

ED COMMITTEE #1
April 17, 2009
Worksession

M E M O R A N D U M

April 15, 2009

TO: Education Committee

FROM: Essie McGuire, Legislative Analyst *EMcGuire*

SUBJECT: **Worksession – FY10 Operating Budget for the Montgomery County Public Schools**

Today the Education Committee will begin its review of the FY10 Operating Budget for the Montgomery County Public Schools. Those expected to attend include:

- Shirley Brandman, President, Board of Education
- Jerry Weast, MCPS Superintendent
- Larry Bowers, Chief Operating Officer
- Marshall Spatz, Director, Office of Management, Budget, and Planning, MCPS
- Charles Goldsmith, Office of Management and Budget

This is the first of three scheduled Committee meetings to review the MCPS FY10 Operating Budget. The Committee is also scheduled to meet with the Health and Human Services Committee to review issues of concern to both MCPS and the Department of Health and Human Services.

This packet is divided into four sections:

- I. Summary of Board of Education's Request**
- II. Overview of Revenues**, including the Maintenance of Effort Requirement and current projections of Local, State, and Federal aid
- III. Overview of Expenditures**, including proposed expenditures and positions by funding category
- IV. Enrollment and Program Changes**, including enrollment, demographics, proposed staffing levels, and major program changes

I. SUMMARY OF BOARD OF EDUCATION'S REQUEST

This section provides an overview of the Board of Education's Request for FY10 approved on February 23, 2009. MCPS provided the attached documents (circles 2-78) which detail selected aspects of the budget, such as compensation, program reductions, and enrollment increases. The Board's amendments to the Superintendent's recommended budget were to assume the increased Federal Aid related to stimulus funds for Title I and Special Education, which totaled \$21.4 million for FY10.

The Board of Education requested \$2,152,103,336 for the FY10 MCPS Operating Budget. This amount represents an increase of \$85.4 million or 4.1 percent over the FY09 approved level. The tax supported budget request is \$1.999 billion, an increase of \$62.3 million or 3.2 percent over the FY09 tax supported level.

A summary table showing the major elements of the Board's request is attached on circle 1. Significant overview points include:

- Consistent with other years, **89.5 percent of the Board's total request is for salaries and employee benefits**, a total amount of \$1,926,209,511.
- **Increases in employee salaries and benefits**, including retirement benefits for current employees and retirees, account for approximately \$80.4 million of the requested \$85.4 million increase.
- **The Board's request does not include funds for a General Wage Adjustment, or COLA.** The employee organizations renegotiated the terms of their contract with the Board and agreed to this reduction. The savings associated with this measure total approximately \$89 million.
- **Continuing salary costs** related to annual step increments increase the budget by \$19.6 million, net of lapse and turnover savings.
- The primary increase to the budget not related to compensation or benefits is an increase of \$18.9 million needed to meet increased enrollment. Costs associated with opening Clarksburg Elementary School #8 add \$1.7 million, and inflationary increases such as utilities add \$9.4 million.
- **The FY10 Operating Budget request reflects total savings and reductions of \$31.2 million and 225 FTE taken to the base budget.** This total was originally larger in the Superintendent's recommended budget (\$35.3 million and 275.5 FTE); the Board was able to mitigate the reductions to certain Special Education programs following receipt of Federal ARRA Stimulus Funds.
- Of the total reductions, \$15.7 million and 50% are from central and support functions and \$15.7 million and 50% are from school based resources.

- The **average cost per student** (excluding debt service and enterprise funds) for FY10 is \$14,519, an increase of \$397 or 2.8% over the FY09 amount of \$14,122. This amount includes the cost of students in Kindergarten through Grade 12.
- **The Board's request adds a net of 200.69 full time equivalent positions in FY10.** Of this total, 199.248 are supported by Federal grant funds. The Superintendent's request added a net of only 1.692 FTE. The total FTE decreased by 110 from FY08 to FY09.
- The chart on circle 127 shows requested positions according to type of position. The biggest increase by far in positions is in the Classroom Teacher category, with 174.2 requested. Thirteen, approximately half, of the 23 categories reflect a reduction in positions requested.
- Of the total requested increase, the Board assumed only \$17.7 million to increase from local tax supported funds. Recent and ongoing developments with local, state, and federal aid are likely to alter the revenue assumptions underlying the Board's request.

II. OVERVIEW OF REVENUES

The FY10 revenue picture for MCPS has been in flux for months; while a number of variables are now more clear some remain unresolved. Table 1 below shows the revenue assumptions made by the Board and the County Executive in comparison to the FY09 approved levels. *It is important to note however, that while necessary for tracking purposes these revenue assumptions are no longer current.*

Source	FY09 Approved		FY10 BOE Request		FY10 CE Rec	
	\$	% of total	\$	% of total	\$	% of total
County	1,513,555,147	73.2%	1,529,150,448	71.1%	1,454,702,162	68.3%
Fund Bal	17,927,455	0.9%	20,000,000	0.9%	44,200,000	2.1%
State	400,323,324	19.4%	444,878,447	20.7%	471,386,173	22.1%
Federal	65,115,337	3.2%	86,950,299	4.0%	86,950,299	4.1%
Other Sources	15,028,218	0.7%	14,980,651	0.7%	14,980,651	0.7%
Enterprise	53,150,983	2.6%	54,561,883	2.5%	54,561,883	2.6%
Special Funds	1,582,830	0.1%	1,581,608	0.1%	1,629,000	0.1%
Total	2,066,683,294		2,152,103,336		2,128,410,168	

Table 1 shows that the primary differences between the Executive's recommendation and the Board's are:

- **State Aid:** The Executive assumed restoration of full GCEI funding and the 80/20 cost share arrangement for Special Education non-public placements following the Governor's statement that he would fully fund these items using

Federal stimulus funds. This assumption has proven partially correct as the State has approved GCEI but has taken reductions in Special Education non-public placement reimbursement and in the Aging Schools grant (which is not tax-supported).

- **County contribution:** The Executive assumed a lower County contribution in expectation of requesting and receiving a waiver from the State Maintenance of Effort (MOE) requirement. The Executive also assumed that the \$24.2 million in replacement “error” funding from the FY09 State Aid calculation error would be available revenue as fund balance while the Board did not assume these funds.

The next section of the packet tracks revenue developments in the following areas: Maintenance of Effort and Local Contribution; State Aid; and Federal Aid. The section concludes with a revenue chart prepared by Council staff with revised revenue assumptions in each of these areas.

MAINTENANCE OF EFFORT AND LOCAL CONTRIBUTION

Legal Background

State law requires that local jurisdictions fund school systems at a minimum level known as Maintenance of Effort (MOE). The law establishes a formula to determine the required funding level based on enrollment and prior year funding.

In most years, the County has funded MCPS at a much higher level than required by MOE. For example, in FY09 the Council’s approved appropriation was \$78 million higher than the MOE required local contribution. In FY08, the County provided a local contribution that was \$83 million higher than MOE.

The requirement for local contribution is independent of any other funding, such as State or Federal aid. Regardless of any potential changes to other revenue sources, the County is required to maintain the level of its local contribution to the school system, adjusted for enrollment.

The law states that meeting the MOE level is a requirement “to be eligible for the State share of the Foundation program”. State law does allow jurisdictions to request a waiver from the MOE requirement. The County must request a waiver in writing from the State Board of Education no later than April 1 and the State Board must hold a public hearing and make a determination to “approve or deny in whole or in part a waiver request”. The State has no more than 45 days and until no later than May 15 to make its decision (relevant law and regulations are attached at circles 79-87). The State has scheduled a public hearing for all waiver requests on April 27.

FY10 MOE and Waiver Levels

For FY10, the required MOE contribution for the County is \$1,529,554,447. This amount would require an increase in local funds of just under \$16 million from the FY09 County contribution.

On April 1, the County formally requested a waiver from the FY10 MOE requirement in a letter to the State Board of Education (attached at circles 88-93). The letter references that the amount assumed in the Executive's recommended budget to meet MOE was \$1,454.7 million, a difference of \$74.9 million from the State MOE requirement. **The County requested a maximum waiver amount of \$94,852,285 in anticipation of additional State Aid reductions and committed to "not reducing any educational programs" recommended in the Board's budget.** This waiver would bring the County's contribution to \$1,434,702,162.

On April 7, the Board of Education sent a letter responding to the County's waiver application to the State Board of Education (attached at circles 94-97). The letter clarifies the Board's support based on certain conditions. First, that the Board's tax-supported budget not be reduced below the level of the County Executive's recommendation. Second, that the Board's plan for Federal Title I and IDEA stimulus funds remain intact with no effort to supplant other local funds. Third, that the waiver be for one year only and that the FY11 MOE contribution be determined on the FY09 base rather than a reduced FY10 level.

Fund Balance

Approximately \$20 million is anticipated to be available in local contribution from the FY09 savings plan that MCPS has implemented (in conjunction with other County agencies). MCPS and the County learned recently that previous year fund balance cannot be counted toward MOE, which requires new appropriation. Thus it does not appear in the County totals cited above but will show as a local revenue source for FY10 in staff revenue tables.

The fund balance may also include the \$24.2 million in "error" funding (detailed below); if these funds are appropriated as FY09 dollars, they will carry through to FY10 as unappropriated fund balance available as local revenue for MCPS.

STATE AID

There have been numerous adjustments to the assumptions of MCPS State Aid for FY10.

FY10 State Aid

- The Governor's first budget submission provided MCPS with a net increase of \$23.7 million over the Superintendent's December budget submission assumptions. The Board's first budget action amended the Superintendent's request to include this additional State Aid, and recommended that it be programmed in benefit funds and to support OPEB obligations.
- **The increase in FY10 aid is primarily due to two factors.** First, the amount was calculated using the **corrected, higher, base amount** that would have been received in FY09 (see below). Second, MCPS is experiencing significant **increases in enrollment** and in numbers of students with limited English

proficiency and low income. These enrollment increases result in increased aid under per pupil formulas.

- Final budget figures from the State indicate that State Aid for MCPS increased over the Board's assumptions, primarily due to the **full funding of GCEI**. GCEI funding for FY10 will total \$30 million, an increase of \$21.6 million over the Board's assumed level and equal to the Executive's assumption.
- The State reduced non-public placement tuition reimbursement funding, changing the cost sharing split from 80/20 to 70/30. This reduction is estimated to total \$1.6 million in FY10. The State also reduced the Aging Schools grant for MCPS by the full amount, estimated at \$1.023 million (non tax-supported).

FY09 "error" funding

- The Governor has stated his intent to fund \$24.2 million in State Aid that MCPS would have received in FY09 if the State had not miscalculated the wealth base. The Board of Education did not assume these funds in its FY10 (or FY09) revenue recommendations. The County Executive assumed the \$24.2 million would be available in FY09 and assumed it as available fund balance for the school system in FY10. The State is still assuming these funds for FY09.

In total, State Aid has increased nearly \$72 million over the Superintendent's December submission and \$48 million over the Board's request.

FEDERAL AID

- For FY10 the Superintendent assumed nearly level funding in Federal Aid from the previous year.
- In February, the Federal American Recovery and Reinvestment Act (ARRA) was passed intended as an economic stimulus measure. The Federal grant programs of Title I, for students with low income, and Individuals with Disabilities Education Act (IDEA), for Special Education, received two year funding commitments under this law.
- MCPS received a total of \$6.1 million for Title I funding and \$15.3 million for IDEA, totaling \$21.4 million for FY10. These funds are expected to extend through FY11, totaling \$42.8 million over the two year period.
- The Board took action on February 23 to amend its earlier budget recommendation to reflect these funds. The memorandum detailing the Board amendment is on circles 98-102. It includes an overview of the funds as well as a detailed listing of their allocation; approximately \$4 million was used to restore reductions originally taken in savings. These Federal funds are more fully discussed in Part IV of this packet.

- An April 1 memorandum from the Superintendent to the Board of Education provides helpful detail on other elements of the ARRA (circles 103-109). The majority of the already disbursed aid outside of these formula grant areas was the Fiscal Stabilization Fund, designated as discretionary support for education. The Governor used these funds to avoid further State reductions to local jurisdictions.

Circles 105-108 catalog the numerous competitive and prospective funding amounts that may be available in the future. It is important to note that most of these funds are likely to be non tax-supported; further guidance from the Federal government about the funds may not be available until later this year. MCPS, the Board, and the Council will need to monitor this situation closely as information is available about these other funding opportunities.

Council staff proposed revenue assumptions

Table 2 below shows Council staff revenue assumptions based on the actions detailed above.

Source	FY10 BOE Request		FY10 CE Rec		FY10 Waiver	
	\$	% of total	\$	% of total	\$	% of total
County	1,529,150,448	71.1%	1,454,702,162	68.3%	1,434,702,162	68.1%
Fund Bal	20,000,000	0.9%	44,200,000	2.1%	44,200,000	2.1%
State	444,878,447	20.7%	471,386,173	22.1%	468,748,210	22.3%
Federal	86,950,299	4.0%	86,950,299	4.1%	86,950,299	4.1%
Other Sources	14,980,651	0.7%	14,980,651	0.7%	14,980,651	0.7%
Enterprise	54,561,883	2.5%	54,561,883	2.6%	54,561,883	2.6%
Special Funds	1,581,608	0.1%	1,629,000	0.1%	1,629,000	0.1%
Total Tax Sptd	1,999,240,463		1,975,499,903		1,953,884,940	
Grand Total	2,152,103,336		2,128,410,168		2,105,772,205	

The table makes the following assumptions:

- County contribution is assumed at the lowest possible level, reflecting the maximum waiver amount; this contribution could increase based on State Board of Education action or based on availability of County resources.
- The FY09 fund balance includes the \$24.2 million in replacement “error” funding.
- State revenue is lower than the Executive’s assumptions due to the reductions in Special Education and Aging Schools. It is higher than the Board’s assumptions primarily due to full GCEI funding.

TO SUMMARIZE:

- Since the Superintendent's budget submission in December, State Aid for FY10 has increased overall, Federal Aid has increased due to stimulus funding, and local contribution is anticipated to be reduced if the MOE waiver is approved by the State.
- The net result is likely to be a decrease in revenue of \$46.3 million from the Board's total request. The tax supported revenue may be as much as \$21.6 million lower than the Superintendent's and Executive's assumptions.
- **The goal at this juncture is likely to be to fund the Superintendent's and Board's original program expenditures with the increases in State and Federal Aid and take reductions in non-program areas such as OPEB funds to meet total revenue restrictions.**

III. OVERVIEW OF EXPENDITURES

State law requires each school system to classify school expenditures according to certain categories. This helps in part to ensure comparability in reporting among the State's school districts and to provide internal budget consistency and integrity.

State law requires the County Council to appropriate a total amount of funds in each State category. A summary of definitions of the State categories, prepared in 2007 by the Office of Legislative Oversight (OLO), is attached at circles 131-132 for reference.

PROPOSED FY10 EXPENDITURES BY STATE BUDGET CATEGORY

Table 3 on the following page provides a breakdown of the Board's request by State budget category. Highlights include:

- **Instruction, defined by the State's financial reports as the sum of categories two through six, accounts for 61.3 percent of the requested budget and increases overall by 2 percent in the FY10 request.** In contrast, the instructional categories increased by 4.3 percent from FY08 to FY09. The overall share of the budget has decreased somewhat, from 62.6 percent of the total in FY09 to 61.3 percent of the total FY10 request.
- **Five of the twelve main categories reflect a year to year decrease.** These include Category 1, Administration; Category 2, Mid-level Administration; Category 5, Other Instructional Costs; Category 7, Student Personnel Services; and Category 8, Health Services.

Table 3: Expenditure by State Budget Category										
Category	FY07 Approved	FY07 %of total	FY08 Approved	FY08 %of total	FY09 Approved	FY09 %of total	FY10 Request	FY10 %of total	FY10-09 \$Change	FY10-09 %Change
Instruction										
2-Mid-Level Administration	118,358,940	6.4%	130,460,947	6.6%	135,954,968	6.6%	135,542,318	6.3%	-412,650	-0.3%
3-Instructional Salaries	763,157,963	41.2%	809,891,362	40.8%	840,528,178	40.7%	856,035,209	39.8%	15,507,031	1.8%
4-Textbooks and Instr Supplies	35,602,552	1.9%	35,507,447	1.8%	31,636,789	1.5%	31,905,545	1.5%	268,756	0.8%
5-Other Instr Costs	19,453,543	1.1%	19,718,019	1.0%	17,985,510	0.9%	15,070,581	0.7%	-2,914,929	-16.2%
6-Special Education	227,810,034	12.3%	243,876,284	12.3%	267,556,882	12.9%	280,339,274	13.0%	12,782,392	4.8%
Subtotal: Instruction	1,164,383,032	62.9%	1,239,454,059	62.4%	1,293,662,327	62.6%	1,318,892,927	61.3%	25,230,600	2.0%
School and Student Services										
7-Student Personnel Services	10,431,421	0.6%	11,182,153	0.6%	11,645,960	0.6%	11,153,748	0.5%	-492,212	-4.2%
8-Health Services	46,138	0.0%	46,138	0.0%	57,502	0.0%	41,002	0.0%	-16,500	-28.7%
9-Student Transportation	79,785,330	4.3%	84,739,870	4.3%	91,979,938	4.5%	92,765,998	4.3%	786,060	0.9%
10-Operation of Plant and Equip	104,113,457	5.6%	112,332,521	5.7%	114,803,881	5.6%	118,589,104	5.5%	3,785,223	3.3%
11-Maintenance of Plant	30,660,825	1.7%	33,040,430	1.7%	34,902,737	1.7%	34,961,236	1.6%	58,499	0.2%
Subtotal: Sch and St Services	225,037,171	12.2%	241,341,112	12.2%	253,390,018	12.3%	257,511,088	12.0%	4,121,070	1.6%
Other										
12-Fixed Charges	371,511,803	20.1%	406,368,825	20.5%	420,660,346	20.4%	477,537,658	22.2%	56,877,312	13.5%
1-Administration	38,304,023	2.1%	43,339,909	2.2%	44,028,295	2.1%	41,809,677	1.9%	-2,218,618	-5.0%
14-Community Services	208,495	0.0%	208,495	0.0%	208,495	0.0%	208,495	0.0%		0.0%
Subtotal: Other	410,024,321	22.1%	449,917,229	22.7%	464,897,136	22.5%	519,555,830	24.1%	54,658,694	11.8%
37-Special Revenue Fund	1,383,000	0.1%	1,521,000	0.1%	1,582,830	0.1%	1,581,608	0.1%	-1,222	-0.1%
41-Adult Education Fund										
51-Real Estate Fund	2,792,452	0.2%	2,317,953	0.1%	2,549,103	0.1%	2,651,095	0.1%	101,992	4.0%
61-Food Service Fund	44,373,243	2.4%	46,717,154	2.4%	46,841,144	2.3%	47,821,972	2.2%	980,828	2.1%
71-Field Trip Fund	1,979,516	0.1%	2,079,338	0.1%	2,199,661	0.1%	2,314,716	0.1%	115,055	5.2%
81-Entrepreneurial Activities	1,523,552	0.1%	1,669,774	0.1%	1,561,075	0.1%	1,774,100	0.1%	213,025	13.6%
Subtotal: Special/Ent Funds	52,051,763	2.8%	54,305,219	2.7%	54,733,813	2.6%	56,143,491	2.6%	1,409,678	2.6%
Grand Total	1,851,496,287	100.0%	1,985,017,619	100.0%	2,066,683,294	100.0%	2,152,103,336	100.0%	85,420,042	4.1%

- **Category 12, Fixed Charges, which includes employee benefits, increased the most of any category both in dollar terms and in percent change.** This increase reflects both increases in health and retirement costs and additional funds allocated by the Board to fund OPEB and pension obligations. However, reductions in State aid could reduce the programmed increases in these areas.
- **The Board's increase in Category 6, Special Education, of \$12.8 million and 4.8 percent is largely supported by the Federal Stimulus funding in this area.** The Superintendent's budget increased this category by only \$3 million and 1.1 percent.
- **The nearly level funding in Category 4, Textbooks and Instructional Supplies, and the decrease in Category 5, Other Instructional Costs,** reflect intentional savings that MCPS took to achieve reductions for the FY10 budget. The savings come from assuming a low inflationary cost for purchasing supplies. These categories also have no positions and no corresponding salary adjustments.
- The increases in all categories with positions are lower than in recent years due to lower salary adjustments (with no COLA) and to program and position reductions.

PROPOSED FY10 POSITIONS BY STATE BUDGET CATEGORY

Table 4 on the following page provides a breakdown of the positions in the Board's request by State budget category. Highlights include:

- **The table shows a total increase of 200.115 FTE over the FY09 approved level.** This is a 1 percent increase in total FTE, and results in a requested FY10 FTE level of 20,969.601.
- Of the total increase, 199.248 FTE are supported by Federal ARRA stimulus funds in Title I and Special Education (IDEA) grant funding. These additional funds, assumed by the Board of Education in its request, are anticipated to be two year funding under the Federal law.
- **Only two categories show an increase in positions, Category 3, Instructional Salaries, and Category 6, Special Education.** All other position categories show a decrease in total FTE.
- Increases in these two categories reflect increases in enrollment as well as the Federal funding.
- Instructional categories (2-6) increase by 240.115 FTE. These categories comprise 77.9 percent of all FTE.

