

ED COMMITTEE #3&4  
January 25, 2010  
Worksession

MEMORANDUM

January 21, 2010

TO: Education Committee

FROM: Essie McGuire, Legislative Analyst *Essie McGuire*  
Vivian Yao, Legislative Analyst *Vivian Yao*

SUBJECT: **FY10 Budget Savings Plan, Round 2, Community Use of Public Facilities and Montgomery County Public Schools, and MCPS Quarterly Financial Report**

Today the Education Committee will review the Executive's recommended FY10 Budget Savings Plan, Round 2, for both the Community Use of Public Facilities (CUPF) and the Montgomery County Public Schools (MCPS). The Committee will also review the most recent financial report from MCPS.

**Community Use of Public Facilities (CUPF)**

The Executive recommends a total of \$137,540 in reductions for Round 2 of the FY10 Budget Savings Plan.

In the first round of the Savings Plan, the Department's total reduction was also \$137,540. The reductions from both rounds of the savings plan amount to \$275,080, a 3% decrease from the approved FY10 budget.

For CUPF, the Executive is recommending three reductions:

- S1 Decrease Cost: Other Reimbursements to MCPS -\$68,180
- S2 Decrease Cost: Lapse of Vacant Program Specialist I Position -\$46,400
- S3 Decrease Cost: Miscellaneous Operating Expenses -\$22,960

The impact of these reductions is described on circle 1. CUPF reports that reducing MCPS costs (**\$1**) by consolidating weekend community use in fewer buildings may result in somewhat lower customer satisfaction. MCPS supports this strategy as an efficient use of resources, e.g., staffing, energy and utilities. CUPF has made clear that MCPS reimbursement formulas have not changed and that MCPS will continue to be reimbursed on the actual use of facilities, even if the savings projection is not realized.

The lapse savings resulting from the vacant program specialist (**S2**) may result in some scheduling delays (possibly as much as 3-5 business days). The program specialist position is 1 out of 10 staff that performs scheduling functions. CUPF states that the reduction to miscellaneous operating expenses (**S3**) will have minimal impact on customer services.

Council staff notes that because CUPF is supported by an enterprise fund, budget savings taken by the Department will not result in savings of FY10 County general fund dollars. Nevertheless, the adjustments recommended by the Executive conserve resources at a time when other agencies are being asked to do more with less and when the agency has reported decreasing revenue trends for its enterprise fund. Moreover, the proposed reductions may result in greater efficiencies and do not appear to be unduly burdensome.

**Council staff recommendation: Concur with the Executive.**

### **Montgomery County Public Schools (MCPS)**

#### **Expenditures**

For the first round of the FY10 savings plan, the Council approved a total of \$9.9 million in savings from MCPS. This total was based on the MCPS projected year-end fund balance as of September 30, 2009. The projected balance reflected the anticipated savings from the comprehensive expenditure restrictions put in place on August 20, 2009.

**For the second round of the FY10 savings plan, the Executive recommends an additional savings target of \$22 million for MCPS.** This amount is in addition to the \$9.9 million already assumed, which would total \$31.9 million in FY10 savings.

In response to the Executive's request for additional current year savings from all agencies, the Superintendent has implemented additional expenditure restrictions to increase FY10 savings. The memorandum from Chief Operating Officer Larry Bowers on circles 2-10 outlines the updated restrictions.

**The primary change in the new expenditure restrictions is that all positions are frozen.** In the August restrictions, there were five categories of position that were exempt: principals; special education positions; Head Start paraeducators; certain ESOL vacancies; and bus operators. With the new restrictions, these (and any other) positions will have to be considered on a case-by-case basis for an exemption. Many of the other restrictions are the same, with additional review to identify encumbrances that can be cancelled or other opportunities for savings.

