that allow for the continuation of progress that has been made, provide for a renewed focus on closing the achievement gap, and prepare for new State and Federal reforms.

Budget Efficiencies and Reductions

- Between FY 2009 and 2013, the MCPS Operating Budget has been reduced by \$161.2 million and 1,367.4 positions from savings from program efficiencies and reductions. Employees also agreed to forego a negotiated general wage increase in FY 2010, saving \$89 million, and salary increments (steps and longevity increases) savings of \$54 million during FY 2011 and FY 2012.
- In FY 2014, budget efficiencies and reductions total 27.5 positions and \$4.3 million, including 5.7 positions and \$1.9 million from central services.

Revenue

- **Local Contribution**—State law requires local contribution at the same amount per student as in the previous year, the MOE level. For FY 2014, the required increase in the local contribution is \$21.4 million. A local contribution of \$7.3 million also is required for the shift of part of teacher pension payments from the state to MCPS.
- **State Aid**—State aid is estimated to increase by \$10 million just for increased enrollment for basic Foundation aid. The Foundation aid formula also is driven by relative property

and income wealth. The \$10 million estimate is preliminary until state aid figures are available in January 2013.

- Federal Aid—An additional \$100,000 is budgeted for Federal Impact Aid based on revenue anticipated in FY 2013. Impact Aid and Federal grant aid totaling \$72.7 million for FY 2014 may be affected by future decisions regarding the federal budget including whether across-the-board sequestration required by the Budget Control Act of 2011 will occur in January 2013.
- Fund Balance—The FY 2014 Operating Budget includes \$17.0 million of fund balance from prior year savings.

Montgomery County Public Schools FY 2014 Operating Budget

Operating Budget and Fiscal Challenges

The MCPS operating budget is aligned with the strategic plan: *Our Call to Action: Pursuit of Excellence, 2011-2016*. Budget resources are prioritized to advance major strategic priorities to improve student performance and close the achievement gap. The plan emphasizes the Seven Keys to College Readiness, a trajectory of high standards that provides a clear pathway for school staff and parents to ensure that all students are held to high expectations and can achieve at high levels. MCPS continues to focus on the issue of equity, to move closer to when academic success is not predictable by race, ethnicity, gender, socioeconomic status, language proficiency, or disability. MCPS also uses the Malcolm Baldrige Education Criteria for Performance Excellence as a management system to ensure alignment with the strategic plan, including the involvement of major stakeholders to set priorities and monitor progress based on identified measures.

The Board of Education makes budget decisions based on its approved operating budget interests. The Board has strengthened public participation to provide feedback to align the operating budget with the strategic plan.

In addition, zero-based budgeting procedures are used to evaluate all expenditures each year to be sure that they are used for the highest priority needs. Offices must justify all expenditures each year.

The operating budget includes major performance measurements for each unit. Performance measures identify outcomes resulting from the use of budgeted resources, concentrating on the impact on academic priorities and support functions.

Fiscal Challenges

Unprecedented fiscal challenges have affected the pace of progress in implementing strategic initiatives. Fiscal constraints have delayed the roll-out or expansion of initiatives until sufficient resources are available.

There is uncertainty about what the President and U.S. Congress will do to address the “fiscal cliff” facing the country on January 1, 2013. If there is no agreement reached between the President and Congress and sequestration is implemented, the impact on the state, county, and MCPS budgets will be significant in FY 2014, and it is unlikely the county will be able to fund the MCPS budget even at the minimal Maintenance of Effort (MOE) level.

At the same time, the FY 2014 Operating Budget assumes an increase of state revenue of only \$10 million over the amount budgeted for FY 2013. While this amount is considerably less than the increase received in FY 2013, it is necessary to estimate conservatively since the state will not provide allocations until the governor’s budget is released in mid-January 2013.

There is uncertainty about the county's financial situation. Although the fiscal outlook appears to be improving, there are questions about the pace of economic growth. The county's fiscal plan understandably takes a conservative approach to projecting the impact on the county's budget.

Finally, related to this fiscal outlook, MCPS understands the need to work within the overall context of the Montgomery County budget, including funding plans for other agencies and departments next year. We expect to have answers to some of these questions by the time the Board of Education adopts its budget in early February 2013, and at that time, we will have a better idea about how well our budget request aligns with MOE.

Although revenue may decrease in FY 2014, MCPS costs have continued to increase:

- Enrollment has increased by 2,282 in FY 2013 compared to FY 2012. The FY 2014 projection is for an additional 2,575 students to a total of 151,354 compared the actual enrollment for FY 2013. The number of students eligible for Free and Reduced-price Meals System (FARMS) has increased by almost 11,600 in the last five years to 49,365 (33 percent of enrollment), and the number of ESOL students is projected to increase by more than 2,400 in FY 2014 compared to FY 2010.
- Other costs have increased more rapidly than general inflation, including employee benefits and building maintenance supplies. These increases are described in detail elsewhere in this document. The state MOE formula does not include inflationary cost increases.
- Federal and state mandates require additional expenditures without additional revenue. The mandates include testing requirements and environmental regulations.
- In order to balance the budget to meet these required costs without added revenue, MCPS has made about \$170 million of base budget reductions since FY 2009.

Montgomery County Public Schools FY 2014 Operating Budget

MCPS Record of Success

National Assessments

- Five MCPS high schools ranked in the top 100 of *The Washington Post's* High School Challenge list and nine ranked in the top 1000 of *Newsweek's* list of America's best high schools.
- For the fourth year in a row, the MCPS graduation rate—at 87.6 percent—is first among the nation's largest school districts, according to an *Education Week* study.
- The Schott Foundation reports MCPS has the highest graduation rate in the nation for Black males among the nation's largest districts.
- A historic high of 32,974 Advanced Placement (AP) exams were taken by MCPS students in 2012. Students earned a college-ready score 3 or higher on 75 percent of AP exams.
- In 2012, the percentage of AP exams taken by MCPS' African American students that earned college-ready scores of 3 or higher (51.8 percent) is significantly higher than the percentage in Maryland (30.9 percent) and the nation (27.7 percent).
- In 2012, the percentage of AP exams taken by Hispanic students that earned college-ready scores of 3 or higher (60 percent) was greater than the percentage of exams for Hispanic students in Maryland (53.4 percent) and the nation (41.3 percent) receiving such a score.
- Nearly two-thirds (66.1 percent) of graduates from the Class of 2011 took at least one AP exam, compared with 30.2 percent nationally and 46.4 percent in Maryland.
- Half of the Class of 2011 scored a 3 or higher on at least one AP exam while in high school—triple the national average of 18.1 percent and almost double the state average of 27.9 percent.
- The percentage of African American and Hispanic graduates in the MCPS Class of 2011 with at least one AP score of 3 or higher surpassed the national average of 16.9 percent for *all* graduates.
- In 2010, students took more than 2,400 International Baccalaureate (IB) exams and earned a college-ready score of 4 or higher on 85.9 percent of the tests. Nearly 79 percent of the IB exams taken by Hispanic students scored a 4 or higher, while 69 percent of IB exams taken by African American students earned a 4 or higher.

- The Class of 2012 earned a 1651 average combined SAT score, surpassing both national and state averages. Seventy-one percent of graduates took the SAT and MCPS' Hispanic and African American students outperformed their peers across the nation.
- Nearly 50 percent of graduates in MCPS Classes of 2001–2004 earned a bachelor's degree within six years, compared with 27.5 percent nationwide. Sixty percent of 2003 MCPS graduates who enrolled in college within the first year after high school obtained bachelor's degrees or higher within six years, nearly double the rate of the nation at 30.7 percent.
- More than \$240 million in scholarships was awarded to students in the Class of 2012.
- 169 Ivy League school acceptances in the Class of 2012.
- 141 National Merit Finalists in the Class of 2012.
- 35 National Blue Ribbon Schools.

Math, Science, and Reading

- More than 90 percent of kindergartners have met or exceeded reading targets from 2008 to 2011, closing the achievement gap by race/ethnicity and socioeconomic status at this grade level.
- Just over 62 percent of Grade 8 students in 2012 completed Algebra 1 with a "C" or higher or enrolled in a higher-level math course.
- Across the district, 14 students were semifinalists in the 2012 Intel Science Talent Search. From 1999 to 2011, Montgomery Blair High School has had more semifinalists than any other high school in the United States.
- Twelve students were named regional finalists or semifinalists in the prestigious Siemens Competition in Math, Science and Technology in 2012.

Montgomery County Public Schools FY 2014 Operating Budget

Board of Education's Operating Budget Interests

Early in FY 2013, the superintendent and Board of Education held two work sessions to articulate and prioritize the Board's "Operating Budget Interests." The development of the prioritized list of ten interests has assisted the superintendent in the formulation of the FY 2014 Operating Budget. The highest priority interests of the Board are as follows:

- Provide multiple pathways enabling graduates to be globally competitive and college and career-ready;
- Meet the needs of each individual child, including their health and social and emotional well-being;
- Continue to reduce variability of performance/address student performance issues;
- Retain and support staff;
- Expand and support community engagement in our schools. Work hard to ensure that communities and families know what they need to do to support their kids;
- Maintain and improve our special education programs;
- Promote instructional strategies and curriculum that engages students through innovative delivery methods and 21st century physical spaces;
- Focus on all students and ensure all students, regardless of race, have equity of access to appropriate and higher level courses;
- Ensure the budget is aligned to the system's and staff's needs;
- Pay attention to areas of great need, in particular middle school.

Examples of how the Superintendent's FY 2014 Recommended Operating budget is aligned with these priorities follows.

Provide Multiple Pathways Enabling Graduates to be Globally Competitive and College and Career-Ready

The operating budget includes funding for a wide range of programs to prepare students for college and careers, from International Baccalaureate and magnet programs to an array of signature programs, and an array of career pathway programs in science, technology, engineering, mathematics, business, and education. In addition, career and technology education programs allow students to earn industry credentials and college credit. Partnerships with postsecondary institutions, local businesses, national organizations, and government agencies prepare students for college and careers. The Achieving Collegiate Excellence and Success (ACES) Program will be implemented in eight high schools next year. ACES, which is aimed at students who are underrepresented in higher education, creates a seamless educational pathway and support structure for students from high school to college completion. The ACES Program builds on the Achieve via Individual Determination (AVID) program that was budgeted in FY 2013 for implementation in five middle schools. Secondary courses in career pathway programs address the Maryland State Curriculum for career development and the Maryland Technology Literacy Standards.

Meet the Needs of Each Individual Child, Including Their Health and Social and Emotional Well-Being

While most students are achieving at high levels, more support is needed to help students who are struggling and have not been successful. To close the achievement gap and ensure that all students achieve at high levels, resources are budgeted to provide differentiated instruction and interventions. Work is underway to determine which programs and strategies should be continued, or enhanced, or whether resources need to be redirected. While addressing the educational needs of students is paramount, MCPS needs to work with families and other agencies to ensure that students come to school each day ready to learn. Programs such as Linkages to Learning and the Maryland Meals for Achievement help support students and families. Counselors, PPW's, social workers, and psychologists work with students to address the social and emotional needs of students.

Continue to Reduce Variability of Performance/Address Student Performance Issues

Budgeted resources and the efforts of all MCPS offices and staff are integrated and focused on reducing performance variability among students. The Office of School Support and Improvement (OSSI) is developing the School Support and Improvement Framework that will be used to identify those schools that need additional support. In addition, OSSI is working with other offices to coordinate the services and supports that will be provided to those schools. These supports include resources for professional development and assistance with building professional learning communities to enhance instructional leadership and improve instructional practices. The reorientation work is focused on how central services can provide support to schools to enhance student success.

Retain and Support Staff

The success of every student in MCPS depends on our ability to attract and retain high quality teachers, leaders, and support staff. While MCPS' reputation as one of the top school systems in the country helps attract new staff, the Office of Human Resources and Development recruits nationwide to ensure that teachers and other staff are hired from a broad and diverse applicant pool. The on-boarding induction process, mentoring programs, and professional development opportunities ensure that we are able to continue to build the capacity of our staff. Through the Professional Growth Systems, support is provided to new employees that need assistance. While funding for professional development has been reduced over the past five years, the FY 2013 reorientation and additional funds recommended in the FY 2014 operating budget begin the process of rebuilding. Salary step increases were provided to staff in FY 2013, after three years of no general wage increase and two years of no step increases.

Expand and Support Community Engagement in Our Schools. Work hard to Ensure that Communities and Families Know What They Need to Do to Support Their Kids

The Office of Community Engagement and Partnerships was created in FY 2013 as part of the superintendent's reorientation to serve as the primary catalyst to improve student outcomes by engaging parents and forming strategic partnerships with community organizations. Through the Parent Academy, workshops, the Back to School Fair and other events, the Division of Family and Community continues to engage parents. ESOL and Special Education staff provides extensive parent outreach, and the Office of Communications uses an array of communication tools including web, video, social media, and television to reach parents. Parent newsletters are

published in six languages and additional strategies are being implemented to engage families in the schools.

Maintain and Improve Our Special Education Programs

The FY 2014 Operating Budget includes \$432 million (almost 20 percent of the total operating budget) to provide services to approximately 17,400 students with disabilities. This includes an increase of \$8.5 million in FY 2014 for special education students. Funding has increased substantially over the past ten years to serve additional students, provide services to students at an earlier age, and enable students to access educational programs in the least restrictive environment. To help ensure that the budget meets the needs of students as determined in their individual educational programs, funding has been added over the past several years to provide hours-based staffing in all middle schools.