Table 4: Positions by State Budget Category

Instruction	Category	FY07 Approved	FY07 %of total	FY08 Approved	FY08 %of total	FY09 Approved	FY09 %of total	FY10 Request	FY10 %of total	FY10-09 #Change	FY10-09 %Change
	2-Mid-Level Administration	1,669.475	8.1%	1,690.175	8.1%	1,667.675	8.0%	1,659.375	7.9%	-8.300	-0.5%
	3-Instructional Salaries	11,064.022	53.4%	11,083.647	53.1%	10,959.740	52.8%	11,065.865	52.8%	106.125	1.0%
	4-Textbooks and Instr Supplies	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	
	5-Other Instr Costs	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	
	6-Special Education	3,360.010	16.2%	3,435.063	16.5%	3,470.699	16.7%	3,612.989	17.2%	142.290	4.1%
	Subtotal: Instruction	16,093.507	77.7%	16,208.885	77.6%	16,098.114	77.5%	16,338.229	77.9%	240.115	1.5%
	School and Student Services										
	7-Student Personnel Services	120.250	0.6%	122.300	0.6%	118.300	0.6%	110.700	0.5%	-7.600	-6.4%
	8-Health Services	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	
	9-Student Transportation	1,750.330	8.4%	1,751.570	8.4%	1,744.750	8.4%	1,742.250	8.3%	-2.500	-0.1%
	10-Operation of Plant and Equip	1,383.200	6.7%	1,404.700	6.7%	1,403.200	6.8%	1,396.700	6.7%	-6.500	-0.5%
	11-Maintenance of Plant	377.000	1.8%	379.000	1.8%	396.000	1.9%	388.000	1.9%	-8.000	-2.0%
	Subtotal: Sch and St Services	3,630.780	17.5%	3,657.570	17.5%	3,662.250	17.6%	3,637.650	17.3%	-24.600	-0.7%
	Other										
	12-Fixed Charges	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	
	1-Administration	360.837	1.7%	376.712	1.8%	371.962	1.8%	354.062	1.7%	-17.900	-4.8%
	14-Community Services	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	
	Subtotal: Other	360.837	1.7%	376.712	1.8%	371.962	1.8%	354.062	1.7%	-17.900	-4.8%
	37-Special Revenue Fund	13.500	0.1%	13.500	0.1%	14.000	0.1%	14.000	0.1%	0.000	0.0%
	41-Adult Education Fund	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	0.0%	0.000	
	51-Real Estate Fund	3.500	0.0%	4.000	0.0%	6.500	0.0%	6.500	0.0%	0.000	0.0%
	61-Food Service Fund	600.780	2.9%	601.660	2.9%	604.660	2.9%	604.660	2.9%	0.000	0.0%
	71-Field Trip Fund	3.000	0.0%	3.000	0.0%	4.000	0.0%	4.500	0.0%	0.500	12.5%
	81-Entrepreneurial Activities	9.500	0.0%	9.500	0.0%	8.000	0.0%	10.000	0.0%	2.000	25.0%
	Subtotal: Special/Ent Funds	630.280	3.0%	631.660	3.0%	637.160	3.1%	639.660	3.1%	2.500	0.4%
	Grand Total	20,715.404	100.0%	20,874.827	100.0%	20,769.486	100.0%	20,969.601	100.0%	200.115	1.0%

IV. ENROLLMENT AND PROGRAM CHANGES

ENROLLMENT STATISTICS

The Board's request increases by \$18.9 million over the FY09 approved level due to enrollment changes. A summary chart of actual and projected enrollment is attached on circle 12; associated cost information is detailed on circles 50-52; and enrollment trend graphs are on circles 115-126. Highlights of the enrollment changes are as follows:

- **The Board projects a total enrollment for FY10 of 140,500 students.** This is an increase of 1,224 students over the actual enrollment for FY09. However, for budget purposes, it is important to compare enrollment *projections* as those are the figures that affect the budget changes year to year. **The FY10 projection is an increase of 2,737 students over the projected FY09 level.**
- Enrollment changes are not evenly distributed across the system. Elementary school enrollment continues to increase significantly, while secondary enrollment actually declines slightly. MCPS projects significant increases in the next six-year period, projecting total enrollment of 144,932 by 2015.
- Increased elementary enrollment results in increases of 128.1 classroom teacher FTE and 141 total FTE requested for FY10.
- MCPS projects an increase in students enrolled in **special education classes** of 573 students to an estimated total of 9,107 students.
- The number of **ESOL students** is projected to increase by 1,000 students to over 17,000 students (approximately 12% of total enrollment); the FY10 request includes an additional 19.2 classroom teacher positions to meet this increase.
- The number and percent of **students eligible for FARMS** remains significant. SY08-09 figures show that 27.1 percent of total enrollment is eligible for FARMS. MCPS reports an FY08 total of 37,692.
- **Student demographics** indicate that 39.1 percent are White; 23.1 percent are African-American; 22.1 percent are Hispanic; and 15.4 percent are Asian-American.

STAFFING ALLOCATION

In addition to the category position information shown above, MCPS provides the table on circle 127 that shows staff allocation grouped into 23 categories. Council staff has maintained trend charts for these position groupings that show the annual changes, position distribution, and positions as a share of enrollment (circles 128-130). Highlights include:

- Positions as a share of enrollment remain at about the same level as in recent years. Overall there are 149.25 positions per 1000 students. This is a similar proportion as FY09, a slight decrease from the FY08 level of 151.55 FTE per 1000 students. In FY98, there were 121.3 positions per 1000 students.
- Thirteen of the 23 categories show a decline in FTE. The largest category decrease is in “Other Professional”, a category which includes instructional and curriculum specialists, attorneys, supervisors, and coordinators. This category also saw a significant decrease in FY09.
- The largest increases are in Classroom Teachers and Aides/Assistants, which largely reflect the increased enrollment. The only other category with a significant increase is Special Education Specialists.

FEDERAL ARRA STIMULUS FUNDING

The Board acted on February 23 to adopt the additional Federal dollars for Title I and IDEA in the FY10 operating budget. The total addition to the grant fund for FY10 is \$21.4 million as a result of this action; these funds are anticipated to extend through FY11 for a total of \$42.8 million over the two year period. The memorandum detailing the allocation of the grant funds is attached on circles 98-102. Highlights include:

- The funds were added primarily to the two instructional categories of Category 3, Instructional Salaries (\$6.5 million) and Category 6, Special Education (\$9.8 million).
- There is no County contribution to Title I programs due in part to strict supplanting regulations in this area. Therefore, the additional Title I funds will be used to expand existing efforts, such as increasing the number of Title I schools which will receive the additional staffing and resources associated with that designation and increasing full-day Head Start classes, an initiative begun in FY08.
- For IDEA funding, the Board used approximately \$4 million to restore or partially restore program cuts that had been taken as savings in the original budget submission. These restorations included such areas as teachers for the home school model, academic intervention teachers, staff development teachers, and secondary intensive reading teachers. The Board also added \$1 million to support non-public placement tuition.
- IDEA funds were also used to support one-time efforts such as materials, assessments, and assistive playground equipment. The largest one-time expenditure is \$2.5 million to purchase technology to support the Universal Design for Learning (UDL) program.

- **The Board took one action to expand a current County funded initiative, allocating \$4.5 million and 82.4 FTE to expand Hours Based Staffing to 15 additional Middle Schools.** This initiative has been discussed and supported previously by both the Board and the Council, and is consistent with IDEA funding requirements.

PROGRAM REDUCTIONS AND EFFICIENCIES

As discussed earlier, MCPS took a net total of \$31.5 million in program reductions to meet restricted resources. The list on circles 39-44 summarizes these reductions, and additional detailed descriptions of each are on circles 25-38. Some highlights include the following:

- Reductions in **Central Services** total \$12,019,387 and 70.5 FTE. They comprise 38 percent of the total reductions.
- Every central office took position reductions and reorganized or redistributed workload. In some cases work efforts will have to be reprioritized or reduced. Some position reductions will result in higher caseloads or responsibilities to serve or support more schools.
- Reductions in **Support Services** total \$3,722,379 and 9.5 FTE. They comprise 11.8 percent of the total reductions.
- Most of the support service position reductions were in maintenance positions.
- The total reduction in this area includes savings from not replacing 60 buses on the current schedule and from a reduction in the per gallon fuel estimate from \$2.75 in the FY09 budget to a FY10 budget level of \$2.50.
- Reductions in **School Based Services** total \$15,743,793 and 146.5 FTE. They comprise 50 percent of the total reductions.
- Class size is not increased, with the exception of Kindergarten classes in focus schools. The increase from 15 to 17 students will bring focus school Kindergarten classes up to the guidelines for first and second grades.
- Many of the school based reductions affect ratios for support, special program, or intervention teachers as well as media specialists and counselors. Building service worker positions are also reduced.
- Savings include a \$2.6 million reduction to the textbook and material budget. This reduction coincides with revised MCPS practices intended to reduce curricular fees charged to students.
- Graduation venue rental funds are reduced to \$5000 per school, sufficient to cover most of the cost for DAR Constitution Hall.

Regional Context

A total of eight Maryland counties, including Montgomery, requested waivers from MOE from the State Board of Education; the outcome of these requests as well as State and Federal Aid allocations and final action by local officials remain to be determined. Most of the local boards of education are opposing their jurisdiction's request for MOE waivers: Anne Arundel, Calvert, Charles, Frederick, Prince George's, and Worcester counties. In many of these counties, other groups such as the PTA or employee associations have also written in opposition to the waiver request. In Wicomico County, the Board and the County Council have stated their intent to work together on a solution.

Budget submissions and proposals from Maryland counties reflect a wide range of reductions, including proposed salary freezes (some still in negotiation). The Prince George's County Board of Education requested a 2.2 percent decrease in its FY10 budget and will close six schools. That jurisdiction has, however, deferred its previous proposals to increase class size and implement furloughs. The Montgomery County Board has thus far staved off increases in class size, elimination of entire programs, or a complete salary freeze to meet fiscal constraints.

Virginia counties appear to be facing some of the most severe reductions, including high school athletics, compensation, and employee health care cost sharing arrangements. The Fairfax County Public Schools budget may see a net reduction from last year's level while projecting an enrollment increase of 3%, nearly 5,000 students. The FCPS Superintendent recommended an increase in class size; a complete salary freeze; a net reduction of 248 positions; and program reductions to 2007 levels. Other Virginia jurisdictions including Prince William, Loudoun, and Alexandria schools could receive a year to year decrease in their budget for FY10.

TABLE 1a

FY 2010 BOARD OF EDUCATION OPERATING BUDGET REQUEST

SUMMARY OF BUDGET CHANGES

(\$ in millions)

ITEM	AMOUNT	ITEM	AMOUNT
ORIGINAL FY 2009 OPERATING BUDGET	\$ 2,066.7		
ENROLLMENT CHANGES		REDUCTIONS	
Elementary/Secondary	9.5	Central Services	(10.4)
Special Education	4.3	Support Operations	(3.5)
ESOL	1.0	School-Based	(12.7)
Transportation/Food Service/Facilities/Plant Ops/Other	0.9	Benefits	(3.8)
Benefits for Staff	3.2	Enterprise Funds	0.2
Subtotal	\$ 18.9	Subtotal	\$ (30.2)
NEW SCHOOLS	\$ 1.6	OTHER	
EMPLOYEE SALARIES		Retiree Health Trust Fund	12.3
Continuing Salary Costs	17.5		
Benefits for Continuing Salary Costs	2.1	FY 2010 BUDGET REQUEST	\$ 2,152.2
Subtotal	\$ 19.6	FY 2010 CHANGE	\$ 85.5
EMPLOYEE BENEFITS AND INSURANCE		Less Enterprise funds	(56.2)
Employee Benefit Plan (active)	31.6	Less Grants	(96.8)
Employee Benefit Plan (retired)	(0.6)	SPENDING AFFORDABILITY BUDGET	\$ 1,999.2
Retirement	4.3		
Tuition Reimbursement	0.4	REVENUE INCREASE BY SOURCE	
FICA/Self-insurance/Workers' Compensation	1.7	Local	17.7
Subtotal	\$ 37.4	State	44.6
INFLATION AND OTHER		Federal	21.8
Utilities	3.7	Enterprise	1.4
Special Education Including Non-public Tuition	0.8	TOTAL REVENUE INCREASE	\$ 85.5
Transportation	1.6		
Facilities/Plant Operations/Maintenance	0.3		
Inflation	2.0		
Food Service	(0.1)		
Federal Recovery Grants (other grant changes)	17.3		
Other	0.3		
Subtotal	\$ 25.9		

①

Letter from the Board of Education

February 27, 2009

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

Dear Mr. Leggett, Mr. Andrews, and Council Members:

On behalf of the Montgomery County Board of Education, I am pleased to transmit to you the Fiscal Year 2010 Operating Budget for Montgomery County Public Schools (MCPS). As you explore the details, I am confident you will recognize this to be a lean and fiscally responsible budget that clearly reflects the reality of today's difficult economic times. The tax-supported budget of \$2.0 billion is just 3.2 percent greater than the approved budget for the current fiscal year. This is less than the 3.5 percent increase allowed by the spending affordability guideline for MCPS approved by the County Council. The total budget of \$2.15 billion incorporates anticipated funding from the new federal stimulus legislation.

We have been able to maintain this modest level of increase, despite significant enrollment growth and other factors, including health care and other employee benefits that are driving up operational costs. The budget includes no cost-of-living adjustments for our approximately 22,000 employees, thanks to their extraordinary cooperation in renegotiating next year's wage agreements. This cost reduction measure alone will save \$89 million. In addition, the FY 2010 budget represents more than \$30 million of reductions, painstakingly achieved by choosing among competing priorities and \$20 million more in savings that are being generated this year by a strict, disciplined budget reduction plan.

As a result, the assumption for local maintenance of effort contributions in the FY 2010 budget will be met by carrying over the \$20 million in savings made this year by MCPS. This budget also assumes approximately \$44 million in additional state aid that we are expected to receive. In our budget, we have sought to be appropriately mindful of the continued economic uncertainty. Accordingly, we are prepared for the possibility that the expected level of state aid could still be reduced through actions of the Maryland General Assembly, although we are working diligently with our delegation in Annapolis to protect the funding.

While the potential revenue from the federal stimulus package for MCPS is not fully known, the United States Congress has now issued specific estimates for additional support included in the American Recovery and Reinvestment Act of 2009 for Title I and Individuals with Disabilities Education Act (IDEA). These additional funds allow us to address the needs of some of our students most impacted by poverty and our special education population. The new federal funding includes \$15.3 million through the IDEA grant and \$6.1 million for Title I programs that the Board seeks to invest in the expansion of full-day Head Start in Title I schools, as well as the expansion of hours-based staffing for special education in 15 additional middle schools. The Board took swift action to amend our budget, using the \$21 million allocated for FY 2010, including the restoration of \$5 million of previously proposed reductions.

This budget, if funded as requested, allows us to make the reductions needed to stay within fiscal guidelines set by the County Council while avoiding any across-the-board increase in class size. This reflects our commitment to protect the classroom as much as possible, despite budgetary pressures. This budget preserves the essential elements of our successful academic reforms that have been implemented in accordance with our strategic plan.

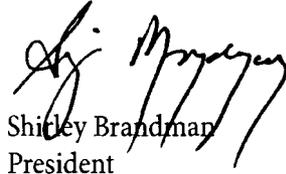
Letter from the Board of Education

We know that you share our desire to preserve the resources necessary to continue the types of success that have been celebrated in recent measurements of MCPS student achievement and that support our ongoing efforts to close the achievement gap. We are proud of the accomplishments that demonstrate the tremendous strides we are making to improve achievement for all students. In adopting this budget, the Board of Education labored to ensure that resources remain in place to support our dedicated administrators, teachers, and supporting services staff so they have the tools necessary to meet our students' needs. We strongly believe that this budget is both responsive to the challenges faced by taxpayers and able to meet the demands of a student population that is continuing to increase in size and in its need for services.

The Board of Education recognizes that we have been the beneficiaries of ongoing support from a community and elected leaders who truly understand how important it is to invest in education. We know that you will continue to work with us as our budget comes before you—first to the county executive and then to the County Council—for review and additional community input and, ultimately, final approval in May.

Thank you for your leadership during these challenging times, and for the sound investment that you continue to make in our community's future through your support of the 139,000-plus students served in the Montgomery County Public Schools.

Sincerely,



Shibley Brandman
President

**SCHEDULE OF BOARD OF EDUCATION AMENDMENTS
TO THE FY 2010 OPERATING BUDGET**

DESCRIPTION	Board Amendments	
	Pos.	Amount
CATEGORY 2 - MID-LEVEL ADMINISTRATION		
Middle School Magnet Consortium (MSMC) - Coordinators	3.000	\$ 351,225
Total Category 2	3.000	351,225
CATEGORY 3 - INSTRUCTIONAL SALARIES		
Title I:		
Teachers	48.500	3,677,956
Paraeducators	16.200	525,298
Parent Community Coordinator	1.125	43,571
Professional Part-time Salaries		25,975
IDEA: Mini-Grants to Schools for Co-Teaching Planning - Professional Part-time Salaries		138,889
IDEA: Modify Curriculum Assessments - Stipends		287,037
IDEA: Professional Development - Differentiated Instruction/Co-Teaching - Stipends		249,444
IDEA: PBIS Training - Stipends		101,860
Academic Intervention Teachers	18.000	1,009,029
Middle School Magnet Consortium (MSMC) - Resource Teachers	(3.000)	(273,885)
Staff Development & Reading Teachers in Small Elementary Schools	5.500	274,973
Counselors	2.000	119,048
Supporting Services Training - Stipends		135,000
Total Category 3	88.325	6,314,195
CATEGORY 4 - TEXTBOOKS AND INSTRUCTIONAL SUPPLIES		
Title I: Instructional Materials		70,597
IDEA: Psychological Assessment/Scoring Materials		99,110
IDEA: PBIS Training - Materials		17,715
Elementary Schools - Textbooks and Instructional Materials		25,667
Middle Schools - Textbooks and Media Center Materials		25,667
High Schools - Textbooks and Instructional Materials		25,666
Supporting Services Training - Materials		10,000
Total Category 4		274,422

**SCHEDULE OF BOARD OF EDUCATION AMENDMENTS
TO THE FY 2010 OPERATING BUDGET**

DESCRIPTION	Board Amendments	
	Pos.	Amount
CATEGORY 5 - OTHER INSTRUCTIONAL COSTS		
IDEA: Psychological Assessment/Scoring Equipment		18,000
IDEA: PBIS Training - Contractual Services		19,900
Total Category 5		37,900
CATEGORY 6 - SPECIAL EDUCATION		
IDEA: Hours Based Staffing at 16 Additional Middle Schools Special Education Teachers	43.300	2,198,901
Special Education Paraeducators	39.123	1,064,771
IDEA: Home School Model Teachers	20.500	1,025,522
IDEA: Secondary Intensive Reading Teachers	5.000	336,911
IDEA: Tuition for Students in Nonpublic Placements		1,000,000
IDEA: Greenhouse Equipment for Stephen Knolls and Rock Terrace Schools		80,000
IDEA: Mini-Grants to Schools for Co-Teaching Planning - Professional Part-time Salaries		138,889
IDEA: Equipment for Students - Deaf / Hard of Hearing & Visual Impairments		73,700
IDEA: Modify Curriculum Assessments - Stipends		287,037
IDEA: Reading and Math Interventions - Materials, Contractual Services, Stipends		277,778
IDEA: Playground Equipment for Preschool Children		240,000
IDEA: Instructional Materials		150,000
IDEA: Substitutes for IEP Annual Reviews		138,889
IDEA: Technology to Support Universal Design for Learning		2,522,292
IDEA: Professional Development - Differentiated Instruction/Co-Teaching - Stipends		250,000
Total Category 6	107.923	9,784,690
CATEGORY 9 - STUDENT TRANSPORTATION		
Title I		13,800
Total Category 9		13,800

**SCHEDULE OF BOARD OF EDUCATION AMENDMENTS
TO THE FY 2010 OPERATING BUDGET**

DESCRIPTION	Board Amendments	
	Pos.	Amount
CATEGORY 10 - OPERATION OF PLANT AND EQUIPMENT		
Custodial Supplies		54,698
Total Category 10		54,698
CATEGORY 12 - FIXED CHARGES		
Title I		1,742,803
IDEA: Hours Based Staffing at 16 Additional Middle Schools		1,240,195
IDEA: Home School Model		389,698
IDEA: Employee Benefits for Current Employees - Technical Adjustment		700,000
IDEA: Mini-Grants to Schools for Co-Teaching Planning		22,222
IDEA: Modify Curriculum Assessments		45,926
IDEA: Reading and Math Interventions		22,222
IDEA: Substitutes for IEP Annual Reviews		11,111
IDEA: Professional Development - Differentiated Instruction/Co-Teaching		39,956
IDEA: PBIS Training		8,149
Academic Intervention Teachers		262,347
Middle School Magnet Consortium (MSMC)		14,695
Staff Development & Reading Teachers in Small Elementary Schools		71,494
Supporting Services Training		10,800
Counselors		30,952
Total Category 12		4,612,570
GRAND TOTAL	199.248	\$ 21,443,500

TABLE 1
SUMMARY OF RESOURCES
BY OBJECT OF EXPENDITURE

OBJECT OF EXPENDITURE	FY 2008 ACTUAL	FY 2009 BUDGET	FY 2009 CURRENT	FY 2010 BUDGET	FY 2010 CHANGE
POSITIONS					
Administrative	746,000	726,000	726,000	718,000	(8,000)
Business/Operations Admin.	87,500	85,500	91,000	91,000	
Professional	11,833,140	11,771,000	11,769,000	11,924,500	155,500
Supporting Services	8,212,937	8,186,986	8,182,911	8,236,101	53,190
TOTAL POSITIONS	20,879,577	20,769,486	20,768,911	20,969,601	200,690
01 SALARIES & WAGES					
Administrative	\$86,615,437	\$92,725,459	\$92,769,779	\$90,943,085	(\$1,826,694)
Business/Operations Admin.	2,729,598	8,007,534	8,368,588	8,622,302	253,714
Professional	853,475,595	904,915,618	904,278,836	923,367,632	19,088,796
Supporting Services	315,489,316	333,908,375	333,719,420	340,748,851	7,029,431
TOTAL POSITION DOLLARS	1,258,309,946	1,339,556,986	1,339,136,623	1,363,681,870	24,545,247
OTHER SALARIES					
Administrative	696,144	497,576	497,576	497,576	
Professional	55,072,530	58,460,340	59,016,873	58,672,488	(344,385)
Supporting Services	25,768,099	22,330,330	22,173,040	21,596,482	(576,558)
TOTAL OTHER SALARIES	81,536,773	81,288,246	81,687,489	80,766,546	(920,943)
TOTAL SALARIES AND WAGES	1,339,846,719	1,420,845,232	1,420,824,112	1,444,448,416	23,624,304
02 CONTRACTUAL SERVICES	25,643,428	28,941,062	28,953,724	25,475,310	(3,478,414)
03 SUPPLIES & MATERIALS	65,889,486	72,072,528	72,620,355	71,355,100	(1,265,255)
04 OTHER					
Staff Dev & Travel	2,793,891	3,216,741	3,797,424	3,463,152	(334,272)
Insur & Fixed Charges	414,456,159	424,741,388	424,915,086	481,761,095	56,846,009
Utilities	43,782,440	45,358,269	45,358,269	48,294,419	2,936,150
Grants & Other	57,319,348	56,161,097	55,664,224	59,277,313	3,613,089
TOTAL OTHER	518,351,838	529,477,495	529,735,003	592,795,979	63,060,976
05 EQUIPMENT	15,123,179	15,346,977	15,325,603	18,028,531	2,702,928
GRAND TOTAL AMOUNTS	\$1,964,854,650	\$2,066,683,294	\$2,067,458,797	\$2,152,103,336	\$84,644,539

