

ED COMMITTEE #2  
July 26, 2012  
Update

MEMORANDUM

July 24, 2012

TO: Education Committee

FROM: Essie McGuire, Senior Legislative Analyst *EMcG*

SUBJECT: **Update – Board of Education Approval of FY13 Operating Budget for Montgomery County Public Schools**

Today the Education Committee will receive an update on the Board of Education's final approval of the FY13 Operating Budget for the Montgomery County Public Schools (MCPS).

Once the Council has appropriated funds by State category for the operating budget, the Board takes final action to allocate the funds within each category and make changes necessary to reconcile the intended operational plan to the final categorical appropriation.

The Board's June 14 approval resolution for the FY13 Operating Budget is attached on circles 2-19 and details the adjustments made in each category to reflect the Board's actions where different from its March 1 submission. **For FY13 the Council fully funded the Board's operating budget request.** Even so, programmatic and technical adjustments are often necessary as MCPS staff and the Board finalize program details and allocations for the upcoming year. Thus, in the attached crosswalk, reductions shown reflect category changes and not the result of reduced funding from the Council.

**Major Changes**

Table 1A on circle 1 details the major changes in the Board's budget from FY12. Council staff notes the following:

- **The Council fully funded the Board's request for the FY13 MCPS budget of \$2.16 billion.** This is an increase of \$73.2 million, or 3.5 percent, over FY12. This amount includes the cost of the pension shift from the State. Without the pension shift, the tax-supported operating budget increases by \$50.7 million or 2.6 percent.
- The Board approved a total workforce of 20,843 Full-Time Equivalent (FTE) positions, **an increase of almost 231 FTE over FY12.**

- Table 1A identifies **215.7 FTE associated with increased enrollment**, accounting for \$14.6 million in the FY13 budget.
- **The Board’s budget included no new initiatives.** The Board identified a total of \$9.2 million in efficiencies and reductions, primarily in central office functions. The Board did not restore any programmatic reductions made in the last two fiscal years, such as class size (increased by one in FY11) or other position eliminations (for functions reduced in FY12 such as academic intervention teachers or media assistants).
- **The Board approved employee compensation increases totaling \$47 million.** These included: a step and longevity increase for eligible employees; a 2 percent salary increase for employees not eligible for a step or longevity increase; and a second step increase for employees eligible for a step increase in FY11 (circle 4).
- **The Board’s budget reflects a “reorientation” of several central office functions.** These changes are described on circles 7-8, and involve the addition of one Deputy Superintendent, and changes in the responsibilities of the former Office of School Performance. Many of the additions and reductions shown in the categorical crosswalk on circles 12-19 reflect this reorganization, rather than changes in funding.

**Recent Funding and Staffing Trends**

In the last three fiscal years the County has experienced an extremely constrained fiscal environment and very difficult budget decisions. The table below shows the FY13 Council-approved total appropriation and Board-approved total FTE for FY09-13.

	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>
<b>Total Approp</b> <i>(in billions)</i>	\$2.066	\$2.121	\$2.104	\$2.086	\$2.132
<b>Total FTE</b>	20,769	20,952	20,743	20,609	20,841

The school system and its advocates have often cited a larger three-year reduction of \$400 million and 1,300 positions. However, these figures appear to include anticipated costs as well as base adjustments and reallocations, and do not reflect actual year-to-year budget changes.

Council staff notes the following:

***Total Appropriation***

- FY10 was the highest funding point in this period, and the FY13 budget is \$11 million above the FY10 approved level (without debt service).
- At its lowest point in FY12, the MCPS operating budget was \$34 million below the FY10 level. It did not fall below the FY09 level in any year.

### *Total FTE*

- The Board approved FTE for FY13 is 106.8 FTE below the FY10 approved total. This is a reduction of approximately 0.5% of the total workforce.
- Table 5 in the Board's budget shows the allocation of staffing by type of position. Council staff compiled this information from FY10-13 on circle 20, and on circle 21 Council staff shows each classification's share of the total number of positions in FY10 and FY13.
- The positions with the largest numerical increase from FY10-13 are teachers, special education specialists, and building service workers. These positions are closely associated with increased enrollment.
- The positions showing the largest numerical decrease in this time period are secretarial and clerical support, other professionals, and other support personnel.
- The significant decrease in the number of teachers between FY10-11 largely reflects the Board's decision to increase class size by 1 in FY11. The number of teachers increases in FY12 and again in FY13, reflecting increases in enrollment.
- **The relative share of each type of position remains essentially the same from FY10 to FY13.** For example, in FY13 teachers comprise 50.1% of all FTE; executive and administrative staff 1.0%; instructional aides and assistants 11.5%; and transportation personnel 8.1%. These percentages are very close to or the same as the FY10 percentages of the total FTE.

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

ITEM	FTE	AMOUNT
<b>FY 2012 OPERATING BUDGET</b>	<b>20,612.226</b>	<b>\$2,086.8</b>
<b>ENROLLMENT CHANGES</b>		
Elementary/Secondary	134.975	9.2
Special Education	59.368	3.9
ESOL/Prekindergarten	15.725	1.1
Transportation	5.625	0.4
<b>Subtotal</b>	<b>215.699</b>	<b>\$14.6</b>
<b>NEW SCHOOLS/SPACE</b>	<b>16.125</b>	<b>\$1.8</b>
<b>EMPLOYEE SALARIES - CONTINUING SALARIES</b>		
<b>COSTS FOR CURRENT EMPLOYEES (including benefits)</b>		<b>\$25.8</b>
<b>EMPLOYEE BENEFITS AND INSURANCE</b>		
Employee Benefits Plan (active)		7.5
Employee Benefits Plan (retired)		1.2
Retirement		2.5
FICA/Self-Insurance/Workers' Compensation		(0.7)
Pension Shift from State of Maryland		27.2
<b>Subtotal</b>		<b>\$37.7</b>
<b>INFLATION AND OTHER</b>		
School Restructuring/Programs	5.600	0.8
Textbooks, Instructional and Media Materials		0.8
Utilities		(3.7)
Special Education Including Non-public Tuition	14.475	1.4
Transportation		2.3
Maintenance		0.2
Facilities Management		0.4
Grant Revenue Reductions		(0.2)
Other	2.400	1.0
<b>Subtotal</b>	<b>22.475</b>	<b>\$3.0</b>