Promote Instructional Strategies and Curriculum that Engages Students Through Innovative Delivery Methods and 21st Century Physical Spaces

Curriculum 2.0, aligned with the new Common Core State Standards (CCSS), is designed to engage all students in rigorous instruction. The existing secondary curriculum also is being updated to address the new CCSS and will provide dynamic curriculum and instruction. Additional resources are included in the FY 2014 Operating Budget to provide training and support for elementary teachers who are implementing Curriculum 2.0 and for secondary math and English teachers who will be addressing curriculum changes related to the CCSS. Training also will be provided to teachers as Promethean interactive classroom technology systems are installed in all elementary classrooms and wireless networks are installed in all schools prior to the opening of school in August 2013.

Focus on All Students and Ensure All Students, Regardless of Race, Have Equity of Access to Appropriate and Higher Level Courses

While supporting equity of access to rigorous instructional programs and resources, the Department of Instructional Programs in OCIP assists in tailoring curriculum implementation to diverse learners' needs. The department collaborates with other OCIP units, and with the offices of School Support and Improvement, Special Education and Student Services, and Community Engagement and Partnerships. The Division of Accelerated and Enriched Instruction provides the programs, resources, professional development, and school support required to implement challenging curriculum and instruction for all students to achieve at the highest levels. An important component of the focus is outreach to underserved populations.

Pay Attention to Areas of Great Need, in Particular Middle School

Middle schools will be a critical area of focus because some of the most significant gaps in achievement between White and Asian students and Black and Latino students are at this level. The FY 2014 Operating Budget includes additional for middle schools including 30 focus teachers to work with students struggling in math and English in those schools with the greatest achievement gaps, restoration of staff development teachers, summer training for a core math team of teachers, and math teachers who will be teaching Algebra I next year. Training also will be provided to literacy leadership teams in all middle schools as the new CCSS is rolled out. Professional development substitutes will be provided to teachers so they can work together to develop and implement instructional strategies for those students who have not been successful.

Montgomery County Public Schools FY 2014 Operating Budget

Operating Budget Priorities

Over the past year and a half, the superintendent has reached out to various stakeholder groups to help formulate a vision and establish long and short-term educational and operational goals for Montgomery County Public Schools. As part of this effort, the superintendent and Board of Education have worked together to develop a prioritized list of “Operating Budget Interests” to guide the organization’s work and ensure that funds are targeted to the highest educational priorities. The three priority areas that emerged are: (1) professional development to support staff and ensure that our schools and classrooms have the most qualified instructors and leaders; (2) community engagement and stronger partnerships with parents to improve student achievement; and (3) interventions for students who are struggling and require personalized learning. These areas are discussed in more detail below.

Professional Development

Professional learning and building the capacity of all staff is core value and a key component of student achievement and academic success. However, it is necessary to understand that professional development is not about staff attending one-time training sessions, but is more about ongoing professional development experiences.

Prior to 1999, less than one percent of the total operating budget was spent on professional development and building the capacity of staff. That figure increased to more than 2.5 percent as a result of initiatives that were funded over the next seven years. However, since 2009, a significant amount of these resources were cut. The findings of the Transition Report commissioned by the superintendent in 2011 found that budget cuts and organizational changes made in recent years have challenged the district’s capacity to coordinate and design effective professional development initiatives for administrators, teachers, and other staff.

Existing resources have been used to support on-going work of the Office of Curriculum and Instructional Programs related to implementation of Curriculum 2.0, and other resources have been realigned to the Office of Professional Development and School Support to help build capacity of staff through the establishment of Professional Learning Communities. However, additional resources will be necessary in FY 2014 and over the next several years to make significant strides and realize results.

Funds are included in the FY 2014 budget to provide critical training and support for teachers that must implement Curriculum 2.0 and for secondary math and English teachers who will need to address curriculum changes related to the new Common Core State Standards. Also, based on feedback from staff and parents, face-to-face professional development will be provided to Grade 4 and 5 teachers and Algebra I teachers. Substitutes and stipends will be provided to secondary school staff to so that Algebra I teachers, English teachers, and other content area teachers can access the professional development, and to Advanced Placement teachers who require training related to standards and instruction specified by the College Board. Restoration

of some staff development teachers is included in the budget as are additional consulting teachers to address high caseloads. Additional information about these items is provided in the Program Enhancements and Restorations section of this document.

Community Engagement and Partnerships

To improve student outcomes and help close the achievement gap, MCPS must continue to engage parents and formulate strategic partnerships between local schools and other local community organizations and stakeholders. The Office of Community Engagement and Partnerships (OCEP) was established in FY 2013 as part of the superintendent's reorientation and is serving as the primary catalyst for this effort. While OCEP's organizational structure is evolving and positions in other parts of the organization may be realigned to the office to support its mission, work is underway on the development and implementation of strategies to empower school-based staff to engage communities to support their schools. Over the next several years, staff will be working to engage institutions in every sector of the community, including private industry and non-profit and faith communities, to support the education of students.

Interventions

While MCPS has a record of high achievement and is considered to be one of the best school systems in the county, many students are not succeeding. We must be diligent in our efforts to close the achievement gap and ensure success for all students. In addition to the focus areas of professional development and community engagements and partnerships, work is underway to ensure that there is a comprehensive framework that matches effective intervention strategies and programs with the needs of individual students. We know that some schools are employing intervention strategies that are producing extraordinary results for students while others may not be working as well. This year, staff has begun to identify programs and interventions that are currently being implemented in schools. During FY 2014 and over the next several years, the focus of the work will be on monitoring the programs and analyzing data to determine if the programs are effective, whether resources need to be allocated differently, and what additional programs and interventions may be necessary.

**Montgomery County Public Schools
FY 2014 Operating Budget**

Strategic Program Restorations and Enhancements

Although the majority (92 percent) of the additional resources included the FY 2014 Operating Budget are needed just to maintain current service levels, funding is necessary to begin to address the educational priorities of the superintendent and Board of Education that allow for the continuation of progress that has been made, provide for a renewed focus on closing the achievement gap, and preparing for new State and Federal reforms. Since FY 2009, as a result of the economic recession, over 1,350 positions and more than \$160 million have been cut from the budget, many of which were funded in earlier years to improve the academic success of our students. Since the county's economic growth continues to be slow, a multiyear approach for program restoration and enhancement of resources will be necessary. However, resources are needed now to ensure that our current students are college and career ready. For FY 2014, an increase of 90.5 positions and \$8.7 million is requested to begin to address our educational priorities and needs.

The following is a chart of the FY 2014 recommended program restorations and enhancements. This chart is followed by a narrative description of each item.

Item	FTE	Amount
Expanded Implementation of Curriculum 2.0	2.0	\$ 1,549,475
Elementary Math Teachers	10.0	655,934
Elementary Teacher-Level Support Positions	11.0	721,528
Middle School Focus Teachers	30.0	1,967,803
Middle School Staff Development Teachers	22.8	1,495,530
Consulting Teachers	4.0	314,854
Staff Development Substitutes for Middle and High Schools	-	800,000
Achieving Collegiate Excellence and Success (ACES) Program	-	94,000
Preventions, Interventions, and Personalized Learning	1.0	263,089
Elementary Instrumental Music Teachers	5.0	327,967
Elementary Assistant School Administrators	3.0	373,961
Elementary School Secretary I Positions	1.5	62,200
Baseline Testing for High School Students	-	75,000
Equity Certificate Program	0.2	27,988
TOTAL	90.5	\$ 8,729,329

Expanded Implementation of Curriculum 2.0 - \$1,549,475

Several major upgrades to curriculum are under way, including the integration of Thinking and Academic Success Skills in all content areas at the elementary level and the implementation of the Common Core State Standards in kindergarten through Grade 12. MCPS has implemented these upgrades, known collectively as Curriculum 2.0, in kindergarten through Grade 3 and has initiated implementation of the literacy standards and standards for mathematical practices in secondary schools. In the 2013–2014 school year, Curriculum 2.0 will expand to Grades 4 and 5 in elementary school, Algebra I in secondary schools, and across the curriculum in literacy at the secondary level. The MCPS Curriculum 2.0 implementation plan will help school staff develop students as life-long critical thinkers and learners, and help prepare the district for the Partnership for Assessment of Readiness for College and Careers (PARCC) assessments, scheduled to begin in the 2014–2015 school year.

The operating budget currently includes \$1,006,537 to support substitute and stipend time for Curriculum 2.0 professional development and collaborative planning time. With the expansion of the rollout of Curriculum 2.0 to Grades 4 and 5, as well as mathematics and literacy at the secondary level, an additional \$1,549,475 is recommended for FY 2014 to support continued professional development and collaborative planning time in elementary schools and at the secondary level. Professional development will include core team trainings and collaborative planning time implemented through substitute and afterschool stipend time. In addition, based on feedback from staff and parents, face-to-face professional development will be offered to Grade 4 and 5 teachers and Algebra I teachers. An allocation of substitutes and stipends will be provided to secondary schools to provide time for Algebra I teachers, English teachers, and other content area teachers for professional development and planning time related to literacy. The professional development allocation also will include funding to support Advanced Placement teachers to help them with changes in standards and instruction in specified courses offered by the College Board.

Implementing Curriculum 2.0 and meeting the recommendations of the Mathematics Work Group require a significant change in mathematics curriculum and instruction. To respond to the needs of schools for direct support related to mathematics instruction, the Office of Curriculum and Instructional Programs will establish a mathematics implementation team. Comprised of an administrator, secretary, and six instructional specialists, members of the team will focus on direct support to teachers. The team's full-time school support will include coaching teachers, participating in school team collaborative planning, modeling classroom instruction, and leading system-level teacher professional development mathematics sessions. The team will be established through the realignment of existing positions, the use of funding MCPS realized through Pearson's purchase of MCPS elementary curriculum, and the use of grant funding.

10.0 Elementary Math Teachers - \$655,934

In 2010, the Mathematics Work Group recommended that MCPS discontinue the practice of allowing students to skip grades to access accelerated and enriched instruction but continue to provide challenging math practices for students who demonstrate consistent proficiency. The acceleration and enrichment built into Curriculum 2.0 has challenged the vast majority of students in the grade-level curriculum. However, principals and parents report that some

students have demonstrated consistent proficiency in the grade-level curriculum and need additional challenge. MCPS is designing curriculum beginning in Grade 4 to help meet the needs of these students. The students who meet this designation would take the equivalent of mathematics curriculum for Grades 4, 5, and 6 during Grades 4 and 5. It is anticipated that some schools will develop alternative schedules and programming options to support students with the compacted mathematics curriculum, and will require additional staffing. The number of students who will be served by the compacted curriculum will not be known until the articulation process is completed. At that time, program and schedule options will be reviewed for each school. The FY 2014 Operating Budget includes 10.0 elementary math teacher positions that will be allocated to schools that require additional support. The positions will each serve a number of schools on a daily basis.

11.0 Positions for Elementary Schools that had Staff Development Teacher, Reading Specialist, Counselor, or Media Specialist Reductions - \$721,528

Over the past five years, 47 small and mid-size elementary schools lost either a .5 or 1.0 teacher-level support position. These positions include the staff development teachers, reading specialists, media specialists, and counselors. Small and mid-size non-focus schools had a reduction of either 1.0 or .5, while focus schools had a reduction of a .5 position. Schools determined which of the four positions to reduce based on the needs of the school. Prior to these reductions, all elementary schools had a full-time allocation for each of these four positions.

Schools have struggled to provide support to students and teachers with these reductions, and principals have identified restoration as a high priority. It has been challenging to provide counseling services to all the students that need the support and to provide support to teachers as they have been implementing Curriculum 2.0. In addition, media centers have had to close and reading support has not been available for half the day.

The total reduction over the past five years was 36.0 positions, and the recommendation is to restore 30 percent of the positions that were cut, or 11.0 positions. Some of these will be allocated to schools that lost 1.0 positions, while others will be for schools that lost .5 positions. The restoration will be based on total K–5 enrollment. After the restoration, 12 schools will be restored to 4.0 positions and will no longer have a reduced allocation, 21 schools will have a total reduction of .5 among the four positions, and 13 schools will maintain a 1.0 reduction and one school will maintain a 1.5 reduction. These 14 schools are our smallest schools.

30.0 Middle School Focus Teachers - \$1,967,803

A key area of focus in FY 2014 will be improving middle school instruction. Some of the most significant gaps in achievement between White and Asian students and Black and Latino students are at the middle school level. The budget includes an additional 30.0 focus teacher positions to provide instruction to students who have not been successful in mathematics and English in the regular classroom setting and who will benefit from this additional support. The teacher positions will be allocated to schools based on the numbers of students who will benefit from this additional support in these subject areas. The intent is to lower the student teacher ratios for instruction and provide high quality teachers to provide this instruction. Professional

development will be provided to the teachers who are selected for these positions so that they understand the expectations and have the skills to be successful.