The latest financial report is attached on circles 11-16 and shows financial conditions as of November 30. This report details some of the additional steps that will

be taken to achieve savings (circle 13) but does not yet reflect the impact of the additional measures. **The report projects a total year-end expenditure surplus of \$13.8 million.**

### **Revenues**

The report outlines some changes in revenue that result in a projected net revenue surplus of \$400,000. Council staff notes that the report indicates a decrease in the County contribution of \$1.998 million compared with the approved operating budget. MCPS reports that this reduced County contribution was possible due to an increase in available Federal ARRA funds. Under this approach, the \$1.998 million savings will remain in the County General Fund rather than show in the MCPS projected fund balance.

**Council staff recommendation: Council staff recommends that the Council approve the Executive's recommended round two savings target for MCPS of \$22 million.**

Although the current year-end projections do not currently meet this target, it is too soon to anticipate the full impact of the new expenditure restrictions and the target appears feasible if revenues and other conditions (such as fuel costs) remain favorable.

### **Ballfield Maintenance**

The Department of Parks recommended a reduction of \$181,300 to eliminate maintenance of MCPS ballfields. The Planning, Housing, and Economic Development (PHED) Committee reviewed this recommendation on January 21, and did not recommend approval, given concerns about the impact of such a reduction on many users, including schools, recreation, and community use. The PHED Committee requested that the Department of Parks identify other savings as an alternative. However, the PHED Committee indicated the need to revisit this issue in FY11 to determine the most efficient way to deliver services and maximize resources.

FY10 Savings Plan (2nd Rnd)- Description/Justification **MCG Non-Tax Supported**

Ref No.	Title	\$	Revenue
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Community Use of Public Facilities

**Community Use of Public Facilities**

S1	<b>DECREASE COST: OTHER REIMBURSEMENTS TO MCPS</b> CUPF, under the authority of the Interagency Coordinating Board (ICB), reimburses MCPS for costs incurred in facilitating community use as required by Section 44-5A(b)(1) of the County Code.	-68,180	0
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All weekend use of schools requires scheduling of at least one MCPS Building Services Worker at each school in use. Consolidation of groups, reducing the number of schools opened simultaneously, will reduce weekend staff reimbursement costs. As feasible, CUPF will restrict opening a school for use of only one room, and place groups in schools already open.

Lower customer satisfaction is anticipated when customers are not able to be scheduled in their first location choice.

S2	<b>DECREASE COST: LAPSE OF VACANT PROGRAM SPECIALIST I POSITION</b> As each Program Specialist assumes the workload of lapsed positions, some service delays may occur.	-46,400	0
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S3	<b>DECREASE COST: MISC. OPERATING EXPENSES</b> Reductions will be made in operating budget, which will have minimal impact on customer service.	-22,960	0
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**Community Use of Public Facilities Total:** -137,540 0

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

January 8, 2010

MEMORANDUM

To: Executive Staff

From: Larry A. Bowers, Chief Operating Officer 

Subject: Update on FY 2010 Operating Budget Expenditure Restrictions

On August 20, 2009, the superintendent of schools determined that it was necessary to impose restrictions on expenditures in the current fiscal year. Staff throughout Montgomery County Public Schools (MCPS) has cooperated with these restrictions and provided the support that has enabled us to identify \$10 million of expenditure savings. Every dollar that is saved now will help MCPS students in the future.

Since the expenditure restrictions were imposed, the outlook for the county economy and potential operating budget revenue has become significantly worse. The continuing national recession has affected the state and local economy. This has resulted in sharp revenue declines for the state of Maryland and Montgomery County. The state anticipates a budget gap in FY 2011 of approximately \$2 billion. Montgomery County projects a loss of \$270 million in revenue in FY 2010 and FY 2011. The drop in projected receipts has increased the FY 2011 projected budgetary gap to \$610 million. Additional information can be found in the December 14, 2009, memorandum from Mr. Timothy L. Firestine, the Montgomery County chief administrative officer, which describes the need for savings in further detail (Attachment A).

Based on this updated information, County Executive Isiah Leggett has asked all agencies, including MCPS, to identify greater savings for the current year that can help balance this year's operating budget and save jobs and services next year. MCPS has been asked to save at least \$22.0 million, in addition to the \$10 million in savings previously identified.

