

ED COMMITTEE #1
April 16, 2012
Worksession

MEMORANDUM

April 12, 2012

TO: Education Committee

FROM: Essie McGuire, Senior Legislative Analyst *Essie McGuire*

SUBJECT: **Worksession – FY13 Operating Budget, Montgomery County Public Schools**

Today the Education Committee will begin its review of the FY13 Operating Budget for the Montgomery County Public Schools (MCPS). The following individuals are expected to participate in today's worksession:

- Shirley Brandman, President, Board of Education
- Christopher Barclay, Vice President, Board of Education
- Joshua Starr, Superintendent
- Marshall Spatz, Director of Management, Budget, and Planning, MCPS

This packet is divided into 4 sections:

- I. Overview of Recommended Budget**, including Board of Education request and the County Executive's recommendation
- II. State Legislative Update**, including Maintenance of Effort (MOE) legislation, possible shift in teacher pension costs, and possible State Aid reductions
- III. Overview of Revenues**, including local contribution, State Aid projections, and Federal funding
- IV. Overview of Expenditures**, including proposed expenditures and positions by funding category

I. OVERVIEW OF RECOMMENDED BUDGET

BOARD OF EDUCATION'S REQUEST

The Board of Education requested a total of \$2,132,839,512 for the FY13 MCPS Operating Budget. This amount represents an increase of \$46,052,899 or 2.2 percent over the approved FY12 level. The FY13 tax-supported budget request is \$2,001,643,842. The tax-supported budget request is \$50,734,551 over the approved FY12 tax-supported amount, an increase of 2.6 percent.

A summary table showing the major elements of the Board's request is attached on circle 9. Significant highlights include the following:

- The Board requested a **local contribution at the Maintenance of Effort (MOE) level** working from the FY12 Council approved appropriation. This requires an increase of \$22.2 million in County funds for FY13 over the FY12 approved level, due to enrollment increases.
- The Board's request includes **additional funds of \$14.5 million associated with increased enrollment.** A summary chart of actual and projected enrollment is attached on circle 16.
- The Board projects a **total enrollment for FY13 of 149,018.** This is an increase of 2,521 over the actual enrollment for FY12. Comparing enrollment projections (which affect the budget changes year to year), the FY13 budget projection is an increase of 2,309 over the projected (and budgeted) FY12 level (circle 16).
- Enrollment of students with Limited English Proficiency and students from families with low incomes continues to increase. For the current school year, approximately 19,039 or 13 percent of all students have Limited English Proficiency, and 47,305 or 32.3 percent are enrolled in Free and Reduced Meals (FARMS).
- The Board's request includes an **increase of 232 additional FTE** over the FY12 approved level. These increases are primarily in additional teachers and instructional aides and assistants.
- **The Board's budget identifies a total amount of \$20.6 million in additional dollars over the FY12 base compensation level for increased employee compensation. The exact elements of these compensation increases are not fully identified.**
 - The Board's budget states that an additional \$8.6 million is necessary to fund **step increases** for employees. This is an unusually low net cost that reflects an offset for lapse and turnover savings; MCPS states that lapse and particularly turnover savings are significantly higher than usual. The total cost to fund step increases is \$35 million.
 - The Board's budget states that \$12 million is a **placeholder** to "offset costs of future negotiated agreements with employee unions". As of April 11, the Board and the employee associations state that they need to delay action on contract negotiations at this time due to uncertainty about the State budget (circle 37).

- Increases in **employee benefits and insurance costs** are projected to account for an additional \$15.1 million in the Board's request. The largest cost component is for the active employee benefit plan, which is expected to require an additional \$12.1 million in FY13. The Council has just received the new biannual report on Category 12 expenditures from the Board, and the Education Committee will further review the Board's assumptions for both compensation and benefits in a subsequent worksession.
- **The requested budget is largely a same services budget.** The Superintendent's memorandum to the Board in February cites the weak economy as preventing a larger request and emphasizes that "I strongly believe that we must assess how effectively we use existing resources" before requesting additional funding.
- **The Board made two primary adjustments to the Superintendent's budget** related to allocating the additional State Aid over the amount projected by the Superintendent in December. First, the Board allocated approximately \$603,000 to **expand hours-based-staffing** for special education students to all middle schools. Second, the Board increased the Superintendent's \$8.0 million placeholder for **employee compensation** by \$4.0 million to \$12.0 million as noted above for the outcome of ongoing negotiations. (circles 4-7)

COUNTY EXECUTIVE RECOMMENDATION

The County Executive recommended full funding of the Board's request for the MCPS FY13 Operating Budget. This includes the County contribution at the MOE level of \$1.392 billion and assumed the same level of State Aid as the Board.

The County Executive typically recommends only aggregate totals for the MCPS operating budget, and does not identify category allocations, as the Council is required to do in its final appropriation. However, in his FY13 recommendation, the County Executive makes the following statement:

"Within the recommended funds being allocated to MCPS, the Executive is assuming that the Board of Education is providing only one time compensation increases that do not add to the base compensation budget".

This statement is consistent with the Executive's recommended compensation increase of one-time lump sum payments to County employees. However, it appears at this juncture to be inconsistent with at least one stated element of the Board's recommended compensation, namely step increases. **The Education Committee will want to receive additional information from the Board as to its intent for employee compensation increases in FY13, and will return to fuller discussion of employee compensation and benefits in a subsequent worksession.**

II. STATE LEGISLATIVE UPDATE

MAINTENANCE OF EFFORT

The General Assembly passed and the Governor signed a bill that significantly alters the structure of the Maintenance of Effort (MOE) provisions of the Education Article and also affects the taxing authority of charter counties. Council staff outlines below some of the major elements of the new law.

- **Local Taxing Authority:** Allows counties to raise property taxes above any limit set under a county's charter. If a county exercises this option, all revenues collected above the charter limit must be appropriated to the local school board, and the board's appropriation from any local source cannot be reduced below the current level.
- **Mandatory Waiver Processes:** Requires counties to apply for a waiver if they will not meet MOE in a given year. Leaves the State Board of Education as the decision-making authority. Specifies the factors for the State Board to consider in reviewing waiver applications, many of which both county and school advocates have agreed to in recent years. Creates three types of waivers.
 - ***Fiscal Condition Waiver:*** This waiver is very similar to the current waiver process in which a county can apply for a waiver of a certain amount if its fiscal condition significantly impedes its ability to fund MOE in a given year.
 - ***Recurring Costs Waiver:*** This new waiver allows counties to reduce their MOE by the amount (or less) that a recurring cost is reduced going forward. To receive this waiver, however, the local board must agree to the amount of the reduction. If the recurring cost reduction affects compensation or other personnel costs, an "exclusive employee representative" must also agree to the reduction.
 - ***Rebasing Waiver:*** This new waiver allows counties to rebase their MOE going forward, capped at 97 percent of the required amount. Counties may only apply for this type of waiver if their education effort (a wealth-based spending measure used by the State) is at least equal to the five-year moving State average.
- **Funding Reset:** Unless a county receives a waiver for recurring costs or to rebase, its next year's MOE is always reset at the last time it met MOE.
- **Penalty and Tax Intercept:** Changes the penalty for not meeting MOE to the amount by which a county missed MOE. Allows the State to redirect local income tax revenues to the local board in that amount.
- **FY12 Relief:** Of critical importance to Montgomery County is the provision that waives the FY12 penalty scheduled to be imposed in FY13 and allows the County to move forward from the actual, rebased appropriation amount in FY12 for the purposes of calculating MOE in FY13 and beyond.

TEACHER PENSIONS

The General Assembly had reached a plan to shift a portion of the State's teacher retirement costs to local school boards; however, this plan did not pass before the Assembly adjourned. At this juncture it is unclear whether pension costs will shift in FY13 or if so, what form the shift would take.

The most recent conference committee plan called for a four-year phase-in of the normal costs only of teacher retirement, with the local board responsible for payment. This amount, approximately \$27 million in FY13, would then be an added requirement for counties to fund above MOE for the phase-in period. Following the phase-in, the full amount of the shift, currently estimated at \$44 million, would be rolled into MOE, increasing the per pupil base going forward.

"DOOMSDAY" BUDGET ELEMENTS

If the General Assembly does not return or is otherwise unable to pass Budget Reconciliation and Financing Act (BRFA), a set of "doomsday" budget reductions will go into effect on July 1 for FY13 in order to balance the State budget. For Montgomery County, the bulk of these reductions would affect MCPS.

If the contingent budget reductions go into effect, MCPS would receive approximately \$41 million less in State Aid than currently anticipated in the Board's request. These reductions consist of:

- Elimination of GCEI: -\$32.7 million
- Reduce per pupil funding: -\$8.3 million

There appears to be some question as to whether the reduced per pupil funding could go into effect as it requires additional statutory changes.

Both possible outcomes clearly have the potential for significant impact on the FY13 budget for the County as a whole and MCPS specifically. At this time a new date has not been set for the General Assembly to return in a special session. The Education Committee will return to fuller review of the implications of any shift in teacher pension costs or State Aid reductions once more information is available.

III. OVERVIEW OF REVENUES

Table 1 below shows the MCPS operating budgets by revenue source for the FY11 approved level, the FY12 approved level, and the FY13 Board of Education Request.

Table 1: FY11 Approved- FY13 Requested MCPS Operating Budget by Revenue Source						
Source	FY11 Approved		FY12 Approved		FY13 BOE Request	
	\$	% of total	\$	% of total	\$	% of total
County	1,415,085,344	67.3%	1,370,101,480	65.7%	1,392,286,148	65.3%
Fund Balance	10,300,000	0.5%	17,000,000	0.8%	17,000,000	0.8%
State	488,622,834	23.2%	559,837,103	26.8%	588,331,986	27.6%
Federal	119,057,183	5.7%	70,140,226	3.4%	64,522,375	3.0%
Other Sources	15,002,004	0.7%	13,174,062	0.6%	13,174,062	0.6%
Enterprise	54,630,165	2.6%	55,108,742	2.6%	56,029,880	2.6%
Special Funds	1,490,510	0.1%	1,425,000	0.1%	1,495,061	0.1%
Tax-sptd Total	1,919,842,746		1,950,909,291		2,001,643,842	
Grand Total	2,104,188,040		2,086,786,613		2,132,839,512	

The FY11 tax-supported total in this table does not include Federal ARRA dollars. The apples-to-apples FY11 tax-supported total including ARRA dollars is \$1,951,103,960.

Local Contribution

- The Board requested a County contribution at the level of MOE, \$1.392 billion. This is an increase of \$22.2 million over the FY12 approved level.
- The increase in MOE is due to increased enrollment. The FY13 MOE level is based on a per pupil amount of \$9,759, which reflects the actual, rebased per pupil appropriation amount from FY12.
- The fund balance reflects savings achieved by the school system and funds not spent in a given fiscal year. **These funds cannot be spent by MCPS until they are appropriated by the Council.** Typically, the Council reappropriates fund balance as a resource for the following year's budget as part of the annual appropriation resolution.
- While the Board's budget assumes \$17 million to be available for the FY13 budget as shown above, the school system anticipates a larger overall fund balance between FY11 and FY12 combined of \$31.1 million. If the Council appropriates the \$17 million for FY13 as requested, approximately \$14.1 million would remain as unappropriated fund balance carried forward into next fiscal year.
- The fund balance appropriation is not part of MOE, in that it does not affect the per pupil amount nor can it be counted toward the County's MOE contribution.