ITEM	AMOUNT
<b>EFFICIENCIES &amp; REDUCTIONS</b>	
<b>Central Services:</b>	
K-12 and Office of School Performance	(1.500) (0.8)
Office of the Deputy Superintendent of Schools	(0.500) (0.1)
Office of Shared Accountability	(1.500) (0.2)
Office of Curriculum and Instructional Programs	(2.250) (0.5)
Office of Special Education and Student Services	(5.000) (0.7)
Office of the Chief Operating Officer	(6.000) (1.0)
Office of the Chief Technology Officer	
Office of Human Resources and Development	(1.000) (1.6)
Office of the Superintendent of Schools	
Subtotal	<b>(17.750) (\$6.4)</b>
<b>School-based/Support Operations:</b>	
Elementary Schools	(0.9)
Middle Schools	(0.3)
High Schools	(0.2)
Office of School Performance	(0.3)
Office of Curriculum and Instructional Programs	(0.3)
Office of Special Education and Student Services	(0.1)
Office of the Chief Operating Officer	(5.625) (0.7)
Subtotal	<b>(5.625) (2.8)</b>
<b>Total Efficiencies &amp; Reductions</b>	<b>(23.375) (\$9.2)</b>
<b>FY 2013 BUDGET</b>	<b>20,843.144</b>
<b>FY 2012-FY 2013 CHANGE</b>	<b>230.918</b>
Less Enterprise funds	(619.948) (57.5)
Less Grants	(472.138) (73.7)
<b>SPENDING AFFORDABILITY BUDGET</b>	<b>19,751.058</b>
<b>REVENUE INCREASE BY SOURCE</b>	
Local	49.4
State	28.8
Federal	(5.9)
Other	0.0
Enterprise	0.9
<b>TOTAL REVENUE INCREASE</b>	<b>\$73.2</b>

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

June 14, 2012

MEMORANDUM

To: Members of the Board of Education

From: Joshua P. Starr, Superintendent of Schools

Subject: Final Approval of the Fiscal Year 2013 Operating Budget

**Executive Summary**

On May 24, 2012, the County Council approved the Montgomery County Public Schools (MCPS) Operating Budget appropriation for Fiscal Year (FY) 2013. The Council approved a total of \$2,160,029,595. This is an increase of \$73,242,982 (3.5 percent) from the current FY 2012 Operating Budget of \$2,086,786,613. The total tax-supported budget (excluding grants and enterprise funds) approved for FY 2013 is \$2,028,871,395, an increase of \$77,962,204 (4.0 percent) from the current FY 2012 Operating Budget of \$1,950,909,191. The FY 2013 Operating Budget includes \$27.2 million for payments shifted to local school boards for a portion of state teacher pension costs. Excluding the pension shift, the operating budget increases by \$46,015,429 (2.2 percent). The amount of local contribution approved by the County Council is equal to the requirement of the state Maintenance of Effort (MOE) law. As required by state law, the County Council approved the appropriation by state categories.

**Background**

At its meeting on February 14, 2012, the Board of Education adopted its FY 2013 Operating Budget totaling \$2,132,839,512. The Board's request assumed a local contribution of \$1,392,286,148, the minimum permitted by MOE state law. The County Council increased the Board of Education's requested budget by \$27,190,083 (1.3 percent) to \$2,160,029,595. Attachment A summarizes the final actions of the Council by state category. Attachment B shows the changes in the operating budget from FY 2012 to FY 2013. Attachment C details the changes to the FY 2013 Operating Budget within budget categories. The following is a summary chart of the impact of the revisions on the FY 2013 Operating Budget.

## FY 2013 OPERATING BUDGET

	FY 2012 <u>BUDGET</u>	FY 2013 <u>BOE REQ</u>	FY 2013 <u>APPROVED</u>	FY 2013 <u>CHANGE</u>
Total Expenditures	\$2,086,786,613	\$2,132,839,512	\$2,160,029,595	\$73,242,982
<u>Revenue</u>				
Local Revenue	1,370,101,480	1,392,286,148	1,419,513,701	49,412,221
State Revenue	559,837,103	588,331,986	588,331,986	28,494,883
Other Revenue	156,848,030	152,221,378	152,183,908	(4,664,122)
Total Revenue	\$2,086,786,613	\$2,132,839,512	\$2,160,029,595	\$73,242,982
Enrollment (Budget)	146,709	149,018	149,018	2,309
Per Pupil Expenditures	\$13,590	\$13,683	\$13,871	\$281

On March 15, 2012, the county executive recommended to the County Council a total budget of \$2,132,839,512 for MCPS, including grants and enterprise funds, which was full funding of the Board of Education's request. The county executive recommended a tax-supported budget for MCPS of \$2,001,643,842, excluding grants and enterprise funds, which was full funding of the Board of Education's request. This included local contribution (\$1,392,286,148) at the MOE level. As approved by the County Council, the FY 2013 Operating Budget includes a local contribution of \$1,419,513,701, an increase of \$49,412,221 (3.6 percent) from the FY 2012 local contribution. The increase in local contribution includes the required MOE amount and \$27.2 million to offset the shift of a portion of state teacher pension costs to local school boards. In addition, the approved appropriation includes FY 2012 ending fund balance of \$17.0 million as a result of savings generated during FY 2011 and FY 2012.

