

ED COMMITTEE #1
December 9, 2010
Worksession

MEMORANDUM

December 7, 2010

TO: Education Committee

FROM: Essie McGuire, Legislative Analyst *EMcGuire*

SUBJECT: **FY11 Savings Plan**

The purpose of today's worksession is for the Education Committee to review the FY11 Savings Plans of the agencies under its jurisdiction: Montgomery County Public Schools and Montgomery College.

On November 30, the County Executive wrote to all outside agencies requesting their participation in the FY11 Savings Plan (letter to MC on circle 1, MCPS on circle 2). The County Executive transmitted his recommended FY11 Savings Plan on December 3, and recommended the following total budget savings for Education Committee agencies:

Agency	FY11 Approved Budget	Savings Plan Target	Agency as % of Total Budget	Target as % of Savings Plan	Target as % of Budget
MC	\$98,051,990	\$980,520	3.0%	2.7%	1.0%
MCPS	\$1,919,842,746	\$19,198,430	58.6%	53.0%	1.0%

MONTGOMERY COLLEGE

The College provided the following response to the Executive's recommended savings plan:

Montgomery College understands the difficult financial situation facing Montgomery County. As a result, we are making every effort to partner with the County to weather this fiscal crisis including participation in the Cross Agency Resource Sharing project, the Organizational Reform Commission, the Office of Legislative Oversight's structural deficit project and previous saving plans. Given the recent drop in revenues, the need for every agency to participate in a mid-year savings plan for Fiscal Year 2011 is clear. The College is prepared to meet the savings plan target of \$980,520 set by the County for the College. We have kept in place a number of fiscal austerity measures including but not limited to restricted travel and attendance at conferences, hiring freeze except

for the most critical positions, limiting spending for furniture and equipment to key instructional or academic purposes, and deferring all major purchases that are not essential to the services we offer to our students. Given these efforts, we believe we are on track meet the savings target identified for the College, barring other unforeseen fiscal pressures such as severe weather-related emergencies or mid-year state aid cuts.

Council staff recommends approval of the County Executive's recommended savings plan amount for Montgomery College of \$980,520.

MONTGOMERY COUNTY PUBLIC SCHOOLS (MCPS)

On October 12, MCPS Superintendent Jerry Weast informed the Board of Education that it was necessary to impose expenditure restrictions in the current fiscal year. His memorandum attached a memorandum from Larry Bowers, MCPS Chief Operating Officer, which detailed the implementation of the restrictions (circles 3-10). These memoranda indicate a savings target of \$10.3 million for FY11. The financial report presented to the Board of Education on December 7 projects a year-end expenditure surplus of \$10 million (attached on circles 11-15).

The Executive recommends that \$19,198,430 in FY11 savings be attributed to MCPS. Council staff recommends approval of the Executive's recommended savings plan amount. Although this amount is higher than current year-end projections, it is too soon to anticipate the full impact of the expenditure restrictions. Recent experience suggests that the recommended 1% target is feasible.

The expenditure restrictions continue the comprehensive restrictions initiated in the second round savings plan from FY10. No positions are exempt from the hiring freeze. In other savings plans, certain positions such as principals and special education teachers, have been exempt. The FY11 savings plan allows some positions, primarily school based administrators, to be backfilled with higher positions, but then the resulting vacancy remains frozen. Some paraeducator and other support positions can be filled only with temporary part-time employees.

Materials and supplies may continue to be purchased for instructional materials, building service supplies, and maintenance. Non-school based supplies and materials orders will require an exception to be approved. Furniture and equipment purchases are frozen with the exception of school buses.

Recent year-end savings

MCPS has achieved significant savings in recent years through expenditure restrictions. While it does become more difficult to achieve savings as restrictions are continued and additional budget reductions are made, recent experience suggests that the Executive's savings assumption of a 1% reduction is feasible. In each year FY08, FY09, and FY10 MCPS implemented savings plans yielding the following year-end balances (including both expenditures and revenues):