State Aid

- State Aid continues to increase and to comprise a larger share of the overall budget. State Aid increased by \$4.6 million in the Board's budget over what was assumed in the Superintendent's December recommendation.
- The State Aid increase is driven by the County's continued enrollment growth overall. Montgomery County is experiencing by far the most enrollment growth in Maryland in terms of absolute numbers; even in percentage growth, with 1.6% growth from FY12-FY13, Montgomery County is second only to St. Mary's County, which has 1.8% growth and a significantly smaller system. Ten of the 24 Maryland jurisdictions saw declining enrollment from FY12-FY13.
- The component of State Aid related to students from families with low incomes increased \$8.6 million to a total of \$115.2 million in FY13, reflecting increased enrollment in this demographic area.
- The amount of State Aid related to students with Limited English Proficiency increased by \$5.3 million to \$55.1 million in FY13, reflecting increased enrollment in this demographic as well.
- As noted above, these State Aid projections are preliminary and could be affected by final action of the General Assembly.

Federal Aid

- The Board's assumption of Federal Aid in FY13 reflects a decrease of \$5.6 million. The Board's budget transmittal states that this decrease primarily reflects the termination of Federal grant revenue from the Education Jobs Fund.
- The Federal Aid assumption is preliminary. MCPS is still receiving information on the Federal allocations from the State, and it may be necessary to amend the budget before final action to reflect the correct allocations.

IV. OVERVIEW OF EXPENDITURES

State law requires each school system to classify expenditures according to certain categories, and requires the Council to appropriate funding by total amounts in each category. The Board of Education has full authority to allocate funds within each category, but cannot transfer funds between or among categories without Council approval.

The tables that follow provide detail of the Board's requested budget as well as recent approved budgets according to these State categories.

REQUESTED EXPENDITURES BY STATE CATEGORY

Table 2 on the next page shows the expenditures for each State category and their respective shares of the total budget from the approved FY09 level through the FY13 request. Highlights include:

- Instruction, defined in the State's financial reports as the sum of categories 2-6, accounts for 60.7 percent of the requested budget. This is the same percent of the total as the FY11 approved level, decreased from a 62.6 percent share of the total in FY09.
- School and Student Services, defined as categories 7-11, comprises 11.8 percent of the budget in FY13, down from 12.3 percent in FY09. The only category to increase in this group is Category 9, Student Transportation, which increased by \$3.5 million over the FY09 approved level. The other categories in this subgroup decreased.
- The category with the largest and most consistent growth is Category 12, Fixed Charges. This category increased \$69.2 million since FY09, and in FY13 takes up 3 percent more of the budget than in FY09 at 23 percent of the total. This category includes primarily employee benefit (health and pension) expenditures.
- In total, Table 2 shows that the FY13 request would bring the total MCPS budget back above the FY09 approved level. In the last three years the budget has not fallen below the FY09 level, and at its lowest in FY12 was \$34 million below the FY10 level without debt service. The school system and its advocates have often cited a larger three-year reduction of \$400 million. However, this figure appears to include anticipated costs as well as base adjustments and reallocations, and does not reflect actual year to year budget changes.

Table 2: Expenditure by State Budget Category										
Category	FY09 Approved	FY09 %of total	FY10 Approved	FY10 %of total	FY11 Approved	FY11 %of total	FY12 Approved	FY12 %of total	FY13 Requested	FY13 %of total
Instruction										
2-Mid-Level Administration	135,954,968	6.6%	135,871,420	6.2%	138,804,115	6.6%	136,245,378	6.5%	136,594,627	6.4%
3-Instructional Salaries	840,528,178	40.7%	855,776,714	38.9%	834,965,124	39.7%	820,070,900	39.3%	843,516,918	39.5%
4-Textbooks and Instr Supplies	31,636,789	1.5%	31,903,762	1.4%	24,901,955	1.2%	24,948,820	1.2%	25,084,043	1.2%
5-Other Instr Costs	17,985,510	0.9%	15,093,701	0.7%	14,373,591	0.7%	13,855,214	0.7%	13,459,980	0.6%
6-Special Education	267,556,882	12.9%	280,339,274	12.7%	279,165,638	13.3%	272,431,548	13.1%	276,520,311	13.0%
Subtotal: Instruction	1,293,662,327	62.6%	1,318,984,871	59.9%	1,292,210,423	61.4%	1,267,551,860	60.7%	1,295,175,879	60.7%
School and Student Services										
7-Student Personnel Services	11,645,960	0.6%	11,175,378	0.5%	11,201,334	0.5%	11,041,328	0.5%	10,806,410	0.5%
8-Health Services	57,502	0.0%	41,002	0.0%	44,590	0.0%	54,670	0.0%	37,402	0.0%
9-Student Transportation	91,979,938	4.5%	92,765,998	4.2%	93,946,059	4.5%	93,197,127	4.5%	95,480,010	4.5%
10-Operation of Plant and Equip	114,803,881	5.6%	118,589,104	5.4%	115,000,527	5.5%	115,657,090	5.5%	112,934,750	5.3%
11-Maintenance of Plant	34,902,737	1.7%	33,938,236	1.5%	33,015,967	1.6%	32,396,397	1.6%	33,355,895	1.6%
Subtotal: Sch and St Services	253,390,018	12.3%	256,509,718	11.7%	253,208,477	12.0%	252,346,612	12.1%	252,614,467	11.8%
Other										
12-Fixed Charges	420,660,346	20.4%	447,319,098	20.3%	463,288,825	22.0%	471,779,702	22.6%	489,835,833	23.0%
1-Administration	44,028,295	2.1%	41,874,103	1.9%	39,151,145	1.9%	38,366,202	1.8%	37,479,897	1.8%
14-Community Services	208,495	0.0%	208,495	0.0%	208,495	0.0%	208,495	0.0%	208,495	0.0%
Subtotal: Other	464,897,136	22.5%	489,401,696	22.2%	502,648,465	23.9%	510,354,399	24.5%	527,524,225	24.7%
Non-Categorized Expenditure:										
Debt Service			79,537,322							
37-Special Revenue Fund	1,582,830	0.1%	1,581,510	0.1%	1,490,510	0.1%	1,425,000	0.1%	1,495,061	0.1%
51-Real Estate Fund	2,549,103	0.1%	2,651,095	0.1%	3,071,095	0.1%	3,266,430	0.2%	3,520,603	0.2%
61-Food Service Fund	46,841,144	2.3%	47,821,972	2.2%	47,040,254	2.2%	46,897,045	2.2%	47,476,295	2.2%
71-Field Trip Fund	2,199,661	0.1%	2,314,716	0.1%	2,354,716	0.1%	2,122,819	0.1%	2,026,046	0.1%
81-Entrepreneurial Activities	1,561,075	0.1%	1,774,100	0.1%	2,164,100	0.1%	2,822,448	0.1%	3,006,936	0.1%
Subtotal: Special/Ent Funds	54,733,813	2.6%	56,143,393	2.6%	56,120,675	2.7%	56,533,742	2.7%	57,524,941	2.7%
Grand Total	2,066,683,294	100.0%	2,200,577,000	100.0%	2,104,188,040	100.0%	2,086,786,613	100.0%	2,132,839,512	100.0%

FY10 total w/o DS is 2,121,039,678

REQUESTED POSITIONS BY STATE CATEGORY

Table 3 on the next page shows the positions for each State category and their respective shares of all positions in the budget from the approved FY09 level through the FY13 request. Highlights include:

- The overall distribution of positions has not changed very much since FY09. The 5 categories in the Instruction subgroup contain 78 percent of all positions in the FY13 request; in FY09 they contained 77.5 percent. The School and Student Services subgroup has stayed essentially level at 17.5 percent.
- Of the eight major categories that have positions (not including enterprise funds),
 - Three categories increased positions from FY09-13: Category 2, Mid-level Administration; Category 6, Special Education; Category 10, Operation of Plant and Equipment; and
 - Five categories decreased positions: Category 1, Administration; Category 3, Instructional Salaries; Category 7, Student Personnel Services; Category 9, Student Transportation; and Category 11, Maintenance of Plant.
- Positions in Category 3, Instructional Salaries, comprise 52.0 percent of all positions in the budget. This share of the total has remained fairly constant in this time period.
- In total, the FY13 request is an increase of 232 FTE over the FY12 approved and an increase of 72.3 FTE over the FY09 approved level. The school system and its advocates have often cited a larger three-year reduction of 1300 positions. However, this figure appears to include anticipated position increases as well as base adjustments and reallocations, and does not reflect actual year to year budget changes.

Table 3: Positions by State Budget Category

Category	FY09 Approved	FY09 %of total	FY10 Approved	FY10 %of total	FY11 Approved	FY11 %of total	FY12 Approved	FY12 %of total	FY13 Requested	FY13 %of total
Instruction										
2-Mid-Level Administration	1,667.675	8.0%	1,661.375	7.9%	1,682.875	8.1%	1,669.325	8.1%	1,670.775	8.0%
3-Instructional Salaries	10,959.740	52.8%	11,064.365	52.8%	10,804.200	52.1%	10,684.088	51.8%	10,842.413	52.0%
4-Textbooks and Instr Supplies	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%
5-Other Instr Costs	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%
6-Special Education	3,470.699	16.7%	3,612.989	17.2%	3,661.255	17.6%	3,661.735	17.8%	3,733.703	17.9%
Subtotal: Instruction	16,098.114	77.5%	16,338.729	78.0%	16,148.330	77.8%	16,015.148	77.7%	16,246.891	78.0%
School and Student Services										
7-Student Personnel Services	118.300	0.6%	110.900	0.5%	110.305	0.5%	108.705	0.5%	106.505	0.5%
8-Health Services	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%
9-Student Transportation	1,744.750	8.4%	1,742.250	8.3%	1,742.250	8.4%	1,733.150	8.4%	1,733.150	8.3%
10-Operation of Plant and Equip	1,403.200	6.8%	1,398.200	6.7%	1,406.700	6.8%	1,429.700	6.9%	1,431.200	6.9%
11-Maintenance of Plant	396.000	1.9%	388.000	1.9%	380.000	1.8%	380.000	1.8%	380.000	1.8%
Subtotal: Sch and St Services	3,662.250	17.6%	3,639.350	17.4%	3,639.255	17.5%	3,651.555	17.7%	3,650.855	17.5%
Other										
12-Fixed Charges	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%
1-Administration	371.962	1.8%	356.062	1.7%	338.650	1.6%	327.050	1.6%	325.050	1.6%
14-Community Services	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%
Subtotal: Other	371.962	1.8%	356.062	1.7%	338.650	1.6%	327.050	1.6%	325.050	1.6%
37-Special Revenue Fund	14.000	0.1%	14.000	0.1%	14.000	0.1%	12.500	0.1%	12.500	0.1%
41-Adult Education Fund	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%
51-Real Estate Fund	6.500	0.0%	6.500	0.0%	6.500	0.0%	6.500	0.0%	7.000	0.0%
61-Food Service Fund	604.660	2.9%	583.448	2.8%	583.448	2.8%	583.448	2.8%	582.948	2.8%
71-Field Trip Fund	4.000	0.0%	4.500	0.0%	4.500	0.0%	4.500	0.0%	4.500	0.0%
81-Entrepreneurial Activities	8.000	0.0%	10.000	0.0%	9.000	0.0%	9.000	0.0%	12.000	0.1%
Subtotal: Special/Ent Funds	637.160	3.1%	618.448	3.0%	617.448	3.0%	615.948	3.0%	618.948	3.0%
Grand Total	20,769.486	100.0%	20,952.589	100.0%	20,743.683	100.0%	20,609.701	100.0%	20,841.744	100.0%



MONTGOMERY COUNTY BOARD OF EDUCATION

850 Hungerford Drive ♦ Rockville, Maryland 20850

February 28, 2012

The Honorable Isiah Leggett, County Executive
The Honorable Roger Berliner, President
Members of the Montgomery County Council
Montgomery County Government
Rockville, Maryland 20850

Dear Mr. Leggett, Mr. Berliner and Councilmembers,

I am pleased to submit the Montgomery County Board of Education's Fiscal Year 2013 (FY 2013) Operating Budget Request for Montgomery County Public Schools (MCPS). The Board is submitting a request that holds the line steady on education funding while accounting for our continued rapid enrollment growth. This budget represents a measured approach to allocating educational resources as we work to be responsible, prudent stewards of taxpayer funds. We appreciate the public support members of the Council have already given to the Board's request and look forward to working with you in the coming months as you develop a budget for the citizens of Montgomery County.