**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2008 ACTUAL	FY 2009 BUDGET	FY 2009 CURRENT	FY 2010 ESTIMATED
CURRENT FUND				
From the County:	\$ 1,449,835,388	\$ 1,513,555,147	\$ 1,513,555,147	\$ 1,529,150,448
Fund Balance	7,298,453	17,927,455	17,927,455	20,000,000
Total from the County	1,457,133,841	1,531,482,602	1,531,482,602	1,549,150,448
From the State:				
From the State:				
Bridge to Excellence				
Foundation Grant	193,323,786	166,025,850	166,025,850	223,469,263
Supplemental Grant		10,395,191	10,395,191	
Limited English Proficient	38,023,510	42,673,715	42,673,715	44,131,875
Compensatory Education	82,533,545	85,772,752	85,772,752	90,996,526
Students with Disabilities - Formula	34,117,738	32,771,701	32,771,701	33,594,065
Students with Disabilities - Reimbursement	12,988,480	11,056,945	11,056,945	8,074,816
Transportation	30,678,135	31,481,949	31,481,949	33,554,829
Miscellaneous	467,550	750,000	750,000	750,000
Geographic Cost of Education Index		18,372,221	18,372,221	9,284,073
Programs financed through State Grants	4,314,890	1,023,000	1,023,000	1,023,000
Total from the State	396,447,634	400,323,324	400,323,324	444,878,447
From the Federal Government:				
Impact Aid	244,838	230,000	230,000	245,000
Programs financed through Federal Grants	77,083,010	64,885,337	65,660,840	86,705,299
Total from the Federal Government	77,327,848	65,115,337	65,890,840	86,950,299
From Other Sources:				
Tuition and Fees				
D.C. Welfare	294,621	200,000	200,000	250,000
Nonresident Pupils	612,068	1,000,000	1,000,000	925,000
Summer School	1,982,536	1,951,360	1,951,360	1,982,536
RICA	290,108			
Evening High School	149,717	271,724	271,724	
Outdoor Education	479,210	541,120	541,120	496,905
Student Activities Fee	795,354	955,000	955,000	795,000
Hospital Teaching	202,197	224,441	224,441	240,127
Miscellaneous	1,821,516	800,000	800,000	1,300,000
Programs financed through Private Grants	791,135	9,084,573	9,084,573	8,991,083
Total from Other Sources	7,418,462	15,028,218	15,028,218	14,980,651
Total Current Fund	1,938,327,785	2,011,949,481	2,012,724,984	2,095,959,845
ENTERPRISE & SPECIAL FUNDS				
School Food Service Fund:				
State	1,010,545	1,049,308	1,049,308	1,067,287
National School Lunch, Special Milk and Free Lunch Programs	16,424,050	17,533,426	17,533,426	18,746,883
Child Care Food Program		600,000	600,000	700,000
Sale of Meals and other	22,815,408	27,658,410	27,658,410	27,307,802
Total School Food Service Fund	40,250,003	46,841,144	46,841,144	47,821,972

**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2008 ACTUAL	FY 2009 BUDGET	FY 2009 CURRENT	FY 2010 ESTIMATED
Real Estate Management Fund:				
Rental fees	2,765,022	2,549,103	2,549,103	2,651,095
Total Real Estate Management Fund	2,765,022	2,549,103	2,549,103	2,651,095
Field Trip Fund:				
Fees	1,722,208	2,199,661	2,199,661	2,314,716
Total Field Trip Fund	1,722,208	2,199,661	2,199,661	2,314,716
Entrepreneurial Activities Fund:				
Fees	1,866,786	1,561,075	1,561,075	1,774,100
Total Entrepreneurial Activities Fund	1,866,786	1,561,075	1,561,075	1,774,100
Total Enterprise Funds	46,604,019	53,150,983	53,150,983	54,561,883
Instructional Television Special Revenue Fund:				
Cable Television Plan	1,521,000	1,582,830	1,582,830	1,581,608
Total Instructional Special Revenue Fund	1,521,000	1,582,830	1,582,830	1,581,608
GRAND TOTAL	\$1,986,452,804	\$2,066,683,294	\$2,067,458,797	\$2,152,103,336

Tax - Supported Budget	FY 2008 ACTUAL	FY 2009 BUDGET	FY 2009 CURRENT	FY 2010 ESTIMATED
Grand Total	\$1,986,452,804	\$2,066,683,294	\$2,067,458,797	\$2,152,103,336
Less:				
Grants	(82,189,035)	(74,992,910)	(75,768,413)	(96,719,382)
Enterprise Funds	(46,604,019)	(53,150,983)	(53,150,983)	(54,561,883)
Special Revenue Fund	(1,521,000)	(1,582,830)	(1,582,830)	(1,581,608)
Grand Total - Tax-Supported Budget	\$1,856,138,750	\$1,936,956,571	\$1,936,956,571	\$1,999,240,463

Notes:

The Adult Education Fund was created effective 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 effective 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 effective July 1, 2000.

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

Program Name and Source of Funding	FY 2008 ACTUAL	FY 2009 BUDGET	FY 2009 CURRENT	FY 2010 ESTIMATED
<u>Budgeted</u>				
FEDERAL AID: NO CHILD LEFT BEHIND (NCLB)				
Title I - A (941/949)	\$ 24,612,251	\$ 20,068,813	\$ 20,048,923	\$ 25,566,779
Title I - D Neglected and Delinquent Youth (937)	146,225	135,246	114,051	114,051
	24,758,476	20,204,059	20,162,974	25,680,830
Title II - A Skillful Teacher Program (915)	538,736	604,923	604,923	604,923
Consulting Teachers (961)	4,344,816	3,676,426	3,672,598	3,672,598
Reduced Class Size (998)	4,447			
Title II - D Enhancing Education through Technology (918)	395,674	182,238	183,272	183,272
	5,283,673	4,463,587	4,460,793	4,460,793
Title III Limited English Proficiency (927)	3,547,933	3,521,667	3,207,854	3,207,854
Title IV Safe & Drug Free Schools & Communities Act (926)	427,675	473,615	473,615	475,361
Title V Innovative Educational Programs (997)	205,147			-
Title VII American Indian Education (903)	15,320	22,290	22,290	22,290
SUBTOTAL	34,238,224	28,685,218	28,327,526	33,847,128
OTHER FEDERAL, STATE, AND LOCAL AID				
Aging Schools (972) State	558,126	1,023,000	1,023,000	1,023,000
Head Start Child Development (932) Federal	3,268,873	3,268,873	3,268,873	3,268,873
Individuals with Disabilities Education (913/964/965/966/967) Federal	25,843,503	28,416,313	27,672,924	43,016,424
Infants and Toddlers (930) Federal	748,675	749,416	875,847	937,156
Medical Assistance Program (939) Federal	2,956,130	2,649,600	3,617,042	4,519,801
Provision for Future Supported Projects (999) Other	11,696,406	9,084,573	9,084,573	8,991,083
Carl D. Perkins Career & Technical Ed. Improvement (951) Federal	1,721,637	1,115,917	1,115,917	1,115,917
County	108,969	377,331	363,135	379,794
	1,830,606	1,493,248	1,479,052	1,495,711
SUBTOTAL	46,902,319	46,685,023	47,021,311	63,252,048
TOTAL	\$ 81,140,543	\$ 75,370,241	\$ 75,348,837	\$ 97,099,176

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

Program Name and Source of Funding	FY 2008 ACTUAL	FY 2009 BUDGET	FY 2009 CURRENT	FY 2010 ESTIMATED
Summary of Funding Sources				
Federal	\$ 68,777,042	\$ 64,885,337	\$ 64,878,129	\$ 86,705,299
State	558,126	1,023,000	1,023,000	1,023,000
County	108,969	377,331	363,135	379,794
Other	11,696,406	9,084,573	9,084,573	8,991,083
GRAND TOTAL	\$ 81,140,543	\$ 75,370,241	\$ 75,348,837	\$ 97,099,176

FOR INFORMATION ONLY				
Non-budgeted Grant Programs as of November 2008 (Continuation of programs dependent upon grantor funding)				
21st Century Community Learning Centers			\$ 268,706	
Laboratory to Classroom			286,899	
Perkins Reserve Fund Grant			48,926	
Learn and Serve			15,000	
Homeless Education Grant			75,000	
IDEA - Disproportionality PBIS			38,000	
IDEA - School-age Least Restrictive Environment (LRE)			36,000	
IDEA - AI/MSA			15,000	
IDEA - Transition Drop-out Grad Gap			38,602	
IDEA - AYP			132,263	
Reading First			1,365,019	
Ambassadors Invested in Mentorship			154,259	
SUBTOTAL FEDERAL FUNDING			2,473,674	
Judith Hoyer Childcare & Education-Silver Spring Center			202,988	
Judith Hoyer Childcare & Education-Gaithersburg Center			322,000	
Maryland K12 Digital Library			293,075	
Chess Grants			28,839	
Tobacco Prevention			76,000	
Maryland Model for School Readiness (MMSR) Program			105,028	
Fine Arts Initiative			173,040	
SUBTOTAL STATE FUNDING			1,200,970	
Defined Contribution Website			29,911	
SUBTOTAL OTHER			29,911	
TOTAL			\$ 3,704,555	



TABLE 4
SUMMARY OF STUDENT ENROLLMENT - FY 2007 THROUGH FY 2010

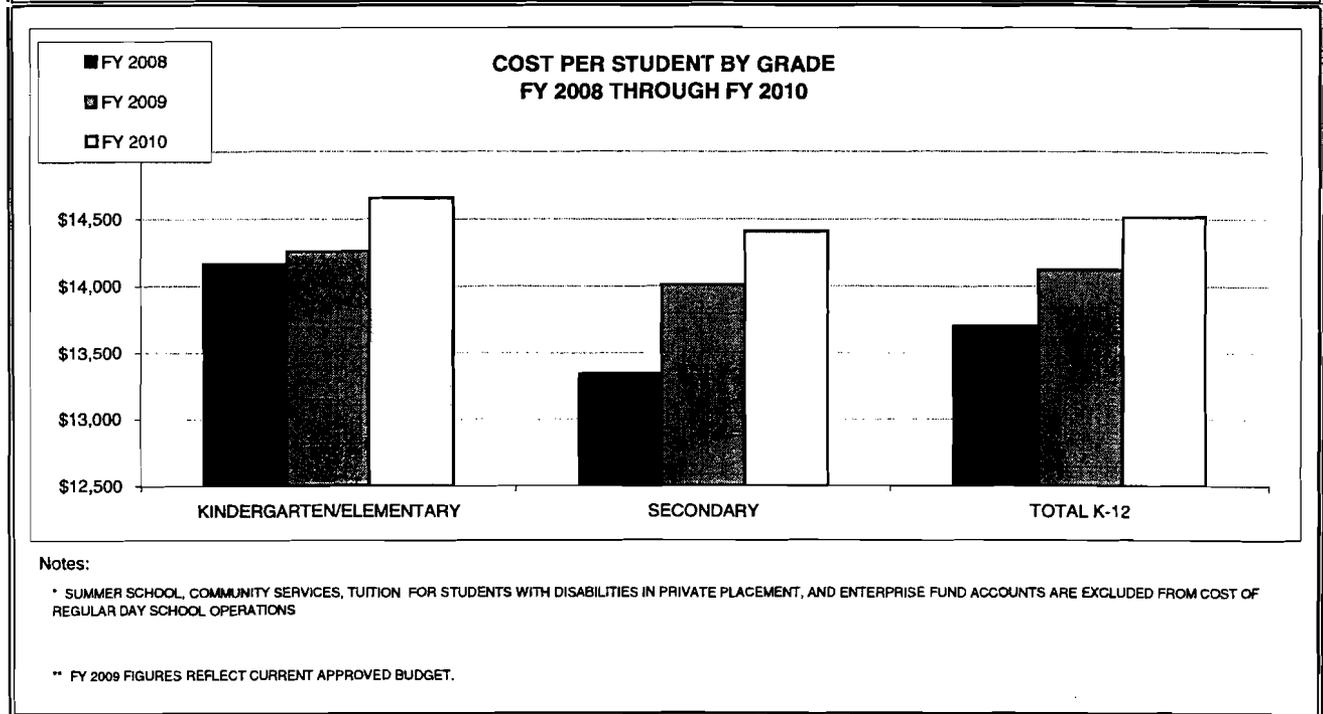
DESCRIPTION	(1) FY 2007 ACTUAL 9/30/2006	(2) FY 2008 ACTUAL 9/30/2007	(3) FY 2009 ACTUAL 9/30/2008	(4) FY 2009 PROJECTED 9/30/2008	(5) FY 2010 PROJECTED 9/30/2008	CHANGE COLUMN (5) LESS COLUMN (4)	
						#	%
REGULAR INSTRUCTION							
PRE-KINDERGARTEN	1,828	1,833	1,878	1,885	1,905	20	1.1
HEAD START	584	599	618	599	618	19	3.2
KINDERGARTEN	8,951	9,524	10,030	9,766	10,025	259	2.7
GRADES 1-5	47,122	46,908	48,050	47,090	49,239	2,149	4.6
SUBTOTAL ELEMENTARY	58,485	58,864	60,576	59,340	61,787	2,447	4.2
GRADES 6-8	28,556	28,498	28,439	27,812	28,182	370	1.3
SUBTOTAL MIDDLE	28,556	28,498	28,439	27,812	28,182	370	1.3
GRADES 9-12	41,470	41,116	41,356	40,710	40,949	239	0.6
SUBTOTAL HIGH	41,470	41,116	41,356	40,710	40,949	239	0.6
SUBTOTAL REGULAR	128,511	128,478	130,371	127,862	130,918	3,056	2.4
SPECIAL EDUCATION							
SPECIAL CLASSES:							
ELEMENTARY SCHOOLS	2,742	2,750	2,712	2,862	2,822	(40)	(1.5)
MIDDLE SCHOOLS	2,493	2,413	2,432	2,026	1,953	(73)	(3.0)
HIGH SCHOOLS	3,069	3,179	2,928	3,713	3,653	(60)	(1.9)
SPECIAL SCHOOLS	584	511	462	705	679	(26)	(5.1)
SUBTOTAL SPECIAL EDUCATION	8,888	8,853	8,534	9,306	9,107	(199)	(2.2)
ALTERNATIVE PROGRAMS	203	195	175	300	225	(75)	(36.9)
GATEWAY TO COLLEGE (a)	196	219	196	295	250	(45)	(20.5)
GRAND TOTAL	137,798	137,745	139,276	137,763	140,500	2,737	2.0

SOURCE: Projected enrollment by the Department of Planning and Capital Programming.

(a) Gateway to College program began in school year 2005 - 06.

COST PER STUDENT BY GRADE SPAN

	KINDERGARTEN/ ELEMENTARY	SECONDARY	TOTAL K-12	AMOUNT EXCLUDED*	TOTAL BUDGET**
FY 2008 ACTUAL					
EXPENDITURES	\$838,367,855	\$1,012,974,855	\$1,851,342,710	\$133,674,909	\$1,985,017,619
STUDENTS 9/30/07 (ACTUAL)	59,182	75,912	135,094		
COST PER STUDENT	\$14,166	\$13,344	\$13,704		
FY 2009 BUDGET					
EXPENDITURES	\$866,874,390	\$1,061,931,328	\$1,928,805,718	\$137,877,576	\$2,066,683,294
STUDENTS 9/30/08 (CURRENT)	60,792	75,792	136,584		
COST PER STUDENT	\$14,260	\$14,011	\$14,122		
FY 2010 BUDGET					
EXPENDITURES	\$909,886,456	\$1,089,785,471	\$1,999,671,927	\$152,431,409	\$2,152,103,336
STUDENTS 9/30/09 (PROJECTED)	62,086	75,641	137,727		
COST PER STUDENT	\$14,655	\$14,407	\$14,519		



SUMMARY OF NEGOTIATIONS

In March 2007, the Board of Education reached a three-year contract with the Montgomery County Education Association (MCEA) that expired on June 30, 2010. The parties agreed to reopen negotiations during the fall of 2008 because of the adverse economic conditions and projected budget shortfalls. Negotiations resulted in extension of the agreement for four years, expiring June 30, 2014. The extension of the Agreement is subject to ratification by the Board of Education and the Association membership during January 2009.

In March 2007, MCPS completed negotiations with SEIU Local 500, representing supporting services employees, on a three-year contract that was effective July 1, 2007, and expired on June 30, 2010. The parties agreed to reopen negotiations during the fall of 2008 because of the adverse economic conditions and projected budget shortfalls. Negotiations resulted in extension of the agreement for four years, expiring June 30, 2014. The extension of the Agreement is subject to ratification by the Board of Education and the Association membership during January 2009.

In June 2006, MCPS completed negotiations with the Montgomery County Association of Administrative and Supervisory Personnel (MCAASP) on a three-year contract that took effect July 1, 2006, and was scheduled to run through June 30, 2009. The agreement provided for reopened negotiations for salary and benefits for the second and third years of the agreement. As a result of those negotiations the Agreement was extended by one year, through June 30, 2010. The parties agreed to reopen negotiations during the fall of 2008 because of the adverse economic conditions and projected budget shortfalls. Negotiations resulted in extension of the agreement for four years, expiring June 30, 2014. The extension of the Agreement is subject to ratification by the Board of Education and the Association membership during January 2009.

In January 2007, MCPS completed negotiations with the Montgomery County Association of Administrative and Supervisory Personnel representing the Montgomery County Business and Operations Administrators (MCAASP/MCBOA) on a 2.5-year contract that took effect February 1, 2008, and was scheduled to run through June 30, 2010. The parties agreed to reopen negotiations during the fall of 2008 because of the adverse economic conditions and projected budget shortfalls. Negotiations resulted in extension of the agreement for four years, expiring June 30, 2014. The extension of the Agreement is subject to ratification by the Board of Education and the Association membership during January 2009.

During the fall of 2008, the three bargaining groups agreed to participate in joint negotiations regarding salaries and benefits for FY 2010. Agreement was reached with the three groups to defer the scheduled cost-of-living adjustments of 5.3 percent and additional salary-related improvements. The agreements result in the continuation of the FY 2009 salary schedules through FY 2010.

Montgomery County Public Schools

Operating Budget Alignment with the Strategic Plan and Fiscal Challenges

The operating budget is aligned with the Montgomery County Public Schools strategic plan: *Our Call to Action: Pursuit of Excellence*. Budget resources are prioritized to advance major strategic initiatives to improve student performance and close the achievement gap. MCPS uses the Malcolm Baldrige Education Criteria for Performance Excellence as a management system to ensure alignment with the strategic plan, including the involvement of major stakeholders to set priorities and monitor progress based on identified measures. The Board of Education makes budget decisions based on its established academic priorities.

During the past eight years, major strategic initiatives included the following:

- Early childhood
- Staff development and training
- Class size reduction
- Curriculum and Assessment
- Technology
- Other School Organization and Improvement
- Other

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

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

The Program Budget issued at the same time as the traditional “management” budget also addresses alignment with the strategic plan by showing links between strategic initiatives and individual programs. This enables the public to identify the total resources used for each program regardless of what units in the school system manage resources dedicated to any program.

Fiscal Challenges

Unprecedented fiscal challenges may affect the pace of progress in implementing strategic initiatives. Fiscal constraints have necessitated slowing down the roll-out of new initiatives until sufficient resources are available.

Available revenues have increased more slowly than in previous years because:

State aid under the Bridge to Excellence in Public Schools Act (Thornton) was fully implemented in FY 2008 with only inflationary adjustments for future years. The state legislature suspended the inflationary adjustment until FY 2011.

The state has not fully implemented the Geographic Cost of Education Index (GCEI) which promised to adjust basic state aid for the higher cost in Montgomery County and other districts.

Federal grant revenue has begun to decline as the U. S. Congress failed to provide expected aid under the No Child Left Behind (NCLB) Act. Other priorities have limited the amount available for education aid.

The national economic downturn has reduced estimates of local tax revenue available from income taxes, property taxes, and other local tax sources. Expectations of limited revenue have compelled county agencies to freeze hiring and limit other expenditures.

Although revenue growth has slowed, MCPS costs have continued to increase:

Enrollment has increased by more than 1,500 students this year, with projections for another 1,200 students in FY 2010. The number of students eligible for Free and Reduced-price Meals (FARMS) has increased by more than 5,000 in the last two years, and the number of ESOL students has increased by more than 1,500.

There is a need to provide competitive salaries for teachers and other staff. A general wage adjustment and other negotiated changes would have added \$89 million to the FY 2010 budget if implemented.

Other costs have increased more rapidly than general inflation, including textbooks and other instructional materials, employee benefits, special education, bus fuel, and cafeteria food. These increases are described in detail elsewhere in this document.

Federal and state mandates require additional expenditures without additional revenue. The mandates include testing requirements, environmental regulations, and transportation facilities.

Montgomery County Public Schools

FY 2010 OPERATING BUDGET

Initiatives for Academic Achievement

The Montgomery County Public Schools (MCPS) strategic plan: *Our Call to Action: Pursuit of Excellence*, most recently approved by the Board of Education in July 2008, sets out the goals and strategies that guide the shaping of the operating budget. During the last nine years, MCPS has implemented \$116.9 million of new initiatives based on the strategic plan to provide direct support for school improvement. Fiscal constraints make it impossible to expand these initiatives or begin other programs that could advance strategic plan goals at this time. Nevertheless, the goals and strategies remain crucial to raising the bar and closing the achievement gap for all students. Progress in achieving these goals will continue using the resources already allocated to improvement strategies and redirecting existing resources to high priority strategies that have proven most effective. As resources become available, new initiatives will enable progress on the strategic plan to continue. Below are details of the future initiatives totaling \$21,820,614 expected to be implemented through FY 2013 as sufficient resources become available.

Improving Middle Schools

Middle School Reform

The FY 2009 budget continued the expansion of a comprehensive middle school reform strategy to improve teaching and learning in middle schools. Phase II added six schools in full implementation and four schools in partial implementation to the five schools begun in Phase I in FY 2008. The goal is to engage all students in challenging and exciting academic programs taught by teachers expert in content fields and knowledgeable about how to engage middle school children.

In FY 2008, five middle schools did not make Adequate Yearly progress (AYP) compared to 11 schools in FY 2007. Despite this progress, comprehensive reform efforts are needed to make a significant difference in raising the bar and reducing the achievement gap in middle schools. This initiative adds the 23 additional schools with 70.2 positions and a cost of \$10,436,236.

The initiative would expand the same model used in schools with full implementation. It includes a 1.0 middle school team leader position, 1.4 teacher positions for literacy coaches and math content specialists, and a 0.2 ELO coordinator at each school. The initiative includes strengthening of leadership and professional development by adding literacy coaches, math content specialists, and team leaders, both through new resources and redirecting existing resources. The model also includes professional part-time salaries for cohort collaborative work among staff, supporting services part-time salaries, staff training on cross-cultural communication strategies, study circles, instructional materials,

transportation for ELO events, and related employee benefits. Other existing resources will be allocated within the training plan in the Office of Organizational Development for staff training. Staff resources also will be used to evaluate progress in achieving goals of the reform effort.

The initiative includes training for leadership teams through the Professional Learning Communities Institute and additional time for training and collaboration among cohorts of teachers and support professionals during the initial years of the initiative in a school. The middle school initiative also adds targeted interventions to help students who need extra support, including Read 180, technology, extended-day and extended-year programs, and outreach to parents.

Expansion of MSMC to Other Middle Schools

The Middle School Magnet Consortium federal grant has provided an opportunity to develop new course offerings that are successfully engaging students in rigorous and creative learning. These successful programs, including 31 new courses, are being expanded to other middle schools beginning with schools in the middle school reform program. This initiative also includes expansion of the popular Lights, Camera, Literacy (LCL) program to integrate technology and literacy. The expanded courses will be offered in all middle schools over the next two or three years. The initiative includes \$761,996, including new textbooks, instructional supplies, computer equipment, and software.

Special Education

Middle school improvement also includes the expansion of hours-based staffing for special education, which is discussed below.

Elementary Schools

Elementary School Assistant Principals

In FY 2007 and FY 2008, 30 additional elementary schools received assistant principals as part of a multiyear commitment by the Board of Education to have an assistant principal at each elementary school. An additional 20 assistant principals are needed to complete the initiative. Assistant principals enable the principal to focus on instructional leadership, have increased time with teachers and students, build relationships with parents, and contribute to a safe and secure educational environment for student success. The cost of these 20 additional elementary assistant principals is \$2,333,614.