22.8 Middle School Staff Development Teachers - \$1,495,530

Budget reductions over the past years resulted in each middle school losing a .6 staff development teacher position. Rather than having a full-time staff development teacher, each school has been allocated a .4 staff development teacher, resulting in less support for teachers. An increase of 22.8 staff development teachers will restore the .6 position to each of the 38 middle schools. This additional staff development support will be used to improve instructional practices and increase rigor for all middle school students. Full-time staff development teachers help to build professional learning communities and improve instruction and learning. These staff development teachers will work with and train classroom teachers so they know how to work with students who are struggling and need extra support. In addition, the curriculum changes that will result from the Common Core State Standards will require more focused support and assistance, which can only be accomplished by making these staff development teacher positions full-time.

4.0 Consulting Teachers - \$314,854

Consulting teachers provide intensive, individualized instructional support and resources to novice teachers and teachers who have been identified as needing to improve. Consulting teachers' caseloads are dependent on the number of novice teachers hired in a year and the number of teachers identified as underperforming.

Prior to FY 2011, the consulting teachers' average caseload was 16 to 17 clients. This ratio provided time for consulting teachers to assist clients, conduct informal visits and observations, and complete the required formal observations and other reports. Last year, the ratio increased to 21 clients to 1 consulting teacher, and this year, the ratio is more than 22 to 1.

Adding 4.0 consulting teachers will result in a total of 33.0 consulting teacher positions. If the program serves the same number of underperforming and novice teachers in 2013–2014 that it did in 2012–2013, the caseload ratio will be reduced to about 18.5 to 1. The reduced caseload will allow consulting teachers more time for focused support of teachers.

Staff development Substitutes for Middle and High Schools - \$800,000

As a result of budget reductions over the past five years, staff development substitute time was cut from the budget. Staff development substitutes were allocated to schools to provide teachers time to work together to improve instruction through professional development. Professional learning communities provide the opportunity for teachers to work together to review data and study instructional practices to improve learning in all classrooms. The restoration of a portion of the staff development substitutes will allow teachers time to work in professional learning communities. This restoration will occur in middle schools (an average of one day per classroom teacher) and high schools (an average of two days per classroom teacher). Elementary schools will be allocated substitute time for professional learning through the Curriculum 2.0 professional development plan.

Achieving Collegiate Excellence and Success - \$94,000

For FY 2014, the operating budget includes \$94,000 for the Achieving Collegiate Excellence and Success (ACES) Program. This program is designed to create a seamless educational pathway and support structure for students from high school to college completion. The program is aimed at those who are underrepresented in higher education, including African American, Hispanic, and low-income students, as well as those who would be the first in their family to attend college.

ACES is a collaborative effort among MCPS, Montgomery College, and the Universities at Shady Grove. Students who are identified to be part of 'ACES Ready' during the articulation to 9th grade will be provided comprehensive interventions and support to help keep them on track for college enrollment and completion. As they enter 11th grade they will apply to the 'ACES program' and at that point will be assigned to a coach from Montgomery College who will work with them and their families to create and support a college-going and academic success trajectory. These students will continue to receive coaching and support services while they are enrolled in Montgomery College as they work towards their associate's degree and throughout their time at the Universities of Shady Grove (or within the University System of Maryland) as they work towards their bachelor's degree.

This program will be offered initially at the following eight high schools: Montgomery Blair, Albert Einstein, Gaithersburg, John F. Kennedy, Northwood, Rockville, Watkins Mill, and Wheaton. The funding will allow the eight schools to offer summer programs to the first group of rising 9th graders and will include college tours and visits; auditing of college-level classes; an introduction to college life; building an electronic portfolio; and parent meetings. In addition, during the summer of 2013, the first group of rising 10th graders will participate in a summer program to prepare them for Advanced Placement classes and student-specific academic interventions and supports.

Preventions, Interventions, and Personalized Learning - \$263,089

To help close the achievement gap, a key priority is to ensure that resources are available to students who are struggling and supports are available to teachers and school staff. The Office of Teaching, Learning, and Programs has begun work to build the systems, structures, and mindsets that support, enable, and lead to enhance student achievement. During FY 2014, the focus of the work will be to collect and analyze data on intervention resources that are currently available and utilized, assess whether the interventions are producing desired results, and determine where resources should be targeted to achieve maximum results for students. A strong infrastructure across the MCPS organization is needed to administer and implement this systemic long-term view. In addition, student support teams will be created in 25-30 schools, comprised of counselors, resource teachers, staff development teachers, paraeducators, security staff, and reading specialists. The teams will monitor interventions, analyze data, and problem solve to determine the most effective intervention strategies for students. The FY 2014 budget includes a 1.0 supervisor position and \$104,921 to lead this effort. In addition, \$158,168 is budgeted for summer training for staff on progress monitoring and differentiation teaching strategies for students, and for substitutes for the school team members in the 25-30 schools for two days of intensive team work.

5.0 Elementary Instrumental Music Teachers - \$327,967

Elementary instrumental music teachers are requested to restore positions that were cut in the past, address an increase in enrollment in music in elementary schools, and an increased emphasis in the arts. Since FY 2008, enrollment in elementary instrumental music has increased by 2,947 students from 10,082 to 13,029. The additional positions will lower classes sizes for the weekly instruction. Instrumental music teachers work with small groups for approximately 30 minutes per section. They work with between eight and ten groups per day. The additional 5.0 teachers will reduce class sizes from an average of 8.2 to 7.2 and allow for more focused time and support for this instruction.

3.0 Assistant School Administrators and 1.5 School Secretaries - \$436,161

The three largest elementary schools will have an enrollment that is more than 950 students in FY 2014. To address the administrative needs of these large elementary schools, each school will be allocated an assistant school administrator and an additional .5 10-month school secretary I position. Currently, these schools have two administrators (a principal and an assistant principal) and 2.5 secretaries. The additional allocation will result in each school having three administrators and three secretaries. This level of administrative staffing will provide each school with support for the operations and management of the school as well as the instructional leadership required to implement Curriculum 2.0 effectively next year. The additional secretarial allocation will provide support with the management of attendance, phone calls, and paperwork associated with operating a larger elementary school.

Baseline Testing - \$75,000

The FY 2014 operating budget includes \$75,000 to administer baseline testing, a neuropsychological test designed to assist in determining whether an athlete is sufficiently recovered from a concussion to return to active participation. Baseline testing involves an athlete taking a test in various areas of cognitive performance prior to the start of a sport season in order to establish a “baseline” of cognitive skills. If a player suffers a concussion, subsequent baseline tests are administered and compared to the original test. Baseline testing can be used in conjunction with other methods or assessment techniques to determine when an athlete may safely return to play after suffering a concussion.

The funds will be used to contract with outside agencies to administer and maintain baseline tests at high schools. There are several medical groups in Montgomery County that are able to implement or assist in implementing baseline testing for concussions at MCPS high schools.

Equity Certificate Program - \$27,988

MCPS, the Montgomery County Education Association (MCEA), and McDaniel College have developed and are implementing a graduate-level program that will lead to the certificate in “Equity and Excellence in Education.” This program addresses the need to support teachers and other school personnel in their acquisition and use of best practices in equitable teaching that focus on cultural diversity. The certificate program has five graduate courses: Foundations of Social Justice Teaching, Race and Ethnicity in American Education, Culturally Reflective

Teaching, Leadership for Equity and Excellence, and Research and Action for Equity and Excellence.

Multiple cohorts of participants will be created and will move through the certificate program courses simultaneously or on varying schedules, depending on when they begin the first course as a cohort. There has been a great deal of interest in this program by MCPS staff, and a .2 teacher-level position and \$27,988 is requested to assume some responsibility for coordinating the program.

Montgomery County Public Schools FY 2014 Operating Budget

Enrollment

The MCPS FY 2013 Operating Budget will increase by \$21,157,638 because of enrollment changes. Enrollment growth impacts most aspects of the operating budget, such as requirements for instructional staffing, textbooks and instructional materials, other school-based resources, and new and expanded school facilities. Below are details of the reasons for the increase.

Enrollment Projections

- Official enrollment for the 2012-13 school year is 148,779 students. This is an increase of 2,282 students from FY 2012, and 239 less than what was projected and budgeted for in the FY 2013 Operating Budget.
- Enrollment is projected to be 151,354 students in FY 2014, 2,575 more than this year, and 2,336 more than the total of 149,018 budgeted in the FY 2013 Operating Budget.
- Elementary school enrollment is projected to increase next year. The projection for Grades K-5¹ enrollment in FY 2014 is 69,826, up 1,488 from this year's actual enrollment of 68,338, and up 1,684 from the number budgeted in the FY 2013 Operating Budget. Kindergarten enrollment exceeded 11,000 in FY 2013 for the second consecutive year, reaching 11,620. Births peaked in 2007 and have decreased since then. Projected kindergarten enrollment for next year, at 11,466, reflects a slight decline in resident births in 2008.
- Secondary school enrollment also is projected to increase in FY 2014. Grades 6-8 enrollment is projected at 32,037, an increase of 809 from this year's actual enrollment of 31,228, and up 892 from the number budgeted in the FY 2013 Operating Budget. Grades 9-12 enrollment is projected at 44,505, a decrease of 202 from this year's actual enrollment of 44,707, and a decrease of 325 from the number budgeted in the FY 2013 Operating Budget.
- In summary, the main reasons for the overall higher enrollment in FY 2014 include:
 - Higher numbers of resident births since 2000, now in elementary schools
 - A reduction of out-migration of households from Montgomery County
 - Increased in-migration of households due to a relatively stronger local economy
 - Increased enrollment into MCPS from county private schools
- Over the next six years, the large cohorts of elementary school students will move up to middle schools and high schools. Significant total enrollment increases will occur over the six-year forecast period at all school levels. By FY 2019, MCPS is projected to have 159,433 students enrolled, 10,654 more than FY 2013.

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

Costs Related to Enrollment Changes

Budget calculations are based on changes in projected enrollment. Staffing allocations to schools based on enrollment projections are zero-based each year. For FY 2014, \$21,157,638 is required for enrollment growth. The following is a summary of the changes.

- This fall, there are 246 more students in Grades K-5 than were projected and budgeted for FY 2013. The projection for FY 2014 is for 1,684 additional Grades K-5 students compared to what was budgeted in the FY 2013 Operating Budget. This increase requires an additional 81.8 classroom teacher and 4.50 lunch hour aide positions at a total cost of \$5,842,687.
- This fall, there are 83 more students in Grades 6-8 than were projected and budgeted for FY 2013. In addition, the projection for FY 2014 is for 892 more middle school students than budgeted for FY 2013. These additional students requires 47.3 additional classroom teacher positions at a cost of \$3,298,911.
- This fall, there are 123 fewer students in Grades 9-12 in FY 2013 than were projected and budgeted for FY 2013. The projection for FY 2014 is 325 fewer than were in the FY 2013 Operating Budget. This fewer number of students requires 12.7 fewer classroom teacher positions at a total savings of \$903,315.
- This fall, there are 238 fewer students in special education prekindergarten programs and special program centers. The number of special education prekindergarten students grows during the year as more students reach their third birthday. There are 31 fewer students in the Gateway to College Program. The projection for FY 2014 compared to the budgeted level for FY 2013 reflects no change in the number of students in special education prekindergarten programs and special program centers and a decrease of 26 students in the Gateway to College Program.
- For FY 2014, there is a projected increase of 900 ESOL students, for a total of 20,100. The additional students require 22.2 ESOL teacher positions at a total cost of \$1,456,174.
- An increase of \$520,957 is required for 3.0 teachers, 3.0 paraeducators and a 0.5 coordinator for the Crossway Community Montessori Charter School due to the expansion of the program to include kindergarten in FY 2014.
- Growth in special education requires the addition of 101.564 positions including 51.9 classroom teacher positions, 7.250 speech pathologists, 4.0 occupational and physical therapist positions, and 36.064 paraeducator positions as well as other positions, at a total cost of \$6,367,457. Special education students are now included in the total count of students by grade level. There is an increase of six students (from 529 to 535) expected to require non-public placements, increasing the budget for tuition payments by \$847,084. The total cost for enrollment growth in special education is \$8,447,032.
- There are other costs related to enrollment changes for transportation, school plant operations and utilities. These costs include 32.440 positions and \$2,495,192.
- Employee benefits costs related to enrollment changes of \$4,351,710 are included in the detailed amounts above.

Montgomery County Public Schools FY 2014 Operating Budget

New Schools

The MCPS FY 2014 Operating Budget will increase by a total of 1.0 FTE and \$94,643 to reflect the opening a new elementary school in FY 2015. Below is the explanation of the increase.

- The budgetary impact of new schools is a result of the combination of positions added to a school because of the school building itself and one-time start-up costs.
- One-time costs come out of the budget in the year after the building opens or a grade is added. As a result, the incremental impact of new schools in any single year may be either an increase or decrease.
- For the Clarksburg Cluster Elementary School, which is scheduled for completion in August 2014, a 0.5 principal positions and \$63,971 and a 0.5 secretary position and \$30,672 is necessary for a half year in FY 2014 to prepare for the opening of the school in August 2014. The FY 2015 Operating Budget will include additional costs to open the school including reading teacher, staff development teacher, counselor, media specialist, building service worker, secretarial, and other positions. Additional costs also include utilities, media and instructional materials, custodial supplies, equipment, food services, and other non-personnel costs.