The Board of Education is requesting a \$2.133 billion budget for FY 2013. This represents a 2 percent increase over this fiscal year, which is the smallest percentage increase the Board has sought in more than a decade. The Board is seeking \$1.39 billion in local funds from the county, a \$22.2 million increase. This increase will allow the county to maintain its per-pupil investment at \$9,759 per student and meet the state's Maintenance of Effort (MOE) provision.

As you are aware, the county has not met MOE in three years and, in that time, the county's per-pupil funding has fallen by \$1,490 per child. This has required the Board and MCPS leadership to make more than \$400 million in difficult reductions since FY 2009. Among the reductions:

- Class sizes have increased an average of approximately one student per classroom.
- Employees have agreed to forego cost-of-living increases for three consecutive years and step increases for the past two years, saving \$144 million.
- More than 1,300 positions have been eliminated districtwide, mainly teachers and staff who directly support instruction.
- Our central services budget has been reduced by more than 20 percent.

These reductions would be difficult under any circumstances, but they have occurred as the student enrollment in MCPS has been undergoing historic growth and dramatic changes.

Since 2007, MCPS has added approximately 9,000 students and the district is projected to add another 9,000 students by 2017, with much of this growth occurring in the elementary grades. These students are coming to MCPS requiring more services, such as Free and Reduced-price Meals System (FARMS) and English for Speakers of Other Languages (ESOL) services. For instance, approximately 13.1 percent of our students require ESOL services systemwide, but in the elementary schools, that rate jumps to 22.5 percent and has increased more than 6 percentage points in 5 years. At the same time, since 2007, the number of students eligible for FARMS services has increased by 11,785 children systemwide. Our budget request simply seeks to allow us to keep pace with this growth.

The Board is placing \$17 million of its budget surplus—achieved through cost efficiencies and expenditure restrictions—toward the FY 2013 Operating Budget. The Board’s budget request also includes some additional reductions: a \$6.1 million reduction for Central Services, including the elimination of nearly 18 positions, as well as \$3.2 million in reductions for school-based support and services. However, the Board’s request does not call for any reduction in the number of teachers or other school-based staff.

There also are no new initiatives or programs in our request, although we have worked with Superintendent of Schools Joshua P. Starr to realign funds in the budget to support strategic needs. Among those strategic areas are funds to support two middle schools that must develop alternative governance plans under the provisions of the No Child Left Behind Act of 2001 (\$797,644); the addition of three prekindergarten classes to serve low-income students (\$221,021); the addition of three consulting teacher positions to support new and underperforming educators (\$221,532); and the expansion of the hours-based staffing model for special education to all middle schools (\$773,000, including \$603,000 in additional state aid).

To support these strategic areas, funds will be realigned from areas across the budget. Among the realignments, a reduction of more than \$600,000 in stipends for part-time summer salaries, part-time instructional salaries and substitutes, and savings of \$230,000 realized by ceasing the administration of the TerraNova 2 exam in second grade.

The Board’s request also has put money aside to honor the hard work and excellence of the MCPS staff. As mentioned previously, our employees have given up their raises for the past three years and longevity increases for the past two years to help us through these difficult economic times. Even as we have had to ask them to do “more with less,” they have helped our students achieve outstanding results. For example:

- Half of MCPS graduates from the Class of 2011 earned a 3 or higher on at least one Advanced Placement (AP) exam, far exceeding the performance of the state and the nation. The most significant growth was seen among Black or African American and Hispanic/Latino students.
- The Class of 2011 scored an average of 1637 on the SAT, which is 145 points higher than graduates from the state of Maryland and 137 points higher than the nation’s seniors.
- Ninety-two (92) percent of MCPS kindergarten students are reading at grade level (text level 4) and more than seventy-five (75) percent are reading well above grade level (text level 6). Since 2006, the percentage of students reading at text level 6 or higher has increased 20 percentage points.

Negotiations with our employee associations are ongoing at this point, but the Board believes that we must recognize the collaboration and outstanding performance of our staff in a tangible way.

Of course, there continues to be tremendous uncertainty surrounding the budget, specifically in the area of state funding. While Governor Martin O’Malley has submitted a budget that includes a \$28.5 million increase in state education formula funding for Montgomery County, two items before the General Assembly could have a dramatic impact on our budget.

Because the County Council did not meet MOE in FY 2012, and did not seek a state waiver, the state can withhold \$26.2 million in funding as a penalty. Our state delegation is working on legislation to get that penalty waived and we appreciate and support their efforts. Our budget assumes that this waiver will be granted or the county will find a way to fund this penalty.

The greatest uncertainty surrounding our budget is related to Governor O'Malley's proposal to shift a significant portion of state pension costs to local governments. Under the governor's proposal, Montgomery County would have to pay an additional \$47.4 million in retirement costs in FY 2013 and those costs would only increase in the coming years. We join the county executive and councilmembers in urging the General Assembly to reject this proposal, as it could have an immediate, negative impact on the important services we provide our citizens. We will continue to work with you and our state delegation to make sure the state pension remains a state responsibility.

Developing the Budget

This budget request was developed collaboratively with our employees, our parents, our students, and our entire community.

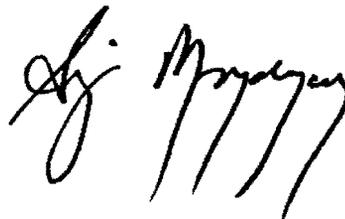
The process began in the fall when we shared our budget interests with Dr. Starr. It was an opportunity for Dr. Starr, then very early in his tenure at MCPS, to have a clear understanding of the Board's priorities regarding the budget. In October, the Board held two Community Conversations, which are annual events that are an integral part of our budget and strategic planning processes. These events allowed community members to engage in discussions pertaining to what they valued about MCPS and what they felt was most important to achieve as we continue with our vision to provide a world-class education to all students, even in financially challenging times.

In December 2011, Dr. Starr released his FY 2013 Budget Recommendation, which was developed in partnership with our three employee associations—the Montgomery County Education Association, the Montgomery County Association of Administrators and Principals, and the Service Employees International Union Local 500—as well as the Montgomery County Council of Parent Teacher Associations, Inc.

The Board held public hearings on Dr. Starr's recommendation on January 11 and 18, 2012, and then held two work sessions on the budget. Board members spent hours analyzing the budget and posing questions to staff, which informed the Board's ultimate modification of Dr. Starr's proposal. The Board passed a final budget recommendation at its business meeting on February 14, 2012.

Montgomery County has always made public education a top priority, and I believe that our employees have honored that investment by creating one of the best school districts in the nation. On behalf of the 146,500 students and 22,000 employees of MCPS, the Board wants to thank you for your continued commitment to our children and our citizens.

Sincerely,

A handwritten signature in black ink, appearing to read "Shirley Brandman". The signature is fluid and cursive, with the first name "Shirley" written in a larger, more prominent script than the last name "Brandman".

Shirley Brandman, President
Montgomery County Board of Education

**SCHEDULE OF BOARD OF EDUCATION AMENDMENTS TO THE
SUPERINTENDENT'S RECOMMENDED FY 2013 OPERATING BUDGET**

DESCRIPTION	Board Amendments	
	Pos.	Amount
CATEGORY 1 - ADMINISTRATION		
Office of Human Resources and Development - Reduce Part-time Salaries		(30,000)
Office of Shared Accountability - Staff Engagement Survey		300,000
Total Category 1		270,000
CATEGORY 2 - MID-LEVEL ADMINISTRATION		
K-12 Instruction: Reduce Part-time Salaries		(50,000)
Office of Human Resources and Development: Reduce Part-time Salaries		(24,643)
Total Category 2		(74,643)
CATEGORY 3 - INSTRUCTIONAL SALARIES		
K-12 Instruction:		
Reduce Substitues, Stipends, Summer Employment		(267,481)
Administer Alternative Governance Plan - Forest Oak and Neelesville Middle Schools	4.800	491,630
Add Montgomery Village Middle Years IB Programme	0.800	57,646
Office of Curriculum and Instructional Programs:		
Add Three Additional Prekindergarten Classes	2.925	134,539
Reduce Part-time Salaries		(175,357)
Office of Human Resources and Development:		
Add Consulting Teachers	3.000	174,825
Cut Resources for Teacher Mentoring Previously Shifted to Title II Grant		(165,200)
Reduce Various Part-time Salaries/Other		(143,873)
Add Placeholder for Completion of Negotiations with Employee Associatons		4,029,351
Total Category 3	11.525	4,136,080

**SCHEDULE OF BOARD OF EDUCATION AMENDMENTS TO THE
SUPERINTENDENT'S RECOMMENDED FY 2013 OPERATING BUDGET**

DESCRIPTION	Board Amendments	
	Pos.	Amount
CATEGORY 4 - TEXTBOOKS AND INSTRUCTIONAL SUPPLIES		
K-12 Instruction:		
Eliminate TerraNova 2 Assessment		(230,000)
Administer Alternative Governance Plan - Forest Oak and Neelesville Middle Schools		5,000
Add Montgomery Village Middle Years IB Programme		5,000
Office of Curriculum and Instructional Programs:		
Add Three Additional Prekindergarten Classes		6,396
Office of Human Resources and Development: Other		2,500
Total Category 4		(211,104)
CATEGORY 5 - OTHER INSTRUCTIONAL COSTS		
K-12 Instruction:		
Reduce Various Accounts		(21,973)
Administer Alternative Governance Plan - Forest Oak and Neelesville Middle Schools		42,194
Add Montgomery Village Middle Years IB Programme		42,194
Office of Curriculum and Instructional Programs:		
Add Three Additional Prekindergarten Classes		732
Total Category 5		63,147
CATEGORY 6 - SPECIAL EDUCATION		
Office of Special Education and Student Services:		
Reduce Rate by 1 Percent for Tuition for Students in Nonpublic Placements		(366,444)
Add Hours-based Staffing at Five Remaining Middle Schools	11.088	442,800
Total Category 6	11.088	76,356