Addressing the Needs of Special Populations

Previous initiatives in the area of special education have totaled \$10,968,682, including hours-based staffing, promotion of the Least Restrictive Environment (LRE), intensive reading support, improved psychological services, and efforts to reduce disproportionate

identification of African American students for special education. The cost of these initiatives in this multiyear plan total \$6,817,592.

Hours-based Staffing in Special Education

Three years ago, MCPS began the hours-based staffing initiative to improve staffing at secondary schools, with a priority for schools that were not making Adequate Yearly Progress (AYP) for special education students. Under this program, additional staffing is allocated to schools based on the hours of service provided to students with disabilities. The existing 16 schools in the program included 64.6 positions at a cost of \$3,265,894.

The multiyear initiative envisions expanding the program by five middle schools annually in FY 2011-FY 2013, including a total of 15.0 teachers and 15.0 paraeducators at a cost of \$2,193,921. Each middle school's staffing allocation will be determined by reviewing the Encore student data report, which provides the total number of services hours required at each school. The model applies to students receiving learning and academic disabilities (LAD) or resource services. The goal is to increase the number of students participating in the general education environment. The additional resources support students in a wide range of general education classes. Meanwhile the Office of Special Education and Student Services, in conjunction with the Office of Shared Accountability, continues to evaluate the success of hours-based staffing in contributing to student success.

Home School Model

MCPS is mandated under federal and state law to provide special education students with program in the Least Restrictive Environment (LRE) appropriate for each student. The Home School Model is a collaborative approach that seeks to provide services in the home school rather than send students to self-contained programs in other schools. Between FY 2006 and FY 2008, the home school model was implemented at 60 elementary schools in the Gaithersburg, Bethesda-Chevy Chase, Clarksburg, Damascus, Northwest, Poolesville, Seneca Valley, and Sherwood high school clusters and in the schools of the Downcounty Consortium and the Northeast Consortium. The multiyear initiative will expand the Home School Model to thirty additional schools in six additional high school clusters by adding 46.9 positions at a cost of \$3,445,994.

Least Restrictive Environment

In previous years, initiatives to support special education students in the least restrictive environment added 46.4 positions at a cost of \$2,154,849, including 6.0 itinerant resource teachers. This has proved highly successful in providing schools with math and reading interventions and professional development. This multiyear initiative would support that effort by adding 6.0 special education itinerant resource teachers and 6.0 itinerant paraeducator positions at a cost of \$899,904. These positions will work directly with students and teachers to facilitate the inclusion of special education students to access the general education curriculum and enable more students to achieve proficient or advanced levels on state tests.

Psychologists

School psychologists have assignments of two to four schools each, with a caseload averaging 2,600 students. The demand for preventive services and interventions that support classroom education has increased annually. Current caseloads provide obstacles to effective early intervention and preventive direct services to students. This multiyear initiative would add 3.0 psychologists at a cost of \$277,773 to improve support to all schools by reducing caseloads.

Truancy and Dropout Prevention

The demand for preventive services and interventions to address truancy and dropout prevention is growing annually. Pupil personnel workers (PPWs) work with schools, families, students, and community organizations to address their problems. Currently, each PPW serves an average of 2,978 students. This average caseload prevents the most effective preventive and intervention strategies from being fully successful. Previous initiatives have added 6.0 pupil personnel workers at a cost of \$392,178. This multiyear initiatives would add an additional 3.0 PPWs at a cost of \$277,773 to focus on preventing truancy and dropouts and to collaborate with schoolwide programs such as Positive Behavioral Interventions and Supports (PBIS) and the collaborative problem solving process.

Positive Behavior Interventions and Supports (PBIS)

PBIS is a framework for establishing a positive school climate through clearly taught and consistently implemented behavioral expectations that lead to a reduction in discipline referrals and suspensions,. It addresses the problem of disproportionate suspension rates of African American and Hispanic students and the disproportionate referrals for special education services. Training of school staffs is conducted by the Maryland State Department of Education. This initiative previously cost \$173,862 to support training for staff at 48 schools. The future initiative will expand the program to an additional 30 schools at a cost of \$145,812.

Alternative Programs (Randolph Academy)

The Randolph Academy is an alternative school program that serves high school students in lieu of expulsion. The program has been only a half-day program, but a full-day program is necessary to enable students to complete additional credit courses and return to a comprehensive high school. This multiyear initiative would add 2.0 classroom teacher positions at a cost of \$125,987 to permit a full-day program.

Accelerated and Enriched Instruction

Previous initiatives to advance accelerated and enriched instruction have included programs to expand magnet, International Baccalaureate, and highly gifted programs at a cost of \$1,765,848. The multiyear initiative plan includes \$80,994.

Laboratory for Experiential Education and Design (LEED)

The Laboratory for Experiential Education and Design (LEED) is a student-directed engineering and design program focusing on transdisciplinary problem identification, analysis, and solution. Working in partnership with the University of Maryland Shady Grove (USG) and Montgomery College, Wootton High School has begun to locate LEED classes at USG. This program has been funded by a grant from the Maryland State Department of Education (MSDE) that expires this year. The multiyear initiative would continue this program by supporting a classroom teacher position and instructional materials at a cost of \$80,994.

Shared Accountability

Previous initiatives to strengthen shared accountability have added 7.0 evaluation positions and a total cost of \$548,387. Evaluation findings assist MCPS leadership to make data-driven decisions regarding the expansion, continuation, or elimination of various initiatives or programs. Evaluation is also a key component of federal and private grants that provide additional non-tax resources to the school system. Grantors require rigorous evaluations. Dissemination of evaluation findings helps all schools and programs to make better use of taxpayer resources. Recent evaluations have reviewed and changed the Middle School Reform program, reading initiatives, extended year programs, full-day Head Start, Study Circles, and the Collaborative Action process. Program evaluation pays for itself through the more effective use of available resources. This multiyear initiative would increase the capacity for program evaluation from 5.0 evaluation specialists, including one funded by Title I, to 7.0 specialist positions at a cost of \$185,183.

Strengthening Productive Partnerships for Education

Previous initiatives to strengthen productive partnerships for education have included translation services (\$1.1 million), ESOL parent outreach (\$0.5 million), and partnerships with Montgomery College (\$1.0 million) for a total cost of \$2,619,694.

Parent Community Outreach Coordinators

School success requires active parent involvement in their child's education. Parent community coordinators engage families in supporting their children's education at home, provide parents with specific knowledge about the school system, promote positive relationships between teachers and parents, and coordinate volunteer and community programs directly linked to student learning. Currently, there are only 13.9 parent community coordinators, so many schools have limited access to these services. This initiative would add 6.0 centrally allocated school-based parent community coordinators at a cost of \$470,244. Each coordinator will serve 3 to 4 schools and be available at each school at least one day per week to maintain ongoing contact with staff and parents. School assignments will be coordinated with other parent community coordinators to

reach schools with the greatest needs. Many of the new parent community coordinators are expected to be bilingual. The program will be carefully evaluated to identify strategies that have the greatest impact on student achievement results.

Creating a Positive Work Environment

Previous initiatives to create a positive work environment by strengthening the capacity of staff include staff development teachers at all schools, the professional growth systems, consulting teachers, curriculum training, leadership development, supporting services training, diversity training, and the Professional Learning Communities Institute. The cost of these initiatives totals \$14,191,174. This multiyear initiatives will add 2.0 positions and a total cost of \$185,183.

Diversity Training

The Equity Training and Development Team in the office of organization Development provides support to schools and offices to ensure that education in MCPS is equitable and that student achievement is not predictable by race. The team currently is composed of a director and four instructional specialists. The demands for their services are far greater than the existing capacity. This initiative would address this urgent need by adding 2.0 instructional specialist positions at a cost of \$185,183. The success of this program is evaluated by a review of implementation of diversity strategies and beliefs and by progress in closing the achievement gap by race and ethnicity.

FY 2001-2013 Strategic Plan Initiatives

<i>Our Call to Action: Pursuit of Excellence</i> Strategic Goals and Initiatives		FY 2001-08		FY 2009		FY 2011-13	
		Total		Approved		Plan	
		FTE	Amount	FTE	Amount	FTE	Amount
I	Ensure Success for Every Student						
A	Middle School Reform						
1	Middle School Reform	21.3	2,500,000	15.6	2,066,757	70.2	10,436,236
2	Middle School Magnet Consortium			9.0	831,135		
3	Expansion of MSMC courses			1.0	344,871		761,996
4	Other Middle School Reform		1,314,290				
5	Subtotal Middle School Reform	21.3	3,814,290	25.6	3,242,763	70.2	11,198,232
B	Subtotal High School Reform	59.7	5,793,804	2.6	163,711		
C	Elementary Schools						
1	Assistant Principals in Elementary Schools	52.0	4,989,599			20.0	2,333,614
2	Pre-kindergarten expansion	13.6	655,851				
3	Other Elementary School	12.0	822,742	4.0	103,037		
4	Subtotal Elementary Schools	77.6	6,468,192	4.0	103,037	20.0	2,333,614
D	Subtotal Early Success	312.8	20,088,410	6.3	573,789		
E	Subtotal Class Size Reduction	547.4	25,767,013				
F	Special Education						
1	Home School Model					46.9	3,445,994
2	Hours-based staffing at middle schools (5 per year)	46.8	2,342,792	17.8	923,102	30.0	2,193,921
3	LRE	46.4	2,154,849			12.0	899,904
4	Psychologists	12.0	797,930			3.0	277,773
5	Other Special Education	100.9	4,485,345				
6	Subtotal Special Education	206.1	9,780,916	17.8	923,102	91.9	6,817,592
G	Subtotal ESOL Services	18.5	1,202,397				
H	Counseling and Special Populations						
1	Truancy and dropout prevention (PPWs)	6.0	392,178			3.0	277,773
2	Positive Behavior and Intervention Support				173,862		145,812
3	Alternative programs (Randolph Academy)					2.0	125,987
4	Other Counseling and Special Populations	31.5	2,595,991				
5	Subtotal Counseling and Special populations	37.5	2,988,169		173,862	5.0	549,572

FY 2001-2013 Strategic Plan Initiatives

Our Call to Action: Pursuit of Excellence Strategic Goals and Initiatives		FY 2001-08 Total		FY 2009 Approved		FY 2011-13 Plan	
		FTE	Amount	FTE	Amount	FTE	Amount
I	Subtotal Other School Improvements	63.1	3,426,178				
	Subtotal - Goal 1	1343.9	79,329,368	56.2	5,180,264	187.1	20,899,010
II	Provide an Effective Instructional Program						
J	Subtotal Curriculum and Instruction	94.1	7,686,149				
K	Accelerated and Enriched Instruction						
1	G/T services - IB programs (LEED)	1.0	484,829		79,310	1.0	80,994
2	Other Accelerated and Enriched Instruction	6.9	760,137		120,960		
3	Subtotal Acc and Enriched Instruction	7.9	1,244,966		200,270	1.0	80,994
L	Shared Accountability						
1	Program evaluation	7.0	548,387			2.0	185,183
2	Subtotal Shared Accountability	7.0	548,387			2.0	185,183
M	Subtotal Technology	47.5	5,593,049				
	Subtotal - Goal 2	156.5	15,072,551		200,270	3.0	266,177
III	Strengthen Productive Partnerships for Education						
1	Parent community coordinators					6.0	470,244
2	Other Partnerships	33.2	2,619,694				
3	Subtotal - Goal 3	33.2	2,619,694			6.0	470,244
IV	Create a Positive Work Environment						
1	Diversity training					2.0	185,183
2	Other Create a Positive Work Environment	205.0	14,191,174				
3	Subtotal - Goal 4	205.0	14,191,174			2.0	185,183
V	High Quality Business Services						
1	Transportation	7.5	323,644				
2	Subtotal - Goal 5	7.5	323,644				
TOTAL - STRATEGIC PLAN FY 2001-2013		1,746.2	\$111,536,431	56.2	\$5,380,534	198.1	21,820,614

Montgomery County Public Schools

FY 2010 OPERATING BUDGET

Program Reductions and Efficiencies

Each year, the Montgomery County Public Schools (MCPS) undertakes a comprehensive effort to identify potential program reductions and efficiencies. This is called the Program Efficiency, Abandonment, and Redirection (PEAR) process. For FY 2010, the Operating Budget includes \$31,484,559 of reductions and efficiencies, including a reduction of 227.0 positions that make resources available for new programs and higher priority uses. Below are details of the FY 2010 reductions.

- Every office receives a target of potential reductions and realignments at the beginning of the budget development process. These proposals are carefully assessed to minimize the impact on the classroom. This year, each office was asked to identify 5 percent of central office resources and 2 percent of school-based resources as potential reductions.
- Zero-based budgeting is used to review and justify all expenditures and identify opportunities for reductions. This year, every account was thoroughly reviewed and reductions were made broadly throughout the budget.
- Since FY 2001, the budget has included reductions of \$111.5 million from the base budget, making possible nearly all the funding for \$116.9 million of higher priority initiatives.
- MCPS has central administrative costs of 2.0 percent of the total budget, one of the lowest percentages in the state. Based on the most recent state data, if MCPS were at the state average, central administrative costs would be at least \$9 million higher.
- 50 percent of the FY 2010 reductions come from central services and support functions (\$15.7 million).
- A total of \$15.7 million is reduced from school-based resources.

Central Services

For FY 2010, central services reductions total \$12,018,387, including 70.5 positions and related employee benefits. These reductions comprise 38 percent of the total reductions. They are equal to 8.2 percent of central services resources. In FY 2009, MCPS reduced 52.3 central services positions and a total of \$7.8 million, for a two-year total of 122.8 positions and \$20.0 million. Following is a summary of the central services reductions:

Office of Curriculum and Instructional Programs

- Reduction of 2.0 instructional specialists and a 1.0 coordinator in the Department of Curriculum and Instruction at a savings of \$326,015, resulting from

streamlining curriculum products. Direct support to schools will remain a high priority.

- Reduction of a 2.0 instructional specialists in the Department of Enriched and Innovative Instruction at a savings of \$201,594 with responsibility for mathematics curriculum development and professional development support and for coordinating signature and academy programs respectively. This work will be absorbed by other specialists but school support will be reduced.
- Reduction of 8.0 instructional specialists at a savings of \$802,430, from units and programs yet to be identified.
- Transfer of a 1.0 instructional specialist and a 1.0 applications developer at a savings to the General Fund of \$208,362 in the Office of Curriculum and Instructional Programs to the Entrepreneurial Activities Fund eLearning Program for the development and support for online learning. This transfer is made possible by an increase in revenue from student course fees.
- Discontinuation of support for Grade 11 students to take the PSAT exam at a savings of \$93,000. High school students take this exam for diagnostic purposes in Grade 9 and/or Grade 10.
- Reduction of a total of \$566,754 in a variety of central office units, including professional part-time salaries, stipends, contractual and consultant services, instructional materials, travel, dues, registrations, and equipment.

Office of Special Education and Student Services

- Reduction of a 1.0 director I position and a 1.0 administrative secretary position in the Division of School Based Special Education Services at a savings of \$240,205. The duties of these positions will be assumed by the director of special education services in that department. The director will assume direct oversight of cluster supervisors, instructional specialists, and itinerant resource teachers, as well as supervising School-Community Based, Learning for Independence, Learning and Academic Disabilities, Learning Centers, Extensions, and the Longview School programs. The Division of Preschool Special Education and Related Services will supervise autism, transition, and emotional disabilities programs.
- Reduction of a 1.0 placement specialist position and a 1.0 office assistant II position in the Placement and Assessment Services Unit at a savings of \$197,577. The remaining 6.0 placement specialists will have slightly higher caseloads for monitoring students in private placement. Transfer of an estimated 36 students in private placement to the autism program, however, will reduce the requirement for placement services. The responsibilities of the office assistant will be distributed among remaining staff.
- Reduction of a 1.0 elementary program specialist position in the Division of Preschool Special Education and Related Services at a savings of \$94,351. This position provides support to the Preschool Special Education Program (PEP). The responsibilities of this position will be reassigned to the remaining 2.0 elementary program specialist positions serving 13 PEP sites.
- Reduction of a 1.0 instructional specialist position on the Bilingual Assessment Team at a savings of \$62,994. The remaining 4.0 instructional specialist positions

will be able complete in a timely manner required assessments for students being considered for special education services.

- Reduction of a 6.0 positions in the Department of Student Services at a savings of \$633,676. This reduction results from the reorganization of this department to serve schools more directly. The three existing field offices will be eliminated and the pupil personnel workers and school psychologists currently housed in these offices will be assigned to available school locations. This will improve the visibility and connection of this staff to the schools. Benchmarking has shown that most neighboring school districts assign PPWs and school psychologists to school locations rather than central offices away from schools.

The pupil personnel unit and the psychological services unit will assume the scheduling, supervision, and evaluation of PPWs and school psychologists. A student services appeals unit will be created and will be responsible for handling changes of school assignment requests and for hearing suspension and expulsion appeals hearings. This should result in an improvement in the efficiency of processing changes in student assignments.

The reorganization will reduce 3.0 field office director positions, 4.0 instructional specialist positions, 2.0 secretary positions, 1.0 administrative secretary, 1.0 psychological services supervisor, and 1.0 PPW services supervisor. New positions added because of the reorganization include 2.0 student services coordinator positions, a 1.0 student services specialist, a 1.0 student services appeals coordinator, a 1.0 psychological services director I position, and a 1.0 PPW services director position, for a net reduction of 6.0 positions. Additional savings due to the closure of the field offices will be realized in the future as office leases can be discontinued.

- Reduction of a 1.0 office assistant IV position in alternative programs at a savings of \$64,336.
- Reduction of 1.5 positions and \$132,507 by relocating the Emory Grove and McKenney Hills alternative programs to the Mark Twain site. Closing the Mark Twain School in FY 2009 made this space available for other school programs. Relocation of these existing programs permits the combination of administrative functions without any change in services available to students. This relocation will result in the reduction of a 1.0 coordinator (\$145,545), a 1.0 administrative secretary (\$77,399), and a 1.0 school counselor (\$107,594), partially offset by the addition of a 1.0 social worker position and \$125,884, a 0.5 IT systems specialist position and \$50,952, and other expenses of \$21,195.
- Reduction of \$150,000 in contractual services for anti-violence programs. Currently, there is a total of \$275,000 in contractual services for anti-violence programs through Identity, Metrocap, and the Mental Health Association. These programs provide valuable support to schools and students at all school levels to

alert students to the dangers of gangs and other violent activities and direct them to constructive pursuits. This reduction will permit the continuation of the most effective parts of this program, but will limit the capacity to advance violence prevention activities.

- There is a total of \$112,888 in savings due to a variety of reductions in this office in contractual services, consultants, professional part-time salaries, equipment, travel out, and registrations due to a variety of operational efficiencies.

Office of Organizational Development

- Reduction of 6.7 instructional specialist positions and a 1.0 specialist position at a savings of \$797,483. These positions include a 1.0 instructional specialist and a 1.0 technology consultant on the Technology Consulting Team, 3.2 instructional specialist positions on the Skillful Teaching and Leading Team, 2.0 instructional specialist positions on the Curriculum Training and Development team, and a 0.5 instructional specialist position on the university partnerships project. There will be a restructuring of work assignments to ensure that planned professional development projects are completed on schedule. Job-embedded training at schools and on-line resources will continue to replace summer and weekend training to reduce costs without significantly reducing the availability of professional development opportunities. Support for schools will continue but at a reduced level. The requirements of the Professional Growth Systems will not be compromised.
- Reduction of 4.0 instructional specialists at a savings of \$401,215 in projects to be identified as the FY 2010 training plan is developed. Delays in the introduction of previously planned program initiatives will enable remaining staff to assume the duties of these positions. However, the loss of experience and expertise in these positions will inevitably limit the ability of remaining staff to provide the same level of quality and variety of support as in the past.
- Reduction of 6.0 consulting teacher positions at a savings of \$529,200. The 28.0 consulting teachers budgeted for next year will each serve at least 16 novice or underperforming teachers and makes recommendations on teacher performance to the Peer Assistance Review (PAR) panel. Reduced hiring of novice teachers because of fiscal constraints will reduce the need for consulting teachers in FY 2010.
- Reductions of \$1,105,000 in training stipends and instructional materials for a variety of projects delayed because of reductions in other system programs, \$71,280 in professional leadership program savings, and \$442,370 in a variety of reductions throughout the office in stipends, program supplies, travel out, building rentals, equipment, and professional part-time salaries.

Office of the Chief Technology Officer

- Reduction of a 1.0 IT system specialist position in the Department of Strategic Project Management and Planning at a savings of \$101,905 that supports maintaining information systems security functions.
- Reduction of a 1.0 instructional specialist position in the Department of Information and Application Services at a savings of \$85,154. This will reduce end user support and communications.
- Reduction of a 1.0 help desk assistant position at a savings of \$68,022 in the Division of Technology Support. This reduction reduces back-up support for help desk staff and may delay response time in responding to user requests.
- There is a total of \$1,348,242 in savings and efficiencies due to a variety of reductions in contractual services, consultants, training costs, hardware, software, and supplies, including \$37,000 for technical training, \$62,604 in the Division of Technology Support, \$98,674 for supplies and equipment in the Department of Infrastructure and Operations, \$89,546 for contractual services in the Department of Strategic Project Management and Planning, \$47,892 for part-time salaries in the Division of technology Innovation, and \$1,012,526 for part-time salaries, consultant and contractual services, and maintenance in the Department of Information and Application Services.

Office of Human Resources

- Reduction of a 1.0 staffing assistant position and a .625 personnel assistant III position at a savings of \$115,855. The staffing assistant and the personnel assistant positions provide support to the Division of Recruitment and Staffing. The new Applicant Tracking System to be implemented will integrate several existing personnel data bases and facilitate preparation of needed reports. This will reduce the work currently assigned to the staffing assistant position.
- There is a savings of \$70,157 because of the completion of repayment of a loan from the Technology Investment Fund for the Human Resources Information System. There also are savings of \$26,095 in professional part-time salaries providing support for recruitment and interviews.

Office of School Performance

- Reduction of 1.0 school performance director position at a savings of \$171,988. School performance directors support the community superintendents in providing support to schools and principals. Remaining school performance directors in quad/quint cluster units with more than one director position will absorb the duties of this position.
- Reduction of a 1.0 coordinator position at a savings of \$149,594. This position is responsible for gathering and analyzing data related to sexual harassment, racial harassment, and hate violence acts throughout the school system. This position

- assists in investigations and staff development activities related to these issues. The duties will be absorbed by other staff in the Office of School Performance.
- Reduction of a 1.0 instructional specialist position at a savings of \$89,392. This position supports regional summer school programs, including training, hiring, implementation of program, and outreach to parents and students. Individual site administrators will assume these duties. The phasing out of evening high school at the end of FY 2009 will reduce the need for this position.
 - Reduction of a 0.8 office assistant IV position at a savings of \$35,383. The duties of this position will be assumed by the fiscal assistant and part-time support.
 - There is a savings of \$29,600 in office supplies, professional part-time salaries, travel out, equipment maintenance, and equipment rental as a result of various operational efficiencies.