As a result of these economic and fiscal forecasts, it is necessary to take additional steps to reduce both short-term and long-term fiscal commitments:

1. Expenditure restrictions already implemented remain in effect, and additional restrictions have been established. A complete listing of all restrictions is detailed below. All of these restrictions are effective immediately.

2. Each office will be expected to make only absolutely unavoidable expenditures. Even expenditures that are exempt from the restrictions should not be made unless absolutely necessary to maintain essential services.
3. Without specific authorization, positions may not be filled, equipment may not be ordered, and commitments may not be made for non-position salaries, contractual services, or consultants.
4. The Freeze Committee will review all previously granted exceptions to see if they meet these expenditure restriction guidelines. Offices may be asked to resubmit previously approved requests for exceptions.
5. Monthly financial reports must reflect the impact of the additional restrictions. Any expenditure from unencumbered funds in accounts covered by these restrictions must have an exception. Otherwise, they may not be spent and will be considered as available surplus.
6. Management and budget specialists will review all accounts to make certain that any projected expenditure from unencumbered balances have approved exceptions.
7. All existing encumbrances will be reviewed to be certain that they are necessary and services or products that are essential will be received in the current fiscal year. Existing encumbrances that were encumbered prior to September 30, 2009, that can be canceled will be canceled unless they are exempt or have an approved freeze exception.

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

### **Positions**

1. All position vacancies are frozen, **including** positions that were previously exempt.
2. The following positions may be filled with higher level assignments, but any backfilled vacancies are frozen and require an exception to be filled with temporary part-time employees:
  - Principals
  - Assistant principals and assistant school administrators
  - Business managers
  - Building service managers and assistant building service managers
  - School administrative secretaries
  - Security team leaders

3. All vacant classroom teacher positions will be filled by long-term substitutes. All non-classroom teacher level positions are frozen. Exceptions must have prior approval.
4. The following positions may be filled with temporary employees:
  - Security assistants in middle schools
  - Special education paraeducators
  - Lunch hour aides
  - Interpreters
5. All previous authorizations of temporary employees will be reviewed. Schools that have already filled a position vacancy with a temporary employee may continue this employment until the designated end date on the Form 460-2 unless notified that approval of the temporary employment is canceled. End dates will not be extended. Hours for the employee cannot be increased beyond the current allocation. All temporary part-time work other than filling position vacancies will continue to be frozen.
6. Positions in enterprise funds are exempt from the freeze

#### **Other Salaries**

1. Overtime—Only emergency overtime is permitted. Except for emergency overtime in the departments of Transportation and Facilities Management and school-based overtime for food services and building services, all emergency overtime must be preapproved by the responsible associate superintendents or the chief operating officer according to existing procedures. Overtime in nonemergency situations cannot be approved.

All overtime payments will be reviewed on a bi-weekly basis and expenditures that were not approved will be charged to the individual school or office and principals or managers will be held responsible to reimburse the funds.

2. Temporary employment is frozen, with the following exceptions:
  - Per diem psychologists
  - Bus operator and bus attendant substitutes
  - Interpreters/translators
  - Home and hospital instructors
  - School-based student service learning allocations
  - School-based mini-grant allocations
  - Lunch hour aides
3. Staff development substitute time is frozen.

4. Professional Learning Community Institute activities, including stipends and substitutes, are frozen.
5. Collaborative planning time in the middle school reform schools has been reduced to 30 hours per week per school.
6. All nonschool-based temporary employment is frozen, unless authorized through the exception process.

### **Contractual Services**

1. New Contractual Commitments—No new contractual commitments may be made except for emergency repairs, waste disposal, speech and language and interpretation services, and the extension of existing maintenance agreements for copiers or computers. This restriction also applies to school-based expenditures. Contractual commitments for the new copier maintenance program are exempt.
2. Existing Contractual Commitments—Each office must review contractual service encumbrances to see if they can be canceled. Each office must submit its contractual services spending plan with all commitments noted as part of the monthly financial report submission.
3. Consultants—All commitments for consultant services will require an exception. Any exceptions previously approved must be resubmitted. Services under ongoing consultant contracts must cease after January 15, 2010, unless authorized through the exception process.
4. Professional Learning Community Institute accounts for contractual or consultants are frozen.