Montgomery County Public Schools FY 2014 Operating Budget

Continuing Salaries

Continuing salaries and related employee benefits will increase the FY 2014 Operating Budget by \$7,101,144. Continuing salary costs for FY 2014 include the annualized cost of the step increase that will be received by eligible employees on May 4, 2013. Those employees who were eligible for a step increase in FY 2011 and did not receive it, will receive this step increase on May 4, 2013. There are 12,782 employees eligible for this step increase. The additional cost of this step in FY 2014 is adjusted by savings for expected employee lapse (savings resulting from short-term vacancies) and turnover (savings from replacing a senior employee with a lower-paid junior employee) and by other adjustments. An additional factor impacting the cost for continuing salaries for the upcoming year is the amount of salary funds in the base budget.

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

- Montgomery County Education Association (MCEA) representing teachers and other professional employees
- SEIU Local 500 representing supporting services employees
- Montgomery County Association of Administrators and Principals/Montgomery County Business and Operations Administrators (MCAAP/MCBOA) representing administrators and non-certificated supervisory employees
- Funds were budgeted in FY 2013 to provide eligible employee with a step increase on May 4, 2012. For FY 2014, the net cost of the annualization of this step increase is \$22.4 million. This amount is offset by a reduction of \$0.3 million for adjustments, including the impact on the 2013-2014 calendar on salaries for SEIU employees who are paid on an hourly basis rather than on an annual basis. Also, based on salary trends, there is an increase of \$0.4 million for lapse and turnover. Finally, there is a reduction of \$15.4 million because this amount is already available in the base budget.
- Continuing salaries increase the total budget by 0.3 percent and the budget for salaries and wages by 0.4 percent.

Montgomery County Public Schools FY 2014 Operating Budget

Employee Benefits and Insurance

The MCPS FY 2014 Operating Budget includes an increase of \$15,406,414 to provide benefits and insurance for existing employees and retirees. The total budget for FY 2014 of \$547.6 million (including the amount required to maintain insurance coverage, primarily through the county's Self-Insurance Program) represents 24.7 percent of the total operating budget. An explanation of this increase follows.

Retirement Benefits

The retirement budget for FY 2014 has increased by \$11.8 million. The increase is due to the following items:

- The cost for current retirement programs will increase by \$4.540 million based on 5.74 percent of salary as determined by the annual actuarial study completed by consultants. This represents a 32 basis point rate increase over FY 2013. Investment gains and losses in the retirement fund are spread over five years. Thus, some past losses have not yet been fully realized, and there will be a gradual recognition of significant gains and losses.
- In addition to the rate increase, the budget for retirement costs increased another \$7.3 million as a result of a four year plan that shifts some of the retirement costs from the state to local school districts.

Health and Life Insurances

Health and life insurance coverage for current active and retired employees and their families are provided through the Employee Benefit Plan (EBP). The health and life insurance budget for FY 2014 has increased by \$2.0 million. This is an unusually small increase due to the following factors:

- Joint negotiations with employee unions have resulted in a series of health care plan design changes, including higher co-pays for some plans and changes in prescription drug co-pays, and new plan administration. This is projected to save approximately \$4.5 million in FY 2014 in addition to the \$4.5 million projected savings in FY 2013.
- Claims expenses for FY 2014 are projected to increase by only 4.0 percent. This rate is based on a blend of claims experience trends that include MCPS employees' claims experience, which is significantly lower than national trends.
- Due to lower than budget claims experience in FY 2012 and the projected continuation of this trend in FY 2013, the trust fund established to pay health and life insurance premiums and claims is projected to have sufficient balances at the end of FY 2013 to fund approximately \$5.0 million of FY 2014 costs.

Other Employee Benefits

MCPS participates in an inter-agency risk management fund that covers worker's compensation and other types of insurance. Due to higher claims experience and the analysis of reserve targets, the budget for worker's compensation increased by \$1.1 million in FY 2014. In addition, there is an increase of \$465,000 due primarily to an increase in fire insurance.

Retiree Health Benefits

In FY 2012, Montgomery County established a combined Retiree Health Trust Fund for Other Post-Employment Benefits (OPEB) to pre-fund retiree health benefits. In FY 2012, the Montgomery County Council made \$20.0 million in contributions on behalf of MCPS. Current plans call for FY 2013 OPEB contributions for the sixth year of the eight-year phase-in period of approximately \$61.9 million on behalf of MCPS. Consequently, OPEB contributions are no longer included in the MCPS operating budget. The MCPS operating budget will continue to include "Paygo" contributions for current retiree health obligations. The FY 2014 payment will total \$49.3 million.

Montgomery County Public Schools FY 2014 Operating Budget

Inflation and Other Cost Changes

Miscellaneous changes and cost increases resulting from inflation to maintain the same level of services increase the MCPS FY 2014 Operating Budget by 3.50 positions and \$734,285. Below are details of the reasons for the increases.

- As the region's economy has begun to recover from the recession, inflation in the Washington metropolitan area is about 3.0 percent in 2012 compared to 3.3 percent in 2011 and 1.7 percent in 2010. Inflationary increases are calculated for most budgeted items other than salaries, and increases for major items that have specific rates different from general inflation rates are calculated separately. These include such items as utilities, diesel fuel, bus parts, tuition costs for students with disabilities who are in private placements, textbooks, and instructional materials.
- Increased costs due to inflation total \$716,280 primarily related to inflation for textbooks and instructional materials totaling \$579,907, based on a three percent inflation rate. There also is an increase of \$135,550 for maintenance and building services supplies and \$823 for ESOL.
- MCPS has continued to make savings in utilities costs due to energy conservation measures and savings from lower electricity and natural gas costs. In FY 2011, utilities costs decreased by \$5.5 million. In FY 2012, increases in the county Energy Tax resulted in higher costs of electricity and other utilities that totaled \$2.3 million. In FY 2013, the cost of utilities is expected to decrease by \$3,665,243 due to savings in electricity and natural gas costs. For FY 2014, MCPS estimates net savings of \$2,152,996 mostly due to electricity, natural gas, and water/sewer.
- An expected two percent rate increase for tuition for special education students in non-public placements add \$765,020. This rate increases must be approved by the Maryland State Department of Education and is preliminary at this time. Other miscellaneous changes related to various program needs in special education total \$150,859 bringing the total for this category to \$915,879.
- Higher costs amounting to \$381,987 for school bus tires totaling represent an increase of 25 percent. This amount is partially offset by savings from replacement buses for a net total increase to \$316,494.
- Costs for facilities maintenance add \$427,193 to the budget for relocatable classrooms and building rentals.
- Food service-related expenses are projected to increase by \$500,000 in FY 2014, which will be offset by increased food service revenue.

Other Changes

- Other cost changes net to a total increase of \$11,435 for FY 2014. This includes the following:
- The amount budgeted for the Provision for Future Supported Projects is \$1,000,000 less than the \$9,448,354 budgeted for FY 2013. Actual grant totals in recent years have been below this budgeted level and this trend is expected to continue next year.
- A total of \$187,000 is included for the increased cost related to out-of-county living costs and \$100,000 is required for nonpublic placements for students through the Maryland State Department of Juvenile Services.
- A net increase of \$157,775 is included for the costs to establish a legal office including the cost of an attorney, paralegal, and secretary. The net cost is the result of \$195,000 in savings from legal costs in the Special Education and Mid-Level Administration categories.
- A total of \$110,000 is included for travel for professional development for principals and administrators in the MCAAP bargaining unit.
- Other budget increases include \$82,562 for InView testing services for elementary students budgeted in the Department of Enriched and Innovative Instruction, \$115,973 for employee benefits and instructional materials for Head Start, and \$75,000 for interpretation and language services for ESOL students and families.

Montgomery County Public Schools FY 2014 Operating Budget

Program Realignments

Each year, the Montgomery County Public Schools (MCPS) realigns millions of dollars of positions and other resources within and between units to align resources with the most important priorities. Each unit reviews all expenditures through a zero-based budgeting process to identify expenditures that can be realigned. For FY 2014, \$1.7 million is realigned between units for higher priority purposes. Other resources are realigned within units to reflect actual and projected spending needs. Some of the significant realignments are described below.

K-12 Instruction

- Realignment of \$300,000 of contractual services from the Applied Research Unit to the Elementary Schools budget to support the Gallup Staff Engagement Survey.

Office of the Chief Operating Officer

- Realignment of 2.0 warehouse/driver positions and a 1.0 operations assistant position and \$144,615 from the Entrepreneurial Activities Fund to the Department of Materials Management as a reversal of a shift that was made in the FY 2013 Operating Budget.
- Realignment of building rental expenditures totaling \$678,500 from the Real Estate Management fund to the Department of Facilities Management. The amount of building rental expenditures charged to the Real Estate Management Fund in FY 2013 was increased significantly to reduce the fund balance to 10 to 15 percent of the total fund, and these expenditures are being realigned back to the General Fund for FY 2014.

Office of the Chief Technology Officer

- Realignment of \$14,307 for supporting services part-time salaries from the Office of Chief Technology Officer to fund training stipends in the Department of Instructional Technology.
- Realignment of \$376,453 from consultant services to contractual services to pay for additional Northwest Evaluation Association's MAP assessments, college preparation services, and the student grade book.
- Realignment of \$32,421 from consultant services to fund contractual maintenance to pay for the upgrades of the Substitute Teacher Calling System and the Transportation Information Management System.
- Realignment of \$38,386 for consultant services from the Department of Information and Application Architecture to the Department of Infrastructure and Operations for the purchase of equipment for system backup and the data recovery.

**Montgomery County Public Schools
FY 2014 Operating Budget**

Program Efficiencies and Reductions

Each year, MCPS undertakes a comprehensive effort to identify potential program reductions and efficiencies. This is called the Program Efficiency, Abandonment, and Redirection (PEAR) process. Zero-based budgeting is used to review and justify all expenditures and identify opportunities for efficiencies, realignments, and reductions. For FY 2014, the operating budget includes an additional \$4,253,723 of efficiencies and reductions, including a reduction of 27.482 positions. The table below summarizes these reductions and is followed by details of the reductions.

<i>Central Services:</i>	FTE	Amount
<u><i>Office of Curriculum and Instructional Programs:</i></u> 1.0 Librarian and 1.0 Library Assistant positions; Contractual Services; Supporting Services Part-time Salaries; Office Supplies; Local Travel, Dues, Registration and Fees	(2.000)	\$ (190,393)
<u><i>Office of Special Education and Student Services:</i></u> Contractual Maintenance; Office Supplies	-	(82,331)
<u><i>Office of Shared Accountability:</i></u> Annual Audit Fees	-	(11,134)
<u><i>Office of the Chief Operating Officer:</i></u> 0.670 CFO and ERSC Supervisor positions shifted to Employee Benefit Trust Fund; Recycling Supplies and Services; Supplies and Training Support; Bar Code Scanning; Printing Supplies; Local Travel	(0.670)	(226,439)
<u><i>Office of the Chief Technology Officer:</i></u> 1.0 Supervisor position; 1.0 Fiscal Assistant II position; Part-time Salaries; San Refresh; FMS upgrade; Fibre Channel Tape Library Services and Storage; Router and Controllers; Exchange 2010 Servers; Consultant Fees; Contractual Maintenance; Dues, Registrations, and Fees	(2.000)	(592,870)
<u><i>Office of Human Resources and Development:</i></u> 1.00 Personnel Assistant III position; Professional Part-time Salaries; Professional Development Stipends and Mentor Stipends; Tuition Payments for University Partnerships; Program Supplies	(1.000)	(708,553)
<u><i>K-12 Instruction</i></u> Materials for Upgrading Scheduling Package for K-12	-	(92,925)
Total Central Services	(5.670)	\$ (1,904,645)

<i>School Support Operations:</i>	FTE	Amount
<u><i>Office of the Chief Operating Officer:</i></u> 10.5 Bus Operators and Attendants; Nine Growth Buses; Substitute Bus Operators; Bus Parts, Supplies, and Repairs; Inflation - Three Percent Building Services and Maintenance Supplies	(10.500)	(816,638)
Total School Support Operations	(10.500)	(816,638)
<i>School-based:</i>		
<u><i>K-12 Instruction - Elementary, Middle, High School:</i></u> Inflation -Textbooks and Materials	-	\$ (579,907)
<u><i>Office of Curriculum and Instructional Programs:</i></u> 1.0 Career Preparation Teacher; Triumph and Reading Kits; Instructional Materials; Substitutes	(1.000)	(378,343)
<u><i>Office of Special Education and Student Services:</i></u> 3.0 Special Education Secondary Program Specialists offset by increase of 3.0 Education Resource Teachers; 5.5 Special Education Teachers; 4.812 Paraeducators - Final Phase-out of Secondary Learning Centers	(10.312)	(574,190)
Total School-based	(11.312)	(1,532,440)
TOTAL PROGRAM EFFICIENCIES AND REDUCTIONS	(27.482)	\$ (4,253,723)

Central Services Reductions

For FY 2014, central services reductions total 5.670 positions and \$1,904,645. A summary of the central services efficiencies and reductions follows:

Office of Curriculum and Instructional Programs

- Reductions include 2.0 positions and \$110,540 for a 1.0 curriculum librarian and a 1.0 library assistant position. Both positions are vacant and a contract with the Universities of Shady Grove will provide services and support to MCPS staff using the professional library.
- Reductions include \$45,222 in instructional materials, \$13,200 for mileage reimbursement for local travel, \$12,030 in office supplies, and \$2,129 in contractual services spread across the office, departments and divisions within OCIP.
- Other reductions include \$4,547 in supporting services part-time salaries in the Division of Consortia Choice and Application Program Services for \$1,307 and in the Division of

Accelerated and Enriched Instruction for \$3,240. Also, there are reductions totaling \$2,725 for dues, registrations, and fees from the Division of Consortia Choice and Application Program Services for \$1,250, the Division of Accelerated and Enriched Instruction for \$975, and the Division of Early Childhood Program and Services for \$500.