FY08	\$17.9 million
FY09	\$20.7 million
FY10	\$31.2 million



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

November 30, 2010

TO: Dr. Michael C. Lin, Chair
Montgomery College Board of Trustees

FROM: Isiah Leggett, County Executive

SUBJECT: FY11 Savings Plan

This memorandum is to request participation by Montgomery College in the FY11 Savings Plan by reducing spending \$980,520, or one percent of the FY11 local contribution to Montgomery College, in order to generate resources to fund the FY11 and FY12 operating budgets. As you are aware, the ballot question approving the Emergency Medical Services Transport Fee was defeated resulting in annual revenue losses of \$14 million. In addition, other factors since approval of the FY11 budget in May are adding to the FY12 budget gap including continued deterioration in County tax revenues and the increased cost of existing service levels. It is likely the next fiscal plan update I will transmit to the County Council on December 14 will project an FY12 budget gap of more than \$300 million. Because of the magnitude of this gap, I directed County government departments to identify current year savings of almost \$16 million and recommend that other tax supported agencies also implement similar plans. The overall FY11 savings target is approximately \$36 million across all County agencies.

I realize this savings target will be difficult to achieve and acknowledge that many difficult decisions will need to be made in order to balance next year's budget. We must work towards a solution that maintains a tolerable tax burden for our residents, protects the most critical services as much as possible, and complies with standards of sound and responsible fiscal management. This is why I believe it is essential to take the necessary and prudent steps to begin addressing next year's projected shortfall and to align spending with available resources. Our inability to do so now will only exacerbate our fiscal challenges going forward.

I look forward to working in partnership with you over the next months to address the County's current difficult fiscal situation.

IL:jfb

c: Nancy Floreen, President, Montgomery County Council
Dr. DeRionne P. Pollard, President, Montgomery College —
Timothy L. Firestine, Chief Administrative Officer
Bruce Meier, Office of Management and Budget



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

November 30, 2010

TO: Patricia O'Neill, President
Montgomery County Board of Education

FROM: Isiah Leggett, County Executive

SUBJECT: FY11 Savings Plan

This memorandum is to request participation by Montgomery County Public Schools in the FY11 Savings Plan in order to generate resources to fund the FY11 and FY12 operating budgets. As you are aware, the ballot question approving the Emergency Medical Services Transport Fee was defeated resulting in annual revenue losses of \$14 million. In addition, other factors since approval of the FY11 budget in May are adding to the FY12 budget gap including continued deterioration in County tax revenues and the increased cost of existing service levels. It is likely the next fiscal plan update I will transmit to the County Council on December 14 will project an FY12 budget gap of more than \$300 million. Because of the magnitude of this gap, I directed County government departments to identify current year savings of almost \$16 million and recommend that other tax supported agencies also implement similar plans. The overall FY11 savings target is approximately \$36 million across all County agencies. I am asking you to implement a savings plan of \$19.2 million, or 1.0 percent of your agency's FY11 appropriation.

I realize this savings target will be difficult to achieve and acknowledge that many difficult decisions will need to be made in order to balance next year's budget. We must work towards a solution that maintains a tolerable tax burden for our residents, protects the most critical services as much as possible, and complies with standards of sound and responsible fiscal management. This is why I believe it is essential to take the necessary and prudent steps to begin addressing next year's projected shortfall and to align spending with available resources. Our inability to do so now will only exacerbate our fiscal challenges going forward.

I look forward to working in partnership with you over the next months to address the County's current difficult fiscal situation.

IL:jfb

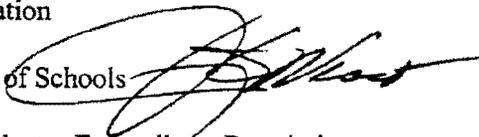
c: Nancy Floreen, President, Montgomery County Council
Jerry D. Weast, Ed.D, Superintendent, Montgomery County Public Schools
Timothy L. Firestine, Chief Administrative Officer
Blaise DeFazio, Office of Management and Budget

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

October 12, 2010

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools 

Subject: Fiscal Year 2011 Operating Budget—Expenditure Restrictions

Due to concerns about the continuing weak economic outlook and its effect on county revenue, I have determined that it is necessary to impose restrictions on expenditures in the current fiscal year. On October 5, 2010, County Executive Isiah Leggett announced a County Government budget savings plan for Fiscal Year (FY) 2011. It is clear that all county agencies, including Montgomery County Public Schools (MCPS), must act to conserve resources this fiscal year to maximize available resources for FY 2012. Savings made by MCPS are required by Maryland state law to be used only for school funding purposes.