### **Supplies and Materials**

1. Spending of instructional materials funds can continue for purchasing instructional materials for students, media materials, textbooks, and training materials. An earlier cut-off date will be implemented. Schools should only purchase instructional materials and textbooks that are absolutely necessary for the second semester. Restrictions to spending on materials accounts include purchasing of food, beverages, and student/staff incentives.
2. Professional Learning Community Institute accounts are frozen
3. Building services supplies are exempt from the freeze.
4. For all nonschool-based offices, supplies and materials may be ordered only to permit employees to continue essential duties. All requests for nonschool-based supplies and materials orders require an approved exception.

5. Materials and supplies for maintenance work, vehicle maintenance, and printing are exempt.
6. All printing orders are frozen. Printing orders must be authorized by a freeze exception before the Electronic Graphics and Publishing Unit may accept them. All Copy Plus orders from schools will be approved.

### **Other Expenditures**

1. Staff will continue to be reimbursed for local travel. However, local travel should be minimized consistent with required responsibilities.
2. Travel and conference commitments, including those paid by Professional Learning Community Institute funds are frozen.
3. Employees must not arrange travel expenditures or make commitments to participate in out-of-state conferences unless the travel has been previously authorized. Any arrangement made prior to this notification should be cancelled, if possible. Any arrangements made after this notification will not be honored.
4. Expenditures for dues, registrations, and subscriptions are frozen.
5. Mini-grant travel expenditures are frozen.

### **Furniture and Equipment**

1. All furniture and equipment purchases are frozen unless there is an approved exception.
2. Payments of existing lease or master lease obligations are exempt.

### **Grants**

1. Expenditures for nonbudgeted grants (i.e., competitive grants that have no local component) are exempt from expenditure restrictions. These grants must be spent according to the terms of the grant. Project managers should check with their budget specialist to determine if a grant falls within this category.
2. Budgeted grants that have a local component (i.e., grants that include locally funded expenditures as part of the budgeted program) are subject to expenditure restrictions. These grants also must be expended according to the terms of the grant, but all expenditures not otherwise exempt under the provisions listed above must be scrutinized for opportunities to shift local expenditures to the grant. Grant managers must request exceptions to authorize expenditures in these grants unless otherwise exempt and show why it is impossible to shift locally funded expenditures to the grant. Budgeted grants from federal ARRA funds are included in these restrictions like other budgeted grants.

3. Expenditures for budgeted grants must be consistent with approved expenditure plans for FY 2010 showing how they plan to spend out the grant within the fiscal year. Any changes in approved expenditures require a freeze exception.

### Exception Process

The exception process remains the same.

1. Any exceptions must be requested using the standard freeze exception form (Attachment B) to the chief operating officer through the director of the Department of Management, Budget, and Planning from the deputy superintendent of schools, chief operating officer, chief of staff, chief school performance officer, chief technology officer, or an associate superintendent. Secondary account managers may not directly request an exception.
2. A committee consisting of the director of the Department of Management, Budget, and Planning, the chief financial officer, and representatives of the deputy superintendent of schools and the chief operating officer will make a recommendation to the chief operating officer regarding all exception requests. The decision of the chief operating officer will be final.

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

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

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

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

LAB:sz

Attachments

Copy to:

Mr. Ikheola, Mr. Benson, Ms. Cuttitta, Ms. DeGraba, Mr. Doody, Dr. Newman, Mr. Prouty,



## OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett  
County Executive

Timothy L. Firestine  
Chief Administrative Officer

## MEMORANDUM

December 14, 2009

TO: DISTRIBUTION

FROM: Timothy L. Firestine, Chief Administrative Officer

SUBJECT: FY10 and FY11 Savings Plans

As discussed at our most recent Management Team meeting, we will need to substantially modify both the FY10 and FY11 reduction targets due to a projected loss of nearly \$270 million in revenue in both the current and next fiscal year. Due to the stagnant economy, income tax and other tax revenues have significantly declined below previously estimated levels and low inflation has lowered the amount of revenues that could be raised and still remain under the County's charter limit on property taxes. The drop in projected receipts has not only increased the projected budgetary gap to nearly \$610 million in FY11, it has also caused an unprecedented projected current year deficit of \$32 million in FY10, including a potential deficit of over \$64 million in the County's general fund in the current year.