Office of Special Education and Student Services

- Reductions total \$82,331 in the Office of Special Education and Student Services (OSESS) including reductions of \$52,127 in office supplies and materials and \$30,204 for contractual maintenance in the Division of Business, Fiscal, and Information Systems.

Office of Shared Accountability

- A reduction of \$11,134 is based on the FY 2014 estimate for the annual external audit contract.

Office of the Chief Operating Officer

- A reduction of 0.670 positions and \$87,393 for the Employee and Retiree Service Center can be made by shifting these FTEs and dollars to the Employee Benefits Trust Fund.
- A reduction of \$86,039 can be made in the Department of Facilities Management including \$4,250 for supplies and training support for System-Wide Safety Programs, and \$81,789 for recycling supplies for pick-up services and large containers.
- Reductions of \$37,496 in the Department of Materials Management including \$26,850 for contractual services and maintenance, \$4,646 for supplies and equipment, and \$6,000 for bar code scanning.
- A reduction of \$12,600 in the Editorial, Graphics and Publishing Services Unit is made as a result of reducing overtime salaries by \$3,000 and \$9,600 in printing supplies.
- Reductions of \$2,911 can be made in the Department of Management, Budget, and Planning for subscriptions, office supplies, mileage reimbursement for local travel, and contractual maintenance.

Office of the Chief Technology Officer

- A reduction of \$154,330 is made for a 1.0 supervisor position and \$90,971 for a 1.0 fiscal assistant II position.
- There is a reduction of \$267,045 for the lease/purchase of equipment, of which the largest part is \$212,321 for San Refresh, FMS upgrade, and Fibre Channel Tape Library Services and Storage; and \$27,723 for RSA Envision Security Alerting, Auditing, Reporting, and Secure Storage. These savings are due to lower costs of products or lower interest rates than originally anticipated and completed payments for some equipment.

- A reduction of \$115,324 is for contractual services and consultants, of which the largest part is \$11,695 for contractual maintenance for the DMX SAN Storage Area Network, and \$92,925 for contractual services for upgrading the scheduling package. These lower costs are due to lower than anticipated costs from new vendors, less support required, and delay of application replacements.
- A reduction of \$58,125 is for part-time salaries in various units in OCTO as a result of productivity improvements.

Office of Human Resources and Development

- A reduction for a 1.0 personnel assistant III position in the Office of the Associate Superintendent reduces the budget by \$82,715. Also, there is a reduction of \$22,006 for program supplies.
- A reduction of \$79,111 include \$40,845 in the Department of Professional Growth Systems for professional part-time salaries, \$22,066 for program supplies, and \$16,200 for stipends for teacher mentors.
- A reduction of \$64,908 in the Department of Certification and Continuing Education is for professional development stipends and part-time salaries.
- A reduction of \$458,540 is due to the renegotiation of agreements for university partnerships.
- A reduction of \$1,273 in the Employee Assistance Program reflects a decrease in professional part-time salaries.

Support Operations Reductions

For FY 2014, school support operations reductions total 10.5 positions and \$816,638. Following is a summary of school support operations reductions:

Department of Transportation

- There is a reduction of 10.5 bus operator positions at a savings of \$374,815, operating costs of \$190,653, \$19,489 for substitute bus operators, and \$96,131 for bus parts and supplies. While these resources are necessary for enrollment growth, this reduction is possible because of improved efficiency in routing without impacting services to students.

Department of Facilities Management

- There is a reduction of \$135,550 related to a cut of the three percent inflation for FY 2014 for building services supplies (\$47,013) and maintenance supplies (\$88,537).

School-based Reductions

For FY 2014, school-based reductions total 11.312 positions and \$1,532,440. Following is a summary of the school-based reductions:

K-12 Instruction

- There is a reduction of \$579,907 related to a cut for the three percent inflation added for textbooks and materials for FY 2014.

Office of Curriculum and Instructional Programs

- A reduction of \$116,183 is for a 1.0 career preparation teacher that is assigned to the Construction Trade Federation (CTF) house site at Edison. The construction resource teacher will be able to monitor and supervise the staff and students at the site.
- A reduction of \$161,802 is for instructional materials for Triumph and Leveled Reading Kits, and a reduction of \$99,535 for instructional materials for Read 180 and Science Assessments.
- A reduction of \$823 is for the three percent inflation in FY 2014 for textbooks and materials in ESOL.

Office of Special Education and Student Services

- Reductions total 10.312 positions and \$574,190 in OSESS as a result of the last year of the phase-out of the secondary learning centers. This includes a reduction of 5.5 special education teacher positions and \$384,721 and 4.812 paraeducator positions. Three secondary program specialists are realigned to special education resource teachers. Students with disabilities will continue to receive special education supports in accordance with their Individualized Education Programs (IEPs).

Montgomery County Public Schools FY 2014 Operating Budget

Summary of Previous Program Efficiencies and Reductions

Between FY 2009 and FY 2013, MCPS has made base budget reductions of over 1,350 full-time equivalent (FTE) positions and more than \$160 million. Additionally, employees did not receive \$89.5 million of negotiated wage increases and \$54.0 million of seniority salary increments. Budget reductions have been targeted to minimize disruptions to classroom instruction and to preserve as much as possible the highest priority improvement initiatives. Central services reductions over this time frame have included \$45.3 million (more than 20 percent of total central services expenditures) and 45.3 positions. Following are excerpts from previous lists of reductions that show some of the major reductions from FY 2009 to FY 2013. Complete descriptions of all reductions are available in previous editions of the operating budget available on the MCPS web site.

Fiscal Year 2013

Budget Reductions	FTE	Dollars in Millions
Total	23.4	\$9.3
Central Services	17.8	\$6.4

For FY 2013, total savings from program efficiencies and reductions were \$9,282,784 and 23.4 positions. Highlights of these reductions are provided below.

Central Services Reductions

For FY 2013, central services reductions total \$6,381,521 including 17.750 positions and related employee benefits. These reductions comprise 69 percent of the total reductions made in FY 2013. Following is a summary of these reductions:

Office of School Performance

- There was a reduction of 1.5 positions in the Office of School Performance and \$797,338. A 1.0 data specialist position and 0.5 administrative secretary position were reduced and their responsibilities were redistributed to other staff. Also included was the elimination of the Terra Nova 2 test and a reduction for part-time salaries.

Office of Curriculum and Instructional Programs

- Reductions of \$64,625 for a 1.0 office assistant IV position on the Staff Development Team and \$4,320 for supporting services part-time salaries were taken.
- Reductions of a 0.25 administrative secretary I position and \$25,048 in the Division of Consortia Choice and Application Program Services, \$4,320 in supporting services part-time salaries, and \$3,000 for office supplies were also taken.

- There was a reduction of a 1.0 secretary I position and \$75,531 in the Elementary Integrated Curriculum Team budget.
- Other reductions included \$21,200 in a variety of accounts in the Office of the Associate Superintendent, \$191,357 in part-time salaries, \$1,500 in instructional materials, \$9,720 for the Bridge Program for Academic Validation, \$25,000 for instructional materials, \$3,000 in a variety of accounts in the Foundations program, \$31,133 in School Library Media Programs, and \$46,977 in the Division of Early Childhood Services.

Office of Special Education and Student Services

- A reduction of a 1.0 fiscal assistant V position and \$125,926 was made in the Division of Business, Fiscal, and Information Systems. An increase of \$38,358 in supporting services part-time salaries offset the impact of eliminating this position. Other reductions included \$8,000 in telecommunications expenses, \$2,500 in consultants, and \$5,000 in legal document access.
- Reductions in the Department of Special Education Services included a 1.0 instructional specialist and \$117,117, a 1.0 secretary and \$64,739, \$39,306 for part-time salaries, \$1,000 for technician licensing, \$13,415 for professional development costs, and \$32,450 for consultants.
- A reduction of a 1.0 secretary I and \$70,158 was made in the Equity Assurance and Compliance Unit.
- There was a reduction of a 1.0 supervisor and \$154,198 in the Disciplinary Review and School Assignment Unit.
- Other reductions in OSESS included \$12,960 for temporary part-time salaries in the Residency and International Admissions unit.

Office of Shared Accountability

- Reductions were made for a 1.0 evaluation specialist and \$130,389 in the Program Evaluation Unit and a 0.5 evaluation specialist and \$69,385 in the Applied Research Unit. There was a savings of \$8,191 for the cost of the annual external audit contract.

Office of the Chief Operating Officer

- A reduction of a 1.0 administrator and \$169,241 occurred in the Department of Financial Services.
- Reductions of a 1.0 material and property assistant position and \$82,687 and a 1.0 warehouse worker and \$64,743 in the Department of Materials Management and \$14,804 for postage were taken.
- A reduction of a 1.0 accounts payable assistant position and \$75,102 was made in the Division of Controller.

- A reduction of a 1.0 security patroller position in the Department of School Safety and Security saved \$84,242.
- Reductions of a 1.0 graphics assistant position and \$84,090 and \$167,892, for contractual maintenance, printing supplies, replacement copiers, part-time salaries, and training support were taken in the Editorial, Graphics, and Publishing Unit.
- Other reductions included \$100,000 in system-wide online safety training programs, \$103,121 in recycling supplies, and \$14,134 in association relations expenses.

Office of the Chief Technology Officer

- Reductions of \$1,434,727 in the Office of the Chief Technology Officer included \$518,408 for contractual maintenance for security software, \$51,866 for other contractual maintenance, \$31,500 for professional development, and \$44,369 for equipment in the Office of the Chief Technology Officer; \$46,122 in contractual services and program supplies in the Department of Strategic Project Management and Planning; \$76,400 for consultants, \$306,512 for contractual services, and \$8,265 for equipment in the Department of Information and Application Services; \$106,144 for contractual maintenance and \$187,744 for lease/purchase equipment in the Department of Infrastructure and Operations; and \$57,397 in a variety of accounts in the Department of Instructional Technology.

Office of Human Resources and Development

- A reduction of a 1.0 instructional specialist position and \$137,448 was made in the Department of Skillful Teaching and Leading. Other reductions included \$429,509 for part-time salaries, \$13,996 for stipends, \$6,093 for substitutes, and \$3,000 for mileage reimbursement for local travel.
- Reductions in the Department of Professional Growth Systems included \$119,381 for consultants, \$56,012 in stipends, \$8,199 in supplies, \$92,960 in professional part-time salaries, and \$1,079 in lease costs.
- Other reductions included \$761,524 for tuition for university partnerships, \$390,041 in part-time salaries, \$52,250 from stipends, \$20,000 for consultants, \$22,000 for program supplies, \$10,000 from office supplies, and \$7,000 for local travel.

Office of the Deputy Superintendent of Schools and Superintendent of Schools

- A reduction of a 0.5 fiscal assistant III position and \$37,926 occurred in the Department of Family and Community Partnerships. There was a reduction of \$38,328 in the Office of Communications, including funds for web services and MCPS television services.

Support Operations and School-based Reductions

K-12 Instruction

- Reductions totaled \$652,000 in elementary schools including \$432,000 for temporary part-time salaries, \$100,000 in consultants, \$80,000 in local travel, and \$40,000 for school projects.
- Reductions totaled \$165,478 in middle schools, including \$144,958 for instructional materials. There was a reduction of \$20,520 in stipends for gradebook advisers and Edline super users in middle schools, and a cut of \$27,000 for stipends for gradebook advisers in high schools.

Office of School Performance

There was a reduction in the High School Plus Program of \$237,378 and a reduction in Alternative Programs of \$29,820, for contractual services and part-time salaries.

Office of Curriculum and Instructional Programs

- Reductions in the Division of Early Childhood Services totaled \$43,268, including \$21,813 in instructional materials, \$8,000 in food, \$6,000 in field trips, \$3,000 in parent activities, \$2,976 in substitutes, \$1,479 in part-time salaries, \$71,766 in assessment stipends, and \$1,489 in substitutes.

Office of Special Education and Student Services

- Reductions in the Office of Special Education and Student Services included \$17,577 in part-time salaries for the Regional Institute for Children and Adolescents (RICA), \$21,600 for student part-time salaries in the Transition Services Unit, and \$10,800 for extracurricular activities in the Department of Special Education Services.

Department of Transportation

- Reductions of 5.625 bus operator positions and \$221,215 and operating costs of \$189,585 were taken by eliminating six buses budgeted for enrollment growth. This reduction could be made due to efforts to improve efficiency in routing without impacting services to students.
- A reduction of \$315,760 resulted by receiving a state waiver for continued use of 20 buses that otherwise would have reached the end of their allowed services in FY 2013.

Other

- A reduction of \$675,115 occurred by eliminating a projected three percent inflationary adjustment for instructional materials and building services supplies.

Fiscal Year 2012

Budget Reductions	FTE	Dollars in Millions
Total	322.3	\$30.1
Central Services	58.0	\$8.7

For FY 2012, total savings from program efficiencies and reductions were \$30,076,688 and 322.3 positions. Highlights of these reductions are provided below.