MCPS has contributed more than \$110 million in savings to the county during the past seven years that have been used to fund the operating budget for the succeeding year. The Fiscal Year (FY) 2011 Operating Budget for MCPS was funded in part by \$10.3 million in FY 2010 savings, and it is necessary to save at least the same amount in FY 2011 to avoid additional reductions in the FY 2012 Operating Budget. The reductions made by the County Council in the approved FY 2011 Operating Budget, continuing expenditure pressures from rising costs for employee benefits, and increased student enrollment limit the opportunities for mid-year savings. Nevertheless, I am confident that the steps I am announcing will enable us to make savings while minimizing the impact on the classroom. I assure you that we will not retreat from our goals and strategies to improve achievement for all students.

I have put into place a comprehensive set of expenditure restrictions, including a hiring freeze. The implementation of these restrictions is described in the attached memorandum that I have directed Mr. Larry A. Bowers, chief operating officer, to issue immediately. My expectation is to provide you with initial savings projections as part of the monthly financial report to be submitted to the Board of Education on November 9, 2010.

I will continue to keep you informed. If you have any questions, please contact Mr. Larry A. Bowers at 301-279-3626 or Dr. Marshall C. Spatz, director, Department of Management, Budget, and Planning, at 301-279-3547.

JDW:lsh

Attachment

Copy to:

Executive Staff	Dr. Newman
Ms. Cuttitta	Mr. Prouty
Mr. Ikheloa	Ms. Tribble

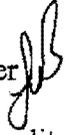
This e-mail message has been approved for distribution by Mr. Larry A. Bowers, chief operating officer. No hard copy will be provided.

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

October 12, 2010

MEMORANDUM

To: Executive Staff

From: Larry A. Bowers, Chief Operating Officer 

Subject: Fiscal Year 2011 Operating Budget Expenditure Restrictions

Due to concerns about the continuing weak economic outlook and its effect on county revenue, Dr. Weast has determined that it is necessary to impose restrictions on expenditures in the current fiscal year. The Fiscal Year (FY) 2011 Operating Budget for Montgomery County Public Schools (MCPS) was funded in part by \$10.3 million in FY 2010 savings, and it is necessary to save at least the same amount in FY 2011 to avoid additional reductions in the FY 2012 Operating Budget. If other savings are needed, by Maryland state law they will remain available to MCPS to help fund the FY 2012 Operating Budget. These expenditure restrictions are effective immediately and will remain in effect until further notice. Financial projection reports as of October 31, 2010, must include the effect of the expenditure restrictions, including the impact of expected requests for exceptions.

Background

The outlook for the county economy and potential operating budget revenue remains very weak. Although the national recession has ended after more than a year and a half, the rate of economic growth has not increased significantly, and unemployment in Maryland remains high. Typically, increases or decreases in government tax revenue lag considerably behind growth in the economy. Although the Montgomery County economy remains much stronger than that of the nation as a whole, the recession continues to affect Montgomery County. At 5.7 percent, unemployment in Montgomery County is much higher than in any recession since measurement began. Because of this continuing economic weakness, tax revenue can be expected to grow at a very slow rate for several years. For example, the county's Department of Finance estimates that county income tax revenue will not recover until FY 2015 to the level reached before the beginning of the recession in FY 2008.

Expenditure pressures on MCPS will make it more difficult to achieve budget savings than in previous years. Reductions in the FY 2011 Operating Budget totaling \$98 million have reduced the flexibility to reduce the budget further. Increasing costs due to higher projected enrollment and the growing cost of health care and other employee benefits make it imperative to achieve even more significant budget savings in the base budget. The current county fiscal plan adopted by the County Council on June 29, 2010, assumes that only \$3.6 million will be available to meet cost increases for all county agencies in FY 2012, including only about \$2.0 million for MCPS. This outlook does not consider potential state and federal aid reductions that may occur. Therefore, to be prepared for more reductions in FY 2012, there is no alternative at this time to the implementation of comprehensive expenditure restrictions.

In FY 2010, expenditure restrictions implemented in August achieved its expenditure savings target thanks to the dedication of staff throughout the school system. MCPS achieved \$32.8 million in net expenditure savings. A total of \$10.3 million in savings was used to fund the FY 2011 Operating Budget. This amount needs to be replaced for the FY 2012 Operating Budget.