**SCHEDULE OF BOARD OF EDUCATION AMENDMENTS TO THE
SUPERINTENDENT'S RECOMMENDED FY 2013 OPERATING BUDGET**

DESCRIPTION	Board Amendments	
	Pos.	Amount
CATEGORY 7- STUDENT PERSONNEL SERVICES		
Office of Curriculum and Instructional Programs: Add Three Additional Prekindergarten Classes	0.400	24,024
Total Category 7	0.400	24,024
CATEGORY 9 - STUDENT TRANSPORTATION		
K-12 Instruction: Administer Alternative Governance Plan - Forest Oak and Neelesville Middle Schools		20,000
Office of Curriculum and Instructional Programs: Add Three Additional Prekindergarten Classes		635
Total Category 9		20,635
CATEGORY 12 - FIXED CHARGES		
K-12 Instruction: Reduce Substitues, Stipends, Summer Employment, Part-time Salaries Administer Alternative Governance Plan - Forest Oak and Neelesville Middle Schools Add Montgomery Village Middle Years IB Programme		(25,401) 122,101 11,879
Office of Curriculum and Instructional Programs: Reduce Part-time Salaries Add Three Additional Prekindergarten Classes		(16,000) 54,695
Office of Human Resources and Development: Reduce Part-time Salaries Cut Resources for Teacher Mentoring Previously Shifted to Title II Grant Add Consulting Teachers		(13,109) (13,216) 46,707

**SCHEDULE OF BOARD OF EDUCATION AMENDMENTS TO THE
SUPERINTENDENT'S RECOMMENDED FY 2013 OPERATING BUDGET**

DESCRIPTION	Board Amendments	
	Pos.	Amount
Office of Special Education and Student Services: Add Hours-based Staffing at Five Remaining Middle Schools		160,403
Total Category 12		328,059
GRAND TOTAL	23.013	\$ 4,632,554

TABLE 1
SUMMARY OF RESOURCES
BY OBJECT OF EXPENDITURE

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	702.200	700.000	701.000	700.000	(1.000)
Business/Operations Admin.	94.000	92.000	92.000	92.000	
Professional	11,733.280	11,744.730	11,744.730	11,921.080	176.350
Supporting Services	8,221.203	8,072.971	8,074.496	8,128.664	54.168
TOTAL POSITIONS	20,750.683	20,609.701	20,612.226	20,841.744	229.518
01 SALARIES & WAGES					
Administrative	\$88,238,002	\$87,674,924	\$87,674,924	\$88,380,966	\$706,042
Business/Operations Admin.	8,375,018	8,577,422	8,577,422	8,615,058	37,636
Professional	899,328,085	903,017,082	903,017,082	924,765,316	21,748,234
Supporting Services	334,097,344	330,820,646	330,820,646	337,605,620	6,784,974
TOTAL POSITION DOLLARS	1,330,038,449	1,330,090,074	1,330,090,074	1,359,366,960	29,276,886
OTHER SALARIES					
Administrative	166,102	697,576	697,576	382,576	(315,000)
Professional	51,247,377	52,299,616	52,260,186	50,929,084	(1,331,102)
Supporting Services	20,777,252	20,762,259	20,801,689	20,709,678	(92,011)
TOTAL OTHER SALARIES	72,190,731	73,759,451	73,759,451	72,021,338	(1,738,113)
TOTAL SALARIES AND WAGES	1,402,229,180	1,403,849,525	1,403,849,525	1,431,388,298	27,538,773
02 CONTRACTUAL SERVICES	21,909,379	25,357,144	25,357,144	24,945,799	(411,345)
03 SUPPLIES & MATERIALS	61,970,333	63,414,356	63,414,356	66,011,937	2,597,581
04 OTHER					
Local/Other Travel	2,217,026	2,759,089	2,684,089	2,680,956	(3,133)
Insur & Employee Benefits	471,557,023	482,976,625	482,926,625	501,412,121	18,485,496
Utilities	43,062,052	44,964,178	44,964,178	41,396,374	(3,567,804)
Miscellaneous	49,547,121	49,566,827	49,616,827	51,288,247	1,671,420
TOTAL OTHER	566,383,222	580,266,719	580,191,719	596,777,698	16,585,979
05 EQUIPMENT	14,451,821	13,898,869	13,973,869	13,715,780	(258,089)
GRAND TOTAL AMOUNTS	\$2,066,943,935	\$2,086,786,613	\$2,086,786,613	\$2,132,839,512	\$46,052,899



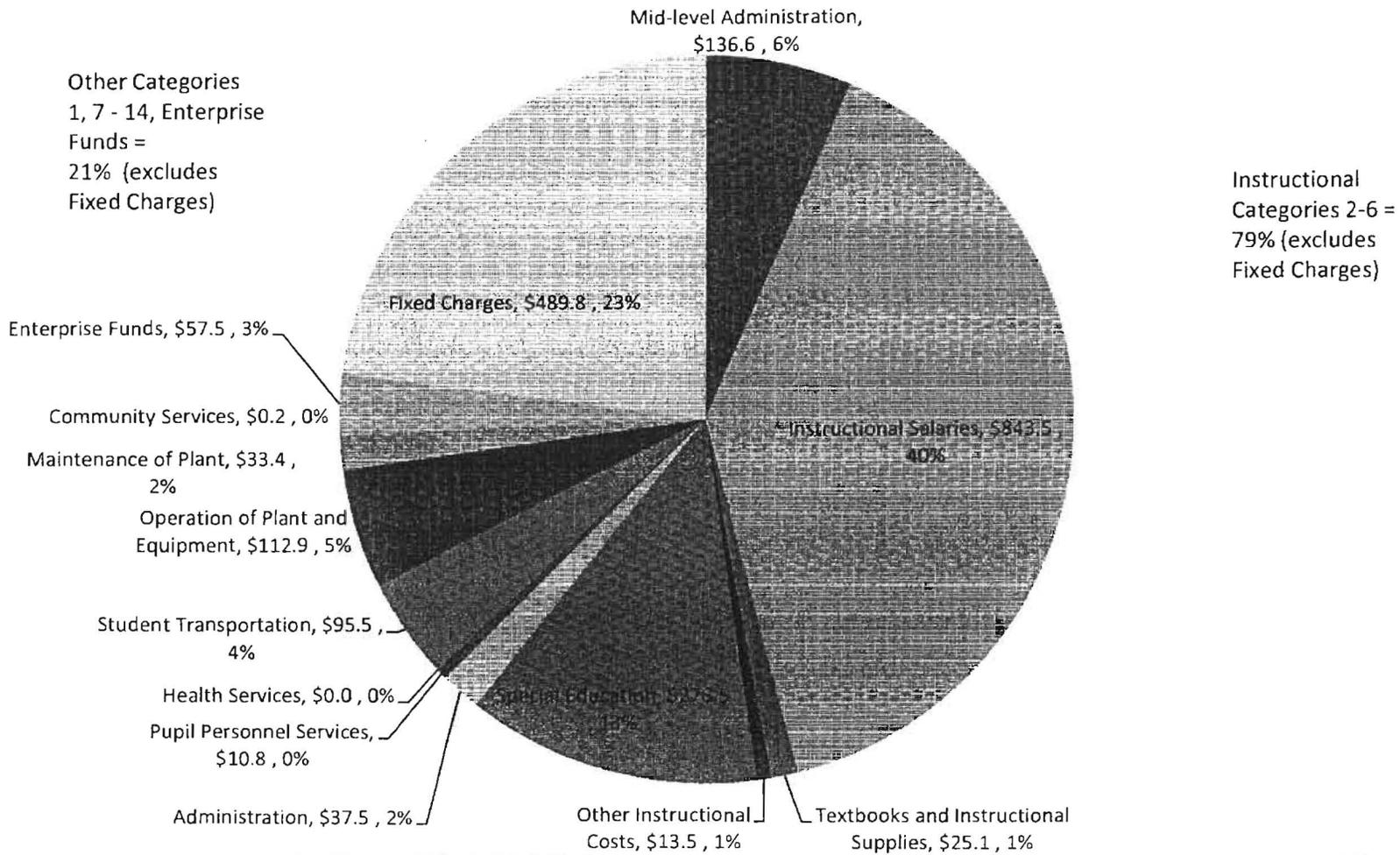
TABLE 1A
FY 2013 OPERATING BUDGET - SUMMARY OF BUDGET CHANGES FY 2012 - FY 2013
(\$ in millions)

ITEM	AMOUNT
FY 2012 OPERATING BUDGET	\$2,086.8
ENROLLMENT CHANGES	
Elementary/Secondary	9.1
Special Education	3.9
ESOL/Prekindergarten	1.1
Transportation	0.4
Subtotal	\$14.5
NEW SCHOOLS/SPACE	\$1.8
EMPLOYEE SALARIES - CONTINUING SALARIES	
COSTS FOR CURRENT EMPLOYEES (including benefits)	\$8.5
EMPLOYEE BENEFITS AND INSURANCE	
Employee Benefits Plan (active)	12.1
Employee Benefits Plan (retired)	1.2
Retirement	2.5
FICA/Self-Insurance/Workers' Compensation	(0.7)
Subtotal	\$15.1
INFLATION AND OTHER	
School Restructuring/Programs	0.8
Textbooks, Instructional and Media Materials	0.8
Utilities	(3.7)
Special Education Including Non-public Tuition	1.4
Transportation	2.3
Maintenance	0.2
Facilities Management	0.4
Grant Revenue Reductions	(0.2)
Other, Including Amount for Negotiated Costs	13.2
Subtotal	\$15.2

ITEM	AMOUNT
EFFICIENCIES & REDUCTIONS	
Central Services:	
K-12 and Office of School Performance	(0.7)
Office of the Deputy Superintendent of Schools	(0.1)
Office of Shared Accountability	(0.2)
Office of Curriculum and Instructional Programs	(0.5)
Office of Special Education and Student Services	(0.7)
Office of the Chief Operating Officer	(1.0)
Office of the Chief Technology Officer	(1.4)
Office of Human Resources and Development	(1.6)
Office of the Superintendent of Schools	(0.1)
Subtotal	(\$6.3)
School-based/Support Operations:	
Elementary Schools	(0.9)
Middle Schools	(0.2)
High Schools	(0.2)
Office of School Performance	(0.4)
Office of Curriculum and Instructional Programs	(0.3)
Office of Special Education and Student Services	(0.1)
Office of the Chief Operating Officer	(0.8)
Subtotal	(2.9)
Total Efficiencies & Reductions	(9.2)
FY 2013 BUDGET	\$2,132.8
FY 2012-FY 2013 CHANGE	\$46.0
Less Enterprise funds	(57.5)
Less Grants	(73.7)
SPENDING AFFORDABILITY BUDGET	\$2,001.6
REVENUE INCREASE BY SOURCE	
Local	22.2
State	28.5
Federal	(5.6)
Other	0.0
Enterprise	0.9
TOTAL REVENUE INCREASE	\$46.0