The County Council is authorized by the State Education Article (Section 5-101) to approve the MCPS Operating Budget by category of expenditure as defined in the law. The Board of Education may reallocate the resources within each of the categories, but the Board cannot transfer any allocation between categories without approval by the County Council.

### Budget Development Process

On December 15, 2011, I recommended an operating budget for MCPS at the minimum amount permitted by the state MOE law. That recommendation resulted from an extensive participatory process of budget development. This year, for the first time, the Board of Education engaged in a formal and public process to identify its highest priority budget interests. These interests represent significant budget goals rather than specific proposals. The Board's identified interests provided valuable input into the development of the superintendent's budget recommendations and helped Board members to evaluate the recommendations based on their expressed interests.

This process continued a long tradition of extensive involvement of parents, staff, residents, and other stakeholders. From the beginning of the process, representatives of each of the employee associations—the Montgomery County Education Association (MCEA), the Montgomery County Association of Administrators and Principals (MCAAP), and the Service Employees International Union (SEIU) Local 500—and leaders of the Montgomery County Council of Parent Teacher Associations (MCCPTA) participated in all of the budget development meetings. They spent hundreds of hours reviewing every proposal and alternative. I am profoundly grateful for their dedication and the unflagging cooperation they showed throughout such a difficult process. Executive leadership and many other staff members also played an essential role in the budget process. The Board of Education received valuable input from parents and other county residents at two innovative community conversations in October 2011; they heard first-hand about budget priorities and concerns. These and additional input were fully reflected in the recommendations I made in December.

Following the presentation of my recommended operating budget, the Board of Education received extensive testimony from Parent Teacher Association representatives and many other stakeholders at two public hearings in January 2012. Based on this input, Board members asked many questions of staff during the hearings and at two budget work sessions. The questions and written responses were made available to the public and elicited more valuable input.

Recommendations for the approved budget include the following changes from the Board of Education's Request.

### **Negotiated Agreements**

On May 21, 2012, the Board of Education announced tentative agreement with its three employee associations on terms of the negotiated agreements for FY 2013. The cost of the agreements is within the amount requested by the Board of Education, including \$8.6 million budgeted for continuing salary costs and \$12.0 million set aside for the costs of the negotiated agreements. The total cost of \$47 million is offset by savings of nearly \$27 million as a result of higher than expected employee turnover in FY 2012. The FY 2013 Operating Budget includes funds for salary steps and longevity increases that take effect on July 1, 2012. Employees not eligible for steps or longevity increases will receive a 2 percent salary increase on July 1, 2012. Employees who were eligible for a step increase in FY 2011 also will receive a step increase on May 4, 2013. Employees did not receive scheduled steps and longevity increases in FY 2011 or FY 2012.

*Employee Benefit Plan*—The negotiated agreements include plan design changes in the Employee Benefit Plan, comprising employee health and life insurance plans for active and retired employees. Savings total \$4.5 million in FY 2013, with an additional \$4.5 million that will take effect in FY 2014. Savings result from increases in required co-pays for prescription drugs and doctor's visits.

Changes resulting from the negotiated agreements do not change the budget total as requested by the Board of Education. The effects of the negotiated agreements are reflected in changes in state categories approved by the County Council that result from the distribution of salary and benefits amounts.

*Instructional Television Special Revenue Fund*—The county cable television plan adopted for FY 2013 reduces the contribution to the Instructional Television Special Revenue Fund by \$37,470—compared to the Board of Education’s request—to \$1,457,591.

### **Local Contribution and MOE Legislation**

The Board of Education’s Operating Budget Request included a local contribution at the minimum MOE amount of \$1,392,286,148. The County Council approved the operating budget at the MOE-required amount. As a result of state legislation adopted during the 2012 session (Senate Bill 848), the MOE requirement was clarified and strengthened. The legislation broadened criteria for an MOE waiver to reflect past local education funding and tax effort and agreement between the county and local school board to make savings in recurring costs. The legislation also voided the potential \$26.2 million penalty that faced MCPS in FY 2013 because of the county’s failure to meet the MOE requirement in FY 2012.

### **State Aid**

State aid for MCPS is expected to increase by \$28,494,883 to \$588,331,986. Foundation aid increases by \$11.9 million from the operation of state aid formulas, including an enrollment increase of 2,273 students and an increase in the per-pupil amount of the Foundation program from \$6,694 to \$6,761.

Other increases in state aid expected for FY 2013 based on the operation of existing state formulas include \$0.8 million for the Geographic Cost of Education Index (GCEI), \$5.3 million for aid to limited English proficient students, \$8.6 million for Compensatory Aid based on the number of students eligible for Free and Reduced-price Meals System (FARMS) services, \$0.9 million for transportation, and \$0.6 million for special education formula aid. Other changes in state aid total a net increase of \$0.4 million.

### **Pension Shift**

The approved budget reflects actions of the state legislature on May 16, 2012, to approve the *Budget Reconciliation and Financing Act of 2012* (BRFA), Senate Bill 1301. This law includes a partial shift of the “normal cost” of pensions for members of the state retirement system. BRFA designates specific amounts for the phase-in of pension payments for the four years from FY 2013 through FY 2016. During this period, the law obligates counties to increase the required local contribution by the amount of the pension payment so that school boards will not have a net impact from the pension shift. Beginning in FY 2017, following complete phase-in of

the pension shift, the actuarially determined "normal cost" will be part of the base for MOE calculations. This bill also provides for additional local revenue to fully offset Montgomery County pension costs for FY 2013 and to mitigate the effect of added pension costs in subsequent years.

Beginning in FY 2015, the law relieves school boards from the requirement to reimburse the state for retirement payments for employees charged to federal and state grants. In FY 2012, MCPS pays approximately \$6.2 million from grant revenue to reimburse the state for these payments. In FY 2015, the amount of these payments will become part of the local share of pension costs for all employee members of the state retirement plan.