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

These expenditure restrictions also apply to 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. Any position vacancies that have been advertised and any interviews scheduled are 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
 - Building service managers
 - School administrative secretaries

- School business administrators
 - School security team leaders
3. All vacant classroom and itinerant teacher positions may be filled by long-term substitutes. All non-classroom teacher-level positions are frozen. Schools that have a long-term substitute for a non-classroom teacher position must request that the substitute be able to continue. All substitutes for non-classroom teacher positions who do not have an exemption granted must stop working by October 29, 2010. Exceptions must have prior approval.
 4. The following positions may be filled only with temporary part-time employees:
 - Head Start paraeducators
 - Interpreters
 - Lunch hour aides
 - Middle school security assistants
 - Special education paraeducators
 - School bus operators and attendants
 5. All other school-based supporting services staff positions, including paraeducator positions, are frozen. Unless specifically approved, existing paraeducators may not be authorized for additional time.
 6. Positions in enterprise funds are exempt from the freeze.

Other Salaries

1. All temporary part-time employment is frozen except those noted below. This includes substitutes for employees on leave, even those previously approved. Substitutes for employees on leave who do not have an exemption granted through the freeze process must stop working on October 29, 2010. The only exceptions to the temporary part-time employment freeze are the following:
 - 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.
 - Clerical/guidance allocations to elementary and high schools are exempt.
 - Student service learning hours allocated to middle schools are exempt.
 - Extracurricular allocations are exempt.
 - Positions in enterprise funds are exempt.
 - Lunch hour aides are exempt.

2. All non-school-based temporary employment is frozen.
3. Overtime—Only emergency overtime is permitted. Except for emergency overtime in the departments of Transportation and Facilities Management, all emergency overtime must be preapproved by the responsible associate superintendent according to existing procedures. Overtime in nonemergency situations will not be approved.

Contractual Services

1. New Contractual Commitments—No new contractual commitments may be made except for the following: emergency repairs; waste disposal; speech, 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 TeamWorks 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 a freeze exception. Services under ongoing consultant contracts must cease after November 5, 2010, unless specifically authorized through the freeze exception process. Offices should submit their plans to use consultants for the rest of the fiscal year by October 22, 2010, in order to ensure continuation of consultants after November 5, 2010.

Supplies and Materials

1. School spending of instructional materials funds can continue for purchasing instructional materials for students, media materials, textbooks, and training materials. Schools should purchase only instructional materials and textbooks that are absolutely necessary. Restrictions on spending in materials accounts include purchasing of food, beverages, and student/staff incentives except where the purchasing of food is part of the curriculum.
2. Building services supplies are exempt.
3. For all non-school-based offices, supplies and materials may be ordered only to permit employees to continue essential duties and if an exception is approved.
4. Materials and supplies for maintenance work, vehicle maintenance, and printing are exempt.

5. 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 are frozen. Employees must not arrange travel expenditures or make commitments to participate in out-of-state conferences unless the travel has been authorized previously. Any arrangement made prior to this notification should be cancelled, if possible. Any arrangements made after this notification will not be honored unless there is an approved exemption.
3. Expenditures for dues, registrations, and subscriptions are frozen.
4. School music repair and school music/choral expense accounts are exempt.

Furniture and Equipment

1. All furniture and equipment purchases are frozen unless there is an approved exception.
2. The acquisition of school buses is exempt from this restriction.
3. New lease or master lease commitments require an approved exception. 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 the federal *American Recovery and Reinvestment Act of 2009* (ARRA) funds are included in these restrictions like other budgeted grants.

3. Expenditures for budgeted grants with a local component must be consistent with approved expenditure plans for FY 2011 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 as in FY 2010.

1. Exceptions to the freeze are permitted **only for emergencies or other absolutely unavoidable expenditures** if authorized by the chief operating officer.
2. Any exceptions must be requested using the standard freeze exception form (Attachment A) 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, or chief of staff. Other account managers may not request an exception directly.
3. Exception requests must describe why the proposed expenditure is an emergency or absolutely unavoidable, and why the unit cannot realign other funds to meet the emergency.
4. A committee comprising 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.
5. The chief operating officer may announce additional expenditure restrictions. Executive staff should remain alert for these announcements.

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

1. Emergency spending that cannot be avoided without endangering health or safety
2. Expenditures for supplies and materials 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 may be made. Thank you for your cooperation. These expenditure restrictions are absolutely essential to maintain high-quality instruction for all of our students despite continued fiscal constraints. If you have any questions, please contact me at 301-279-3626, or Dr. Marshall C. Spatz, director, Department of Management, Budget, and Planning, at 301-279-3547.