1-2

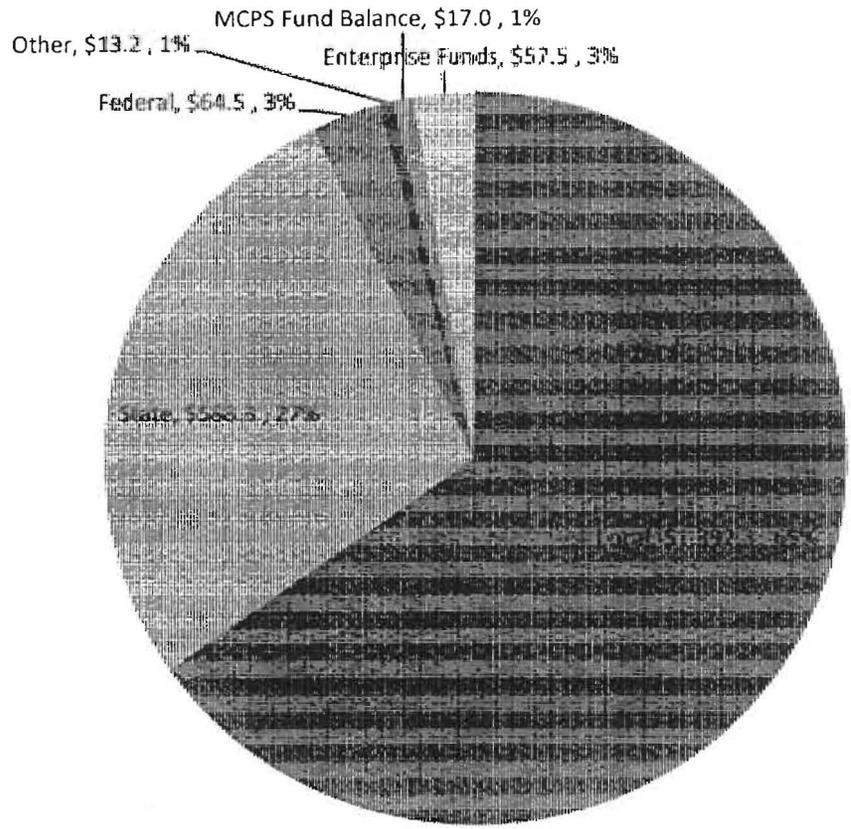
**FY 2013 OPERATING BUDGET
 WHERE THE MONEY GOES BY STATE CATEGORY
 (Dollars in Millions)
 Total Expenditures = \$2,132,839,512)**



1-3

**FY 2013 OPERATING BUDGET
WHERE THE MONEY COMES FROM
(Dollars in Millions)**

Total Revenue = \$2,132,839,512



**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 ESTIMATED
CURRENT FUND				
From the County:	\$ 1,415,085,344	\$1,370,101,480	\$1,370,101,480	\$1,392,286,148
From the State:				
Bridge to Excellence				
Foundation Grant	247,142,612	290,374,171	290,374,171	302,207,487
Geographic Cost of Education Index	9,406,192	31,954,820	31,954,820	32,796,296
Limited English Proficient	43,826,987	49,786,885	49,786,885	55,107,686
Compensatory Education	94,275,493	106,595,114	106,595,114	115,208,321
Students with Disabilities - Formula	33,485,077	34,323,294	34,323,294	34,967,952
Students with Disabilities - Reimbursement	10,474,795	10,842,176	10,842,176	11,543,388
Transportation	31,619,007	35,210,643	35,210,643	36,100,856
Miscellaneous	716,526	750,000	750,000	400,000
Programs financed through State Grants	2,095,585			
Total from the State	473,042,274	559,837,103	559,837,103	588,331,986
From the Federal Government:				
Impact Aid	390,089	245,000	245,000	300,000
Emergency Reimbursements	1,116,294			
Programs financed through Federal Grants	137,114,090	69,895,226	69,895,226	64,222,375
Total from the Federal Government	138,620,473	70,140,226	70,140,226	64,522,375
From Other Sources:				
Tuition and Fees				
D.C. Welfare	256,335	270,000	270,000	270,000
Nonresident Pupils	739,544	750,000	750,000	750,000
Summer School	1,532,898	1,281,148	1,281,148	1,281,148
Outdoor Education	438,378	574,560	574,560	574,560
Student Activities Fee	715,944	690,000	690,000	690,000
Miscellaneous	521,236	160,000	160,000	160,000
Programs financed through Private Grants	1,345,672	9,448,354	9,448,354	9,448,354
Total from Other Sources	5,550,007	13,174,062	13,174,062	13,174,062
Fund Balance	10,300,000	17,000,000	17,000,000	17,000,000
Total Current Fund	2,042,598,098	2,030,252,871	2,030,252,871	2,075,314,571
ENTERPRISE & SPECIAL FUNDS				
School Food Service Fund:				
State	971,937	1,024,608	1,024,608	1,018,607
National School Lunch, Special Milk and Free Lunch Programs	25,450,177	21,424,368	21,424,368	23,683,878
Child Care Food Program	225,290	900,000	900,000	1,000,000
Sale of Meals and other	19,563,999	23,548,069	23,548,069	21,773,810
Total School Food Service Fund	46,211,403	46,897,045	46,897,045	47,476,295
Real Estate Management Fund:				
Rental fees	2,812,240	3,266,430	3,266,430	3,520,603
Total Real Estate Management Fund	2,812,240	3,266,430	3,266,430	3,520,603
Field Trip Fund:				
Fees	1,671,121	2,122,819	2,122,819	2,026,046
Total Field Trip Fund	1,671,121	2,122,819	2,122,819	2,026,046

**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 ESTIMATED
Entrepreneurial Activities Fund:				
Fees	3,633,389	2,822,448	2,822,448	3,006,936
Total Entrepreneurial Activities Fund	3,633,389	2,822,448	2,822,448	3,006,936
Total Enterprise Funds	54,328,153	55,108,742	55,108,742	56,029,880
Instructional Television Special Revenue Fund:				
Cable Television Plan	1,490,510	1,425,000	1,425,000	1,495,061
Total Instructional Special Revenue Fund	1,490,510	1,425,000	1,425,000	1,495,061
GRAND TOTAL	\$2,098,416,761	\$2,086,786,613	\$2,086,786,613	\$2,132,839,512

Tax - Supported Budget	FY 2011 ACTUAL	FY 2012 ESTIMATED	FY 2012 ESTIMATED	FY 2012 ESTIMATED
Grand Total	\$2,098,416,761	\$2,086,786,613	\$2,086,786,613	\$2,132,839,512
Less:				
Grants	(140,555,347)	(79,343,580)	(79,343,580)	(73,670,729)
Enterprise Funds	(54,328,153)	(55,108,742)	(55,108,742)	(56,029,880)
Special Revenue Fund	(1,490,510)	(1,425,000)	(1,425,000)	(1,495,061)
Grand Total - Tax-Supported Budget	\$1,902,042,751	\$1,950,909,291	\$1,950,909,291	\$2,001,643,842

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 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 ESTIMATED
<u>Budgeted</u>				
FEDERAL AID: NO CHILD LEFT BEHIND (NCLB)				
Title I - A (941/949)	\$ 17,678,569	\$ 18,040,997	\$ 18,040,997	\$ 17,414,740
Title I - A (ARRA) (941/949)	5,916,630			
Subtotal	23,595,199	18,040,997	18,040,997	17,414,740
Title I - D				
Neglected and Delinquent Youth (937)	162,840	191,957	191,957	137,644
Total Title I	23,758,039	18,232,954	18,232,954	17,552,384
Title II - A				
Skillful Teaching and Leading Program (915)	324,472	604,923	604,923	426,723
Teacher Mentoring				178,200
Consulting Teachers (961)	3,319,350	3,448,908	3,448,908	3,134,958
Staff Development Team (960)	561,384	361,009	361,009	-
Subtotal	4,205,206	4,414,840	4,414,840	3,739,881
Title II - D				
Enhancing Education through Technology (918)	2,927	-	-	-
Total Title II	4,208,133	4,414,840	4,414,840	3,739,881
Title III				
Limited English Proficiency (927)	3,310,068	3,388,305	3,388,305	3,609,452
Title IV				
Safe & Drug Free Schools & Communities Act (926)	74,466	-	-	-
Title VII				
American Indian Education (903)	25,760	29,028	29,028	29,028
SUBTOTAL	31,376,466	26,065,127	26,065,127	24,930,745
OTHER FEDERAL, STATE, AND LOCAL AID				
State Fiscal Stabilization Fund (SFSF) (901)				
Federal (ARRA)	29,261,214	-	-	-
Head Start Child Development (932)				
Federal	3,433,406	3,433,406	3,433,406	3,433,406
Individuals with Disabilities Education (907/913/963/964/ 965/966/967)				
Federal	29,073,005	29,160,564	29,160,564	29,425,299
Federal (ARRA)	15,426,098	-	-	-
Subtotal	44,499,103	29,160,564	29,160,564	29,425,299
Infants and Toddlers (930)				
Federal	972,115	974,844	974,844	974,844
Education Jobs Fund (935)				
Federal	17,510,621	4,377,655	4,377,655	-
Medical Assistance Program (939)				
Federal	4,374,100	4,313,912	4,313,912	4,061,262
National Institutes of Health (NIH) (908)				
Federal	-	254,733	254,733	254,733
Provision for Future Supported Projects (999)				
Other	7,786,219	9,448,354	9,448,354	9,448,354

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

Program Name and Source of Funding	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 ESTIMATED
Carl D. Perkins Career & Technical Ed. Improvement (951)				
Federal	1,342,103	1,314,985	1,314,985	1,142,086
County	185,203	247,114	247,114	218,269
Subtotal	1,527,306	1,562,099	1,562,099	1,360,355
SUBTOTAL	109,364,084	53,525,567	53,525,567	48,958,253
TOTAL	\$ 140,740,550	\$ 79,590,694	\$ 79,590,694	\$ 73,888,998

<u>Summary of Funding Sources</u>				
Federal	\$ 132,769,128	\$ 69,895,226	\$ 69,895,226	\$ 64,222,375
State				
County	185,203	247,114	247,114	218,269
Other	7,786,219	9,448,354	9,448,354	9,448,354
GRAND TOTAL	\$ 140,740,550	\$ 79,590,694	\$ 79,590,694	\$ 73,888,998

FOR INFORMATION ONLY				
Non-Budgeted Grants Received as of November 30, 2011 - Continuation is Dependent on Future Funding				
Perkins - Career and Technology Education			\$ 38,816	
Title I Part A			31,637	
IDEA - Adequate Yearly Progress (AYP)			87,761	
Medical Assistance			123,788	
Title II - Enhancing Education Through Technology			15,001	
IDEA - Part B			264,735	
Team Nutrition Refresh			9,998	
Least Restrictive Environment (LRE)			59,968	
Education Cluster Model (thru DHHS)			175,750	
Alternative Maryland State Assessment			30,090	
Homeless Children and Youth			83,000	
Infants and Toddlers (ARRA)			134,900	
SUBTOTAL FEDERAL FUNDING			1,055,444	
Educator Effectiveness Academy			232,465	
Maryland Model for School Readiness (MMSR) Program			95,078	
Judith Hoyer Childcare & Education (Judy Centers)			524,988	
Project Lead the Way - Biomedical Sciences			19,999	
SUBTOTAL STATE FUNDING			872,530	
Defined Contribution Plan			25,000	
National Institute of Standards and Technology Project			30,000	
Healthy Eating and Lifestyles Youth Initiative			30,000	
AAAS - Earth Science			2,500	
SUBTOTAL OTHER			87,500	
TOTAL			\$ 2,015,474	

**TABLE 4
SUMMARY OF STUDENT ENROLLMENT - FY 2010 THROUGH FY 2013**

DESCRIPTION	(1)	(2)	(3)	(4)	(5)	CHANGE	
	FY 2010 ACTUAL 9/30/2009	FY 2011 ACTUAL 9/30/2010	FY 2012 ACTUAL 10/30/2011	FY 2012 BUDGET 10/30/2010	FY 2013 BUDGET 10/30/2011	COLUMN (5) LESS COLUMN (4)	
						#	%
ENROLLMENT							
PRE-KINDERGARTEN	1,973	1,965	2,060	2,085	2,145	60	2.9
HEAD START	618	618	618	618	618		
KINDERGARTEN	10,605	10,917	11,380	11,075	11,425	350	3.2
GRADES 1-5 / 6 *	51,399	53,281	54,994	54,802	56,717	1,915	3.5
SUBTOTAL ELEMENTARY	64,595	66,781	69,052	68,580	70,905	2,325	3.4
GRADES 6-8 **	30,890	30,754	30,972	31,097	31,145	48	0.2
SUBTOTAL MIDDLE	30,890	30,754	30,972	31,097	31,145	48	0.2
GRADES 9-12	44,580	44,807	44,764	44,894	44,830	(64)	(0.1)
SUBTOTAL HIGH	44,580	44,807	44,764	44,894	44,830	(64)	(0.1)
SUBTOTAL PRE-K - GRADE 12	140,065	142,342	144,788	144,571	146,880	2,309	1.6
SPECIAL EDUCATION							
PRE-KINDERGARTEN	825	929	951	1,250	1,250		
SPECIAL CENTERS	514	463	444	463	503	40	8.6
SUBTOTAL SPECIAL EDUCATION	1,339	1,392	1,395	1,713	1,753	40	2.3
ALTERNATIVE PROGRAMS	219	213	185	225	225		
GATEWAY TO COLLEGE	154	117	129	200	160	(40)	(20.0)
GRAND TOTAL	141,777	144,064	146,497	146,709	149,018	2,309	1.6

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

NOTE: Grade enrollments for FY 2010 - FY 2013 include special education students

* The Elementary enrollment figures include enrollment number 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.