### **Federal Aid**

Preliminary estimates of federal aid for FY 2013 were not available from the Maryland State Department of Education (MSDE) until after approval of the FY 2013 Operating Budget by the County Council. The preliminary estimates include a total of \$72,835,375 in federal aid. This is an increase of \$323,361 from FY 2012 and an increase of \$8,313,000 compared to the approved budget. The changes from FY 2012 include an increase of \$4.2 million for Title I, \$0.9 million for the *Individuals with Disabilities Education Act* (IDEA) for special education, and \$0.2 million for the Title III Limited English Proficiency grant. These increases are partially offset by a decrease of \$4.4 million resulting from the termination of the Education Jobs Fund (EJF) at the end of FY 2012 and a net decrease of \$0.6 million in other federal programs. Once the preliminary estimates are finalized, the Board of Education will be asked to request a supplemental appropriation to receive any additional federal funds that will be a source of additional expenditures in FY 2013.

On August 2, 2011, the United States Congress adopted the *Budget Control Act of 2011* (Public Law 112-25) to regulate and limit federal spending. This law may have serious effects on the MCPS FY 2013 Operating Budget through what is known as the sequestration provision. Sequestration refers to the cancellation or postponement of previously authorized appropriations.

The provisions of the *Budget Control Act of 2011* raised the United States authorized debt ceiling and established a process to reduce future federal spending. The Joint Select (Super) Committee on Deficit Reduction, which was established to develop a spending plan, concluded without taking action, and as a result, automatic across-the-board spending reductions will be implemented on January 2, 2013, unless Congress takes prior actions to avoid the reductions. Federal aid for school nutrition programs is exempt from potential reductions. If sequestration is implemented, all other federal grants received by MCPS, including Title I and the IDEA funds, would be subject to automatic across-the-board cuts. Based on the current amount of grant revenue, MCPS could expect to lose as much as \$6 million annually. MSDE has warned local school districts to anticipate funding reductions if sequestration is implemented. Clearly, this is an issue that we are monitoring and we will keep you apprised of any action by the United States

Congress. The federal government has not yet issued procedures for implementation of sequestration.

### **Fund Balance**

In addition to other sources of revenue, the County Council approved \$17.0 million in projected fund balance at the end of FY 2012 as a source for revenue for FY 2013. Due to FY 2011 comprehensive expenditure restrictions, including a hiring freeze, MCPS achieved a reduction of expenditures compared to budget, resulting in an ending fund balance of approximately \$29.0 million. The MCPS FY 2012 Operating Budget included fund balance of \$17.0 million of the total savings as a source of appropriation, leaving fund balance of \$11.9 million available for appropriation in FY 2013 or future years. This unappropriated FY 2011 ending fund balance, together with the FY 2012 projected surplus of \$23.4 million, equals \$35.3 million that will be available to fund future year operating budgets. After using \$17.0 million to fund the FY 2013 Operating Budget, the remaining fund balance of \$18.3 million may be used for appropriation over several years to avoid any sudden increase in the need for local contribution to replace fund balance as a revenue source.

### **Reorientation**

The MCPS FY 2013 Operating Budget includes the reorientation of certain central office resources to provide a framework for central services support to principals and schools focused on improving teaching and learning. The central office structure going forward will include two deputy superintendents rather than one. The deputy superintendent of school support and improvement, the deputy superintendent of teaching, learning, and programs, and the chief operating officer will work together to ensure aligned support and services to schools focused on improving teaching and learning.

### **Office of the Deputy Superintendent of School Support and Improvement**

The Office of the Deputy Superintendent of School Support and Improvement (OSSI) will support principals and ensure that resources and services are coordinated to meet school needs. The deputy superintendent of school support and improvement will supervise the community superintendents and an associate superintendent for professional development and school support. The associate superintendent will oversee a comprehensive professional development program aimed at enhancing instructional leadership and forming professional learning communities focused on improving the instructional practices of educators. The associate superintendent will supervise the Department of Instructional Leadership Support, the Equity Initiatives Unit, and the Team Development Unit moved from the offices of Curriculum and Instructional Programs and Human Resources and Development. OSSI also will include the Department of Alternative Programs.

**Office of the Deputy Superintendent of Teaching, Learning, and Programs**

The deputy superintendent of teaching, learning, and programs will be responsible for the oversight and management of the offices of Curriculum and Instructional Programs, Special Education and Student Services, Shared Accountability and Family, Community and Business Engagement and Partnerships. This new office will be led by the Chief Engagement and Partnership Officer who will spearhead our community engagement work. The deputy superintendent of teaching, learning, and programs will communicate system priorities and promote collaboration among these offices to ensure consistency and effectiveness of services and programs to meet individual school needs. The Division of Title I Programs will be located within the Office of Curriculum and Instructional Programs.

**Summary of Recommendations**

Attachment C details the changes to the FY 2013 Operating Budget within budget categories. The County Council's reduction or addition is shown in the left-hand column. Any changes made by the Board of Education will be reflected in the final Attachment C that will be distributed to principals, directors, and other program managers after the Board takes final action.

During my first year as superintendent of schools, I have been favorably impressed by the ability of the MCPS operating budget process to effectively engage a wide variety of stakeholders within and outside the school system. The cooperative spirit exemplified by all the participants in this process—including elected officials, employee associations, parent representatives, students, and community members—symbolizes the continued dedication of Montgomery County to providing the best possible education for each of its students. Despite the significant fiscal challenges that we face, the willingness to come together made it possible to adopt a budget that can continue to produce the excellence of which Montgomery County is so justly proud. I am confident that the Board of Education will maintain its focus on the core academic priorities that have guided the budget development process. Fiscal challenges will continue, but the focus on the strategic goals of student achievement will continue to direct MCPS as we implement the operating budget.