Central Services Reductions

Central services reductions totaled \$8,704,316 and included major reorganizations to abolish 46.7 central office positions and consolidate responsibilities among remaining positions. The reductions by office follow.

Office of Curriculum and Instructional Programs

Reductions totaled 8.5 positions and \$1,117,046 in the Office of Curriculum and Instructional Programs including 2.0 positions and \$286,111 in the Department of Curriculum and Instruction. The 1.0 coordinator of postsecondary partnerships position was eliminated as well as a 1.0 instructional specialist for elementary and secondary reading language arts. In the Department of Instructional Leadership Support, there was a reduction of 2.0 positions and other cuts in stipends, contractual services, and materials totaling \$374,634.

Office of Special Education and Student Services

Reductions totaled \$832,886 in the Office of Special Education and Student Services. In the Department of Special Education Services, 2.0 positions and \$310,524 were eliminated. There was a reduction of a 1.0 supervisor position that provided support to secondary special education resource teachers, oversight and supervision of the Alternate Maryland School Assessment, and curriculum development for the Fundamental Life Skills program.

Office of the Chief Operating Officer

There was a reduction of 4.0 positions and \$632,412 in the Office of the Chief Operating Officer.

Office of the Chief Technology Officer

In the Office of the Chief Technology Officer, reductions totaled 6.0 positions and \$1,274,004.

Office of Shared Accountability

In the Office of Shared Accountability, 2.1 positions and \$224,935 were reduced. The reduction of a 1.0 evaluation specialist in the Applied Research Unit limited the unit's capacity to respond to, analyze, and report on student performance and program data and provide survey support to stakeholders.

Office of Human Resources and Development

Reductions in the Office of Human Resources and Development totaled 2.3 positions and \$507,061. Eliminating a 1.0 instructional specialist in the Team Development Unit diminished the capacity of the Professional Learning Communities Institute (PLCI) team to work effectively with school leadership teams to improve student achievement. Reductions in part-time salaries, substitutes, and stipends were made based on efficiencies that have resulted from the FY 2011 reorganization that combined the Office of Human Resources and the Office of Organizational Development.

Other Reductions

Reserve Positions—\$1,303,870

A reduction of 20 reserve teacher positions reduced the flexibility needed to allocate positions to schools that have higher than projected enrollment or special needs. This in turn, affected class sizes at some schools.

Media Assistants—\$1,426,349

For FY 2012, there was a reduction of 34.375 library media assistant positions who work with media specialists and are assigned to schools based on enrollment.

Instructional Data Assistants—\$1,003,753

Instructional data assistant hours were reduced between one and three hours resulting in less time to support principals and other staff members with data gathering, monitoring, and analysis.

Academic Intervention Teachers—\$586,737

There was a reduction of 9.0 academic intervention teacher positions. Academic intervention teachers are school-based teachers who are assigned to schools to work with students who need additional support.

Elementary and Secondary School Counselors—\$593,853

A reduction of 5.0 elementary and 2.0 secondary school counselor positions reduced services available to students in need of counseling. A decrease in the number of school counselors increased the ratio of students to school counselors. This reduces the availability of emotional, social, behavioral, and academic support to students.

Staff Development Teachers—\$3,715,300

Staff development teachers (SDTs) provide time for teachers to engage in job-embedded professional development. The reduction of 51.2 staff development teacher positions impacted elementary, middle, and high schools. Schools allocated a reduced SDT position had an option

to take this reduction in another position based on school needs so that the full-time SDT position could be maintained.

Athletics—\$750,000

The reduction of \$750,000 reduced stipends for support of athletic teams and events.

Fiscal Year 2011

Budget Reductions	FTE	Dollars in Millions
Total	452.3	\$49.3
Central Services	74.9	\$6.5

For FY 2011, total savings from program efficiencies and reductions were \$49,254,633 and 452.3 positions. Highlights of these reductions are provided below.

Central Services Reductions

Office of the Deputy Superintendent of Schools

The chief academic officer position and \$221,081 was eliminated. The position was a key leadership position that coordinated the work of the offices of Curriculum and Instruction, Organizational Development, Special Education and Student Services, and School Performance.

Office of Curriculum and Instructional Programs

The Office of Curriculum and Instructional Programs lost 7.5 positions and other resources totaling \$1,095,778. The elimination of 2.0 instructional specialist positions delayed the development, revision, and rollout of prekindergarten through Grade 12 curriculum and assessments to schools.

Office of Special Education and Student Services

Reductions totaled 5.3 positions and \$831,870 in the Office of Special Education and Student Services.

Office of School Performance

There was a reduction of 3.0 positions and \$419,748 in the Office of School Performance. The elimination of the 1.0 director of academic support initiatives position and a 1.0 secretary position reduced support and technical assistance to Title I and other focus schools as they work to implement a challenging academic program and improve student achievement. In addition, there was an impact on the ability of staff to effectively manage federal Title I grant funds and administer the intricate federal and state Title I guidelines. Cutting a 1.0 director of school performance position reduced direct support to 40 schools that have increasing numbers of students from diverse backgrounds and with complex needs.

Office of Organizational Development

The Office of Organizational Development was originally created to bring all staff development and school system training activities under one office to maximize resources and assure coordination, and, ultimately, to assure the academic success of students. The fiscal crisis required that the Office of Organizational Development be eliminated for FY 2011, resulting in the elimination of 13.8 positions and \$1,191,431. The different functional units within the office were moved to the offices of Human Resources and Development, Curriculum and Instructional Programs, and the Chief Technology Officer. The reductions included the elimination of a 1.0 associate superintendent position, a 1.0 administrative assistant position, a .8 instructional specialist position, and 2.0 administrative secretary positions. There also was a reduction of \$1.0 million related to staff development training projects.

Office of the Chief Technology Officer

Reductions of 7.0 positions and \$1,059,573 were made in this office. The elimination of two supervisor positions reduced oversight and coordination of staff and operations in the Data Center and in the Student Systems Operations Unit, which, in turn, delayed the output of student data for use by schools and MCPS offices. There also were reductions in contractual maintenance totaling \$263,174.

Office of the Chief Operating Officer

The reduction of 5.3 positions and \$602,668 in the Office of the Chief Operating Officer affected business operations and the provision of support services that were essential to the educational success of students.

Office of Communications and Family Outreach

Reductions of 4.0 positions and \$519,511 were taken in the Office of Communications and Family Outreach. The elimination of a 1.0 director position impacted the leadership and coordination of functions provided by the departments of Family and Community Partnerships, Multimedia Services (television, graphic and publishing services), and Public Information (internal/external, including Web-based). A cut of a 1.0 supervisor position eliminated direct oversight of the work of Web Team staff members responsible for coordinating the MCPS website and assisting schools and offices in migrating into a Web publishing system.

Office of the Superintendent of Schools

A 1.0 administrative secretary position and equipment funds were cut in the Office of the Superintendent of Schools.

Other central services reductions distributed among various offices included \$256,000 for local travel, \$91,000 for instructional television, and \$94,879 for office supplies.

Other Reductions

Continuing Salaries—\$25,993,386

MCPS has always budgeted for contractually mandated salary schedule increments and longevity adjustments. These increments are provided to employees based on years of experience. Employees eligible for increments receive a salary increase of an average of approximately three percent annually. Continuing salaries also include longevity increases and other adjustments based on contractual obligations. The Board of Education and the three employee associations reached agreement on contracts for FY 2011 and agreed that no employees would receive salary increments in FY 2011.

Class Size Increase—\$16,214,688

Reduction in class size has been one of the most important academic improvement initiatives over the last 10 years. Class size reductions have been concentrated in primary grades and in schools with the highest proportion of low-income students. The operating budget reduced staffing by 252 positions at a savings of \$16.3 million. This resulted in an increase in class size by an average of one student at each grade level. This reduction removed nearly one half of all improvements in class size made over the last 10 years.

Academic Intervention Teachers—\$1,544,256

There was a reduction of 24.0 academic intervention teachers who work with students who are in need of supplementary academic resources and are allocated based on a concentrated poverty formula.

Secondary School Counselors—\$673,636

A reduction of 6.0 secondary school counselor positions diminished services available to students in need of counseling services.

Staff Development Teachers—\$669,178

The reduction of 10.4 staff development teacher positions meant that secondary school staff development teachers in non-middle school reform schools had to teach one period.

Maintenance Positions—\$342,240

A reduction of 6.0 maintenance positions delayed maintenance and repair services and increased the backlog of emergency repair orders.

Middle School Reform—\$1,716,701

There was a reduction of \$424,670 and 6.6 teacher leader positions that provided direct support to teachers in building their knowledge and pedagogical skills in teaching literacy across the curriculum and mathematics using strategies designed for the adolescent learner. The elimination of \$1,292,031 in stipends for Middle School Reform cohort collaborative work limited the time classroom teachers and paraeducators have to work together to design, implement, and evaluate effective instruction.

Other Post-Employment Benefits (OPEB)—\$42,862,250

MCPS eliminated its planned contribution to the Retiree Health Trust Fund.

Inflation and 30 Percent Cut for Textbooks and Instructional Materials—\$9,449,355

There was a reduction of \$9.4 million in textbooks and instructional materials for FY 2011, including \$1.5 million that was added in FY 2011 to cover projected increases for inflation.

Bus Fuel—\$400,000

This reduction eliminated the substitution of more expensive B5 biodiesel fuel for ultra low sulfur diesel fuel (ULSD).

Furniture and Equipment—\$878,650

Each year, equipment needs are assessed and prioritized. Since the amount budgeted for equipment is already low, only the highest priority items are scheduled for purchase. A complete cut of the \$562,370 budgeted meant that new and replacement equipment was not available. There was a reduction of \$316,280 in furniture and equipment accounts throughout MCPS offices.

Fiscal Year 2010

Budget Reductions	FTE	Dollars in Millions
Total	194.3	\$40.5
Central Services	74.5	\$12.2

For FY 2010, total savings from program efficiencies and reductions were \$40,534,066 and 194.3 positions. Highlights of these reductions are provided below.

Office of Curriculum and Instructional Programs

- Reductions of 2.0 instructional specialists and a 1.0 coordinator in the Department of Curriculum and Instruction saved \$326,015.

Office of Special Education and Student Services

- Reductions of 6.0 positions in the Department of Student Services saved \$633,676. The three existing field offices were eliminated and the pupil personnel workers and school psychologists currently housed in these offices were assigned to available school locations.
- A reorganization reduced 3.0 field office director positions, 4.0 instructional specialist positions, 2.0 secretary positions, 1.0 administrative secretary, 1.0 psychological services supervisor, and 1.0 PPW services supervisor.
- Reductions of 1.5 positions and \$132,507 were due to relocating the Emory Grove and McKenney Hills alternative programs to the Mark Twain site. Closing the Mark Twain School in FY 2009 made this space available for other school programs.

Office of Organizational Development

- Reductions of 6.7 instructional specialist positions and a 1.0 specialist position saved \$797,483.
- Reductions of 6.0 consulting teacher positions saved \$529,200. The 28.0 consulting teachers each served at least 16 novice or underperforming teachers and make recommendations on teacher performance to the Peer Assistance Review (PAR) panel.
- Reductions of \$1,105,000 were taken in training stipends and instructional materials because of reductions in other system programs.

Office of School Performance

- A reduction of 1.0 school performance director position saved \$171,988. Remaining school performance directors in quad/quint cluster units with more than one director position absorbed the duties of this position.

Office of the Chief Operating Officer

- Savings in utility consumption due to restrictions on air conditioning usage during summer peak load periods and other efficiencies allowed for a reduction of \$1,000,000.

K-12 Instruction

- A reductions of 17 kindergarten teacher positions saved \$1,070,898. Class size guidelines for kindergarten in focus schools increased by two from 15 to 17 resulting in 17 fewer kindergarten positions. As a result, kindergarten allocations in focus schools were the same as allocations for Grades 1 and 2.
- Reductions of 8.7 elementary special programs teachers saved \$548,048.

- A reduction of 15.8 academic intervention teachers saved \$1,271,376; 16.0 alternative teachers saved \$1,007,904; 15 literacy positions saved \$944,910; and a cut of \$2,667,623 was taken in textbooks and instructional materials.

Fiscal Year 2009

Budget Reductions	FTE	Dollars in Millions
Total	375.1	\$32.0
Central Services	79.4	\$11.5

For FY 2009, total savings from program efficiencies and reductions were \$32,035,001 and 375.1 positions. Highlights of these reductions are provided below.

Central Services Reductions

Office of Organizational Development

- Reductions of 7.0 instructional specialist positions saved \$658,112 in the Staff Development Specialist Team. These positions provided support to staff development teachers. Reductions of 5.0 other instructional specialist positions saved \$470,080.
- Reductions totaled \$257,038 in stipends for elementary school curriculum training resulting from a simplification of the training model, \$133,132 in stipends from a change in the technology consulting training model, \$100,000 from reductions in the Studying Skillful Teaching program, \$200,000 in stipends for other curriculum training, and \$100,000 from elimination of the use of outside vendors to develop content for the Online Learning program.