**TABLE 5
ALLOCATION OF STAFFING**

POSITIONS	CURRENT FY 2012	BUDGET FY 2013	CHANGE
Executive	17.000	18.000	1.000
Administrative	200.000	197.000	(3.000)
Business/Operations Administrator	92.000	92.000	-
Other Professional	186.900	182.400	(4.500)
Principal/Assistant Principal	484.000	485.000	1.000
Teacher	10,281.220	10,445.670	164.450
Special Education Specialist	482.400	495.200	12.800
Media Specialist	189.200	190.200	1.000
Counselor	451.300	453.300	2.000
Psychologist	94.805	94.905	0.100
Social Worker	13.905	14.405	0.500
Pupil Personnel Worker	45.000	45.000	-
Instructional Aide and Assistant	2,332.898	2,389.241	56.343
Secretarial/Clerical/Data Support	721.250	714.500	(6.750)
IT Systems Specialist	131.000	131.000	-
Security	227.000	226.000	(1.000)
Cafeteria	556.448	556.948	0.500
Building Services	1,335.200	1,342.700	7.500
Facilities Management/Maintenance	342.500	343.000	0.500
Supply/Property Management	51.000	47.000	(4.000)
Transportation	1,685.650	1,685.650	-
Other Support Personnel	691.550	692.625	1.075
TOTAL	20,612.226	20,841.744	229.518

APPENDIX C

State Budget Categories

State law requires all counties and Baltimore City to appropriate and record expenditures for education in accordance with standardized state budget categories. This is so the Maryland State Department of Education may collect and compare data on local education spending from across the state. These state budget categories are generally based on broad functional classifications such as administration, instructional costs, special education, and student transportation. Effective for FY 1998, the state required the use of two new categories—mid-level administration and textbooks and instructional supplies.

The following tables display actual, budgeted, and recommended funding by state budget category. Listed on the right are the current state budget categories.

CATEGORIES

- 1—Administration
- 2—Mid-Level Administration
- 3—Instructional Salaries
- 4—Textbooks and Instructional Supplies
- 5—Other Instructional Costs
- 6—Special Education
- 7—Student Personnel Services
- 8—Health Services
- 9—Student Transportation
- 10—Operation of Plant and Equipment
- 11—Maintenance of Plant
- 12—Fixed Charges
- 14—Community Services
- 37—MCPS Television Special Revenue Fund
- 51—Real Estate Fund
- 61—Food Services Fund
- 71—Field Trip Fund
- 81—Entrepreneurial Activities Fund



**Category 1
Administration
Summary of Resources
By Object of Expenditure**

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	71.000	70.000	70.000	70.000	
Business/Operations Admin.	21.000	20.000	20.000	20.000	
Professional	11.600	10.600	10.600	9.100	(1.500)
Supporting Services	235.050	226.450	227.450	225.950	(1.500)
TOTAL POSITIONS	338.650	327.050	328.050	325.050	(3.000)
01 SALARIES & WAGES					
Administrative	\$9,803,282	\$9,561,352	\$9,561,352	\$9,549,321	(\$12,031)
Business/Operations Admin.	1,984,653	1,975,350	1,975,350	2,013,185	37,835
Professional	1,182,939	1,097,132	1,097,132	960,839	(136,293)
Supporting Services	16,835,181	16,475,020	16,475,020	16,569,998	94,978
TOTAL POSITION DOLLARS	29,806,055	29,108,854	29,108,854	29,093,343	(15,511)
OTHER SALARIES					
Administrative					
Professional	253,979	697,259	693,739	583,319	(110,420)
Supporting Services	821,695	841,929	845,449	872,612	27,163
TOTAL OTHER SALARIES	1,075,674	1,539,188	1,539,188	1,455,931	(83,257)
TOTAL SALARIES AND WAGES	30,881,729	30,648,042	30,648,042	30,549,274	(98,768)
02 CONTRACTUAL SERVICES	5,083,824	5,584,488	5,511,087	5,143,035	(368,052)
03 SUPPLIES & MATERIALS	651,891	610,696	610,696	550,560	(60,136)
04 OTHER					
Local/Other Travel	221,438	255,587	255,587	243,286	(12,301)
Insur & Employee Benefits		50,000			
Utilities	17,205				
Miscellaneous	314,453	221,751	271,751	272,015	264
TOTAL OTHER	553,096	527,338	527,338	515,301	(12,037)
05 EQUIPMENT	1,017,527	995,638	995,638	721,727	(273,911)
GRAND TOTAL AMOUNTS	\$38,188,067	\$38,366,202	\$38,292,801	\$37,479,897	(\$812,904)

Category 2
Mid-Level Administration
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	564,000	562,000	563,000	564,000	1,000
Business/Operations Admin.	26,000	26,000	26,000	26,000	
Professional	83,900	87,100	87,100	87,100	
Supporting Services	1,008,975	994,225	994,225	993,675	(.550)
TOTAL POSITIONS	1,682,875	1,669,325	1,670,325	1,670,775	.450
01 SALARIES & WAGES					
Administrative	\$69,898,816	\$69,498,075	\$69,498,075	\$70,431,274	\$933,199
Business/Operations Admin.	2,252,621	2,297,930	2,297,930	2,295,253	(2,677)
Professional	9,276,032	9,634,738	9,634,738	9,194,352	(440,386)
Supporting Services	49,017,562	48,758,991	48,758,991	49,182,305	423,314
TOTAL POSITION DOLLARS	130,445,031	130,189,734	130,189,734	131,103,184	913,450
OTHER SALARIES					
Administrative	166,102	697,576	697,576	382,576	(315,000)
Professional	487,008	630,492	620,492	549,000	(71,492)
Supporting Services	1,841,650	1,786,893	1,796,893	1,757,604	(39,289)
TOTAL OTHER SALARIES	2,494,760	3,114,961	3,114,961	2,689,180	(425,781)
TOTAL SALARIES AND WAGES	132,939,791	133,304,695	133,304,695	133,792,364	487,669
02 CONTRACTUAL SERVICES	1,810,709	1,916,410	1,989,811	1,675,819	(313,992)
03 SUPPLIES & MATERIALS	642,398	479,874	479,874	465,010	(14,864)
04 OTHER					
Local/Other Travel	224,303	331,159	331,159	448,194	117,035
Insur & Employee Benefits					
Utilities					
Miscellaneous	179,135	184,321	184,321	184,321	
TOTAL OTHER	403,438	515,480	515,480	632,515	117,035
05 EQUIPMENT	22,919	28,919	28,919	28,919	
GRAND TOTAL AMOUNTS	\$135,819,255	\$136,245,378	\$136,318,779	\$136,594,627	\$275,848

Category 3
Instructional Salaries
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	6.000	6.000	6.000	6.000	
Business/Operations Admin.	3.000	3.000	3.000	3.000	
Professional	9,454.175	9,466.775	9,466.775	9,617.975	151.200
Supporting Services	1,342.025	1,208.313	1,208.313	1,215.438	7.125
TOTAL POSITIONS	10,805.200	10,684.088	10,684.088	10,842.413	158.325
01 SALARIES & WAGES					
Administrative	\$736,998	\$750,953	\$750,953	\$742,769	(\$8,184)
Business/Operations Admin.	298,031	289,893	289,893	301,455	11,562
Professional	721,322,598	721,897,092	721,897,092	744,125,993	22,228,901
Supporting Services	54,280,256	47,468,612	47,468,612	49,653,193	2,184,581
TOTAL POSITION DOLLARS	776,637,883	770,406,550	770,406,550	794,823,410	24,416,860
OTHER SALARIES					
Administrative					
Professional	44,038,999	44,054,731	44,028,821	43,386,143	(642,678)
Supporting Services	3,060,114	5,609,619	5,635,529	5,307,365	(328,164)
TOTAL OTHER SALARIES	47,099,113	49,664,350	49,664,350	48,693,508	(970,842)
TOTAL SALARIES AND WAGES	823,736,996	820,070,900	820,070,900	843,516,918	23,446,018
02 CONTRACTUAL SERVICES					
03 SUPPLIES & MATERIALS					
04 OTHER					
Local/Other Travel					
Insur & Employee Benefits					
Utilities					
Miscellaneous					
TOTAL OTHER					
05 EQUIPMENT					
GRAND TOTAL AMOUNTS	\$823,736,996	\$820,070,900	\$820,070,900	\$843,516,918	\$23,446,018

Category 4
Textbooks And Instructional Supplies
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITIONS					
01 SALARIES & WAGES					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITION DOLLARS					
OTHER SALARIES					
Administrative					
Professional					
Supporting Services					
TOTAL OTHER SALARIES					
TOTAL SALARIES AND WAGES					
02 CONTRACTUAL SERVICES					
03 SUPPLIES & MATERIALS	22,192,656	24,948,820	24,948,820	25,084,043	135,223
04 OTHER					
Local/Other Travel					
Insur & Employee Benefits					
Utilities					
Miscellaneous					
TOTAL OTHER					
05 EQUIPMENT					
GRAND TOTAL AMOUNTS	<u>\$22,192,656</u>	<u>\$24,948,820</u>	<u>\$24,948,820</u>	<u>\$25,084,043</u>	<u>\$135,223</u>

**Category 5
Other Instructional Costs
Summary of Resources
By Object of Expenditure**

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITIONS					
01 SALARIES & WAGES					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITION DOLLARS					
OTHER SALARIES					
Administrative					
Professional					
Supporting Services					
TOTAL OTHER SALARIES					
TOTAL SALARIES AND WAGES					
02 CONTRACTUAL SERVICES	6,105,360	6,461,436	6,461,436	5,945,356	(516,080)
03 SUPPLIES & MATERIALS					
04 OTHER					
Local/Other Travel	876,702	1,247,820	1,172,820	1,071,218	(101,602)
Insur & Employee Benefits					
Utilities					
Miscellaneous	3,003,918	4,719,171	4,719,171	4,983,713	264,542
TOTAL OTHER	3,880,620	5,966,991	5,891,991	6,054,931	162,940
05 EQUIPMENT	1,853,456	1,426,787	1,501,787	1,459,693	(42,094)
GRAND TOTAL AMOUNTS	\$11,839,436	\$13,855,214	\$13,855,214	\$13,459,980	(\$395,234)