LAB:lsh

Attachment

Copy to:

Ms. DeGraba
Mr. Doody
Mr. Martinez
Ms. Cuttitta
Mr. Ikheloa
Dr. Newman
Mr. Prouty
Ms. Tribble

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

December 7, 2010

MEMORANDUM

To: Members of the Board of Education
From: Jerry D. Weast, Superintendent of Schools
Subject: Monthly Financial Report

This financial report reflects the actual financial condition of Montgomery County Public Schools (MCPS) as of October 31, 2010, and projections through June 30, 2011, based on program requirements and estimates made by primary and secondary account managers. At this time, the revenue projection is on budget, while expenditures have a projected surplus of \$10,000,000. Staff will continue to closely monitor both revenues and expenditures. A discussion of the actual financial condition of MCPS as of October 31, 2010, and projected revenues and expenditures through June 30, 2011, follows.

REVENUE

Total revenue is projected to be \$2,117,426,693.

County

The projected revenue from the county is \$1,415,085,344.

State

The projected revenue from the state is \$488,622,834.

Federal

The projected revenue from federal aid is \$1,345,000. Last month's projection of a surplus of \$1,500,000 has decreased by \$400,000 to \$1,100,000 based on actual reimbursement received from the Federal Emergency Management Administration (FEMA) related to the costs of storm cleanup during Fiscal Year (FY) 2010.

Other

The projected revenue from other sources is \$4,489,568. There is a projected deficit of \$1,100,000 in miscellaneous revenues due to a shortfall in summer school revenue of \$470,000 and lower than anticipated investment income by \$630,000.

Appropriated Fund Balance

The projected revenue from appropriated fund balance is \$16,404,012.

Enterprise Funds

The projected revenue from enterprise funds is \$56,058,126.

Supported Projects

The anticipated revenue for supported projects is \$135,421,809. This estimate includes \$7,197,198 carried forward from FY 2010. Projects approved through October 31, 2010, have been assigned \$129,373,374.

EXPENDITURES

There is a projected surplus of \$10,000,000. 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; and Category 9, Student Transportation. These projections are preliminary because they reflect data from only the first three months of the fiscal year and one full month of the school year.

As a result of increasing concerns about the fiscal outlook for the remainder of FY 2011 and the need to generate end-of-year fund balance of at least \$10.3 million, comprehensive expenditure restrictions were imposed on October 12, 2010, requiring managers to make only absolutely necessary expenditures for the remainder of the fiscal year. Each manager has 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. These estimates have been incorporated into this monthly financial report.

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

Category 1—Administration

The projected surplus of \$500,000 in Category 1, Administration is unchanged from last month. The surplus is primarily a result of higher than anticipated salary lapse and turnover savings. Savings in non-position accounts also are projected as a result of the expenditure restrictions that were implemented on October 12, 2010.

Category 2—Mid-level Administration

The projected surplus of \$2,000,000 has increased by \$200,000 to \$2,200,000 in Category 2, Mid-level Administration. The surplus is primarily a result of savings in position salary accounts due to higher than anticipated lapse and turnover. There also are savings in non-position salary accounts.

Category 3—Instructional Salaries

The projected surplus of \$1,500,000 has decreased by \$200,000 to \$1,300,000 in Category 3, Instructional Salaries. The surplus is primarily a result of higher than anticipated lapse and turnover savings.

Category 4—Textbooks and Instructional Supplies

The projected surplus of \$1,500,000 in Category 4, Textbooks and Instructional Supplies, is unchanged from last month. The surplus is a result of savings from a reduction in projected central purchases of textbooks and instructional materials. School allocations for textbooks and instructional supplies are exempt from the expenditure restrictions.

Category 5—Other Instructional Costs

The projected surplus of \$500,000 in Category 5, Other Instructional Costs, is primarily a result of savings on consultant and contractual services. The surplus also is a result of savings in a variety of other expenditure accounts, including staff development activities.

Category 6—Special Education

The projected surplus of \$1,500,000 has increased by \$1,500,000 to \$3,000,000 in Category 6, Special Education. The additional surplus is primarily due to savings from a decrease in the number of students who require tuition for non-public placement. The surplus also is a result of salary savings due to higher than anticipated lapse and turnover.

Category 9—Student Transportation

The projected surplus of \$1,000,000 in Category 9, Student Transportation, is unchanged from last month. The savings is primarily the result of salary savings due to higher than anticipated lapse and turnover. The savings is offset partially by non-position salaries used to cover vacant positions.