Office of Communications and Family Outreach

- Reduction of a 1.0 instructional specialist position in the Department of Family and Community Partnerships at a savings of \$86,304. This will reduce the number of positions available to develop and deliver parent outreach activities, including workshops, the Parent Academy, and special events for schools. Those schools identified as a lower priority based on demography and other factors will have reduced assistance.
- Reduction of 2.0 office assistant III positions in the Department of Family and Community Partnerships at a savings of \$86,786. This reduction will affect the responsiveness of ASK MCPS (call center) services and general office support for parent outreach. Other office staff will assume these duties as required.
- Reduction of a 1.0 production technician position in Instructional Television at a savings of \$73,410. This reduction will diminish the capacity of Instructional Television to produce and direct video products for staff development and student instructional programs.
- There are other savings of \$262,678 including \$43,649 for consultant services and equipment in the Department of Family and Community Partnerships, \$169,589 in Electronic Graphics and Publishing Services for contractual services and maintenance and supporting services part-time salaries, \$33,240 in the Department of Public Information for contractual services and training support, and \$16,200 in Instructional television for overtime salaries as a result of various operational efficiencies.

Office of Shared Accountability

- Reduction of a 1.0 accountability support specialist position in the Testing Unit at a savings of \$86,002. This position supports survey design and implementation. Elimination of this position will reduce support to schools and offices for data analysis of surveys.
- Reduction of 0.5 data systems operator position in the Department of Policy, Records, and Reporting at a savings of \$29,263. This position prepares diplomas

and other documents. This work cannot be eliminated and will be dispersed among remaining staff.

- There is a savings of \$119,690 throughout the office, including professional part-time salaries, program supplies, travel out and registrations, equipment, and other expenses as a result of various operational efficiencies.

Office of the Chief Operating Officer

- Transfer of 1.5 transactions assistant positions in the Department of Financial Services to the Employee Benefits Plan internal service fund as a tax-supported savings of \$88,991. These positions work primarily on employee health and life insurance transactions that are funded through the EBP plan.
- Reduction of a 1.0 management and budget specialist I position in the Department of Management, Budget and Planning at a savings of \$86,133. The responsibilities of this position for budget preparation and administration will be distributed among remaining staff. Improved automation has resulted in the distribution of some of the duties to financial analysis staff in various offices.
- Reduction of a 1.0 video services tech I position in the Department of Materials Management at a savings of \$71,251. This reduction will delay video services to schools and offices.
- Reduction of a 0.5 green schools program manager position in the Department of Facilities Management at a savings of \$63,245. Increased conservation efforts in the SERT program will partially offset the loss of this position and maintain strong energy conservation practices in schools and offices. Additionally, capital budget positions can absorb the certification monitoring duties of this position.
- Reduction of a 0.4 boundary information specialist position and other savings at a total of \$39,005. Availability of boundary information on the MCPS web site has reduced the need for this position, although its reduction may delay some responses to boundary questions.
- Other savings in central office units in the Office of the Chief Operating Officer total \$604,870, including \$135,176 in various accounts in the Department of Facilities Management, \$244,595 in the Department of Materials Management, \$50,000 in legal expenses, \$4,195 in the Office of the Chief Operating Officer, \$27,838 in the Department of Association Relations, \$125,720 resulting from the completion of repayment of a loan from the Technology Investment Fund for the Human Resources Information System, \$9,720 in the Department of Financial Services, and \$7,626 in the Department of Management, Budget, and Planning.

Office of the Deputy Superintendent of Schools

- Reduction of 5.0 positions in the Office of the Deputy Superintendent of Schools at a savings of \$716,657. The positions include the chief academic officer, a 1.0 executive assistant, a 1.0 coordinator, a 1.0 office manager, and a 1.0 administrative secretary II. The duties of these positions will be transferred to other units in the school system including the Office of the Deputy Superintendent of Schools, the Office of the Chief Operating Officer, the Office of School

Performance, and the Office of Shared Accountability. The director of continuous improvement in the Office of the Chief Operating Officer will assume responsibilities related to continuous improvement initiatives and projects. Additional support will be available with the use of professional part-time salary resources. There also is a reduction of \$1,450 in travel.

Office of the Superintendent of Schools

- Reduction of \$78,028 in a variety of salary and other accounts

Support Services Reductions

Efficiencies in the provision of support services, total \$3,722,379, including the following:

Office of the Chief Operating Officer

- Reduction of 7.0 and a total savings of \$565,778 in the Division of Maintenance, including 3.0 general maintenance worker II positions (\$244,223), 3.0 painter I positions (\$239,110), and 1.0 plasterer position (\$82,445). Long-term improvements in supervision and work processes have resulted in significant productivity improvements in the division, which will mitigate but not completely offset the loss of these positions. School building area has increased by 8 percent in the last five years. The reduction will require the redistribution of work to remaining employees, reduce the capacity to complete small-scale painting requirements, and require 5.0 remaining painters to complete plastering requirements for jobs.
- Transfer of a 0.5 security patroller position in the Department of School Safety and Security to the Community Use of Public Facilities (ICB) at a savings of \$37,806. Existing security services for ICB users will continue under the new arrangement with ICB. There also are reductions of \$45,308 in various other accounts.
- Reduction of a 1.0 transportation cluster manager and a 1.0 transportation safety trainer I, position in the Department of Transportation at a savings of \$176,111. The new bus route supervisory model has increased support for new bus operators and eliminated the need for these positions.
- Transfer of a .25 transportation specialist position and a .25 fiscal specialist position in the Department of Transportation to the Field Trip Fund at a savings of \$60,480 to reflect the distribution of other services to the Field Trip Fund.
- Savings of \$970,600 from not replacing 60 buses earlier than required by state law as part of the multiyear replacement plan. No state waivers will be necessary to continue using these buses. This delay will increase the cost of replacing buses in future years and add maintenance costs for older buses. This reduction also will delay the pace of introducing new “green technology” buses.
- Savings of \$83,184 through efficiencies resulting in reducing four buses from the spare fleet. Remaining spare fleet buses will be able to assure maintenance of bus availability standards.

- A reduction of \$783,112 in diesel fuel for school buses. Recent sharp reductions in fuel prices permit a projection of \$2.50 per gallon for FY 2010, a reduction of \$0.25 per gallon from the FY 2009 budgeted amount of \$2.75 per gallon. Staff will continue to review fluctuating fuel prices as the budget process unfolds.
- Savings in utility consumption due to restrictions on air conditioning usage during summer peak load periods and other efficiencies with a total savings of \$1,000,000.

School-based Reductions

School-based reductions are minimized to avoid any unnecessary impact on classroom instruction. The total of \$15,743,793 and 146.5 positions comprises 50 percent of the reductions but only 1.2 percent of school-based services. Since school-based services comprise 77 percent of the MCPS operating budget, it is impossible to shelter schools completely from the need to make reductions. The reductions listed below will have a serious impact on schools, but were considered only after a thorough review of all non-school based expenditures.

K-12 Instruction

- Reduction of 17 kindergarten teacher positions at a savings of \$1,070,898. Class size guidelines for kindergarten in focus schools will increase by two from 15 to 17 resulting in 17 fewer kindergarten positions. Kindergarten allocations in focus schools will now be the same as allocations for first and second grades. Non-focus school class size guidelines will not be impacted by this change.
- Reduction of 8.7 elementary special programs teachers for a savings of \$548,048. In addition to classroom teachers, a total of 27.3 teacher-level positions are allocated to elementary schools to support special programs. They support a variety of programs including immersion programs, magnets, and international baccalaureate programs. Many of these positions were allocated to help initiate a program. Over time central services has taken on the responsibility of some of the tasks including interpreting materials for the immersion programs. Also, once programs are established and implementation is underway, the amount of time needed for oversight and coordination decreases. As a result, the same level of support is not required. Work completed by these teachers will need to be completed by other staff members at the school or at central services.
- Reduction of a total of 5.5 staff development teacher and reading specialist positions for a savings of \$346,467. In the past, all elementary schools were allocated a 1.0 staff development teacher and a 1.0 reading specialist to provide support to teachers. Since the role of these teachers is to support other teachers, the amount of time needed to provide support to a smaller staff is less than what is needed for the larger schools. For FY 2010 the 11 smallest schools will be allocated a 0.5 position per school less, resulting in a cut of a .5 staff development teacher or a .5 reading specialist depending on the needs of each school.
- A reduction of 15.8 academic intervention teachers at a savings of \$857,821. Currently, academic intervention teachers provide direct support to students including

working with underperforming students, teaching sections to lower class sizes in both reading and mathematics, supporting AP classes, and providing small group intervention support with students struggling in reading and mathematics. Additionally, these teachers provide supports to multiple schools with system initiatives such as SAT support, and support classroom teachers with professional development. The proposed reduction of 15.8 academic intervention teacher positions will reduce the number of teachers working directly with students at individual schools. The remaining 128.9 academic intervention teacher positions will provide direct support to students at assigned schools to minimize the adverse effect of the reduction of these positions. Principals will submit requests for academic intervention support to their community superintendents. These requests will include information describing how the position will be used and how the principal will evaluate the effectiveness of the position at the end of the school year. Community superintendents will review all requests and allocate positions based on the academic needs of the students and how the position will support Strategic Plan initiatives. Academic intervention teachers will continue to serve schools in the Middle School Magnet Consortium.

- A reduction of 16.0 alternative teachers at a savings of \$1,007,904. In the Placement Procedures for Alternative Programs regulation (IOI-RA), it is specifically stated that secondary schools will provide direct academic; social, emotional, and behavioral support; and instruction to students. With a reduction of 16 alternative teacher positions, there will be an impact on the amount and type of direct service provided to individual students, including those students who are returning to an Alternative Level 1 placement from an Alternative Level 2 or 3 placements. The remaining 47 positions will be allocated based on the enrollment of each secondary school. This may lead to reduced service available for students who need support.
- A reduction of 2.2 secondary school special program teacher positions for a savings of \$138,586. Schools allocated special program positions have used them for release periods and lowering class size for special programs. These positions were originally allocated to assist in the initial implementation of programs or offering of classes that are small in order to build programs. Now that programs are established, the amount of time needed for curriculum development has decreased, and there is no longer the need to offer smaller classes. As a result, the same level of support is not required to implement the programs effectively. Central services will continue to provide support with program development and, as needed, teachers will continue to be paid stipends over the summer and during the year for program development.
- A reduction of 1.0 supervisor and 6.0 classroom teachers for net savings of \$545,532 in the Middle School Magnet Consortium schools. Originally these positions were funded by a grant that has ended. In FY 2009, MCPS agreed to take on the funding for a year while the system sought new grant funding. No additional grant funding has been received at the time these budget recommendations were finalized. These schools implement a 5 out of 8 schedule which will no longer be funded. A 5 out of 8 schedule means that students take 8 classes while teachers teach 5. For other schools with 8-period schedules, teachers teach 6 classes. When teachers teach five versus six classes, the schools need additional staffing. Although the benefit of the additional release period is that teachers have more time for planning and development, it is not

feasible to continue. The three coordinators in the schools that provide oversight for the implementation of the program will remain. The 1.0 supervisor was created to support dissemination of the courses developed in the consortium schools to other schools. Coordination of expanding the availability of the Middle School Magnet Consortium (MSMC) courses will now be completed by other central services staff.

- A reduction of 9.0 teacher assistant positions in middle and high school for a savings of \$325,106. These positions support school offices and departments with copying, materials preparation, and other related tasks. The decrease of 9.0 FTE positions will result in teachers, paraeducators, and office staff taking on these tasks.
- A reduction of 6.5 composition assistants for a savings of \$329,944. English composition assistants provide support to high school English teachers with reviewing of student writing and providing feedback to students. This reduction will result in each high school receiving approximately 2 hours less composition assistant time.
- A reduction of 1.0 media services technician (MST) and 1.0 IT systems specialist (ITSS) for a savings of \$182,486. When the Northeast Consortium (NEC) was created an additional MST was allocated to one school and an additional ITSS was allocated to another school. These schools each already had one of each position. Given the nature of the programs, it was determined that these positions were needed to help with the initial implementation of the schoolwide signatures. Each of these schools will now have 1.0 MST and 1.0 ITSS. Work will need to be absorbed into the workloads of current staff at the school.
- A reduction of 15 literacy positions for a savings of \$944,910. The literacy positions have been used in the high school to support literacy instruction throughout the content areas. This released position provides support to teachers and is not directly related to class size. With the removal of this position, schools will be given the option of using the staff development teacher position to provide this literacy support.
- A reduction of the signature coordinator positions by 2.6 FTEs for a savings of \$163,784. Signature teachers are teacher leaders who coordinate school signature programs. Currently they are allocated so that they teach two classes and are released for the remainder of the day to serve as the program coordinator. This cut will change the allocation so that the person teaches three classes rather than two.
- A savings of \$220,150 from decreasing the school improvement and professional learning community institute funds allocated to schools for consultants, stipends and materials. Schools will receive materials allocations and will submit requests for stipend or consultant funds. In addition, PLCI schools will each be allocated \$3,500 to spend on their improvement efforts.
- A savings of \$124,000 from decreasing the amount of money spent for the rental of graduation venues. Currently, MCPS pays \$5,700 for most schools to use DAR Constitution Hall. However, MCPS also pays \$29,000 each for three schools to use Comcast Center. In FY 2010 MCPS will pay only \$5,000 per school. This amount will cover all but approximately \$700 of the DAR Constitution Hall graduation. Schools that opt to hold graduations at other sites will have to pay any expenses in excess of the \$5,000 funded by MCPS.
- A savings of \$196,728 by decreasing the class 1 stipend allocation to middle and high schools by approximately 30 percent. In addition to stipends for clubs and teams,

schools are allocated hours for other clubs or activities that schools want to offer. This allocation will decrease for each school.

- A savings of \$2,612,925 from decreasing the textbook and materials budget. As new curriculum was implemented, it was necessary to increase the textbook and materials budgets in order to provide schools the resources needed to implement the new curricula. Although implementation of new curricula will continue, the number of new implementations each year has decreased since the effort began. As a result, the amount of money needed to centrally purchase resources for schools has decreased.
- A reduction of 11 teacher support positions in the middle school reform schools for a savings of \$687,431. Currently, each of the 11 middle school reform schools is allocated 3.0 fully released positions to provide direct professional development support to teachers. These positions, staff development teacher, literacy coach, and math content specialist, provide job-embedded staff development to teachers including support with planning, grading, diversity, literacy and differentiation. For FY 2010 each of the 11 schools will be allocated 2.0 FTE to provide this support.
- A reduction of a 1.0 middle school counselor for a savings of \$113,836. This decrease in the total number of counselors allocated to middle schools will increase the student to counselor ratio. Currently, our goal is a 250:1 ratio. However, our projected ratio is 210 to 1. The decrease will result in a projected ratio of approximately 212 to 1.
- A reduction of 4.0 high school media specialists at a savings of \$456,392. Currently high schools with a projected enrollment greater than 2000 are allocated a second media specialist. For FY 2010, 8 high schools are projected to have an enrollment greater than 2000. The reduction of 4 media specialists will result in a new guideline for the allocation of media specialists. Only the four largest schools will be allocated a second media specialist.
- A reduction of 6.0 elementary and 3.0 high school media assistants for a savings of \$485,858. As a result of this reduction the allocation guidelines for media assistants will change. For elementary schools the allocation for a 1.0 media assistant will increase from 450 to 480. Schools with projected enrollment greater than 480 will receive a 1.0 allocation while those with projected enrollment less than 480 will be allocated a .5 media assistant. For high schools the guidelines will be adjusted so that the ratio of students to assistant will increase but no school that loses a media specialist will also have a decrease in media assistant hours.
- Net savings of \$868,633 in a variety of units related to copier replacement and maintenance. Instead of replacing existing copiers with new machines, copiers will be replaced as needed with refurbished machines and will be maintained using in-house personnel. This is expected to reduce long-term costs for copier replacement and maintenance and provide more responsive service to schools and offices. Although the bulk of copiers are located at schools, part of the savings relates to copiers in other units.
- Other reductions totaling \$1,017,729 in K-12 expenditures, including summer employment (\$75,600), professional part-time salaries (\$284,091), consultant services (\$107,542), travel (\$81,194), furniture and equipment (\$25,000), and other expenses (\$444,302).

Office of Curriculum and Instructional Programs

- Reduction of 10.0 high school ESOL teacher positions at a savings \$961,627. This reduction is the result of a technical adjustment of the .8 FTE that a 1.0 resource teacher devotes to classroom instruction. It accounts for the teaching time provided by the ESOL resource teacher and does not change the 86.8 FTEs required to meet the high school enrollment projection for FY 2010. All high school ESOL resource teachers will continue to teach four periods per day. This change maintains current budgeted staffing ratios for all ESOL classes. There is also a savings in the ESOL program of \$31,983 by reducing the assumption for inflation in instructional materials from 6 percent to 3 percent in common with other instructional materials purchases.
- Reduction of 2.0 social services assistant positions and a 1.0 psychologist position in the Division of Early Childhood Programs for the pre-kindergarten program at a savings of \$254,135. There are currently 13.0 social services assistants and 2.6 psychologists in this program. Existing workloads can be completed by remaining staff without the need to reduce the number of students in the program. This reduction will reduce some support for recruitment and registration functions and reduce the number of classroom psychological observations.
- Reduction of a 0.6 social worker position and a 0.5 psychologist position in the required local Head Start match at a savings of \$141,358. The terms of the federal Head Start grant require a 20 percent local match. Presently, MCPS contributes more than the required match. Increasing costs in the Head Start program exceed available grant revenue. These reductions are needed to avoid limiting the number of children served in the Head Start program. The reductions maintain federal matching requirements. Remaining staff will provide required psychological and social work services.

Office of Special Education and Student Services

- Addition of 24.9 paraeducators in the Elementary Home School Model at a cost of \$970,882. The previously planned reduction of 20.5 teacher positions will not be necessary at this time because of the availability of federal support through the new stimulus legislation. The Home School Model is a service delivery model used in 60 elementary schools to provide more inclusive opportunities for elementary students to be educated in a general education setting as mandated by state and federal regulations. The proposed staffing model updates the home school model with the expectation that students with disabilities are included with their general education peers throughout the school day, as appropriate. It provides more flexibility in the allocation of staff to meet specific student's needs rather than using a census model that provides the same level of staffing to a school based on overall student enrollment. Additional paraeducators will increase support to students in a variety of settings.
- Reduction of 8.5 special education teacher positions and 3.0 secretary positions assigned to the five middle school learning center sites at a savings of \$787,499. This recommendation is aligned with the plan to phase out all secondary learning

centers. The middle school learning centers will be completely phased out after the 2008-2009 school year. Evaluation indicates that the support provided for the 70 students who transitioned to home/consortia schools in FY 2008 enabled them to adjust successfully. The 7.4 paraeducator positions allocated to these centers will be realigned to provide additional support to students transitioning to their home/consortia high schools.

- Reduction of a 1.0 parent educator position in the Deaf and Hard of Hearing (DHOH) program at a savings of \$66,848. This position provides services to the families of deaf students. The instructional specialist assigned to this program will assume these duties without any impact on current services to DHOH families, fostering improved communication on instructional issues between the school and family.
- A reduction of \$194,028 in the Extended School Year (ESY) program for students with disabilities. Reductions are based on the complete implementation of a pilot model introduced in 2008 that reduced expenditures and maintained quality program implementation. It includes \$153,313 in savings in professional part-time salaries for teachers, \$18,771 in part-time paraeducator salaries, and \$21,944 in savings in administrative costs.
- Other reductions totaling \$6,545 in reduced assumption for instructional materials acquisitions (\$1,545) and part-time salary costs (\$5,000).

Office of the Chief Operating Officer

- Reduction of 17.5 positions and a total savings of \$902,265 in the Division of School Plant Operations, including 5.0 elementary building service worker positions (\$242,162), 7.0 secondary school building service worker positions (\$339,027), 4.5 central office building service worker positions (\$217,946), and 1.0 special schools building service worker position (\$48,432). The implementation of systematic team cleaning and the use of high speed burnishing positions will mitigate the impact of the loss of these positions, but will not completely offset it. Remaining staff will have to clean more building space, less time will be available for special non-custodial services, and the use of substitutes and overtime may increase to cover staff shortages. There also is a reduction of \$54,698 in building services supplies.

Office of School Performance

Reduction of \$45,547 in instructional materials for the High School Plus and Bridge programs

Realignments

In addition to these reductions, millions of dollars have been realigned to higher priorities. These realignments are discussed in detail in each relevant unit in the Operating Budget.