Category 6
Special Education
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	36,200	36,000	36,000	36,000	
Business/Operations Admin.	1,000	1,000	1,000	1,000	
Professional	2,116,800	2,114,350	2,114,350	2,140,500	26,150
Supporting Services	1,507,255	1,510,385	1,510,910	1,556,203	45,293
TOTAL POSITIONS	3,661,255	3,661,735	3,662,260	3,733,703	71,443
01 SALARIES & WAGES					
Administrative	\$4,848,054	\$4,581,686	\$4,581,686	\$4,634,746	\$53,060
Business/Operations Admin.	82,296	82,295	82,295	86,174	3,879
Professional	159,990,664	162,817,972	162,817,972	162,912,534	94,562
Supporting Services	54,909,928	54,814,618	54,814,618	57,105,660	2,291,042
TOTAL POSITION DOLLARS	219,830,942	222,296,571	222,296,571	224,739,114	2,442,543
OTHER SALARIES					
Administrative					
Professional	5,228,036	5,156,595	5,156,595	4,967,083	(189,512)
Supporting Services	4,277,585	3,633,065	3,633,065	3,930,203	297,138
TOTAL OTHER SALARIES	9,505,621	8,789,660	8,789,660	8,897,286	107,626
TOTAL SALARIES AND WAGES	229,336,563	231,086,231	231,086,231	233,636,400	2,550,169
02 CONTRACTUAL SERVICES	2,703,748	2,517,945	2,517,945	2,490,845	(27,100)
03 SUPPLIES & MATERIALS	3,570,930	2,108,570	2,108,570	2,234,389	125,819
04 OTHER					
Local/Other Travel	560,762	509,766	509,766	509,766	
Insur & Employee Benefits					
Utilities		20,000	20,000	12,000	(8,000)
Miscellaneous	34,549,348	35,903,175	35,903,175	37,301,688	1,398,513
TOTAL OTHER	35,110,110	36,432,941	36,432,941	37,823,454	1,390,513
05 EQUIPMENT	665,698	285,861	285,861	335,223	49,362
GRAND TOTAL AMOUNTS	\$271,387,049	\$272,431,548	\$272,431,548	\$276,520,311	\$4,088,763

Category 7
Student Personnel Services
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	9.000	9.000	9.000	7.000	(2.000)
Business/Operations Admin.					
Professional	65.805	64.905	64.905	65.405	.500
Supporting Services	35.500	34.800	34.800	34.100	(.700)
TOTAL POSITIONS	110.305	108.705	108.705	106.505	(2.200)
01 SALARIES & WAGES					
Administrative	\$1,162,279	\$1,187,378	\$1,187,378	\$933,335	(\$254,043)
Business/Operations Admin.					
Professional	7,437,066	7,458,569	7,458,569	7,452,811	(5,758)
Supporting Services	1,816,603	1,801,291	1,801,291	1,787,313	(13,978)
TOTAL POSITION DOLLARS	10,415,948	10,447,238	10,447,238	10,173,459	(273,779)
OTHER SALARIES					
Administrative					
Professional	5,250	30,565	30,565	18,565	(12,000)
Supporting Services	100,139	378,789	378,789	429,400	50,611
TOTAL OTHER SALARIES	105,389	409,354	409,354	447,965	38,611
TOTAL SALARIES AND WAGES	10,521,337	10,856,592	10,856,592	10,621,424	(235,168)
02 CONTRACTUAL SERVICES	31,537	52,005	52,005	52,005	
03 SUPPLIES & MATERIALS	5,022	14,403	14,403	14,403	
04 OTHER					
Local/Other Travel	98,572	118,328	118,328	118,578	250
Insur & Employee Benefits					
Utilities					
Miscellaneous					
TOTAL OTHER	98,572	118,328	118,328	118,578	250
05 EQUIPMENT					
GRAND TOTAL AMOUNTS	\$10,656,468	\$11,041,328	\$11,041,328	\$10,806,410	(\$234,918)

**Category 8
Health Services
Summary of Resources
By Object of Expenditure**

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITIONS					
01 SALARIES & WAGES					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITION DOLLARS					
OTHER SALARIES					
Administrative					
Professional	3,440	2,000	2,000	2,000	
Supporting Services					
TOTAL OTHER SALARIES	3,440	2,000	2,000	2,000	
TOTAL SALARIES AND WAGES	3,440	2,000	2,000	2,000	
02 CONTRACTUAL SERVICES	11,641	51,080	51,080	33,812	(17,268)
03 SUPPLIES & MATERIALS	1,187	1,590	1,590	1,590	
04 OTHER					
Local/Other Travel					
Insur & Employee Benefits					
Utilities					
Miscellaneous					
TOTAL OTHER					
05 EQUIPMENT					
GRAND TOTAL AMOUNTS	\$16,268	\$54,670	\$54,670	\$37,402	(\$17,268)

Category 9
Student Transportation
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	2.000	2.000	2.000	2.000	
Business/Operations Admin.	13.750	13.750	13.750	13.750	
Professional					
Supporting Services	1,726.500	1,717.400	1,717.400	1,717.400	
TOTAL POSITIONS	1,742.250	1,733.150	1,733.150	1,733.150	
01 SALARIES & WAGES					
Administrative	\$246,032	\$276,653	\$276,653	\$248,300	(\$28,353)
Business/Operations Admin.	1,305,847	1,358,264	1,358,264	1,342,233	(16,031)
Professional					
Supporting Services	58,834,419	61,206,037	61,206,037	61,493,909	287,872
TOTAL POSITION DOLLARS	60,386,298	62,840,954	62,840,954	63,084,442	243,488
OTHER SALARIES					
Administrative					
Professional	269,716	105,000	105,000	105,000	
Supporting Services	6,340,350	4,299,462	4,299,462	4,319,462	20,000
TOTAL OTHER SALARIES	6,610,066	4,404,462	4,404,462	4,424,462	20,000
TOTAL SALARIES AND WAGES	66,996,364	67,245,416	67,245,416	67,508,904	263,488
02 CONTRACTUAL SERVICES	1,322,809	1,697,547	1,697,547	1,747,294	49,747
03 SUPPLIES & MATERIALS	14,319,565	13,325,215	13,325,215	15,255,054	1,929,839
04 OTHER					
Local/Other Travel	47,166	76,002	76,002	70,002	(6,000)
Insur & Employee Benefits					
Utilities					
Miscellaneous	1,121,142	1,356,206	1,356,206	1,406,885	50,679
TOTAL OTHER	1,168,308	1,432,208	1,432,208	1,476,887	44,679
05 EQUIPMENT	9,183,871	9,496,741	9,496,741	9,491,871	(4,870)
GRAND TOTAL AMOUNTS	\$92,990,917	\$93,197,127	\$93,197,127	\$95,480,010	\$2,282,883

Category 10
Operation Of Plant And Equipment
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	5,000	5,000	5,000	5,000	
Business/Operations Admin.	11,000	11,000	11,000	11,000	
Professional					
Supporting Services	1,396,700	1,413,700	1,413,700	1,415,200	1,500
TOTAL POSITIONS	1,412,700	1,429,700	1,429,700	1,431,200	1,500
01 SALARIES & WAGES					
Administrative	\$548,533	\$629,067	\$629,067	\$665,541	\$36,474
Business/Operations Admin.	944,101	994,084	994,084	990,122	(3,962)
Professional					
Supporting Services	58,312,879	59,162,586	59,162,586	59,646,531	483,945
TOTAL POSITION DOLLARS	59,805,513	60,785,737	60,785,737	61,302,194	516,457
OTHER SALARIES					
Administrative					
Professional	573,161	541,500	541,500	541,500	
Supporting Services	2,121,737	1,592,238	1,592,238	1,602,582	10,344
TOTAL OTHER SALARIES	2,694,898	2,133,738	2,133,738	2,144,082	10,344
TOTAL SALARIES AND WAGES	62,500,411	62,919,475	62,919,475	63,446,276	526,801
02 CONTRACTUAL SERVICES	215,414	1,163,016	1,163,016	1,119,714	(43,302)
03 SUPPLIES & MATERIALS	2,374,733	2,572,949	2,572,949	2,703,841	130,892
04 OTHER					
Local/Other Travel	53,455	62,373	62,373	64,073	1,700
Insur & Employee Benefits					
Utilities	42,883,143	44,762,227	44,762,227	41,384,374	(3,377,853)
Miscellaneous	5,475,054	3,954,654	3,954,654	3,994,076	39,422
TOTAL OTHER	48,411,652	48,779,254	48,779,254	45,442,523	(3,336,731)
05 EQUIPMENT	168,186	222,396	222,396	222,396	
GRAND TOTAL AMOUNTS	\$113,670,396	\$115,657,090	\$115,657,090	\$112,934,750	(\$2,722,340)

Category 11
Maintenance Of Plant
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	5,000	6,000	6,000	6,000	
Business/Operations Admin.	7,000	6,000	6,000	6,000	
Professional					
Supporting Services	368,000	368,000	368,000	368,000	
TOTAL POSITIONS	380,000	380,000	380,000	380,000	
01 SALARIES & WAGES					
Administrative	\$524,883	\$701,291	\$701,291	\$701,833	\$542
Business/Operations Admin.	677,050	627,861	627,861	636,175	8,314
Professional					
Supporting Services	21,822,354	21,778,473	21,778,473	22,429,244	650,771
TOTAL POSITION DOLLARS	23,024,287	23,107,625	23,107,625	23,767,252	659,627
OTHER SALARIES					
Administrative					
Professional	57,321	205,000	205,000	155,000	(50,000)
Supporting Services	541,762	734,404	734,404	744,404	10,000
TOTAL OTHER SALARIES	599,083	939,404	939,404	899,404	(40,000)
TOTAL SALARIES AND WAGES	23,623,370	24,047,029	24,047,029	24,666,656	619,627
02 CONTRACTUAL SERVICES	2,898,854	2,282,041	2,282,041	2,458,416	176,375
03 SUPPLIES & MATERIALS	3,398,324	3,136,039	3,136,039	3,296,951	160,912
04 OTHER					
Local/Other Travel	1,812	8,974	8,974	8,974	
Insur & Employee Benefits					
Utilities					
Miscellaneous	1,722,332	1,823,425	1,823,425	1,823,425	
TOTAL OTHER	1,724,144	1,832,399	1,832,399	1,832,399	
05 EQUIPMENT	1,081,971	1,098,889	1,098,889	1,101,473	2,584
GRAND TOTAL AMOUNTS	\$32,726,663	\$32,396,397	\$32,396,397	\$33,355,895	\$959,498

Category 12
Fixed Charges
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITIONS					
01 SALARIES & WAGES					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITION DOLLARS					
OTHER SALARIES					
Administrative					
Professional					
Supporting Services					
TOTAL OTHER SALARIES					
TOTAL SALARIES AND WAGES					
02 CONTRACTUAL SERVICES					
03 SUPPLIES & MATERIALS					
04 OTHER					
Local/Other Travel					
Insur & Employee Benefits	460,839,539	471,096,403	471,096,403	489,152,534	18,056,131
Utilities					
Miscellaneous	1,338,063	683,299	683,299	683,299	
TOTAL OTHER	462,177,602	471,779,702	471,779,702	489,835,833	18,056,131
05 EQUIPMENT					
GRAND TOTAL AMOUNTS	\$462,177,602	\$471,779,702	\$471,779,702	\$489,835,833	\$18,056,131