We must act quickly and with determination to ensure that we end the current year in a positive fiscal position, but also take actions to ensure that we can develop a sustainable and balanced FY11 budget. With your help and leadership, several actions are already underway to accomplish this including the hiring freeze, procurement freeze, and the FY10 and FY11 first round savings plan. However, additional actions are needed due to the worsening fiscal picture.

Attached please find the reduction targets for FY10 and FY11 for your department. FY10 submissions are due to the Office of Management and Budget (OMB) by COB Wednesday, December 23. This deadline is necessary to maximize FY10 savings and to respond to Council's request for information by the end of the month. FY11 submissions are due to OMB by COB Friday, January 15.

Given the severity and long-term nature of the County's structural fiscal imbalance, your recommended reductions should include consideration of the following:

1. Focusing on continuing costs rather than one-time savings.
2. Preserving critical activities within the Executive's core priorities;
  - a. K-12 Education,
  - b. First Response Public Safety,
  - c. Critical Safety Net services for the most vulnerable.

December 14, 2009

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3. Eliminating duplication or similarity of services within and across departments/agencies.
4. Mandated versus discretionary programs.
5. Centralizing activities, programs, initiatives, and functions.
6. Identifying low-impact/high-cost services/operations.
7. Reducing the number of clients (temporarily or permanently) served by the program or hours of service the program provides to the public.

Due to the repeated reductions that have been made over the last several years, we fully anticipate that reductions will be needed in programs that were once seen as essential and exempt from reductions. Together, we must make the reductions that will do the least harm and preserve the most critical and direct services.

Please discuss with your colleagues -- including those in other departments or agencies -- especially recommendations that would adversely impact other programs and activities or where increased collaboration could preserve services while reducing costs. Given the very serious nature of the County's fiscal situation, you should assume that all reductions that are recommended will be implemented. However, if it is deemed that the recommended cost savings are not feasible or consistent with the Executive's priorities, they will be substituted with other "top-down" reductions.

With this memo we are strongly encouraging the participation of Legislative and Judicial Branch departments in submitting both FY10 and FY11 reduction plans. We have worked successfully together in the past to implement these plans to preserve our common priorities.

Shortly, OMB will be in contact with your staff on the details regarding your submission. Thank you for your continued diligence, creativity, and perseverance during these difficult economic times.

TF:jb

Attachments

**DISTRIBUTION:**

Executive Branch Department and Office Directors  
Annie B. Alston, Executive Director, Housing Opportunities Commission  
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c: Nancy Floreen, President, County Council  
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Dr. Jerry Weast, Superintendent, Montgomery County Public Schools  
Royce Hanson, Chairman, Montgomery County Planning Board  
Hercules Pinkney, Ed.D., Interim President, Montgomery College

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Office of the Superintendent of Schools  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

January 12, 2010

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools

Subject: Monthly Financial Report and Year-end Projections, as of November 30, 2009

This financial report reflects the actual financial condition of Montgomery County Public Schools (MCPS) as of November 30, 2009, and projections through June 30, 2010, based on program requirements and estimates made by primary and secondary account managers. At this time, revenues have a projected surplus of \$400,000, while expenses have a projected surplus of \$13,800,000. The county contribution also has decreased by \$2.0 million because of a shift in revenue resulting from additional federal grants under the *American Recovery and Reinvestment Act of 2009* (ARRA). This results in a greater county year-end fund balance. Staff will continue to closely monitor both revenues and expenditures. A discussion of the actual financial condition of MCPS as of November 30, 2009, and projected revenues and expenditures through June 30, 2010, follows.