**Recommended Resolution**

WHEREAS, The Board of Education adopted the Fiscal Year 2013 Operating Budget of \$2,132,839,512 at the minimum maintenance of local effort amount on February 14, 2012; and

WHEREAS, The county executive recommended \$2,132,839,512 for Montgomery County Public Schools, equal to the Board of Education's Budget Request on March 15, 2012; and

WHEREAS, The County Council approved a total of \$2,160,029,595 (including grants and enterprise funds), an increase of \$27,190,083 from the Board of Education's request, on May 24, 2012; and

WHEREAS, The County Council appropriated a total of \$2,028,871,395 (excluding grants and enterprise funds), an increase of \$27,227,553 from the Board of Education's request, including local contribution at the required Maintenance of Effort amount and reflecting the cost of the initial year of the phase-in of the transfer of a portion of state teacher pension costs to local school boards; and

WHEREAS, The Maryland State Department of Education requires each local school system to submit an annual special education staffing plan; and

WHEREAS, The Special Education Staffing Committee, comprising parents, teachers, principals, special education staff, and special education advocates, held meetings in June 2011 and recommendations were submitted to the Office of Special Education and Student Services; and

WHEREAS, The Fiscal Year 2013 Operating Budget includes all of the staffing plan elements required by the Maryland State Department of Education; and

WHEREAS, The County Council made changes to the Board of Education's Fiscal Year 2013 Operating Budget Request of March 1, 2012, as indicated above, incorporating the impact on salaries and employee benefits of the tentative agreement announced on May 21, 2012, between the Board of Education and its employee associations, which did not change the total amount requested by the Board of Education, in appropriating \$2,160,029,595 for the Board of Education's Fiscal Year 2013 Operating Budget, as follows:

<b>I. Current Fund</b>	BOE Request March 2012	Council (Reduction) Addition	Council Approved Budget
1 Administration	37,479,897	852,922	38,332,819
2 Mid-level Administration	136,594,627	1,716,761	138,311,388
3 Instructional Salaries	843,516,918	(3,261,303)	840,255,615
4 Textbooks and Instructional Supplies	25,084,043	22,125	25,106,168
5 Other Instructional Costs	13,459,980	(10,078)	13,449,902
6 Special Education	276,520,311	2,238,412	278,758,723
7 Student Personnel Services	10,806,410	202,250	11,008,660
8 Health Services	37,402		37,402
9 Student Transportation	95,480,010	206,517	95,686,527
10 Operation of Plant and Equipment	112,934,750	545,666	113,480,416
11 Maintenance of Plant	33,355,895	424,478	33,780,373
12 Fixed Charges	489,835,833	24,289,803	514,125,636
14 Community Services	208,495		208,495
Subtotal, including specific grants	2,075,314,571	27,227,553	2,102,542,124
Less specific grants	73,670,729		73,670,729
Subtotal, spending affordability	2,001,643,842	27,227,553	<b>2,028,871,395</b>
<b>II. Enterprise Funds</b>			
37 Instructional Television Fund	1,495,061	(37,470)	1,457,591
51 Real Estate Management Fund	3,520,603		3,520,603
61 Food and Nutrition Services Fund	47,476,295		47,476,295
71 Field Trip Fund	2,026,046		2,026,046
81 Entrepreneurial Fund	3,006,936		3,006,936
Subtotal, Enterprise Funds	57,524,941	(37,470)	57,487,471
Total Budget for MCPS	<u>2,132,839,512</u>	<u>27,190,083</u>	<u>2,160,029,595</u>

now therefore be it

Resolved, That based on an appropriation of \$2,160,029,595, that includes an appropriation of \$57,487,471 for enterprise and special revenue funds and \$73,670,729 for restricted grants, approved by the County Council on May 24, 2012, the Board of Education approves its Fiscal Year 2013 Operating Budget reflecting the changes shown in Schedule A; and be it further

Resolved, That the Board of Education approves the 2012 Special Education Staffing Plan as included in the Fiscal Year 2013 Recommended Operating Budget; and be it further

Resolved, That the Special Education Staffing Plan be submitted to the Maryland State Department of Education; and be it further

Resolved, That a copy of this action be transmitted to the county executive and County Council.

JPS:LAB:MCS:jp

Attachments

## FY 2013 APPROVED BUDGET BY STATE CATEGORY

CATEGORY	BOARD'S REQUEST	COUNCIL APPROVED	ADDITION (REDUCTION)	CHANGE
<b>INSTRUCTION</b>				
2 Mid-level Administration	\$ 136,594,627	\$ 138,311,388	1,716,761	1.26%
3 Instructional Salaries	843,516,918	840,255,615	(3,261,303)	-0.39%
4 Textbooks and Instructional Supplies	25,084,043	25,106,168	22,125	0.09%
5 Other Instructional Costs	13,459,980	13,449,902	(10,078)	-0.07%
6 Special Education	276,520,311	278,758,723	2,238,412	0.81%
Subtotal	1,295,175,879	1,295,881,796	705,917	0.05%
<b>SCHOOL AND STUDENT SERVICES</b>				
7 Student Personnel Services	10,806,410	11,008,660	202,250	1.87%
8 Health Services	37,402	37,402	0	0.00%
9 Student Transportation	95,480,010	95,686,527	206,517	0.22%
10 Operation of Plant and Equipment	112,934,750	113,480,416	545,666	0.48%
11 Maintenance of Plant	33,355,895	33,780,373	424,478	1.27%
Subtotal	252,614,467	253,993,378	1,378,911	0.55%
<b>OTHER</b>				
1 Administration	37,479,897	38,332,819	852,922	2.28%
12 Fixed Charges	489,835,833	514,125,636	24,289,803	4.96%
14 Community Services	208,495	208,495	0	0.00%
Subtotal	527,524,225	552,666,950	25,142,725	4.77%
<b>Total Current Fund</b>				
	2,075,314,571	2,102,542,124	27,227,553	1.31%
<b>ENTERPRISE FUNDS</b>				
37 Instructional Television Fund	1,495,061	1,457,591	(37,470)	-2.51%
51 Real Estate Management Fund	3,520,603	3,520,603	0	0.00%
61 Food Services Fund	47,476,295	47,476,295	0	0.00%
71 Field Trip Fund	2,026,046	2,026,046	0	0.00%
81 Entrepreneurial Activities Fund	3,006,936	3,006,936	0	0.00%
Total Enterprise Funds	57,524,941	57,487,471	(37,470)	-0.07%
<b>Total</b>				
	\$ 2,132,839,512	\$ 2,160,029,595	\$ 27,190,083	1.27%