**FY 2010 OPERATING BUDGET
PROGRAM REDUCTIONS AND EFFICIENCIES**

February 23, 2009

Unit/Item	Positions	Amount
K-12 Instruction - Elementary Schools:		
Increase Class Size from 15 to 17 in Kindergarten	(17.00)	(1,070,898)
Special Program Teachers	(3.70)	(233,078)
Media Assistant Positions	(6.000)	(323,905)
Immersion and Other Special Program Release Teachers	(5.00)	(314,970)
Staff Development & Reading Teachers at .5 for Schools With Less 350 Stud	(5.50)	(346,467)
Academic Intervention Teachers	(9.80)	(548,600)
Summer Employment		(43,200)
Part-time Salaries		(44,327)
Consultants		(65,000)
Elem. Curriculum Support, Reading Intervention - Consultants		(7,542)
School Improvement and Professional Learning Communities Institute Funds		(125,000)
Reduce Textbooks and Materials		(1,055,874)
School Furniture and Equipment		(25,000)
Travel Funds		(19,298)
Subtotal	(47.000)	(4,223,159)
K-12 Instruction - Middle Schools:		
Release Periods in Magnet Schools	(0.600)	(37,796)
Immersion Program Teachers	(0.600)	(37,796)
Middle School Magnet Consortium - Reduce 1.0 Supervisor and 6.0 Teacher	(7.000)	(545,532)
Middle School Counselor Positions	(1.000)	(191,508)
Teacher Assistant Positions	(4.000)	(144,492)
Academic Intervention Teacher Positions	(4.000)	(195,217)
Alternative Teachers - Change Allocation to Enrollment-Based	(10.000)	(629,940)
Middle School Reform Staff Development Teacher Positions	(11.000)	(687,431)
Middle School Reform - Part-time Salaries		(239,764)
Summer Employment		(32,400)
School Improvement and Professional Learning Communities Institute Funds		(65,000)
Class I Extracurricular Stipends		(74,385)
Reduce Textbooks and Materials		(855,875)
Consultants		(30,000)
Travel Funds		(15,844)
Subtotal	(38.200)	(3,782,980)

**FY 2010 OPERATING BUDGET
PROGRAM REDUCTIONS AND EFFICIENCIES
February 23, 2009**

Unit/Item	Positions	Amount
K-12 Instruction - High Schools:		
High School Media Specialist Positions	(4.00)	(456,392)
Media Services Technician Position	(1.000)	(83,508)
Teacher Assistant Positions	(5.000)	(180,614)
English Composition Assistant Positions	(6.500)	(329,944)
Media Assistant Positions	(3.000)	(161,953)
IT Systems Specialist Position	(1.000)	(98,978)
Additional Staffing for Countywide Programs	(1.000)	(62,994)
Academic Intervention Teacher Positions	(2.000)	(114,004)
Literacy Coach Positions	(15.000)	(944,910)
Signature Program Teacher Positions - Release Periods 3 to 2	(2.600)	(163,784)
Alternative Teacher Positions - From 1.0 per School to Enrollment-Based	(6.000)	(377,964)
Supervisors for Student Teachers - Part-time Salaries		(43,200)
Signature Programs- Travel Out/Dues, Consultants, Furniture and Equipment		(38,551)
Downcounty Consortia - Various Accounts		(75,340)
Northeast Consortia - Part-time Salaries		(6,480)
Accelerated and Enriched Programs - Various Accounts		(280,731)
Career & Technical Education - Dues and Registrations		(6,755)
School Improvement and Professional Learning Communities Institute Funds		(30,150)
Graduation Costs		(124,000)
Class I Extracurricular Stipends		(122,343)
Reduce Textbooks and Materials		(755,874)
Consultant Funds		(5,000)
Travel Funds, Dues and Registrations		(39,297)
Subtotal	(47.100)	(4,502,766)
Other K-12 Instruction:		
Copier Initiative	5.000	(868,633)
Office of School Performance:		
School Performance Director Position	(1.000)	(171,988)
Coordinator Position	(1.000)	(149,594)
Instructional Specialist Position	(1.000)	(89,392)
Office Assistant IV Position	(0.800)	(35,383)
Various Accounts		(29,600)
High School Plus Program Materials		(28,401)
Bridge Plan for Academic Validation - Part-time Salaries, Materials		(17,146)
Subtotal K-12 Instruction/Office of School Performance	(131.100)	(13,899,042)
Office of the Deputy Superintendent of Schools:		
Travel Funds		(1,450)
Eliminate Office of the Chief Academic Officer	(5.000)	(716,657)
Subtotal Office of the Deputy Superintendent of Schools	(5.000)	(718,107)

**FY 2010 OPERATING BUDGET
PROGRAM REDUCTIONS AND EFFICIENCIES
February 23, 2009**

Unit/Item	Positions	Amount
Office of Curriculum and Instructional Programs:		
Instructional Specialist Positions (Department/Unit to be Deter)	(8.000)	(802,430)
Office of the Associate Superintendent, Instruction & Achievement Unit		
Various Accounts		(117,064)
Instructional Technologies and Partnerships Unit		
Part-time Salaries, Contractual Services, Travel Funds		(22,043)
Instructional Specialist Position to Entrepreneurial Fund	(1.000)	(87,052)
Applications Developer Position to Entrepreneurial Fund	(1.000)	(121,310)
Department of Curriculum and Instruction		
Instructional Specialists	(2.000)	(174,733)
Coordinator	(1.000)	(151,282)
Professional Part-time and Stipend Salaries, Consultants, Equipment		(342,790)
Department of Enriched and Innovative Programs		
Instructional Specialist Position	(1.000)	(62,994)
Part-time Salaries		(1,080)
Division of Accelerated and Enriched Instruction		
Instructional Specialist	(1.000)	(138,600)
Consultants, Dues and Registrations		(10,700)
Department of Instructional Programs		
Contractual Services - PSAT for 11th Grade Students		(93,000)
School Library Media Programs - Contractual Services		(1,500)
Division of Early Childhood Programs and Services		
Psychologist Position	(1.500)	(198,658)
Social Worker Position	(0.600)	(75,530)
Social Services Assistant Position	(2.000)	(121,305)
Materials, Part-time Salaries, Furniture and Equipment		(57,745)
Division of ESOL/Bilingual Programs		
High School ESOL Teacher Positions	(10.000)	(961,627)
Part-time Salaries, Dues and Registrations, Equipment		(13,832)
Eliminate 6 Percent Inflation Factor for Textbooks and Materials		(31,983)
Subtotal Office of Curriculum and Instruction	(29.100)	(3,587,258)
Office of Special Education and Student Services:		
Office of the Associate Superintendent		
Contractual Services, Travel Funds		(19,642)
Department of Special Education Operations		
Consultants, Part-time Salaries		(23,705)
Placement & Assessment Services		
Instructional Specialist	(1.00)	(137,060)
Office Assistant	(1.00)	(60,517)
Part-time Salaries		(30,000)
Department of Special Education Services		
Furniture and Equipment		(24,615)

**FY 2010 OPERATING BUDGET
PROGRAM REDUCTIONS AND EFFICIENCIES**

February 23, 2009

Unit/Item	Positions	Amount
<i>Division of School-based Special Education Services</i>		
Director I and Administrative Secretary Positions	(2.00)	(240,205)
Elem. Home School Model Revision - Restore 20.5 Teachers	24.95	970,882
Middle School Learning Centers - 8.5 Teacher, 3.0 Secretary Positions	(11.50)	(787,499)
Extended School Year (ESY) Services - Part-time Salaries		(194,028)
RICA - Summer Employment Salaries		(5,000)
Inflation Factor for Textbooks and Materials		(1,545)
<i>Division of Preschool Special Education & Related Services</i>		
Preschool Special Education - Elementary Program Specialist Position	(1.00)	(94,351)
Contractual Services		(10,000)
Programs for the Deaf/Hard of Hearing - Teacher Position	(1.00)	(66,848)
<i>Department of Student Services</i>		
Reorganization - Various Positions	(6.00)	(633,676)
Alternative Programs - Office Assistant IV Position	(1.00)	(64,336)
Bilingual Assessment Team - Instructional Specialist Position	(1.00)	(62,994)
Contractual Services for Positive Youth Development Programs		(150,000)
Co-Locate Emory Grove/McKenney Hills Centers at Mark Twain Site	(1.50)	(132,507)
Travel Funds, Dues and Registrations		(4,926)
Subtotal Office of Special Education and Student Services	(2.052)	(1,772,572)
Office of Organizational Development:		
<i>Office of the Associate Superintendent</i>		
Travel Funds, Furniture and Equipment		(83,638)
Instructional Specialist Positions (Department/Unit to be Determined)	(4.000)	(401,215)
Equity Training and Development - Substitutes, Building Rental Costs		(47,200)
<i>Department of Technology Consulting</i>		
Specialist Position	(1.000)	(142,074)
Instructional Specialist Position	(1.000)	(86,824)
Contractual Maintenance, Materials, Travel Funds, Furniture and Equipment		(97,538)
<i>Department of Staff Development Initiatives</i>		
Substitutes, Part-time Salaries		(24,054)
Staff Development Teacher Project - Stipends		(52,325)
Curriculum Training and Development - Instructional Specialist Positions	(2.000)	(235,410)
Other Projects - Stipends, Materials		(1,105,000)
<i>Professional Growth System (PGS)</i>		
Administrative and Supervisory PGS - Various Accounts		(105,600)
Elementary and Secondary Leadership Development - Part-time Salaries		(71,280)
Skillful Teaching and Leading Team - Instructional Specialist Positions	(3.200)	(285,368)
Consulting Teacher Positions	(6.000)	(529,200)
Higher Education Partnerships Project - Instructional Specialist Position, Tr	(0.500)	(47,807)
New Teacher Induction Project - Various Accounts		(31,615)
Continuing Professional Development Project - Building Rental Costs		(400)
Subtotal Office of Organizational Development	(17.700)	(3,346,548)

**FY 2010 OPERATING BUDGET
PROGRAM REDUCTIONS AND EFFICIENCIES**

February 23, 2009

Unit/Item	Positions	Amount
Office of Shared Accountability:		
Various Accounts		(119,690)
<i>Testing Unit</i> - Accountability Support Specialist III Position	(1.000)	(86,002)
<i>Department of Policy Records & Reporting</i> - Data Systems Operator I Position	(0.500)	(29,263)
Subtotal Office of Shared Accountability	(1.500)	(234,955)
Office of Chief Operating Officer:		
Legal Expenses, Travel Out, Dues and Registration		(54,195)
Department of Facilities Management		
Green Schools Program Manager Position	(0.500)	(63,245)
Utilities		(1,000,000)
Various Accounts		(135,176)
Division of Long-range Planning		
Boundary Information Specialist Position, Other Various Accounts	(0.400)	(30,959)
Various Accounts		(8,046)
Division of School Plant Operations		
Building Service Worker Positions - Elementary Schools	(5.000)	(242,162)
Building Service Worker Positions - Secondary Schools	(7.000)	(339,027)
Building Service Worker Positions - Special Schools/Centers	(1.000)	(48,432)
Building Service Worker Positions - Central Services	(4.500)	(217,946)
Division of Maintenance		
General maintenance Worker III Position	(3.000)	(244,223)
Maintenance Painter I Position	(3.000)	(239,110)
Plasterer Position	(1.000)	(82,445)
<i>Department of Association Relations</i> - Various Accounts		(27,838)
Department of Financial Services & Controller's Office		
Move 1.5 Transactions Assistant Positions to Trust Fund	(1.500)	(88,991)
Technology Innovation Fund Repayment		(125,720)
Various Accounts		(9,720)
Department of Management, Budget, and Planning		
Management and Budget Specialist I Position,	(1.000)	(86,133)
Various Accounts		(7,626)
Department of School Safety and Security		
Transfer Security Patroller Position to ICB	(0.500)	(37,806)
Nextel Phone Service, Other Various Accounts		(45,308)
Department of Materials Management & Procurement		
Video Services Technician Position	(1.000)	(71,251)
Part-time Salaries, Equipment Lease/Purchase, Postage, Other Various Items		(244,595)
Department of Transportation		
Transportation Specialist Positions to Field Trip Fund	(0.500)	(60,480)
Transportation Cluster Manager and Trainer I Positions	(2.000)	(176,111)
Reduce Number of Bus Purchases to 42		(970,600)
Reduce 3 Transit Buses & 1 Conventional Bus from Spare Fleet		(83,184)
Reduce Rate for Bus Fuel from \$2.75 to \$2.50		(783,112)
Subtotal Office of the Chief Operating Officer	(31.900)	(5,523,441)

**FY 2010 OPERATING BUDGET
PROGRAM REDUCTIONS AND EFFICIENCIES**
February 23, 2009

Unit/Item	Positions	Amount
Office of the Chief Technology Officer:		
Technical Training, Travel Funds		(37,000)
Division of Technology Support		
Help Desk Assistant Position	(1.000)	(68,022)
Contractual Services, Supplies/Software, Travel, Equipment		(62,604)
Department of Infrastructure and Operations - Supplies, Equipment		(98,674)
Department of Strategic Project Management and Planning		
IT System Specialist Position	(1.000)	(101,905)
Contractual Services, Supplies		(89,546)
Division of Technology Innovation - Part-time Salaries		(47,892)
Department of Information and Application Services		
Instructional Specialist Position	(1.000)	(85,154)
Part-time Salaries, Contractual Services/Maintenance		(1,012,526)
Subtotal Office of the Chief Technology Officer	(3.000)	(1,603,323)
Office of Human Resources:		
Office of the Associate Superintendent		
Travel Funds		(1,177)
Personnel Assistant III Position	(0.625)	(46,158)
Technology Innovation Fund Repayment		(70,157)
Department of Recruitment and Staffing		
Staffing Assistant Position, Part-time Salaries	(1.000)	(94,615)
Subtotal Office of Human Resources	(1.625)	(212,107)
Office of Communications and Family Outreach:		
Department of Family and Community Partnerships		
Instructional Specialist Position	(1.000)	(86,304)
Office Assistant III Position	(2.000)	(86,786)
Consultants, Furniture and Equipment		(43,649)
Electronic Graphics and Publishing Services		
Part-time Salaries, Contractual Services/Maintenance, Other Various Accounts		(169,589)
Public Information Office		
Various Accounts		(33,240)
Instructional Television		
Production Technician Position, Overtime Salaries	(1.000)	(89,610)
Subtotal Office of Communications and Family Outreach	(4.000)	(509,178)
Office of the Superintendent of Schools:		
Funding for Office Assistant Position, Other Various Items		(78,028)
GRAND TOTAL ALL REDUCTIONS	(226.977)	(31,484,559)
Positions/Resources to the Field Trip Fund	0.5000	60,480
Positions/Resources to the Entrepreneurial Fund	2.000	208,362
GRAND TOTAL NET REDUCTIONS	(224.48)	(31,215,717)

Montgomery County Public Schools

FY 2010 OPERATING BUDGET

Program Realignments

Each year, the Montgomery County Public Schools (MCPS) realigns millions of dollars of positions and other resources within and between units to implement the strategic plan by aligning resources with the most important priorities. Each unit reviews all expenditures through a zero-based budgeting process to identify expenditures that can be realigned to more important priorities. For FY 2010, \$4.5 million has been realigned between major units and other resources have been realigned within units. Some of the major realignments are described below:

Office of the Chief Operating Officer

- Realignment of 7.5 bus operator I positions and 7.5 bus operator I permanent substitute positions to create 15.0 bus route supervisor positions (\$223,635).
- Realignment of 3.0 bus operator II positions to create 3.0 radio bus operator positions (\$125,846) and 5.0 transportation dispatcher supervisors to create a 1.0 transportation dispatcher positions and 4.0 transportation cluster manager positions (\$340,401).
- Realignment of a 1.0 process improvement analyst in the Division of Food and Nutrition Services to create a 1.0 wellness coordinator position to focus on employee wellness issues (\$95,611).
- Realignment of \$60,889 in professional part-time salaries related to the Kennedy Cluster project from the Office of Shard Accountability to this office.
- Realignment of \$1,900 in advertising expense in the Division of Procurement to support office supplies and local travel.
- Realignment of \$10,000 of custodial supplies in the Division of School Plant Operations to provide for the increased cost of boiler licenses.

Office of the Chief Technology Officer

- Realignment of contractual maintenance from the Office of the Chief Technology Officer to the Department of Information and Application Services (\$366,587).
- Realignment of contractual maintenance from the Office of the Chief Technology Officer to the Department of Infrastructure and Operations (\$97,606).

Office of Organizational Development

- Realignment of 1.7 instructional specialist positions from the Office of the Associate Superintendent to the Innovative Professional Development Team (\$208,544).
- Realignment of 3.0 instructional specialist positions from the Department of Staff Development Initiatives to other units in the Office of Organizational Development, including the Equity Training and Development Team and the Innovative Professional Development Team (\$331,545).
- Realignment of a 1.0 supervisor position from the Department of Staff Development Initiatives to the Innovative professional Development Team (\$127,027).
- Realignment of 4.0 consulting principal positions from the Professional Learning Communities Institute to the Administrative and Supervisory Professional Growth System project to reflect the nature of their duties (\$584,992).

Office of Curriculum and Instructional Programs

- Realignment of consultants to contractual maintenance of equipment (\$22,600).
- Realignment within the Department of Curriculum and Instruction from assessment scoring, instructional materials, program supplies, and stipends to assessment development, consultants, and travel (\$231,280).
- Realignment of a 0.6 Head Start teacher, 3.0 Head Start paraeducators, and \$108,282 from the Head Start grant to the Head Start local match. Projected federal revenue from the Head Start grant is no longer sufficient to cover the costs of the program.

Office of Communications and Family Outreach

- Realignment of 2.0 office assistant positions from the Public Information Office to the Department of Family and Community Partnerships (\$86,786) to support the Ask MCPS (Call Center) service.

Montgomery County Public Schools

FY 2010 OPERATING BUDGET

Productivity

The Montgomery County Public Schools (MCPS) FY 2010 Operating Budget reflects continued efforts to improve productivity by reducing costs and realigning existing resources to higher priorities. Below are details of some recent productivity improvements.

Strategic Plan

- The MCPS strategic plan: *Our Call to Action: Pursuit of Excellence* maximizes productivity by setting consistent goals, strategies, measures, and targets for the entire school system. Consistency and constancy of purpose avoids the danger of wasting resources on priorities not aligned with system goals.
- The plan is reviewed annually through extensive public outreach and participation to make steady course corrections to keep the plan a living document, guiding the use of resources.
- The *Annual Report on Our Call to Action* summarizes the effectiveness of strategies and holds the school system accountable for measurable results. Aligned with the goals of the strategic plan, the report comprehensively reviews student achievement data, disaggregated by sub-groups and linked to state and federal requirements.

Baldrige Education Criteria for Performance Excellence

- Adoption of the Baldrige Quality Criteria provides a model for continuous improvement at all schools and offices. Every school has received Baldrige quality training. School improvement plans reflect a more focused approach using Baldrige principles.
- In 2005, MCPS won the U. S. Senate Productivity and Maryland Quality Award, the first large school system in the United States to win this award.
- In 2006, MCPS was a finalist for the Malcolm Baldrige National Quality Award, one of only 15 organizations in the nation—corporations, non-profits, or government agencies—to reach this stage of the competition.

Maryland Tax Education Foundation Study

- In 2005, the Maryland Tax Education Foundation, an independent think tank, concluded that MCPS provides taxpayers “a relative bargain” compared with similar school districts throughout the northeast, delivering better SAT scores at a lower per student cost.

- Compared with other school districts studied, MTEF concluded that “Montgomery County spends less and performs better.”

Process Improvement

- MCPS has used innovative approaches to process improvement, such as Six Sigma and Value Stream Mapping (VSM), tools used in industry to simplify work processes and eliminate waste.
- VSM projects include improving the maintenance work order system, routing special education buses, and ordering instructional materials.
- The Process Design and Improvement Process (PDIP) model for the design of improved business processes eliminates rework and errors. PDIP has been used to implement a 60 percent reduction in health violations in the food service area.
- MCPS has adopted the Six Sigma approach for process improvement. Six Sigma is a rigorous methodology that uses statistical analysis to improve operational performance by identifying and removing process defects. Many leading corporations have made significant savings through this approach. MCPS is applying it to business processes for facilities management, food services, and transportation systems, as well as instructional program processes.

Productivity Improvements

- Many MCPS units have applied productivity tools to achieve significant improvements. MCPS has reduced its base budget by \$111.5 million over the past eight years, redirecting those resources to improvement initiatives in the classroom. Savings also enabled MCPS to return nearly \$40 million to the county over the past 4 years.
- Centralized management of computers reduces technician service visits to schools.
- Increased publishing of accountability reports and evaluations on the MCPS Web site
- Electronic formative assessments using Technology for Curriculum Mastery (TCM) save teacher time.
- ConnectED provides parents with up-to-date information and supports a variety of languages.
- The MCPS Call Center handles calls from the community in both English and Spanish, increases convenience for parents, and reduces staff time spent answering general questions.
- Copy-Plus centralizes copying of up to 52 million copies annually, saving teachers time and reducing system costs.
- Call tracking of over 50,000 issues annually in the Employee and Retiree Services Center improves customer service while saving staff time.
- On-line ordering has saved paper and postage while reducing the time to fill staff orders.

- Systematic Team Cleaning has improved efficiency of building cleaning, improving security and saving energy. This approach substantially reduces substitute costs in building services.
- Energy conservation through computerized controls reduces electricity costs.
- Cooperative inter-agency bidding of employee health care services has saved \$4 million in administrative costs in FY 2009 as part of an estimated \$20 million over three years for all county agencies. These savings are keeping health care affordable for county employees.
- New bids for electricity services have locked in favorable prices for the next year, reducing the risk that high energy prices will result in sudden increases in utility costs.

Montgomery County Public Schools

FY 2010 OPERATING BUDGET

Enrollment

The Montgomery County Public Schools (MCPS) FY 2010 Operating Budget will increase by \$18,900,902 because of enrollment changes. Below are details of the reasons for the increase.

- Enrollment growth impacts most aspects of the Operating Budget, such as requirements for instructional staffing, student transportation (operators, attendants, and buses), instructional materials (textbooks and supplies), other school-based supporting services, and new and expanded school facilities.

Enrollment Projections

- Official enrollment for the 2008-2009 school year is 139,276 students. This is an increase of 1,531 students from FY 2008, and 1,513 more than what was projected and budgeted for in the FY 2009 Operating Budget.
- Enrollment is projected to be 140,500 students in FY 2010, which is 1,224 more than this year, and 2,737 more than what was budgeted for in the FY 2009 Operating Budget.
- The main reasons for higher enrollment in FY 2009 include:
 - Higher numbers of resident births since 2000, now arriving in elementary schools
 - A reduction in out migration of households from Montgomery County
 - Increased enrollment into MCPS from county private schools
- Elementary school enrollment is projected to increase next year. The projection for Grades K-5 enrollment in FY 2010 is 59,264, up 1,184 from this year's actual enrollment of 58,080. Kindergarten enrollment is projected to be 10,025 next year, the second year this enrollment has topped 10,000.
- Secondary school enrollment is projected to decline in FY 2010. Total middle and high school enrollment is projected at 69,131, a decline of 664 from this year's actual enrollment of 69,795.
- Increases in elementary school enrollment will be somewhat offset by decreases in secondary enrollment for the next couple of years. However, significant total enrollment increases will occur over the six-year forecast period. By FY 2015,

Montgomery County Public Schools is projected to have 144,932 students enrolled, 5,656 more than this year.

Costs Related to Enrollment Changes

Budget calculations are based on changes in projected enrollment. Since actual enrollment was 1,513 students above projection in FY 2009, additional resources will need to be requested in the FY 2010 budget for these students. In addition to these students, another increase of 1,224 students is projected for FY 2010, for a total 2,737 students above the budgeted level for FY 2009.

- Total costs related to enrollment growth will increase by \$18,900,902.
- This fall there are 1,224 more students in elementary schools than were projected and budgeted for. The projection of 1,184 additional elementary students in FY 2010, results in a cumulative increase of 2,408 students from what is budgeted for in FY 2009 to what is projected for FY 2010. This number of additional students requires an additional 128.1 classroom teacher positions, 6.0 consulting teacher positions, 2.5 media assistant positions, and 4.375 lunch hour aide positions at a total cost of \$6,987,911.
- This fall there are 627 more students in middle school than were projected and budgeted for. The projection of 257 fewer middle school students in FY 2010 results in a net increase of 370 students from what was budgeted for in FY 2009 to what is projected for FY 2010. This number of additional students requires 22.3 additional classroom teacher positions and a .5 media assistant at a total cost of \$1,129,178.
- This fall there are 646 more students in high schools than were projected and budgeted for. The projection of 407 fewer high school students in FY 2010 results in a net increase of 239 students from what was budgeted for the FY 2009 to what is projected for FY 2010. This number of additional students requires an additional 21.2 classroom teacher positions, and a 1.0 media specialist at a total cost of \$1,127,621.
- This fall there are projected increases of 1,000 ESOL students. This number of projected additional students requires 19.2 additional classroom teacher positions and \$959,904.
- A projected increase of 573 special education students enrolled in special classes from 8,534 students enrolled in FY 2009 to a projection of 9,107 students in FY 2010 requires the addition of 8.0 classroom teacher positions, 11.4 speech pathologists, 6.0 occupational and physical therapist positions, and 2.478 paraeducator positions at a total cost of \$1,539,908. An increase in the number of students expected to require non-public placement, including the implementation of new federal regulations regarding the completion of education services for such

students, increases the budget for tuition payments by \$2,688,878. MCPS will receive increased state reimbursement for part of these additional costs.