REVENUE

Total revenue is projected to be \$2,215,885,653. This amount is \$400,000 greater than the revised budgeted amount. Projected county, state, federal, and other revenues are described below.

**County**

The projected revenue from the county is \$1,527,556,425. This is a decrease of \$1,998,002, compared with the original FY 2010 Operating Budget. The decrease results from a shift in revenue from county funding to supported projects to recognize additional federal funding received through ARRA, which results in a higher amount of year-end fund balance in the county General Fund.

**State**

The projected revenue from the state is \$441,089,248. This is \$1,000,000 more than the amount budgeted and is the result of an increase in projected reimbursement for special education non-public placement tuition. The amount of projected state revenue does not reflect the potential effect of a penalty resulting from a failure by Montgomery County to provide local funding at the required maintenance of effort level.

On November 30, 2009, Dr. Nancy S. Grasmick, state superintendent of schools, notified Mr. Isiah Leggett, county executive, that Montgomery County is not in compliance with this legal requirement. She informed the county executive that the state of Maryland is authorized to suspend payment of state aid due the county for the current fiscal year.

### **Federal**

The projected revenue from Impact Aid is \$245,000.

### **Other**

The projected revenue from other sources is \$5,389,568. This is \$600,000 less than the amount budgeted and is the result of lower than anticipated investment income due to reduced interest rates.

### **Appropriated Fund Balance**

The projected revenue from appropriated fund balance is \$50,383,758.

### **Enterprise Funds**

The projected revenue from enterprise funds is \$56,309,104.

### **Supported Projects**

The anticipated revenue for supported projects is \$134,912,550. This estimate includes \$8,559,184 carried forward from FY 2009. Projects approved through November 30, 2009, have been assigned \$129,811,426. This estimate also includes \$1,998,022 in revenue shifted from county funding to supported projects to recognize additional federal funding received through ARRA, which results in a higher amount of year-end fund balance in the county General Fund.

## **EXPENDITURES**

There is a projected surplus of \$13,800,000. There are projected surpluses in Category 1, Administration; Category 2, Mid-level Administration; Category 3, Instructional Salaries; Category 4, Textbooks and Instructional Supplies; Category 5, Other Instructional Costs; Category 6, Special Education; Category 9, Student Transportation; Category 10, Operation of Plant and Equipment; and Category 12, Fixed Charges.

As a result of increasing concerns about the fiscal outlook for the remainder of FY 2010, comprehensive expenditure restrictions were imposed on August 20, 2009, requiring managers to make only absolutely necessary expenditures for the remainder of the fiscal year. Each manager included the impact of these comprehensive expenditure restrictions with their expenditure projections for the remainder of the fiscal year. Based on a review of the expenditure

projections, an estimate of how year-end expenditures will be reduced has been made. The estimates incorporated in this monthly financial report reflect measures already implemented to reduce expenditures.

Due to the deteriorating fiscal condition affecting Montgomery County, the county executive has requested agencies to increase the level of FY 2010 budget savings. As a result of this request, MCPS is reviewing all projected expenditures to make additional savings. The additional measures will include more stringent expenditure restrictions, an examination of all exempt accounts to identify savings opportunities, a complete review of exceptions to the current restrictions to allow only those that are absolutely essential, an analysis of active encumbrances to consider which can be canceled without further payments, a review of approved temporary employment, and other steps that can be expected to increase the amount of FY 2010 savings. The effect of these additional measures will be reflected in future financial reports.

The following provides an explanation for each of the categorical variations:

#### **Category 1 – Administration**

The projected surplus of \$1,000,000 in Category 1, Administration is unchanged from last month. The surplus is primarily a result of savings resulting from the comprehensive expenditure restrictions imposed on August 20, 2009, including savings in position salaries.

#### **Category 2 – Mid-level Administration**

The projected surplus of \$1,700,000 has increased by \$300,000 to \$2,000,000 in Category 2, Mid-level Administration. The increase is mostly due to lower expenditures for contractual services in local accounts resulting from increased grant revenue. The surplus is primarily a result of savings in non-position salary accounts and in non-personnel accounts, both resulting from the comprehensive expenditure restrictions imposed on August 20, 2009. There also are savings in position salary accounts due to higher lapse and turnover.