**FY 2013 OPERATING BUDGET SUMMARY**  
(\$ in millions)

	Total Budget	SAG* Budget
FY 2012(Current) Budget	\$2,086.8	\$1,950.9
FY 2013 Changes:		
Growth, Inflation and Other	19.5	24.9
Employee Benefits	15.1	15.1
Negotiated Salary Costs Including Benefits	20.6	19.9
Improvement Initiatives	-	-
Efficiencies and Reductions	(9.2)	(9.2)
<b>Board's FY 2013 Budget Request</b>	<b>2,132.8</b>	<b>2,001.6</b>
Pension Shift from State of Maryland	27.2	27.2
<b>County Council's FY 2013 Budget Appropriation</b>	<b>\$2,160.0</b>	<b>\$2,028.8</b>

\*SAG = Spending Affordability Guidelines

**SCHEDULE OF COUNTY COUNCIL ADDITIONS / REDUCTIONS TO THE FY 2013 OPERATING BUDGET  
WITHIN CATEGORIES AND ADOPTED BY THE BOARD OF EDUCATION**

DESCRIPTION	COUNCIL ACTION		BOARD ACTION		TOTAL	
	POS.	AMOUNT	POS.	AMOUNT	POS.	AMOUNT
<b>CATEGORY 1 - ADMINISTRATION</b>						
Salary Steps and Longevities		\$ 603,922				\$ 603,922
<b>Central Office Reorientation:</b>						
Office of School Performance	(1.000)	(162,623)			(1.000)	(162,623)
Division of Title I Programs		(17,082)				(17,082)
Office of the Deputy Superintendent for School Support and Improvement	5.000	536,377			5.000	536,377
Office of Professional Development and Support						
Equity Initiatives Unit	3.000	360,376			3.000	360,376
Office of the Deputy Superintendent of Schools	(1.000)	(142,206)			(1.000)	(142,206)
Office of Shared Accountability	1.000	128,209			1.000	128,209
Office of Curriculum and Instructional Programs						
Division of Title I Programs		17,082				17,082
<b>Technical Adjustments:</b>						
Office of the Chief Technology Officer	(5.000)	(520,330)			(5.000)	(520,330)
Office of Human Resources and Development	1.000	61,818			1.000	61,818
Office of the Chief Engagement and Partnership Officer	(0.500)	(12,621)			(0.500)	(12,621)
<b>Total</b>	<b>2.500</b>	<b>852,922</b>			<b>2.500</b>	<b>852,922</b>
<b>CATEGORY 2 - MID-LEVEL ADMINISTRATION</b>						
Position Salary Steps and Longevities		1,789,307				1,789,307
MCAAP Travel		(110,000)				(110,000)
<b>Central Office Reorientation:</b>						
Office of School Performance	(13.000)	(1,271,560)			(13.000)	(1,271,560)
Division of Title I Programs	(11.500)	(1,149,573)			(11.500)	(1,149,573)
Department of Alternative Programs	(10.500)	(773,821)				(773,821)
Office of the Deputy Superintendent for School Support and Improvement						
Department of Alternative Programs	10.500	773,821				773,821
Office of Professional Development and Support						
Equity Initiatives Unit	5.000	511,791			5.000	511,791
Professional Learning Unit	3.000	357,944			3.000	357,944
Department of Instructional Leadership Support	16.000	1,807,112			16.000	1,807,112
Administrator Development	3.000	344,275			3.000	344,275

**SCHEDULE OF COUNTY COUNCIL ADDITIONS / REDUCTIONS TO THE FY 2013 OPERATING BUDGET  
WITHIN CATEGORIES AND ADOPTED BY THE BOARD OF EDUCATION**