- There are other costs related to enrollment changes such as \$258,976 for substitutes, \$179,471 for textbooks, \$52,962 for media centers, and \$287,598 for instructional materials. In addition, there are related changes such as additional square footage added to schools to accommodate enrollment growth. Costs for building services (\$327,521), utilities (\$141,865), and additional relocatable classrooms (\$32,268) will add \$501,654 to the budget.
- Employee benefits costs related to enrollment changes result in a net increase of \$3,186,841.

Montgomery County Public Schools

FY 2010 OPERATING BUDGET

Special Education

The Montgomery County Public Schools (MCPS) FY 2010 Operating Budget includes \$401.4 for services for students with disabilities. This includes \$270.6 million in special education instruction (Category 6), \$61.9 million for special education transportation, and \$68.9 million for employee benefits. This is an increase of \$8.1 million, partly for continuing salary and benefits increases for existing employees. Below are details of the major reasons for the increase and other changes.

- Enrollment is expected to increase by 184 students, primarily in pre-school special education services. This results in the need for 27.9 additional special education teacher, speech pathologist, occupational and physical therapist, and paraeducator positions at a cost of \$2.0 million.
- Enrollment in preschool Autism classes is projected to increase. Classes will be opened to offer appropriate public school options to an additional 26 students.
- In order to increase the percentage of special education students receiving services in the Least Restrictive Environment (LRE), as required by federal and state regulations, MCPS will continue to realign resources to serve special education students in general education classrooms, in their home schools when appropriate. As a result, some students currently assigned to separate programs outside of their home schools will be able to attend their home schools and receive additional support with resources realigned from other programs with reduced enrollment.
- To move elementary special education staffing allocations closer to that of an hours-based staffing model, Home School Model schools will receive special education staff that addresses the instructional needs of all students with disabilities in the home schools.
- There is an increase for tuition for special education students in non-public placement totaling \$3.7 million, partially because of an increase in the number of students, but primarily because of tuition rate increases approved by the state of Maryland for FY 2009 and projected for FY 2010 for non-public programs.
- There are other cost increases for special education for contractual services and itinerant paraeducators totaling \$0.8 million.

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ESOL/Bilingual Programs

Mission

The mission of the Division of English for Speakers of Other Languages (ESOL)/Bilingual Programs is to provide high-quality instruction, assessment, counseling, and parent outreach activities that enable English language learners (ELL) to demonstrate successful academic performance across all curricular areas.

ESOL Enrollment Trends

The number of students enrolled in ESOL programs continues to increase. The official ESOL student enrollment figure for FY 2009 is 16,646 students, an increase of 715 students over the previous year. In FY 2008, enrollment exceeded the projected figure of 14,850 by 1,081 students, for a total of 15,931 students. The distribution by grade level continues to follow the pattern established over the past few years, with the highest concentration of ESOL students at the prekindergarten and lower elementary grades. Students in Grades pre-K–2 make up 70 percent of the elementary ESOL enrollment and 50 percent of the total ESOL enrollment. It is for this reason that elementary ESOL staff is allocated at a ratio of 44 to 1. This strategy ensures that reserve positions are available to resolve enrollment issues.

Major Functions

The Division of ESOL/Bilingual Programs develops, coordinates, and supports efforts to enhance the academic opportunities and the academic performance of ELL students by focusing all division functions on curriculum and instruction, counseling, parent outreach, and language assistance services.

Curriculum and Instruction

- The development and implementation of a rigorous pre-K–12 ESOL curriculum aligned to the ESOL voluntary state curriculum ensures that ESOL students develop the academic English needed to achieve Adequate Yearly Progress on the Maryland School Assessments (MSA) and to meet Annual Measureable Achievement Objectives (AMAO) in English language proficiency. Training sessions have been developed and delivered in collaboration with the Office of Organizational Development for ESOL teachers and administrators on the effective implementation of the ESOL curriculum and all components of the ESOL instructional program. (\$40,389,034)

Counseling

- Bilingual and cross-cultural counseling provides additional support to enable ESOL students to succeed academically by assisting students with the process of acculturation. Regular individual counseling and group guidance sessions with ESOL students, as well as crisis intervention for ESOL students who are in the process of adjusting to a new

school and community environment, assist them in bolstering their academic performance by easing socio-cultural challenges. (\$1,615,926)

Parent Outreach

- Efforts to the support the academic success of ESOL students are enhanced by the division’s multilingual parent outreach team. The ESOL parent outreach team works to provide direct services to ELL families at schools with significant ESOL populations. The team collaborates with the Department of Family and Community Partnerships to ensure a consistent and collaborative approach to parent and family issues. The parent outreach team minimizes linguistic and cultural barriers by using their multilingual skills to support ELL parents in navigating the school system in support of their children’s education. (\$1,852,437)

Language Assistance Services

- The Language Assistance Services Unit (LASU) provides professional translation and interpretation services in multiple languages using various media to address the need to communicate essential information to our rapidly growing linguistically diverse community. The LASU also offers interpretation services for large-scale events in schools and central offices, as well as school system-sponsored activities and community forums. (\$1,143,567)

Recent Accomplishments

- Continued the revision of elementary and secondary ESOL curricula to ensure alignment to the voluntary ESOL curriculum.

School Level	Curriculum	Projected Date of Completion
Elementary	Kindergarten ESOL Instructional Guide and English language proficiency assessments	FY 2009
Middle	ESOL Level 3 Standards-based Instructional Guide	FY 2009
	County examinations for ESOL 2 and 3	FY 2009
	Curriculum blueprints for ESOL Level 2	FY 2009
High	ESOL Level 5 Standards-based Instructional Guide	FY 2009
	Curriculum blueprints for ESOL 3 and 4	FY 2009
	Semester and final exams	FY 2009

- Developed additional ESOL curriculum documents in FY 2008 to support ESOL students in the academic content areas. First, curriculum blueprints for the academic language class were developed and piloted to assist beginning level ESOL students with learning language and academic content in mathematics, social studies, and science. Curriculum blueprints also were developed and piloted for older ESOL students with limited or interrupted formal education, to assist them with developing the language and content skills needed to access mathematics and social studies content.
- Developed and implemented the Students Engaged in Pathways to Achievement (SEPA) program for older high school ESOL students with interrupted formal education at Wheaton High School in FY 2008 and Albert Einstein High School in FY 2009. SEPA is a career-focused English language development program that provides entry level career,

English, literacy, and numeracy skills to Spanish-speaking ESOL students. Specialized curriculum for this program also was developed.

- Provided ESOL counseling services on a regularly-scheduled basis to 60 priority schools, resulting in 7,616 contacts to, and on behalf of, ESOL students from centrally-based ESOL counselors in FY 2008.
- Provided ESOL parent outreach services on a regularly-scheduled basis to 85 priority schools, resulting in 8,407 contacts to, and on behalf of, ESOL families in FY 2008.
- Rolled out the translation request system to MCPS offices and schools and translated more than 796 documents consisting of 2,452 pages into 14 different languages to communicate essential systemwide information relating to curriculum, instruction, health, and safety in FY 2008.
- Provided interpretation assistance at 7,771 meetings in FY 2008 in 48 languages.

Evidence of Student Achievement

- Overall reading and mathematics MSA scores for the limited English proficiency (LEP) subgroup have shown consistent improvement in the percentage of students performing at proficient and advanced levels across all grades for the past five years (2004–2008), with the gap between LEP and non-LEP students continuing to narrow.
- High School Assessment (HSA) scores for the LEP subgroup in Algebra, Biology, and Government have shown consistent improvement in the percentage of students passing for five consecutive years (2004–2008). Additionally, the gap between LEP and non-LEP students has continued to narrow for HSA scores in Algebra, Biology, Government, and English.
- For two consecutive years (2007–2008), ESOL students have exceeded AMAO in both progress toward and attainment of proficiency in English (AMAO I and II, respectively) by nearly 30 percentage points, as evidenced in the table below. This indicates that ESOL students are learning the academic English needed for success in all curricular areas.

Year	AMAO I MSDE Target	AMAO I MCPS	Difference	AMAO II MSDE Target	AMAO II MCPS	Difference
2007	40	69.2	29.2	20	55.1	35.1
2008	48	77.2	29.2	30	69.1	39.1
2009	56			40		
2010	64			50		
2011	72			60		

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Organizational Development

The Montgomery County Public Schools (MCPS) Strategic Plan, *Our Call to Action: Pursuit of Excellence*, confirms the importance of professional development for all staff. Goal 4 of the Strategic Plan is to “Create a Positive Work Environment in a Self-Renewing Organization.” The first milestone under this goal states “All employees will be provided with high-quality professional development opportunities to promote individual and organizational effectiveness.” The Office of Organizational Development (OOD) is charged with the primary responsibility in this critical work. The mission of OOD is to “develop all staff and improve the effectiveness of the organization to ensure high achievement for every student.” This mission is also captured in the OOD guiding statement: *Student Learning Drives Our Work*.

Major Functions

The work of the Office of Organizational Development can be divided into five critical areas that are all essential in the pursuit of student achievement:

- Building the capacity of teachers
- Building the capacity of administrators
- Building the capacity of support professionals
- Building the capacity of teams, schools, and offices
- Promoting individual growth and advancement

Building the Capacity of Teachers

The foundational element in the success of our school system is a highly effective teacher in every classroom. OOD works to realize this foundation by providing high-quality, job-embedded professional development for the 11,000 teachers who work directly with our students. This effort begins with New Educator Induction, a structured program that provides supports and training for approximately 800 new teachers every year. The Consulting Teachers (CT) Team based in OOD then provides one-on-one coaching and support to all new teachers. During the past four years, consulting teachers have served 2,683 teachers, of which 272 were identified as underperforming teachers and 2,411 were novice teachers. In the past four years, 31 teachers have been recommended for dismissal, 170 teachers have resigned, and 59 teachers have been recommended for non-renewal by the PAR Panel.

One of the most important MCPS efforts to build teacher capacity is the presence of a full-time staff development teacher (SDT) in every school. SDTs work with teams and individual teachers to support instruction and provide professional development. SDTs meet with teams, teach demonstration lessons, work with school administrators to build professional learning communities, support the school improvement process, coach struggling teachers, and other efforts that support professional development and student learning.

The Curriculum Training and Development Team in OOD provides thousands of hours of training and support to thousands of teachers every year, both in structured sessions at training sites and through follow-up support in school buildings and classrooms. All new curriculum rollout is supported by intensive professional development.

Studying Skillful Teaching classes that are taught by the members of the Skillful Teaching and Leading Team provide teachers with research-based strategies and instruction. Through successful completion of these 36-hour courses, teachers greatly enhance their instructional quality, motivation of students, and intervention for struggling children.

Building the Capacity of Administrators

Research has shown that highly skilled administrators have a positive effect on student achievement. MCPS has constructed a nationally-recognized model for developing school leaders. During the 2007-2008 school year, 25 novice principals, including two principals new to MCPS, and two principals new to a level were supported by consulting principals. Of these principals, 23 of the 25 met standard in their performance appraisals (92 percent).

Building the Capacity of Support Professionals

MCPS has over 8,000 support professional employees who make a positive difference in student learning through a variety of roles. Professional Growth Consultants (PGCs) in OOD provide coaching and guidance to support professionals who have been identified as not meeting the competencies outlined in the Supporting Services Professional Growth System.

Building the Capacity of Schools, Offices, and Teams

In order to reach strategic plan goals, it is very important for MCPS to support school and office staff as they work in teams. Staff Development Specialists (SDS) in OOD provide several critical functions, beginning with direct support of staff development teachers in the schools.

The Professional Learning Communities Institute (PLCI) provides ongoing training and support for school leadership teams including administrators, teachers, support professionals, and parents.

The Equity Training and Development Team works directly with schools and offices to promote equity and close the achievement gap. The Equity Training and Development Team continues to focus on: 1) building leadership staff capacity to lead for equity, 2) deepening capacity of OOD staff to explicitly infuse equity content and processes into all professional development programs and projects, and 3) providing direct services, consultation, and resources to support school-based and central services study and dialogue about the impact of race and ethnicity on teaching and learning.

The Technology Consulting Team works directly with principals, supervisors, teachers, and support professionals to help staff maximize the use of technology resources to support system goals. Critical work this year has included providing staff development for the Financial Management System (FMS) and training to support Middle School Reform (21st century classroom, Promethean boards, Performance Matters).

The Staff Development Substitute Program provides schools with substitute days that allow time for teachers and teams to engage in professional development, examine student work, analyze data, and plan instruction.

Support for Individual Growth and Advancement

MCPS supports individuals in their professional growth through providing tuition reimbursement for advanced coursework, Continuing Professional Development (CPD) courses to help staff build skills and certification, and multiple higher education partnerships that help staff members to pursue advanced degrees and certification in areas that are critical to the system, including special education, ESOL, mathematics, and science.

Focus on Organizational Changes

In order to meet the needs of MCPS staff and achieve strategic plan goals, OOD is realigning resources in order to be more targeted, efficient, and innovative in providing support to clients. OOD plans to focus on job-embedded professional development to increase effectiveness and reduce costs associated with tier 1 training.

Focus on Budget Changes

For FY 2010, OOD is reducing its budget and working to realign assignments and caseloads to ensure that high quality professional development continues to be provided to all clients. In addition, adjustments to the delivery systems for some professional development will create savings in the areas of training stipends and other costs. OOD is actively exploring how to use technology and online learning environments as a strategic tool in building the capacity of staff.

Recent Accomplishments

Middle School Reform – When implementing a major initiative like middle school reform, professional development is a key component. OOD worked closely with other offices to plan, design, and deliver training to the Phase I and Phase II Middle Schools. This included intensive training for the schools’ leadership teams, curriculum content training in mathematics, reading, ESOL, and special education strategies, technology training, and professional development for teacher leaders, including math specialists and literacy coaches.

National Board Certified Teachers (NBCT) – With 363 National Board Certified teachers overall, Montgomery County far surpasses all other counties in Maryland and ranks among the top 20 school districts in the nation in the number of new and cumulative total of National Board Certified educators.

APQC Award – In 2008, MCPS was recognized by the American Productivity and Quality Council for exemplary work in supporting professional learning communities. The award names MCPS a benchmark district and applauds our systematic approach to building the capacity of staff.

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Technology

Under the leadership of the chief technology officer, the office is responsible for all aspects of Montgomery County Public Schools (MCPS) information technology systems and provides the leadership for developing and implementing information technology initiatives that support the Board of Education's strategic plan, with emphasis on integrating technology-based teaching and learning in the classroom.

The office's mission focuses on rigorously and consistently providing the highest quality technology systems and services to support excellence in teaching and learning, facilitating collaborative learning communities, and supporting operational effectiveness that enhances the management of the business of education. The office continuously cultivates strategic partnerships with vendors that focus on improving product and service pricing, quality, and on-time delivery. Moreover, the office is committed to creating an organizational culture of respect, based on the awareness and understanding of the impact of the office's work on the behavior and decisions of others.

Major Functions

The Office of the Chief Technology Officer (OCTO) is comprised of three departments and two divisions—the Department of Strategic Project Management and Planning leads the strategic visioning and planning for the use of technology in MCPS based on quality and secure standards, coordinates statewide educational technology efforts, and manages technology-related federal programs; the Department of Information and Application Services provides expert recommendations for the integration of state-of-the-art technology into student and administrative practices and support services; the Department of Infrastructure and Operations manages the technical enterprise configurations for information systems and provides the operational support for administrative data and reports; and the two divisions provide technology support and innovative project management, research and development, strategic planning for technology refreshment, coordination of statewide educational technology efforts, and management of technology related federal programs.

OCTO supports instruction and student achievement by designing and developing innovative approaches and strategic technologies in support of *Our Call To Action: Pursuit of Excellence*, the strategic plan for MCPS, the *Maryland Educational Technology Plan for the New Millennium: 2007–2012*, and *No Child Left Behind Act of 2001 (NCLB)*. These technology systems are developed with an explicit commitment to customer satisfaction, the delivery of high-quality products and services, and support that is responsive to the needs of the MCPS user community.

The Department of Strategic Project Management and Planning oversees the use of effective project management and quality assurance processes and tools for OCTO providing leadership, collaboration, and coordination to ensure that information technology projects and systems are developed and implemented based on MCPS end user and reporting requirements and are consistent with industry-standard project management, quality assurance, and information technology security processes and practices. Staff in this department works with project managers in each OCTO department and division to share and implement project management practices that lead to successful results.

Staff in the Department of Information and Application Services works to support student and business technologies by providing leadership, collaboration, and coordination to ensure that information technology systems are developed and implemented, based on MCPS end user and reporting requirements consistent with quality assurance, information security, and systems engineering best practices.

The Department of Infrastructure and Operations manages the enterprise-wide technical systems and facilitates the implementation of effective, secure, and reliable hardware and software solutions for the entire school system. Staff in the department works to provide operational support for administrative data and reports.

The OCTO divisions providing technology support and modernization facilitate the effective use of technology as an everyday tool within MCPS for the benefit of all users including students, teachers, parents, staff, and the local and worldwide learning community. The responsibilities of these divisions are closely aligned with the Technology Modernization (Tech Mod) project funded through the Capital Improvement Program that refreshes technology in schools and offices. The Division of Technology Support provides on-site technical support to staff in schools and offices, Help Desk services, and customer relationship management. The Division of Technology Innovation oversees field installation and project management, research and development, strategic and tactical planning of the capital project for technology refreshment, coordination of statewide educational technology efforts, and management of technology related federal programs. This division also manages the Title II-D Educational Technology grant, which supports the innovative use of technology in classroom instruction and student learning, such as Middle School Reform technology, technology magnet programs, and professional development for information technology system support employees. This division continuously cultivates strategic partnerships with vendors that focus on improving product and service prices, quality, and on-time delivery.

Focus on Organizational Changes

The OCTO has continued to reform and realign structures and resources to effectively support the school system's priorities and efficiently address the needs of customers. Furthermore, the organizational changes reduce management reporting layers and are supported by the ongoing efforts to:

- Transform the organizational culture
- Redefine and adopt a customer engagement and relationship model and process
- Provide strategic leadership for all technology initiatives being implemented throughout the school system

- Develop a next generation information technology workforce by building staff capacity.
- Strengthen operational coherence and risk management through active stakeholder governance
- Provide technology solutions that facilitate the development of collaborative teaching and learning communities (Web 2.0 framework)

Recent Accomplishments

- Focused on continued support of improved project management practices through improving collaboration and listening and learning from stakeholders.
- Focused on expanding the ability to meet increasing customer requests accurately and in a timely manner to continuously increase the quality of services provided to all MCPS technology users.
- Initiated new processes to manage the increasing number of vendors offering technology products and services and to ensure timely and cost effective delivery of services. Office staff supported the procurement of technology equipment, software, and services funded through the \$18.8 million Tech Mod program and completed the federal application processes for E-Rate telecommunication rebates totaling approximately \$1.8 million for FY 2008. Additionally, another major accomplishment of the office was negotiating a settlement of \$204,554 in credits for over-billed telecommunication services.
- Migrated several major systems from the legacy mainframe equipment onto newly designed systems (student systems, financial management, budget, accounting, and procurement) to eliminate the costs of maintaining the legacy equipment and software. Migration of the remaining printing and other batch programs from the mainframe to more up-to-date platforms allowed us to remove the aging and out-of-date mainframe system.
- Continued MCPS wide-area network (WAN) to carry additional Internet provider (IP) services throughout MCPS with the addition of IP-based building-wide security cameras in 12 secondary schools, 39 visitor-management systems in elementary and middle schools, and building access control in 26 elementary schools in FY 2009. The information provided by these systems traverses the MCPS local-area network (LAN)/WAN providing critical information to both MCPS safety and security staff and the Montgomery County Police.
- Upgraded databases for student systems applications, the *myMCPS* portal and the human resources system to the latest and most efficient versions that allow for faster access to data for students and staff. The implementation of the first phase and prototype of the enterprise portal, *myMCPS*, provided access to reports and instructional applications, including the High School Assessment Bridge Plan for Academic Validation, Curriculum Archive, Professional Development Online (PDO), MCPS news and emergency notifications. Within *myMCPS*, the Next Generation Data Warehouse provides dashboards for the strategic target data points for school administrators and staff.

- Expanded the Elementary School Online Achievement and Reporting System (ES OARS) to include 24 selected schools for Grades 1 through 3. ES OARS has been updated allowing teachers to use newly established measurement topics for grading and reporting. Grading and reporting data collected in ES OARS are interfaced with the Online Administrative Student Information System (OASIS) to produce new standards-based report cards based on measurement topics. As part of the Secondary OARS project, a pilot has been conducted with the Edison Center to accommodate grade collection and reporting for students with dual enrollment.
- Implemented the Applicant Tracking System (ATS) to enable the electronic handling of MCPS recruitment needs from posting positions to hiring. ATS serves both internal and external applicants. This system provides for efficiency and is fully compliant with the Office of Federal Contract Compliance Programs, Uniform Guidelines on Employee Selection Procedures, and Equal Employment Opportunity guidelines. ATS integrates with the HRIS) and Fortis Document Management System.
- Opened 102,760 requests for services and support in the Unicenter Service Desk issue tracking system by MCPS staff in schools and offices as compared to 101,426 FY 2008.
- Provided for the refreshment of technology in 45 schools, installing 9,341 computers and related systems in 10 high schools, 12 middle schools, 20 elementary schools, and 3 special schools through the Technology Modernization project. Supported the installation of technology for ten schools with additions. Because of the demand for a lower student to computer ratio and funding that remains at a 5:1 student to computer refreshment ratio, a program for upgrading older computers was initiated for Tech Mod schools with specific program needs. Under this upgrade program, 2,007 computers were removed from schools and offices, sent to the Tech Mod Recycle Center to be upgraded and re-imaged, then reinstalled in schools for student programs such as Fastt Math and Read 180. To address the digital divide, 5,763 computers were donated to local community centers and programs. All remaining old computers taken out of schools and offices are sold to an asset recovery firm to avoid disposal fees of \$10 per unit.
- Applied for and received funding to lead a competitive grant under *Title II-D—Enhancing Education Through Technology* under NCLB. This grant funds a state-wide consortium for developing lessons and professional development to support student and teacher technology literacy. Office staff funded through the Title II-D Educational Technology participated in the implementation of the critical-thinking framework in seven schools participating in a partnership program with Promethean.

Montgomery County Public Schools

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New Schools

The Montgomery County Public Schools (MCPS) FY 2010 Operating Budget will increase by a net of \$1,580,398, reflecting the effects of opening new schools. Below are details of the reasons for the decrease.

- The budgetary impact of new schools is a result of the combination of positions added to a school because of the school building itself and one-time start-up costs.
- Costs associated with the opening of new schools rather than enrollment growth include building administrators, reading teachers, staff development teachers, building service workers, secretaries, and other positions. New school costs also include utilities, media and instructional materials, custodial supplies, equipment, food services, and other non-personnel costs.
- One-time costs come out of the budget in the year after the building opens or a grade is added. As a result, the incremental impact of new schools in any single year may be either an increase or decrease.
- In FY 2010, one new school will open, Clarksburg Elementary School #8. The final one-time costs relative to the opening of Arcola Elementary School will cease after FY 2009, resulting in a partial decrease in new schools costs.
- The increase of costs related to the opening of Clarksburg Elementary School #8 totals 15.575 positions and \$1,733,019. The decrease in one-time costs related to Arcola Elementary School is \$152,621.