#### **Category 3 - Instructional Salaries**

There is a projected surplus of \$500,000 in Category 3, Instructional Salaries. The surplus is primarily a result of savings in non-position salary accounts resulting from the comprehensive expenditure restrictions imposed on August 20, 2009.

#### **Category 4—Textbooks and Instructional Supplies**

The projected surplus of \$1,500,000 has increased by \$1,500,000 to \$3,000,000 in Category 4, Textbooks and Instructional Supplies. The increase is mostly due to a reduction in projected central purchases of textbooks and instructional materials based on the comprehensive expenditure restrictions. The surplus is based on the effect of the comprehensive expenditure restrictions imposed on August 20, 2009. School allocations for textbooks and instructional supplies are exempt from the expenditure restrictions, but savings are projected in centrally purchased materials.

**Category 5—Other Instructional Costs**

The projected surplus of \$1,000,000 has increased by \$300,000 to \$1,300,000 in Category 5, Other Instructional Costs. The increase is mostly due to lower than projected expenditures for contractual services, including copier maintenance. The surplus is based on the effect of the comprehensive expenditure restrictions imposed on August 20, 2009. The surplus is primarily a result of restrictions on furniture and equipment purchases. The surplus also is a result of restrictions on travel and a variety of other expenditures, including staff development activities.

**Category 6 – Special Education**

The projected surplus of \$1,200,000 has increased by \$300,000 to \$1,500,000 in Category 6, Special Education. The increase in the projected surplus is the result of increased salary lapse and turnover savings. The surplus is partially the result of higher than anticipated salary lapse and turnover savings. In addition, savings in non-salary accounts have been generated as a result of the comprehensive expenditure restrictions imposed on August 20, 2009.

**Category 9 – Student Transportation**

The projected surplus of \$1,000,000 has decreased by \$200,000 to \$800,000 in Category 9, Student Transportation. The decrease in the surplus is due to lower salary lapse and turnover savings. The surplus is primarily a result of reduced projections of personnel costs due to reductions in the need for regular rate overtime salaries for bus operators. The cost of diesel fuel for buses is close to budget. The FY 2010 budgeted amount for diesel fuel per gallon is \$2.50. Current projections are based on an average price of \$2.50 per gallon.

**Category 10 – Operation of Plant and Equipment**

The projected surplus of \$2,500,000 has increased by \$200,000 to \$2,700,000 in Category 10, Operation of Plant and Equipment. The additional surplus is a result of lower than anticipated electricity rates. MCPS has benefited from strategies to lock in prices for electricity and natural gas purchases through competitive bidding. Savings also are the result of conservation efforts that have helped to reduce actual usage of utilities.

**Category 12 – Fixed Charges**

There is a projected surplus of \$1,000,000 in Category 12, Fixed Charges. The surplus is a result of lower than anticipated locally funded costs for the Employee Benefit Plan (EBP) because of an increased amount supported by grant revenue.

JDW:LAB:MCS:sz

Attachments

**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**Monthly Financial Report and Year-end Projections**  
**As of November 30, 2009**

**REVENUE**

Source	Original Budget	Revised Budget(a)	As of 11/30/2009	As of 10/31/2009	Over (Under) Revised Budget
County	\$ 1,529,554,447	\$ 1,527,556,425 (d)	\$ 1,527,556,425	\$ 1,528,258,555	\$ -
State	440,089,248	440,089,248	441,089,248	441,089,248	1,000,000
Federal	245,000	245,000	245,000	245,000	-
Other	5,989,568	5,989,568	5,389,568	5,389,568	(600,000)
Appropriated fund balance	44,200,000	50,383,758 (b)	50,383,758	50,383,758	-
<b>Subtotal</b>	<u>2,020,078,263</u>	<u>2,024,263,999</u>	<u>2,024,663,999</u>	<u>2,025,366,129</u>	<u>400,000</u>
Food Services	47,821,972	47,821,972	47,821,972	47,821,972	-
Real Estate Management	2,651,095	2,698,525	2,698,525	2,698,525	-
Field Trip	2,314,716	2,314,742	2,314,742	2,314,742	-
Entrepreneurial Activities	1,774,100	1,784,924	1,784,924	1,784,924	-
Instructional Television	1,581,510	1,688,941	1,688,941	1,688,941	-
Supported Projects	<u>124,355,344</u>	<u>134,912,550 (c) (d)</u>	<u>134,912,550</u>	<u>134,210,420</u>	<u>-</u>
<b>Total</b>	<u>\$ 2,200,577,000</u>	<u>\$ 2,215,485,653</u>	<u>\$ 2,215,885,653</u>	<u>\$ 2,215,885,653</u>	<u>\$ 400,000</u>