JDW:LAB:MCS:lh

Attachments

MONTGOMERY COUNTY PUBLIC SCHOOLS
Monthly Financial Report and Year-end Projections
As of October 31, 2010

REVENUE

Source	FY 2011 Original Budget	Revised Budget(a)	Projection		Current Report Variance Over (Under) Revised Budget
			As of 10/31/2010	As of 9/30/2010	
County	\$ 1,415,085,344	\$ 1,415,085,344	\$ 1,415,085,344	\$ 1,415,085,344	\$ -
State	488,622,834	488,622,834	488,622,834	488,622,834	-
Federal	245,000	245,000	1,345,000	1,745,000	1,100,000
Other	5,589,568	5,589,568	4,489,568	5,589,568	(1,100,000)
Appropriated fund balance	10,300,000	16,404,012 (b)	16,404,012	16,404,012	-
Subtotal	1,919,842,746	1,925,946,758	1,925,946,758	1,927,446,758	-
Food Services	47,040,254	47,040,244	47,040,244	47,040,244	-
Real Estate Management	3,071,095	2,994,281	2,994,281	2,994,281	-
Field Trip	2,354,716	2,354,716	2,354,716	2,354,716	-
Entrepreneurial Activities	2,164,100	2,152,490	2,152,490	2,152,490	-
Instructional Television	1,490,510	1,516,395	1,516,395	1,516,395	-
Supported Projects	128,224,619	135,421,809 (c)	135,421,809	135,421,809	-
Total	<u>\$ 2,104,188,040</u>	<u>\$ 2,117,426,693</u>	<u>\$ 2,117,426,693</u>	<u>\$ 2,118,926,693</u>	<u>\$ -</u>

Notes:

- (a) Revised budget includes carryover of prior year encumbrances.
(b) Includes \$6,104,012 for prior year encumbrances.
(c) Includes \$7,197,190 carried forward from FY 2010.

MONTGOMERY COUNTY PUBLIC SCHOOLS
Monthly Financial Report and Year-end Projections
As of October 31, 2010

EXPENDITURES

Category	Authorized Expenditures	Expenditures and Encumbrances 10/31/2010	Projected Expenditures 6/30/2011	Current Report Projected Year-end Balance	Prior Report Projected Year-end Balance	Variance Over (Under)	(a) Percentage
01 Administration	\$ 38,829,924	\$ 35,871,308	\$ 2,458,616	\$ 500,000	\$ 500,000	-	1.29
02 Mid-level Administration	136,214,348	130,541,824	3,472,524	2,200,000	2,000,000	200,000	1.62
03 Instructional Salaries	806,479,191	776,566,442	28,612,749	1,300,000	1,500,000	(200,000)	0.16
04 Textbooks and Instructional Supplies	24,398,886	15,145,419	11,603,614	1,500,000	1,500,000	-	6.15
05 Other Instructional Costs	12,198,212	7,518,486	4,179,726	500,000	500,000	-	4.10
06 Special Education	241,941,887	232,547,326	6,394,561	3,000,000	1,500,000	1,500,000	1.24
07 Student Personnel Services	10,469,052	10,173,658	295,394	-	-	-	-
08 Health Services	44,852	390	44,462	-	-	-	-
09 Student Transportation	93,632,048	73,644,171	18,987,877	1,000,000	1,000,000	-	1.07
10 Operation of Plant and Equipment	85,964,500	69,559,356	16,405,144	-	-	-	-
11 Maintenance of Plant	33,332,841	28,359,026	4,973,815	-	-	-	-
12 Fixed Charges	442,391,017	161,848,795	280,542,222	-	-	-	-
14 Community Services	50,000	50,000	-	-	-	-	-
Subtotal	1,925,946,758	1,541,826,201	377,970,704	10,000,000	8,500,000	1,500,000	0.52
61 Food Services	47,040,244	23,508,986	23,531,258	-	-	-	-
51 Real Estate Management	2,994,281	1,587,590	1,406,691	-	-	-	-
71 Field Trip	2,354,716	546,645	1,808,071	-	-	-	-
81 Entrepreneurial Activities	2,152,490	1,262,381	890,109	-	-	-	-
37 Instructional Television Supported Projects	1,516,395	1,265,784	250,611	-	-	-	-
	135,421,809	65,789,529	69,632,280	-	-	-	-
Total	\$ 2,117,426,693	\$ 1,635,787,116	\$ 475,489,724	\$ 10,000,000	\$ 8,500,000	\$ 1,500,000	0.47

Note:

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