DESCRIPTION	COUNCIL ACTION		BOARD ACTION		TOTAL	
	POS.	AMOUNT	POS.	AMOUNT	POS.	AMOUNT
Office of the Chief Engagement and Partnership Officer		28,414				28,414
Office of Curriculum and Instructional Programs						
Department of Instructional Leadership Support	(14.500)	(1,665,929)			(14.500)	(1,665,929)
Staff Development Teacher Project Team	(2.000)	(230,434)			(2.000)	(230,434)
Department of Curriculum Development	0.500	43,524			0.500	43,524
Division of Title I Programs	11.500	1,149,573			11.500	1,149,573
Office of the Chief Operating Officer	3.000	209,659			3.000	209,659
Office of Human Resources and Development	(1.000)	(53,868)			(1.000)	(53,868)
Equity Initiatives Unit	(2.000)	(206,185)			(2.000)	(206,185)
Team Development Unit	(1.000)	(146,823)			(1.000)	(146,823)
Professional Growth Systems	3.000	451,686			3.000	451,686
A&S Professional Growth Systems Unit	(6.000)	(795,961)			(6.000)	(795,961)
<b>Technical Adjustments:</b>						
K-12 Instruction - Middle Schools	1.000	60,000			1.000	60,000
Office of the Deputy Superintendent of School						
Support and Improvement - Dept. of Alternative Programs		5,010				5,010
Office of Curriculum and Instructional Programs	0.400	31,830			0.400	31,830
Office of the Chief Technology Officer	4.000	373,707			4.000	373,707
Carl D. Perkins Career and Technical Education Improvement						
Project		3,001				3,001
Office of Human Resources and Development	(1.000)	(61,818)			(1.000)	(61,818)
Office of the Chief Engagement and Partnership Officer	3.500	242,079			3.500	242,079
<b>Total</b>	<b>1.900</b>	<b>1,716,761</b>			<b>1.900</b>	<b>1,716,761</b>
<b>CATEGORY 3 - INSTRUCTIONAL SALARIES</b>						
<b>Position Salary Steps and Longevities</b>		(3,349,772)				(3,349,772)
<b>Salary Costs for Substitutes and Home/Hospital Teachers</b>		409,378				409,378
<b>Central Office Reorientation:</b>						
Office of School Performance	(1.000)	(121,091)			(1.000)	(121,091)
Division of Title I Programs	(134.138)	(10,333,712)			(134.138)	(10,333,712)
Department of Alternative Programs	(56.050)	(3,661,008)				(3,661,008)
Office of the Deputy Superintendent for School Support						
and Improvement						
Department of Alternative Programs	56.050	3,661,008				3,661,008
Office of Professional Development and Support						
Equity Initiatives Unit	5.000	653,704			5.000	653,704
Professional Learning Unit	8.000	1,024,768			8.000	1,024,768
Department of Instructional Leadership Support		79,279				79,279

**SCHEDULE OF COUNTY COUNCIL ADDITIONS / REDUCTIONS TO THE FY 2013 OPERATING BUDGET  
WITHIN CATEGORIES AND ADOPTED BY THE BOARD OF EDUCATION**

DESCRIPTION	COUNCIL ACTION		BOARD ACTION		TOTAL	
	POS.	AMOUNT	POS.	AMOUNT	POS.	AMOUNT
Office of the Deputy Superintendent for Teaching, Learning and Programs						
Office of the Chief Engagement and Partnership Officer	(1.000)	(67,537)			(1.000)	(67,537)
Office of Curriculum and Instructional Programs						
Division of Title I Programs	134.138	10,333,712			134.138	10,333,712
Department of Instructional Leadership Support		(79,279)				(79,279)
Staff Development Teacher Project Team	(6.000)	(782,210)			(6.000)	(782,210)
Office of Human Resources and Development						
Equity Initiatives Unit	(4.000)	(586,167)				(586,167)
Team Development Unit	(2.000)	(244,558)			(2.000)	(244,558)
<b>Technical Adjustments:</b>						
K-12 Instruction - Middle Schools	(1.000)	(60,000)			(1.000)	(60,000)
Office of the Chief Technology Officer	1.000	146,623			1.000	146,623
Office of Curriculum and Instruction		(31,830)				(31,830)
Office of the Chief Engagement and Partnership Officer	(3.000)	(229,458)			(3.000)	(229,458)
Carl D. Perkins Career and Technical Education Improvement Project		(23,153)				(23,153)
<b>Total</b>	<b>(4.000)</b>	<b>(3,261,303)</b>			<b>(4.000)</b>	<b>(3,261,303)</b>
<b>CATEGORY 4 - TEXTBOOKS AND INSTRUCTIONAL SUPPLIES</b>						
<b>Central Office Reorientation:</b>						
Office of School Performance						
Division of Title I Programs		(296,001)				(296,001)
Department of Alternative Programs		(53,541)				(53,541)
Office of the Deputy Superintendent for School Support and Improvement						
Department of Alternative Programs		53,541				53,541
Office of Professional Development and Support						
Equity Initiatives Unit		53,093				53,093
Professional Learning Unit		13,310				13,310
Department of Instructional Leadership Support		9,000				9,000
Office of Curriculum and Instructional Programs						
Division of Title I Programs		296,001				296,001
Department of Instructional Leadership Support		(9,000)				(9,000)
Office of Human Resources and Development						
Equity Initiatives Unit		(53,093)				(53,093)
Team Development Unit		(15,310)				(15,310)

**SCHEDULE OF COUNTY COUNCIL ADDITIONS / REDUCTIONS TO THE FY 2013 OPERATING BUDGET  
WITHIN CATEGORIES AND ADOPTED BY THE BOARD OF EDUCATION**

DESCRIPTION	COUNCIL ACTION		BOARD ACTION		TOTAL	
	POS.	AMOUNT	POS.	AMOUNT	POS.	AMOUNT
<b>Technical Adjustments:</b> Carl D. Perkins Career and Technical Education Improvement Project		24,125				24,125
<b>Total</b>		<b>22,125</b>				<b>22,125</b>
<b>CATEGORY 5 - OTHER INSTRUCTIONAL COSTS</b>						
<b>Central Office Reorientation:</b>						
Office of School Performance						
Division of Title I Programs		(81,659)				(81,659)
Department of Alternative Programs		(57,000)				(57,000)
Office of the Deputy Superintendent for School Support and Improvement						
Department of Alternative Programs		57,000				57,000
Office of Professional Development and Support						
Equity Initiatives Unit		18,510				18,510
Professional Learning Unit		22,493				22,493
Department of Instructional Leadership Support		3,000				3,000
Office of Curriculum and Instructional Programs						
Division of Title I Programs		81,659				81,659
Department of Instructional Leadership Support		(3,000)				(3,000)
Office of Human Resources and Development						
Equity Initiatives Unit		(18,510)				(18,510)
Team Development Unit		(3,180)				(3,180)
<b>Technical Adjustments:</b>						
Office of the Deputy Superintendent of School Support and Improvement - Department of Alternative Programs		(9,500)				(9,500)
Carl D. Perkins Career and Technical Education Improvement Project		(19,891)				(19,891)
<b>Total</b>		<b>(10,078)</b>				<b>(10,078)</b>
<b>CATEGORY 6 - SPECIAL EDUCATION</b>						
<b>Salary Steps and Longevities</b>		2,238,412				2,238,412
<b>Total</b>		<b>2,238,412</b>				<b>2,238,412</b>