③

Category 14
Community Services
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITIONS					
01 SALARIES & WAGES					
Administrative					
Business/Operations Admin.					
Professional					
Supporting Services					
TOTAL POSITION DOLLARS					
OTHER SALARIES					
Administrative					
Professional					
Supporting Services	62,704				
TOTAL OTHER SALARIES	62,704				
TOTAL SALARIES AND WAGES	62,704				
02 CONTRACTUAL SERVICES	13,041	158,495	158,495	158,495	
03 SUPPLIES & MATERIALS	9,435				
04 OTHER					
Local/Other Travel					
Insur & Employee Benefits					
Utilities					
Miscellaneous	50,000	50,000	50,000	50,000	
TOTAL OTHER	50,000	50,000	50,000	50,000	
05 EQUIPMENT					
GRAND TOTAL AMOUNTS	\$135,180	\$208,495	\$208,495	\$208,495	

Category 37
MCPS Television Special Revenue Fund
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	1,000	1,000	1,000	1,000	
Business/Operations Admin.					
Professional					
Supporting Services	13,000	11,500	11,500	11,500	
TOTAL POSITIONS	14,000	12,500	12,500	12,500	
01 SALARIES & WAGES					
Administrative	\$133,105	\$124,786	\$124,786	\$133,104	\$8,318
Business/Operations Admin.					
Professional					
Supporting Services	885,831	842,579	842,579	896,224	53,645
TOTAL POSITION DOLLARS	1,018,936	967,365	967,365	1,029,328	61,963
OTHER SALARIES					
Administrative					
Professional					
Supporting Services	7,483	5,042	5,042	5,042	
TOTAL OTHER SALARIES	7,483	5,042	5,042	5,042	
TOTAL SALARIES AND WAGES	1,026,419	972,407	972,407	1,034,370	61,963
02 CONTRACTUAL SERVICES	19,124	17,600	17,600	17,600	
03 SUPPLIES & MATERIALS	95,777	78,670	78,670	78,670	
04 OTHER					
Local/Other Travel	1,626	2,000	2,000	2,000	
Insur & Employee Benefits	331,183	314,373	314,373	322,471	8,098
Utilities					
Miscellaneous	2,546	1,600	1,600	1,600	
TOTAL OTHER	335,355	317,973	317,973	326,071	8,098
05 EQUIPMENT		38,350	38,350	38,350	
GRAND TOTAL AMOUNTS	\$1,476,675	\$1,425,000	\$1,425,000	\$1,495,061	\$70,061

Category 51
Real Estate Fund
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	1.000	1.000	1.000	1.000	
Business/Operations Admin.					
Professional					
Supporting Services	5.500	5.500	5.500	6.000	.500
TOTAL POSITIONS	6.500	6.500	6.500	7.000	.500
01 SALARIES & WAGES					
Administrative	\$118,677	\$110,519	\$110,519	\$120,177	\$9,658
Business/Operations Admin.					
Professional					
Supporting Services	271,012	290,648	290,648	281,121	(9,527)
TOTAL POSITION DOLLARS	389,689	401,167	401,167	401,298	131
OTHER SALARIES					
Administrative					
Professional					
Supporting Services	34,210	167,594	167,594	153,688	(13,906)
TOTAL OTHER SALARIES	34,210	167,594	167,594	153,688	(13,906)
TOTAL SALARIES AND WAGES	423,899	568,761	568,761	554,986	(13,775)
02 CONTRACTUAL SERVICES	99,626	1,766,122	1,766,122	2,304,222	538,100
03 SUPPLIES & MATERIALS	15,375	71,863	71,863	48,304	(23,559)
04 OTHER					
Local/Other Travel	831	3,693	3,693	3,693	
Insur & Employee Benefits	136,292	140,115	140,115	138,314	(1,801)
Utilities	161,704	181,951	181,951		(181,951)
Miscellaneous	1,645,341	524,225	524,225	442,225	(82,000)
TOTAL OTHER	1,944,168	849,984	849,984	584,232	(265,752)
05 EQUIPMENT	355,638	9,700	9,700	28,859	19,159
GRAND TOTAL AMOUNTS	\$2,838,706	\$3,266,430	\$3,266,430	\$3,520,603	\$254,173

Category 61
Food Service Fund
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative	2.000	2.000	2.000	2.000	
Business/Operations Admin.	11.000	11.000	11.000	11.000	
Professional					
Supporting Services	570,448	570,448	570,448	569,948	(.500)
TOTAL POSITIONS	583,448	583,448	583,448	582,948	(.500)
01 SALARIES & WAGES					
Administrative	\$217,343	\$253,164	\$253,164	\$220,566	(\$32,598)
Business/Operations Admin.	805,371	925,620	925,620	924,286	(1,334)
Professional					
Supporting Services	16,406,675	17,511,624	17,511,624	17,697,012	185,388
TOTAL POSITION DOLLARS	17,429,389	18,690,408	18,690,408	18,841,864	151,456
OTHER SALARIES					
Administrative					
Professional					
Supporting Services	667,633	657,129	657,129	556,480	(100,649)
TOTAL OTHER SALARIES	667,633	657,129	657,129	556,480	(100,649)
TOTAL SALARIES AND WAGES	18,097,022	19,347,537	19,347,537	19,398,344	50,807
02 CONTRACTUAL SERVICES	1,218,345	1,104,028	1,104,028	1,192,028	88,000
03 SUPPLIES & MATERIALS	13,809,866	14,958,778	14,958,778	15,078,148	119,370
04 OTHER					
Local/Other Travel	119,786	130,385	130,385	128,385	(2,000)
Insur & Employee Benefits	9,868,261	10,943,711	10,943,711	11,283,706	339,995
Utilities					
Miscellaneous	145,789	145,000	145,000	145,000	
TOTAL OTHER	10,133,836	11,219,096	11,219,096	11,557,091	337,995
05 EQUIPMENT	77,555	267,606	267,606	250,684	(16,922)
GRAND TOTAL AMOUNTS	\$43,336,624	\$46,897,045	\$46,897,045	\$47,476,295	\$579,250

34

Category 71
Field Trip Fund
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative					
Business/Operations Admin.	.250	.250	.250	.250	
Professional					
Supporting Services	4.250	4.250	4.250	4.250	
TOTAL POSITIONS	4.500	4.500	4.500	4.500	
01 SALARIES & WAGES					
Administrative					
Business/Operations Admin.	25,048	26,125	26,125	26,175	50
Professional					
Supporting Services	260,156	276,432	276,432	266,481	(9,951)
TOTAL POSITION DOLLARS	285,204	302,557	302,557	292,656	(9,901)
OTHER SALARIES					
Administrative					
Professional					
Supporting Services	873,821	999,826	999,826	961,463	(38,363)
TOTAL OTHER SALARIES	873,821	999,826	999,826	961,463	(38,363)
TOTAL SALARIES AND WAGES	1,159,025	1,302,383	1,302,383	1,254,119	(48,264)
02 CONTRACTUAL SERVICES	36,697	76,411	76,411	49,638	(26,773)
03 SUPPLIES & MATERIALS	386,163	560,089	560,089	521,666	(38,423)
04 OTHER					
Local/Other Travel		138	138	138	
Insur & Employee Benefits	158,949	182,193	182,193	198,880	16,687
Utilities					
Miscellaneous					
TOTAL OTHER	158,949	182,331	182,331	199,018	16,687
05 EQUIPMENT		1,605	1,605	1,605	
GRAND TOTAL AMOUNTS	\$1,740,834	\$2,122,819	\$2,122,819	\$2,026,046	(\$96,773)

35

Category 81
Entrepreneurial Activities
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2011 ACTUAL	FY 2012 BUDGET	FY 2012 CURRENT	FY 2013 BUDGET	FY 2013 CHANGE
POSITIONS					
Administrative					
Business/Operations Admin.					
Professional	1,000	1,000	1,000	1,000	
Supporting Services	8,000	8,000	8,000	11,000	3,000
TOTAL POSITIONS	9,000	9,000	9,000	12,000	3,000
01 SALARIES & WAGES					
Administrative					
Business/Operations Admin.					
Professional	118,786	111,579	111,579	118,787	7,208
Supporting Services	444,488	433,735	433,735	596,629	162,894
TOTAL POSITION DOLLARS	563,274	545,314	545,314	715,416	170,102
OTHER SALARIES					
Administrative					
Professional	330,467	876,474	876,474	621,474	(255,000)
Supporting Services	26,369	56,269	56,269	69,373	13,104
TOTAL OTHER SALARIES	356,836	932,743	932,743	690,847	(241,896)
TOTAL SALARIES AND WAGES	920,110	1,478,057	1,478,057	1,406,263	(71,794)
02 CONTRACTUAL SERVICES	338,650	508,520	508,520	557,520	49,000
03 SUPPLIES & MATERIALS	497,011	546,800	546,800	679,308	132,508
04 OTHER					
Local/Other Travel	10,573	12,864	12,864	12,649	(215)
Insur & Employee Benefits	222,799	249,830	249,830	316,216	66,386
Utilities					
Miscellaneous					
TOTAL OTHER	233,372	262,694	262,694	328,865	66,171
05 EQUIPMENT	25,000	26,377	26,377	34,980	8,603
GRAND TOTAL AMOUNTS	\$2,014,143	\$2,822,448	\$2,822,448	\$3,006,936	\$184,488

(230)

Update

April 11, 2012

As you have no doubt heard, the failure of the Maryland General Assembly late Monday evening, April 9, 2012, to finish the work on all of the bills necessary to complete the state budget and avoid a drastic cut in state aid to education has created uncertainty in the county budget process. There is a serious risk of a reduction of more than \$40 million in state aid to Montgomery County Public Schools (MCPS). We are hopeful that Governor Martin O'Malley will quickly reconvene the Maryland General Assembly for a special session to complete the budget process that was started more than two months ago.

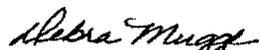
The Board of Education's \$2.13 billion budget request for Fiscal 2013 includes funding for salary increases within the rebased Maintenance of Effort (MOE) budget approved by the Board in February 2012 and recommended by the county executive last month. MOE, which requires the county to spend at least the same amount per student next year as it does this year, increases the budget by \$22 million due to enrollment increases. MCPS also expected \$28 million of additional state aide. Montgomery County Executive Isiah Leggett has recommended full funding of the Board's budget based on the projected revenue.

The Montgomery County Board of Education and the 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)—have been engaged in contract negotiations for the past five months. The uncertainty of the state aid amount makes it necessary to delay action at this time. The Board of Education and the employee associations are committed to salary increases for our employees next year. MCPS employees have not received cost-of-living adjustments for the past three years and have not received their scheduled step increases or longevity increments for the past two years. There is agreement that we need to recognize our employees for their contributions to our students each and every day. We believe that this is the year to provide some stability for our employees, but we need to have greater clarity about the state budget.

We urge the Maryland General Assembly to move forward as quickly as possible to resolve the budget process, in the interest of our students and our staff. We encourage all employees to contact the Governor (<http://www.governor.maryland.gov/mail/>), the Senate president (thomas.v.mike.miller@senate.state.md.us) and the Speaker of the House (michael.busch@house.state.md.us) to urge a special session to be convened to complete the state budget.



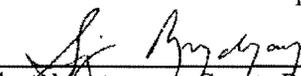
President, Montgomery County Education Association



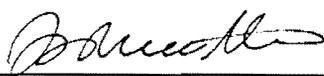
President, Montgomery County Association of
Administrators and Principals



President, Service Employees International Union
Local 500



President, Montgomery County Board of Education



Superintendent of Schools