Office of the Chief Technology Officer

- Reorganization of the Office of the Chief Technology Officer flattened the management structure so that more units reported directly to the chief technology officer. This resulted in the elimination of a 1.0 executive director position and \$162,214, a 1.0 director II position in the Department of Information and Applications Services and \$161,672, and 2.0 secretary positions and \$163,914, for a total savings of \$487,800.
- Migration of central applications from the mainframe to the client server system resulted in a reduction of \$255,931.

Office of School Performance

There was a reduction of \$282,807 for a 1.0 coordinator and a 1.0 instructional specialist. Their duties were absorbed by other office staff.

School Support Operations Reductions

Efficiencies in the provision of support services, total \$1,983,468, including the following:

Office of the Chief Operating Officer

- Savings of \$593,789 by not replacing 45 buses earlier than required by state law. No state waivers were necessary to continue to use these buses.
- Savings of \$301,229 were achieved through efficiencies in bus route assignments and a reduction of special routes from special education students attending home schools.
- Savings in utility consumption were achieved from system wide lighting technology upgrades of \$750,000 and restrictions on air conditioning usage during peak load periods that saved \$250,000.

School-based Reductions

School-based reductions included 156.0 positions (\$9.9 million), including teachers, elementary principal interns, assistant school administrators, media assistants, paraeducators, and building service worker positions. Other school-based reductions totaling \$4.3 million included cuts in professional part-time salaries, stipends, consultants, instructional materials, equipment, and related employee benefits. Reductions also included closure of the Mark Twain special education program that saved \$1.2 million.

The FY 2009 operating budget also did not include a total of \$89.5 million of general wage adjustments previously negotiated. Employee unions agreed to forego these increases.

Montgomery County Public Schools FY 2014 Operating Budget

Local Revenue and Maintenance of Effort

Montgomery County Public Schools receives 66 percent of its total revenue from local county contribution. The state Maintenance of Effort (MOE) law requires each county to appropriate local funds equal to the highest local appropriation per pupil for the previous fiscal year, that is, to provide sufficient local tax dollars at least equal to the same amount in the previous fiscal year for each student. The purposes of the requirement are to stimulate local support of education and prevent a county from reducing its own contribution when the state increases the amount of aid to a school district. This prevents a county from using the increased state aid for a different purpose than education. If state or federal aid increases, that does not change the required local contribution.

- After exceeding the minimum MOE requirement for many years, Montgomery County has fallen short of the minimum requirement since FY 2010, for a total shortfall of \$345 million. This shortfall reduced the per pupil local contribution from \$11,249 in FY 2009 to \$9,759 in FY 2013, a decrease of \$1,490, or 13.2 percent. The per pupil amount is lower now than what was provided in FY 2007 (\$10,180 per pupil). Moreover, the average annual increase in the per pupil amount from FY 2003 – FY 2013 is 1.45 percent which is lower than the statewide average of 2.48 percent. Because the county did not receive a waiver of the requirement by the Maryland State Board of Education, the MOE law allows future contributions at the reduced level, called “rebasing.” This has permanently reduced local support for schools.
- As enrollment changes, MOE may increase or decrease to maintain the same dollars per pupil in local funds. For FY 2014, the required local contribution is \$9,759 per pupil.
- The Maintenance of Effort requirement for FY 2013 is \$1.414 billion in local tax contribution, an increase over FY 2012 of \$21.4 million.
- The county’s local contribution as a percentage of total local revenue has declined by 10.5 percent since FY 2002, from 52.3 percent to 41.8 percent, despite significant increases in student enrollment over that period.
- Because the MOE formula covers only enrollment changes, the MOE amount is not sufficient to meet even basic inflationary cost increases. Those cost increases not covered by MOE include higher prices for textbooks and materials, changes in employee compensation, higher costs for health care and other employee benefits, cost increases for bus fuel, or higher costs for electricity and other utilities.

Montgomery County Public Schools FY 2014 Operating Budget

State Revenue

Montgomery County Public Schools (MCPS) currently receives 27 percent of its operating budget revenue from the state of Maryland. To fund the FY 2014 Operating Budget, \$598.3 million is budgeted for state revenue, a \$10 million increase over the amount budgeted for FY 2013. While this amount is less than the increase received from FY 2012 to FY 2013, it is necessary to estimate conservatively since the state will not provide allocations until January 2013. A historical perspective and current issues related to state revenue are detailed below.

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

Montgomery County Public Schools FY 2014 Operating Budget

Federal Revenue

The FY 2014 Operating Budget includes federal revenue of \$72.7 million which is 3.3 percent of total revenue, and increase of \$851,253 over FY 2013. 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 2014, MCPS expects to receive \$400,000 in federal Impact Aid, an increase of \$100,000 over the FY 2013 amount.
- Major federal categorical grants include Title I to provide support for children living in poverty, Title II-A to improve teacher quality, Title III (Limited English Proficiency) for English language learners, Head Start, Vocational Education, and the *Individuals with Disabilities Education Act* (IDEA) for special education students.
- In FY 2010, MCPS received a major increase in federal aid through the *American Recovery and Reinvestment Act* (ARRA), the federal economic stimulus legislation. These funds were provided for two years through September 30, 2011. Although appropriated as a single multi-year grant, the ARRA funds were designated by Maryland to be used primarily as formula grants in nearly even amounts during FY 2010 and FY 2011. ARRA grants totaling \$53 million terminated in FY 2012.
- MCPS also received ARRA funds in FY 2011 through competitive grants, including \$5.0 million through the Investing in Innovation (I3) grant in conjunction with private and community partners for project NorthStar. This funding is being used to continue work on implementing Curriculum 2.0.
- MCPS received \$4.4 million for FY 2012 in federal revenue through the Education Jobs Fund (EJF) approved by the U. S. Congress in 2010 to provide support to states for education. These funds were available only for the FY 2012 Operating Budget. Expenditures for school-based employee benefits funded by this grant were funded with local revenue in FY 2013.

Montgomery County Public Schools FY 2014 Operating Budget

Special Education

The MCPS FY 2014 Operating Budget includes \$431.9 million for services for students with disabilities, an increase of \$8.5 million. The total is 19.5 percent of the MCPS budget.

Major Functions

The Department of Special Education Services (DSES), in conjunction with other MCPS offices, creates, coordinates, and facilitates opportunities to promote collaboration between general and special education teachers to improve the performance outcomes of students with disabilities on county and state accountability measures. These offices recommend services; plan, implement, and monitor Maryland School Assessments and professional development; and oversee and monitor implementation of evidenced-based interventions and strategies to ensure that effective instruction and behavioral practices are provided to students with disabilities.

DSES provides oversight of all school-based special education services and nonpublic placements for students with disabilities in prekindergarten–Grade 12 including Pre-K Special Education Services; Resource, Learning and Academic Disabilities; Elementary Learning Centers; High School Learning Centers (Grades 11–12); Emotional Disabilities; Autism; Transition; Learning for Independence; and School/Community-Based Services to ensure that students with disabilities achieve the goals of the MCPS general education curriculum or the Fundamental Life Skills (FLS) curriculum. DSES special education supervisors, instructional specialists, and itinerant resource teachers actively support and assist schools with the implementation of curriculum and the placement of students with disabilities in the least restrictive environment (LRE). DSES is also responsible for the Division of Prekindergarten, Special Programs and Related Services (DPSPRS) which oversees and monitors the specialized and/or related services to students with developmental delays or disabilities from birth to age 21 and the Placement and Assessment Unit that is responsible for the oversight of students enrolled in nonpublic settings.

Significant Strategic Initiatives

- Universal Design for Learning (UDL) – DSES in collaboration with OCIP, assisted in the design of Curriculum 2.0 for Grades K–2. This collaborative effort resulted in the design of a curriculum that embeds the principles of UDL. All students, including students with disabilities, will have access to curriculum that includes strategies, materials, and resources to make content areas readily accessible.
- Middle School Special Education Institute –One of the most innovative and outstanding initiatives was the establishment of a partnership with Towson University, to implement the Middle School Special Education Institute (MSSEI) at Tilden Middle School. The MSSEI was designed to build the capacity of general and special education teachers, staff development teachers, related service providers, and paraeducators.
- Professional Learning Communities (PLCs) in Mathematics – Mathematics PLCs focused on working with students with disabilities in five elementary schools on improving

mathematics instruction. Ninety percent of the elementary students with disabilities in the targeted schools exhibited gains on the mathematics intervention assessments. Fifty-six percent of the students with disabilities in the targeted schools scored proficient on the mathematics 2012 MSA. In addition, eighty-six percent of the general and special education teachers reported improvement in their teaching due to collaboration.

- Prekindergarten (pre-K) Special Education – MCPS is working to co-locate general and special education prekindergarten classes to facilitate LRE options for prekindergarten students. MCPS continues to implement a prekindergarten Collaboration Class Project in which general and special education teachers used coteaching and collaborative planning strategies to provide instruction to prekindergarten students with and without disabilities. As a result, children with disabilities are provided greater access to the prekindergarten curriculum and better preparation for general education kindergarten settings.
- Transition Planning – A Secondary Transition Planning Project Team is following through on the recommendations made by the Special Education Continuous Improvement Team Advisory Committee. These include reviewing high school course offerings, providing comprehensive professional development to school-based and central services staff, focusing on effectively transitioning students who have a range of learning styles and academic abilities, and participating in parent information sessions through the MCPS Parent Academies.
- Expansion of Autism Services – Autism Resource Services are currently provided at three middle schools and three high schools. Students with autism spectrum disorders who require supports in the general education setting and instruction in pragmatic and social skills receive Autism Resource Services. MCPS began the process of developing a plan to re-structure an Elementary Learning Center to provide a model of exemplary practices to serve students with autism spectrum disorder. Students enrolled in grades K–1, at one designated learning center, will receive these services.
- Crisis Prevention Institute – OSESS, in collaboration with the Office of School Support and Improvement, will continue to provide Crisis Prevention Institute (CPI) professional development for school-based crisis team members regarding the use of nonviolent crisis intervention and physical restraint strategies. CPI training provides staff with practical knowledge, skills, strategies, and resources to safely manage difficult behaviors.

Recent Accomplishments

An analysis of the 2012 Maryland School Assessment results indicates that overall AYP proficiency rates for MCPS students with disabilities continues to exceed the proficiency rates for all students with disabilities across the state of Maryland. Data from MSDE indicates that during the 2010–2011 school year, MCPS students with disabilities achieved 73.8 percent proficiency in reading and 63.8 percent in mathematics as compared to the students with disabilities across the state, which attained 64.3 percent proficiency in reading and 57.0 percent in mathematics. These data indicate that the MCPS students outperformed students statewide on the MSA by 9.5 percentage points in reading and 6.8 percentage points in mathematics.

**MONTGOMERY COUNTY PUBLIC SCHOOLS
FY 2014 Operating Budget**

English for Speakers of Other Languages/Bilingual Programs

English for Speakers of Other Languages (ESOL)/Bilingual Programs provides high-quality instruction, assessment, counseling, and parent outreach activities for English language learners (ELLs) to demonstrate successful academic performance across all curricular areas.

ESOL Enrollment Trends

MCPS has the largest ESOL enrollment in the state of Maryland, providing services to nearly 40 percent of the state’s ESOL students. ESOL enrollment in MCPS continues to grow steadily each year. The official FY 2013 ESOL enrollment is 19,846 students, which represents 13 percent of the total MCPS student population. The table below shows that the growth of the ESOL student population is at the elementary and middle school levels.

Official ESOL Enrollment Trends

	FY 2011	FY 2012	FY 2013
Elementary School	15,092	15,466	15,863
Middle School	1,450	1,387	1,772
High School	2,193	2,225	2,211
Total Enrollment	18,735	19,078	19,846

The figures above show the official enrollment submitted to the Maryland State Department of Education (MSDE) for accountability purposes.

A closer examination of the continued growth in elementary ESOL enrollment reveals that the increase is concentrated in Pre-K–2, which now comprises 72 percent of the total elementary ESOL enrollment and 57 percent of the overall Pre-K–12 ESOL enrollment.

Recent Accomplishments

- The current focus of professional development in the district is to effectively engage ESOL students across all content areas. In FY 2013, the SIOP model will expand to include an additional seven schools at the elementary and secondary levels. Training on SIOP is under way for staff from 28 schools, including ESOL teachers, content teachers, and school administrators. Implementation of the WIDA English language development standards is supported through ongoing professional development for ESOL teachers and non-ESOL staff.
- The Division of ESOL/Bilingual Programs has continued to implement the Students Engaged in Pathways to Achievement (SEPA) program. This innovative program is now offered to all eligible high school ESOL students. SEPA addresses the highly differentiated English language acquisition, literacy, social-emotional, and career education needs of older high school students with limited or no formal education.

- The ESOL parent outreach team provided parent training and support to more than 10,373 parents/guardians of ESOL students in MCPS through various detailed workshops and meetings in FY 2012.
- The ESOL counseling team provided individual and group counseling services to ESOL students in Pre-K–12, resulting in over 16,760 counseling service contacts provided to ESOL students and families in FY 2012.
- In FY 2012, LASU staff scheduled interpreters to provide services for 8,966 requests in 65 languages. The LASU provided simultaneous interpretation equipment for 368 MCPS events. The Language Line was used by schools and offices to obtain a total of 69,939 minutes of interpretation services in 48 languages for 9,867 interactions, primarily telephone calls and ad hoc visits to schools by parents.