## Notes:

- (a) Revised budget includes carryover of prior year encumbrances.  
(b) Includes \$6,183,758 for prior year encumbrances.  
(c) Includes \$8,559,184 carried forward from FY 2009.  
(d) Includes \$1,998,022 revenue shift from local to supported projects to recognize additional IDEA and ARRA funds received.

**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**Monthly Financial Report and Year-end Projections**  
**As of November 30, 2009**

**EXPENDITURES**

Category	Authorized Expenditures	Expenditures and Encumbrances 11/30/2009	Projected Expenditures 6/30/2010	Current Report Projected Year-end Balance	Prior Report Projected Year-end Balance	Variance Over (Under)	(a) Percentage
01 Administration	\$ 41,894,433	\$ 36,914,015	\$ 3,980,418	\$ 1,000,000	\$ 1,000,000	\$ -	2.39
02 Mid-level Administration	133,418,317	129,898,409	1,519,908	2,000,000	1,700,000	300,000	1.50
03 Instructional Salaries	823,055,679	795,607,529	26,948,150	500,000	-	500,000	0.06
04 Textbooks and Supplies	30,877,515	18,844,223	9,033,292	3,000,000	1,500,000	1,500,000	9.72
05 Other Instructional Costs	12,589,052	5,383,588	5,905,464	1,300,000	1,000,000	300,000	10.33
06 Special Education	249,645,642	237,562,106	10,583,536	1,500,000	1,200,000	300,000	0.60
07 Student Personnel Services	10,090,371	10,132,149	(41,778)	-	-	-	-
08 Health Services	41,002	20,344	20,658	-	-	-	-
09 Student Transportation	92,993,511	68,895,679	23,297,832	800,000	1,000,000	(200,000)	0.86
10 Operation of Plant and Equipment	91,027,198	68,491,537	19,835,661	2,700,000	2,500,000	200,000	2.97
11 Maintenance of Plant	34,416,987	29,363,917	5,053,070	-	-	-	-
12 Fixed Charges	424,626,970	179,604,384	244,022,586	1,000,000	-	1,000,000	0.24
14 Community Services	50,000	50,000	-	-	-	-	-
Debt Service	79,537,322	27,393,113	52,144,209	-	-	-	-
Subtotal	2,024,263,999	1,608,160,993	402,303,006	13,800,000	9,900,000	3,900,000	0.68
61 Food Services	47,821,972	28,007,850	19,814,122	-	-	-	-
51 Real Estate Management	2,698,525	2,013,881	684,644	-	-	-	-
71 Field Trip	2,314,742	723,434	1,591,308	-	-	-	-
81 Entrepreneurial Activities	1,784,924	1,052,254	732,670	-	-	-	-
37 Instructional Television Supported Projects	1,688,941	1,240,340	448,601	-	-	-	-
	134,912,550	80,706,146	54,206,404	-	-	-	-
<b>Total</b>	<b>\$ 2,215,485,653</b>	<b>\$ 1,721,904,898</b>	<b>\$ 479,780,755</b>	<b>\$ 13,800,000</b>	<b>\$ 9,900,000</b>	<b>\$ 3,900,000</b>	<b>0.62</b>

Note:

(a) Percentage of projected year-end balance to authorized expenditures.