**SCHEDULE OF COUNTY COUNCIL ADDITIONS / REDUCTIONS TO THE FY 2013 OPERATING BUDGET  
WITHIN CATEGORIES AND ADOPTED BY THE BOARD OF EDUCATION**

DESCRIPTION	COUNCIL ACTION		BOARD ACTION		TOTAL	
	POS.	AMOUNT	POS.	AMOUNT	POS.	AMOUNT
<b>CATEGORY 7 - STUDENT PERSONNEL SERVICES</b>						
Salary Steps and Longevities		202,250				202,250
<b>Total</b>		<b>202,250</b>				<b>202,250</b>
<b>CATEGORY 9 - STUDENT TRANSPORTATION</b>						
Salary Steps and Longevities		202,027				202,027
<b>Central Office Reorientation:</b>						
Office of School Performance						
Division of Title I Programs		(287,400)				(287,400)
Office of Curriculum and Instructional Programs						
Division of Title I Programs		287,400				287,400
<b>Technical Adjustments:</b>						
Department of Alternative Programs		4,490				4,490
<b>Total</b>		<b>206,517</b>				<b>206,517</b>
<b>CATEGORY 10 - OPERATION OF PLANT AND EQUIPMENT</b>						
Salary Steps and Longevities		545,666				545,666
<b>Total</b>		<b>545,666</b>				<b>545,666</b>
<b>CATEGORY 11 - MAINTENANCE OF PLANT</b>						
Salary Steps and Longevities		424,478				424,478
<b>Total</b>		<b>424,478</b>				<b>424,478</b>
<b>CATEGORY 12 - FIXED CHARGES</b>						
Benefit Costs Related to Position Salary Steps and Longevities		1,584,596				1,584,596
Benefit Costs for Substitutes and Home/Hospital Teachers		32,750				32,750
Employee Benefit Plan Co-Payments		(4,573,014)				(4,573,014)
Pension Shift from State of Maryland		27,227,553				27,227,553

**SCHEDULE OF COUNTY COUNCIL ADDITIONS / REDUCTIONS TO THE FY 2013 OPERATING BUDGET  
WITHIN CATEGORIES AND ADOPTED BY THE BOARD OF EDUCATION**

DESCRIPTION	COUNCIL ACTION		BOARD ACTION		TOTAL	
	POS.	AMOUNT	POS.	AMOUNT	POS.	AMOUNT
<b>Central Office Reorientation:</b>						
Office of School Performance						
Division of Title I Programs		(5,195,739)				(5,195,739)
Office of Curriculum and Instructional Programs						
Division of Title I Programs		5,195,739				5,195,739
<b>Technical Adjustments:</b>						
Carl D. Perkins Career and Technical Education Improvement Project		17,918				17,918
<b>Total</b>		<b>24,289,803</b>				<b>24,289,803</b>
<b>CATEGORY 37 - INSTRUCTIONAL TELEVISION SPECIAL FUND</b>						
<b>Reductions:</b>						
Instructional Television Special Revenue Fund		(37,470)				(37,470)
<b>Total</b>		<b>(37,470)</b>				<b>(37,470)</b>
<b>CATEGORY 81 - ENTREPRENEURIAL FUND</b>						
<b>Technical Adjustments:</b>						
Entrepreneurial Activities Fund	1.000				1.000	
<b>Total</b>	<b>1.000</b>				<b>1.000</b>	
<b>GRAND TOTAL</b>	<b>1.400</b>	<b>\$ 27,190,083</b>			<b>1.400</b>	<b>\$ 27,190,083</b>

**TABLE 5  
ALLOCATION OF STAFFING**

<b>POSITIONS</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Diff FY13-10</b>	<b>%Chg FY13-10</b>
Executive	19	17	17	19	0	0.0%
Administrative	213	200.2	199	194	-19	-8.9%
Business/Operations Administrator	94	94	92	92	-2	-2.1%
Other Professional	210.8	198.5	185.9	183.8	-27	-12.8%
Principal/Assistant Principal	485	484	484	486	1	0.2%
Teacher	10408.5	10239.67	10271.22	10445.67	37.17	0.4%
Special Education Specialist	469.5	479.6	482.4	495.2	25.7	5.5%
Media Specialist	201.5	197.5	197.5	190.2	-11.3	-5.6%
Counselor	467	461	453	453.3	-13.7	-2.9%
Psychologist	97.1	96.205	95.805	94.905	-2.195	-2.3%
Social Worker	14.1	14.805	13.905	14.405	0.305	2.2%
Pupil Personnel Worker	47	45	45	45	-2	-4.3%
Instructional Aide and Assistant	2392.58	2411.18	2332.373	2389.241	-3.339	-0.1%
Secretarial/Clerical Support	741.587	722.275	719.25	713.75	-27.837	-3.8%
IT Systems Specialist	144.5	143	131	131	-13.5	-9.3%
Security	222	221	227	227	5	2.3%
Cafeteria	555.45	555.45	556.448	557.948	2.498	0.4%
Building Services	1308.70	1318.2	1335.2	1342.7	34	2.6%
Facilities Management/Maintenance	361	355	343.5	345	-16	-4.4%
Supply/Property Management	52.5	51.5	51.5	47	-5.5	-10.5%
Transportation	1693.75	1694.75	1685.65	1685.65	-8.1	-0.5%
Other Support Personnel	751.348	743.848	691.05	690.375	-60.973	-8.1%
<b>TOTAL</b>	<b>20949.915</b>	<b>20743.683</b>	<b>20609.701</b>	<b>20843.144</b>	<b>-106.771</b>	<b>-0.5%</b>