Evidence of Student Achievement

- For FY 2010 and FY 2011, ESOL students exceeded AMAO I targets (percent of students making progress toward proficiency in English) and AMAO II targets (percent of students attaining proficiency in English) as shown in the table below. Since MSDE implemented a new ELP assessment in 2012, results are being recalibrated and are not yet available.

Year	AMAO I MSDE Target %	AMAO I MCPS %	Difference	AMAO II MSDE Target %	AMAO II MCPS %	Difference
FY 2010	58	75.9	17.9	16	19.8	3.8
FY 2011	60	70.4	10.4	17	19.3	2.3

- Due to a shift in accountability requirements implemented by MSDE in July 2012, the Maryland School Assessment (MSA) scores in reading and mathematics for the limited English proficient (LEP) subgroup now are reported as the percent of schools having met or not met their school-specific Annual Measureable Objective (AMO) in reading and mathematics. The 2012 MSA scores reveal that over 95 percent of elementary and 92 percent of middle schools met their AMO for the LEP subgroup in reading and mathematics.

	Reading		Mathematics	
	Number of Schools	Percent	Number of Schools	Percent
Elementary Schools	128	98.5	126	97.0
Middle Schools	35	92.1	35	92.1

Montgomery County Public Schools FY 2014 Operating Budget

School Resource Allocations

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

- *Allocation Formulas* – Most staffing and other resources are allocated on the basis of enrollment projections. The Division of Long-range Planning provides projections for each school and grade, which are updated in February of each year. For example, in elementary schools, teacher positions are allocated so that classes are 27 or less in Grades 1-3 and 29 or less in Grades 4-5. The allocation ratio is sometimes higher than the budgeted ratio to permit the creation of a system reserve to handle allocation adjustments when needed. In middle schools and high schools, staffing formulas consider the number of periods taken by each student divided by the five periods assigned to each teacher. Other enrollment-based formulas are listed for each allocated position in the Budget Staffing Guidelines (Appendix D of the operating budget). Some formulas, such as those for building service workers, are based on a school's square footage. For some staffing, schools receive a single position (principal, for example), or a fraction of a position, regardless of enrollment. Allocations for instructional materials, textbooks, and media materials are based on a per student formula.
- *Special Program Support* – Schools receive additional positions above a standard allocation for special programs that they provide. Special programs include Title I for high poverty schools, reading initiative teachers, ESOL, signature programs, high school consortia, and other special programs. High poverty elementary "focus" schools receive additional positions to lower class size in the primary grades. In addition, schools may be allocated academic intervention teachers for special purposes, often 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, although all schools at each school level receive similar standard allocations based on established ratios.
- *Special Education* – Special education resources are allocated differently than general education K-12 resources. For each disability category, special education positions, including teachers, paraeducators, and other staff resources, are allocated based on a formula tailored by disability program. 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 formulas must be submitted to the

Maryland State Department of Education annually as part of the Special Education Staffing Plan. The staffing plan is developed with significant community input.

- *Initial Allocation Process* – Schools receive initial staffing allocations for the upcoming school year early in March. Although the operating budget has not yet been approved, initial allocations are necessary to enable principals to plan schedules, make hiring decisions, and communicate with staff members who will not have a position in order to give them an opportunity to transfer to another school.
- *Allocation Adjustments* – There are a limited number of reserve positions used to support schools that experience significant enrollment increases during the spring and summer. Depending on needs, staffing may be allocated as a full-time position or in smaller increments. Schools also may have positions pulled out if actual enrollment does not support the position. Data are reviewed weekly beginning in March to identify staffing needs at schools.
- *Scheduling Classes* – Schools prepare master schedules based on the allocated staffing. In secondary schools, principals must balance the breadth of course offerings with class size as they develop schedules. The goal is to decide how to use allocated staffing most effectively to support student learning. Once a school develops its schedule and identifies staffing needs, it can begin the hiring process to ensure that all required staff is on board for the start of school.

Montgomery County Public Schools FY 2014 Operating Budget

Operating Budget Process

The operating budget process provides the Board of Education and the superintendent of schools with the opportunity to align the operating budget with the Montgomery County Public Schools' strategic plan, communicate its goals to the public, and secure approval of the operating budget by the county executive and the County Council. Below is a brief summary of the operating budget process and timeline for the FY 2014 Operating Budget.

- **September 7, 2012 – *Department Budget Submissions*** - The operating budget is developed through a “zero-based” process that applies staffing and other funding formulas approved by the Board of Education using updated enrollment forecasts and other school-based data. Departments have an opportunity to realign existing resources to higher priority needs based on the system and unit strategic plans.
- **November 14, 2012 - *Community Conversations*** – The Board of Education convenes community conversations annually to hear from the community about the core values and strategic priorities that should guide the school system. The Board believes that using the conversations format this year allows community members to engage in deeper discussions of key issues.
- **December 11, 2012 - *Budget Presentation and Publication*** – In December, the superintendent of schools presents his recommendations to the Board of Education. The *Superintendent's Recommended Operating Budget*, often called the management budget, shows budget resources by office, department, and other units. The *Program Budget* includes references to the units that carry out each program. The *Budget in Brief* describes highlights of the recommended operating budget for the general public. Budget publications are all posted to the MCPS website.
- **January 10 and 17, 2013 - *Board of Education Public Hearings*** – In January, the Board of Education holds two public hearings. Testimony is received from MCCPTA cluster representatives and other interested citizens regarding the superintendent's recommendations.
- **January 22 and 24, 2013 - *Board of Education Worksessions*** - Following the hearings, the Board holds two worksessions to ask specific questions about the budget and explore potential amendments.
- **February 12, 2013 - *Budget Amendment and Adoption*** – At the all-day meeting in February, the Board formally considers the superintendent's operating budget, often as amended to take into account updated enrollment and other information. Board members propose and dispose of suggested amendments and adopt the Operating Budget Request as amended.
- **February 2013 - *Spending Affordability Guidelines Process*** – In February, the County Council adopts spending affordability guidelines (SAG) for the county, including possible property tax rates and allocations of resources to each agency. If an agency's

budget request exceeds its SAG allocation, it must submit a list of possible reductions to meet the SAG guideline no later than March 31. In June 2010, for the first time, the County Council adopted a fiscal plan to serve as the basis for its operating budget deliberations.

- **March 1, 2013 – *The Board of Education Budget Submission*** – On March 1, 2013, the Board of Education transmits its budget to the county executive and County Council by this date.
- **March 15, 2013 - *County Executive Recommendation*** – The county executive issues his recommended budget on March 15, including a recommendation for Montgomery County Public Schools.
- **April-May 2013 – *County Council Public Hearings and Work Sessions*** - In April, the County Council holds a series of public hearings that include considerable testimony on the MCPS budget. The County Council's Education Committee reviews the MCPS request and the county executive's recommendation during work sessions in April and May, and the full Council reviews the request in May.
- **May 16, 2013 – *County Council Appropriation Action*** – On May 16, 2013, the full County Council begins action on the FY 2014 budget.
- **June 13, 2013 – *Board of Education Approval*** - The Board of Education determines the details of the final approved budget using state category totals approved by the Council. The Board of Education may make changes in the category total amounts only if approved by the Council. The budget for the next school and fiscal year takes effect on July 1, 2013, and concludes on June 30, 2014.
- **July 1, 2013 – *Fiscal Year 2014 begins*** on this date.

Montgomery County Public Schools FY 2014 Operating Budget

Public Engagement and the Operating Budget

While the MCPS Strategic Plan: *Our Call to Action: Pursuit of Excellence* guides budgetary planning and decision making, the superintendent and Board of Education have increased efforts to reach out to stakeholders to strengthen public engagement in the development of the budget. A description of these efforts is described below.

- Over the past year and a half, the superintendent has held or facilitated 17 “Listen and Learn” events, four spring forums on educational topics, six student town meetings, three book clubs, one of six planned community days, Neighbor to Neighbor discussions, and has visited 128 schools. In addition, the superintendent facilitated a meeting with Board members to elicit feedback on its “Operating Budget Interests” for FY 2014.
- For the last nine years, Board of Education hosted community forums to gain valuable feedback on budget priorities. This year, on November 14, 2012, the Board held a “Community Conversation” event at Richard Montgomery High School in Rockville. The purpose of the meeting was for Board members to hear from the community about the core values and strategic priorities that should guide the school system. The Board believes that using the conversations format this year allows community members to engage in deeper discussions of key issues.
- Each year, the Board of Education holds public hearings on the operating budget. In addition, the Board gains valuable insight from the public comments that are presented at each Board of Education meeting.

Montgomery County Public Schools FY 2014 Operating Budget

Budget Transparency and Publications

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

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

- *Our Call to Action: Pursuit of Excellence* – The MCPS strategic plan includes detailed multi-year strategies and initiatives implemented through the operating budget.
- *Program Budget* – The *Program Budget* summarizes the operating budget in more than 100 major programs across departments and offices. The *Program Budget* references strategies and initiatives in the strategic plan and ensures that all strategies and initiatives are identified by program.
- *Recommended Operating Budget* – The *Superintendent's Recommended Operating Budget*, often called the management budget, shows budget resources as a summary and by office, department and other units.
- *Budget in Brief* – The *Budget in Brief* describes briefly major budget changes and other issues as an introduction to the operating budget. It includes details of proposals included in the recommended budget. It also includes important summary statistical information about the operating budget.
- *Personnel Complement* – The *Personnel Complement* includes a detailed listing of all positions requested in the budget. Both the *Program Budget* and the *Recommended Operating Budget* include personnel complements organized by program and unit respectively.
- *Schools at a Glance* – The *Schools at a Glance* annual publication shows a variety of information for each school, including programs from the *Program Budget* that are implemented at each school and personnel allocated to each school. A separate document, *Special Education at a Glance*, is published to show special education resources at each school.

Montgomery County Public Schools FY 2014 Operating Budget

Audit

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

Board of Education Oversight

- State of Maryland law, Section 5-109 of the Education Article, requires all school districts to commission an annual external audit of financial transactions by an independent certified public accountant. MCPS uses the firm of CliftonLarsonAllen (CLA). Neither CLA nor its predecessors have identified any material weaknesses or noncompliance with internal controls.
- MCPS issues an annual financial report, the Comprehensive Annual Financial Report (CAFR). This report has repeatedly received an Excellence in Financial Reporting Award from the Government Financial Officers Association (GFOA) and from the Association of School Business Officials (ASBO).
- Board of Education Policy DAA, *Fiscal Responsibility and Control*, requires the superintendent of schools to maintain strict financial controls consistent with the laws and regulations of Maryland and provisions of the charter and laws of Montgomery County.
- The Board of Education Fiscal Management Committee meets regularly with staff to review audit findings and provide financial oversight. The Fiscal Management Committee reviews the reports of the system's actuary and external auditor.

County Audits

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

State of Maryland Audits

- The Maryland State Department of Education (MSDE) reviews MCPS activities and financial reports every two years. MSDE audits a variety of issues, including enrollment, program administration, special education, teacher certification, criminal background checks of teachers, and grants monitoring for the two-year period.

- Senate Bill 323 requires that the state Office of Legislative Audit (OLA) conduct a comprehensive financial and operational audit of each local school system to evaluate the effectiveness of the financial management practices at least once every six years. The audit report published January 15, 2009, found that MCPS has “procedures and controls in place to ensure the safeguarding of assets and the efficient use of financial resources.” The report made useful recommendations for process improvements in business operations, including accounting, internal controls, technology, and facilities operations.
- The Public School Construction Program (PSCP) office of the Interagency Committee on School Construction (IAC) audits the use of state construction funds provided to all Maryland school systems every two years. The examination is made in accordance with the Public School Laws of Maryland and the regulations for the administration of the PSCP, and includes tests of accounting and construction procedures. No material findings were published in the May 15, 2012, report of MCPS.

Federal Audits

- The federal government regularly provides mandated A-133 single audits of federal grant programs. The frequency of these audits has greatly increased in recent years. In 2011, the Inspector General of the Department of Education conducted a review of MCPS job creation and administration of federal grants under the *American Recovery and Reinvestment Act (ARRA)*. MCPS also receives a triennial review its early childhood services programs. Federal audit results of MCPS grants have not included any material adverse findings.

Internal Audit

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

Fiscal Year 2014 Operating Budget Timeline

Superintendent presents Recommended Operating Budget to Board of Education	December 11, 2012
Sign-up begins for Board of Education public hearings	December 17, 2012
Board of Education public hearings	January 10 & 17, 2013
Board of Education budget work sessions	January 22 & 24, 2013
Board of Education action	February 12, 2013
Board of Education budget transmittal to County Executive/County Council	March 1, 2013
County Executive recommendations presented to County Council	March 15, 2013
County Council budget hearings	April 2013
County Council budget action	May 16, 2013
Final Board of Education action to approve FY 2014 Operating Budget	June 13, 2013

Operating Budget Documents

The documents listed below enable citizens 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 performance measures for each operating unit, a glossary of budget terms, an index of all items, and a section describing how to understand the budget. Often called the management 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.

Program Budget – Summarizes the operating budget in more than 100 major programs across departments and offices. The Program Budget references strategies and initiatives in the strategic plan and ensures that all strategies and initiatives are identified by program.

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

Budgeted Staffing Guidelines – The Superintendent’s Recommended Operating Budget includes budgeted staffing guidelines for regular 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 from the Program Budget 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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