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Continuing Salaries

Continuing salaries and related employee benefits will increase the FY 2010 Operating Budget by \$19,581,812. Continuing salary costs are tied to the negotiated agreements. They include annual salary increments for eligible employees, adjusted by savings for expected employee lapse and turnover. Employee pay is based on salary schedules, published as part of the operating budget, for each pay grade and step. As employees increase their experience, they reach higher steps on the salary schedule. In addition, teacher salaries depend on educational levels. Salaries for supporting services employees depend on the number of hours worked in addition to their years of service.

Continuing Salaries

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

- Montgomery County Education Association (MCEA) representing teachers and other professional employees
- SEIU Local 500 representing supporting services employees
- Montgomery County Association of Administrative and Supervisory Personnel (MCAASP) representing administrators and supervisory employees
- Montgomery County Business and Operations Administrators (MCBOA) representing non-certificated supervisory employees

Employees receive continuing salary increases related to seniority (steps and longevity). Increases include scheduled annual increments for employees with satisfactory service who are still progressing along salary schedules and for teachers who accumulate sufficient graduate credits to move to a higher salary schedule lane.

Included in net continuing salary costs is lapse (savings resulting from short-term vacancies) and turnover (savings from replacing a senior employee with a lower-paid junior employee) savings based on historical experience.

The total budget increase for continuing salary costs and related benefits of \$19.6 million includes \$12.6 million for MCEA, \$7.6 million for SEIU Local 500, \$0.2 million for MCBOA, offset by a reduction of \$0.8 million for MCAASP.

Continuing salaries increase the total budget by 0.9 percent and the budget for salaries and wages by 1.2 percent.

Budgeted salary costs for FY 2010 assume that all new employees will be hired at the budgeted new-hire rate for their position, including BA4 for regular education teachers and BA6 for special education teachers.

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Employee Benefits

The Montgomery County Public Schools (MCPS) FY 2010 Operating Budget includes \$456.6 million to provide employee benefits (21 percent of the total operating budget). This is an increase of \$28.2 million (6.6 percent). Health and life insurance coverage for current active and retired employees and their families are provided through the Employee Benefit Plan (EBP). Other employee benefits include retirement, social security (FICA), worker's compensation and other self-insurance, and tuition reimbursement. The budget does not include any increase of the \$18.2 million to pre-fund retiree health benefits (OPEB). See a separate section on OPEB.

Health and Life Insurance

- MCPS works with a consultant firm, Aon Consulting, one of the leading firms in the nation with expertise in employee benefit plan administration. Aon studies both national trends and actual MCPS experience to develop projections of future costs. These projections have been very close to actual results for the last several years.
- Joint negotiations with employee unions have resulted in a series of health care plan design changes, including higher co-pays for some plans, changes in pharmaceutical access, and new plan administration. Changes in plan administration resulting from rebidding EBP contracts in FY 2008 have saved \$4.8 million in FY 2009.
- The projected budget increase assumes a 7.1 percent cost increase trend in FY 2010. This rate is higher than the expected rate of inflation, and significantly higher than in previous years. The projection reflects the net of inflationary cost increases and the positive effects of cost containment initiatives and cooperation with other county agencies, including rebidding contracts with third party administrators. It is anticipated that the projected cost increase generated by the 7.1 percent trend will be partially offset by cost reductions related to the serious economic conditions. In addition to implementing additional efficiencies, the MCPS budget has included the impact of a reduction in the number of new retirees in FY 2010 and the overall impact an economic contraction has on the ability to pass on higher costs for employee health benefits.
- The budget for health and life insurance for active employees will rise by \$24,803,080. Active employees pay an average of 10 percent of plan expenses, although this varies by plan.

- The budget for retiree health care costs will decrease by \$586,024. Reductions in the FY 2010 number of new retirees due to the economic situation and the expected reimbursement increases for Medicare Part D prescription drug costs by \$180,000 are responsible for this decrease. The retirees now pay 36 percent of plan costs.

Other Employee Benefits

The cost of other employee benefits is expected to increase by a net of \$4.0 million in FY 2010.

- The cost for current retirement programs will increase by \$1.2 million based on 4.53 percent of salary. Lower investment returns in the retirement fund have not yet been fully realized, but it was deemed prudent not to lower the 4.53 percent rate because of expected actuarial losses in future years based on poorer investment returns. A policy of five-year smoothing of investment gains and losses will result in the gradual recognition of significant losses and a consequent increase in the percentage of salary used to calculate retirement contributions. As a result of these anticipated actuarial losses, long-term concerns remain about the funded status of the retirement plan.
- Due to increases in salary costs, contributions to social security are projected to increase by \$1.2 million. Other budget changes related to employee benefits include an increase of \$1.8 million in self-insurance costs for worker's compensation. Partially offsetting these increases is a decrease of \$100,579 for tuition reimbursement as more employees take courses to maintain certification and increase job skills and a net decrease of \$56,000 for other benefits.
- The operating budget does not include an increase in the \$18.2 million for the third year of an eight-year phase-in of payments required for the Retiree Health Trust Fund for Other Post-Employment Benefits (OPEB). The current economic situation precludes any increase in OPEB contributions at this time.

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Funding Retiree Benefits - OPEB

The Montgomery County Public Schools (MCPS) FY 2010 Operating Budget includes \$18.2 million to continue pre-funding of Other Post-Employment health and life insurance Benefits (OPEB) for retired employees made necessary by the rulings of the Government Accounting Standards Board (GASB). This pre-funding is necessary to assure retired and active employees that future retiree health insurance costs will be fully funded, and to protect the County's AAA bond rating.

- GASB defines what are considered to be Generally Accepted Accounting Principles (GAAP) for governmental entities, including public school districts. GASB statements 43 and 45 related to disclosure of liabilities for Other Post-Employment Benefits (OPEB).
- OPEB include retiree medical, dental, life insurance, and other benefits not covered by a pension plan.
- MCPS has taken action to limit its liabilities under the new rulings. With the cooperation of retiree representatives, the Board of Education adjusted the share of health and life insurance benefit payments made by retirees to 36 percent of total costs with MCPS responsible for 64 percent.
- Plan sponsors such as MCPS, began to comply with the new rulings beginning in FY 2008. They must determine through an actuarial study and disclose in financial reports OPEB liabilities as they are incurred. MCPS commissioned its pension actuary, Mercer, to conduct the required actuarial analysis.
- The new approach differs from current practice that permits employers to pay for such benefits on a "pay as you go" basis. Until 1978, MCPS pre-funded retiree insurance benefits. This fund was finally exhausted in FY 2003. Since then, the Operating Budget has paid the full cost of retiree benefits.
- Although GASB does not require government bodies to pre-fund OPEB obligations, bond rating agencies expect large governmental entities with favorable bond ratings to phase-in OPEB funding over a period of years, with a plan to achieve full funding of the liabilities. As a result, all County funded agencies have decided to phase-in required pre-funding over eight years. FY 2010 is the third year of the phase-in period. MCPS has established a trust fund to hold and invest employer contributions. Investment earnings of the trust fund will reduce the ultimate cost to the operating budget.

- The FY 2010 budget includes continued funding of \$18.2 million in contributions for the third year of the eight-year phase-in period. The adverse economic situation and budget shortfalls make it necessary to defer an increase in OPEB funding. As economic conditions improve, MCPS will make additional contributions to achieve the complete phase-in of required payments within eight years based on actuarial recommendations. This will enable MCPS to achieve full funding of anticipated OPEB obligations.

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Inflation and Other Cost Changes

Miscellaneous changes and cost increases resulting from inflation to maintain the same level of services increase the Montgomery County Public Schools (MCPS) FY 2010 Operating Budget by \$9.4 million (0.5 percent of the budget). Below are details of the reasons for the increase.

- Cost increases resulting from inflation and miscellaneous factors total \$9,440,262.
- After a period of price stability, inflation in the Washington metropolitan area is at 5.5 percent. Inflationary increases are calculated for most budgeted items other than salaries, and increases for major items that have specific rates different from general inflation rates are calculated separately. These include such items as utilities, diesel fuel, bus parts, tuition costs for students with disabilities who are in private placements, textbooks, and instructional materials.
- Inflation for instructional and other supplies and materials is \$1,809,571, based on the 6 percent inflation rate for textbooks and other instructional materials. However, the budget includes a reduction of the entire increase. A total of \$8.5 million is budgeted for textbooks.
- Utilities increases resulting from higher costs of electricity and water and sewer charges total a net of \$3,680,533. Estimated savings from rebidding electricity contracts and energy conservation measures of \$1 million limit the increase in utilities costs.
- Higher costs resulting from expected rate increases and catching up for past increases for non-public placement for special education students are \$1,048,623. Other inflationary and miscellaneous increases in special education are a net total of \$781,000, including \$250,000 for critical paraeducator support, \$215,000 to pay for increased costs for nursing services, \$185,000 for substitute costs, \$90,000 for contractual services, \$59,000 for local travel costs, and \$45,000 for other expenditure needs. These increases are offset by a net decrease of \$63,000 resulting from the expected transfer of 36 pre-school students with autism from non-public to public school programs.
- Higher costs for bus replacement and other transportation costs totaling \$1,570,424.
- Costs for plant operations, maintenance, will increase by \$200,000 for contractual maintenance vehicle operations and maintenance supplies.

Montgomery County Public Schools

FY 2010 Operating Budget

Operating Budget Process

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

- *Community Forums* – The Board of Education convenes community forums annually in September and October to review implementation of the MCPS strategic plan, assess progress on detailed multi-year strategies and initiatives implemented through the operating budget, and gather public input at the forums or through the MCPS web site. Recently, community forums have been “open mike” sessions that have included testimony from parents, students, and community leaders. Individual offices and departments also gather community input, for example, the Special Education Staffing Plan Committee.
- *Same Services Budget Development* – Most of the budget is developed through a “zero-based” process that applies staffing and other funding formulas approved by the Board of Education using updated enrollment forecasts and other school-based data. Departments have an opportunity to realign existing resources to higher priority needs based on the system and unit strategic plans. The budget development process also accounts for inflationary increases in the cost of goods and services required by the school system.
- *Program Initiatives and Reductions* – Improvements in new or expanded programs are proposed by individual offices or by other stakeholders. These changes are tied to the goals of the strategic plan. In November, with the advice and counsel of other decision makers, formally and informally, the superintendent of schools determines which programs he will recommend and how much he will request for each new or expanded program initiative. In FY 2010, fiscal constraints prevent implementation of new or expanded program initiatives, but most existing improvement initiatives will remain in place. Based on targets provided to individual offices, the superintendent also recommends reductions in base budget programs.
- *Budget Presentation and Publication*—In December, the superintendent of schools presents his recommendations to the Board of Education. The *Superintendent's Recommended Operating Budget*, often called the management budget, shows budget resources by office, department and other units. The *Program Budget* includes references to the units that carry out each program. The management

budget describes in detail the work of each unit, shows all budget changes, and includes performance measures for each operating unit. The management budget also includes a glossary of budget terms, an index of all items, and a section describing how to understand the budget. The *Budget in Brief* describes highlights of the recommended operating budget for the general public. Budget publications are all posted to the MCPS Web site.

- *Board of Education Public Hearings and Worksessions* – In January, the Board of Education holds two public hearings. Testimony is received from PTA cluster representatives and other interested citizens regarding the superintendent's recommendations. Following the hearings, the Board holds two worksessions to ask specific questions about the budget and explore potential amendments. Recently, the Board has reviewed the budget programmatically. The Board has identified budget issues related to its seven academic priorities and reviewed the budget according to those priorities rather than chapter by chapter. The Board may increasingly use the Program Budget to organize its work sessions on the operating budget.
- *Budget Amendment and Adoption*– At the all-day meeting in February, the Board formally considers the superintendent's operating budget, often as amended to take into account updated enrollment and other information. Board members propose and dispose of suggested amendments and adopt the Operating Budget Request as amended. On March 1, the budget is formally transmitted to the county executive and the County Council. The county executive issues his recommended budget on March 15.
- *Spending Affordability process*– In February, the County Council adopts spending affordability guidelines (SAG) for the county, including possible property tax rates and allocations of resources to each agency. The SAG guidelines take into account actions by the state legislature that may affect available revenue.
- *County Council review*– In April, the County Council holds a series of public hearings that include considerable testimony on the MCPS budget. The County Council Education Committee reviews the MCPS request and the county executive's recommendation during worksessions in April and May. The full Council approves a budget for MCPS including totals for each state category by the end of May. The Board of Education determines the final approved budget using state category totals approved by the Council at its June day meeting. The budget takes effect on July 1.

Montgomery County Public Schools

FY 2010 OPERATING BUDGET

Public Engagement and the Operating Budget

The Montgomery County Board of Education has strengthened public engagement in the development of the MCPS Operating Budget. MCPS has implemented new methods to expand public participation. Feedback received from this process has influenced the proposals included in the FY 2010 Operating Budget. Below are details of the public engagement process.

- For the past five years, the Board of Education has held public community forums in the fall to provide feedback on the progress of the MCPS strategic plan and how the budget can be better aligned with the strategic goals of the school system.
- On September 18 and October 16, 2008, the Board held “open mike” public community forums at Watkins Mill High School and Albert Einstein High School respectively at which a total of 56 individuals testified.
- Of the 56 individuals who testified, 27 were parents, 15 were community members, 12 were students, and 2 were staff members.
- In addition to the forums, the Board of Education and MCPS staff continue to receive feedback via letters, e-mails, on-line survey, and phone calls. Also, postage-paid feedback cards in six languages were distributed at the forums and to all schools, MCPS offices, and parent and community organizations. Ninety respondents commented on more than 200 different topics using the on-line survey and feedback cards.
- Following are the main themes that were addressed by individuals providing testimony and responding to the on-line survey and feedback cards:
 - small class sizes;
 - curriculum and instruction;
 - special education and ESOL;
 - facilities improvement;
 - academic interventions.
- The Recommended FY 2010 Operating Budget reflects community feedback by retaining valuable initiatives strongly supported through the public engagement process, including:
 - Reduced class size at all school levels
 - Minimizing reductions in the areas of maintenance and building operations
 - Maintaining hours-based staffing for special education at 16 middle schools
 - Continuing accelerated programs, including the Poolesville High School magnet program

Montgomery County Public Schools

FY 2010 OPERATING BUDGET

Budget Transparency

The Montgomery County Public Schools publishes and posts on its Web site a variety of publications that involve different ways of looking at the operating budget. Together, these documents enable citizens to understand how MCPS resources are used and what is recommended in the operating budget. MCPS is continually trying to improve the transparency of these budget documents. Below are details of the information available on the MCPS Operating Budget.

- *Call to Action: Pursuit of Excellence* – The MCPS strategic plan, approved by the Board of Education, includes detailed multi-year strategies and initiatives implemented through the operating budget.
- *Program Budget* – The Program Budget summarizes the operating budget in more than 100 major programs across departments and offices. This year, the Program Budget references strategies and initiatives in the strategic plan and ensures that all strategies and initiatives are identified by program. The Program Budget should increasingly become a principal vehicle for making resource allocation decisions.
- *Recommended Operating Budget* – The *Superintendent's Recommended Operating Budget*, often called the management budget, shows budget resources by office, department and other units. The *Program Budget* includes references to the units that carry out each program. The management budget describes in detail the work of each unit, shows all budget changes, and includes performance measures for each operating unit. The management budget also includes a glossary of budget terms, an index of all items, and a section describing how to understand the budget.
- *Budget in Brief*—The Budget in Brief describes major budget issues in brief as an introduction to the operating budget. It includes details of proposals included in the recommended budget. It also includes important summary statistical information about the operating budget.
- *Personnel Complement* – The Personnel Complement includes a detailed listing of all positions requested in the budget. Both the *Program Budget* and the *Recommended Operating Budget* include personnel complements organized by program and unit respectively.

- *Budgeted Staffing Guidelines* – The *Program Budget* and the *Recommended Operating Budget* include budgeted staffing guidelines for regular education and special education. These guidelines govern the allocation of personnel resources by school and special education disability.
- *Schools at a Glance* – The *Schools at a Glance* annual publication shows a variety of information for each school, including programs from the Program Budget that are implemented at each school and personnel allocated to each school. A separate document, *Special Education at a Glance*, is published to show special education resources at each school.

All these publications are available on the MCPS Web site.

Montgomery County Public Schools

FY 2010 OPERATING BUDGET

Audits

The Montgomery County Public Schools (MCPS) receives many regular financial and operational audits. These audits ensure financial and operational accountability to the public. Below are details of some of the regular audits.

- State of Maryland law, Section 5-109 of the Education Article, requires all school districts to commission an annual external audit of financial transactions by an independent certified public accountant. MCPS uses the firm of Clifton and Gunderson (CG). Neither CG nor its predecessors have identified any material weaknesses or noncompliance with internal controls.
- MCPS issues an annual financial report, the Comprehensive Annual Financial Report (CAFR). This report has received an Excellence in Financial Reporting Award from the Government Financial Officers Association (GFOA) and from the state of Maryland.
- Board of Education Policy DAA, Fiscal Responsibility and Control, requires the superintendent of schools to maintain strict financial controls consistent with state law and the county charter.
- The Board of Education Fiscal Management Committee meets regularly with staff to review audit findings and provide financial oversight. The Fiscal Management Committee reviews the reports of the system's actuary and external auditor.
- The Maryland State Department of Education (MSDE) and the state Office of Legislative Audit (OLA) review MCPS activities and financial reports. MSDE audits a variety of issues, including enrollment, program administration, special education, teacher certification, criminal background checks of teachers, and grants monitoring.
- Under Senate Bill 894, OLA is conducting a comprehensive financial and operational audit of all state school systems according to a six-year schedule. The MCPS audit has been completed and the findings are expected to be issued shortly.
- The federal government regularly provides mandated A-133 single audits of federal grant programs. The frequency of these audits has greatly increased in recent years. Federal audit results of MCPS grants have not included any material adverse findings.
- The State Interagency Committee on School Construction (IAC) audits the use of state construction funds. None of their audit notes contained any material findings.

- The county Office of Legislative Oversight (OLO) has conducted comprehensive budget reviews of MCPS programs, including student transportation, special education, school plant operations, compliance with environmental regulations, organizational development programs, recycling, and high school consortia. In FY 2007, OLO added an analyst dedicated to MCPS issues and conducted a review of fiscal performance indicators. These indicators serve as the basis for review of the MCPS budget by the County Council.
- The MCPS Internal Audit Unit conducts financial and program audits of MCPS program as well as school independent activity funds (IAF). This unit also monitors the external audit contract and is responsible for ensuring implementation of external audit recommendations.

§ 5-202. State financial assistance for public education.*(a) Definitions.-*

(1) In this section the following words have the meanings indicated.

(2) "Annual per pupil foundation amount" means:

(i) For fiscal years 2004 through 2008, the sum, rounded to the nearest dollar, of:

1. The fiscal year 2002 per pupil foundation amount of \$4,124; and
2. The product of the difference between the target per pupil foundation amount and \$4,124 and:
 - A. 0.40 in fiscal year 2004;
 - B. 0.52 in fiscal year 2005;
 - C. 0.71 in fiscal year 2006; and
 - D. 0.83 in fiscal year 2007; and

(ii) For fiscal year 2008 and each fiscal year thereafter, the target per pupil foundation amount.

(3) "Assessed valuation of real property" means the most recent estimate made by the State Department of Assessments and Taxation before the annual State budget is submitted to the General Assembly, of the assessed value of real property for State purposes as of July 1 of the first completed fiscal year before the school year for which the calculation of State aid is made under this section.

(4) "Assessed value of personal property" means the most recent estimate by the State Department of Assessments and Taxation before the annual State budget is submitted to the General Assembly of the assessed value for county purposes of personal property as of July 1 of the first completed fiscal year before the school year for which the calculation is made under this section.

(5) "Foundation program" means the product of the annual per pupil foundation amount and a county's full-time equivalent enrollment.

(6) "Full-time equivalent enrollment" means the sum of:

(i) The number of students enrolled in grades 1 through 12 or their equivalent in regular day school programs on September 30 of the previous school year;

(ii) Except as provided in item (iii) of this paragraph, the product of the number of students enrolled in kindergarten programs on September 30 of the prior school year and:

1. 0.60 in fiscal year 2004;
2. 0.70 in fiscal year 2005;
3. 0.80 in fiscal year 2006;

4. 0.90 in fiscal year 2007; and

5. 1.00 in fiscal year 2008 and each fiscal year thereafter;

(iii) In Garrett County, the number of students enrolled in kindergarten programs on September 30 of the prior school year; and

(iv) The number of full-time equivalent students, as determined by a regulation of the Department, enrolled in evening high school programs during the previous school year.

(7) "Local contribution rate" means the figure that is calculated as follows:

(i) Multiply the statewide full-time equivalent enrollment by \$624, and multiply this product by:

1. 0.46 in fiscal year 2004;

2. 0.47 in fiscal year 2005;

3. 0.48 in fiscal year 2006;

4. 0.49 in fiscal year 2007; and

5. 0.50 in fiscal year 2008 and each fiscal year thereafter;

(ii) Multiply the statewide full-time equivalent enrollment by the amount that the annual per pupil foundation amount exceeds \$624, and multiply this product by 0.50;

(iii) Add the two products calculated in items (i) and (ii) of this paragraph, and divide the resulting sum by the sum of the wealth of all of the counties in this State; and

(iv) Round the result obtained in item (iii) of this paragraph to seven decimal places and express as a percent with five decimal places.

(8) "Local share of the foundation program" means the product of the local contribution rate and a county's wealth.

(9) "Net taxable income" means the amount certified by the State Comptroller for the second completed calendar year before the school year for which the calculation of State aid under this section is made, based on tax returns filed on or before September 1 after this calendar year.

(10) "Personal property" means all property classified as personal property under § 8-101(c) of the Tax - Property Article.

(11) "Real property" means all property classified as real property under § 8-101(b) of the Tax - Property Article.

(12) "State share of the foundation program" means the greater of:

(i) The difference between the foundation program and the local share of the foundation program; and

(ii) The result obtained by multiplying the annual per pupil foundation amount by the county's full-time equivalent enrollment, and multiplying this product by:

1. 0.25 in fiscal year 2004;
2. 0.24 in fiscal year 2005;
3. 0.22 in fiscal year 2006;
4. 0.19 in fiscal year 2007; and
5. 0.15 in fiscal year 2008 and each fiscal year thereafter.

(13) "Target per pupil foundation amount" means:

(i) In fiscal years 2008, 2009, and 2010, \$6,694; and

(ii) In subsequent fiscal years:

1. The target per pupil foundation amount for the prior fiscal year increased by the same percentage as the lesser of:

A. The increase in the implicit price deflator for State and local government expenditures for the second prior fiscal year;

B. The Consumer Price Index for all urban consumers for the Washington-Baltimore metropolitan area, or any successor index, for the second previous fiscal year; or

C. 5%; or

2. If there is no increase in the implicit price deflator for State and local government expenditures for the second prior fiscal year or in the Consumer Price Index for all urban consumers for the Washington-Baltimore metropolitan area, or any successor index, for the second previous fiscal year, the target per pupil foundation amount for the prior fiscal year.

(14) "Wealth" means the sum of:

(i) Net taxable income;

(ii) 100 percent of the assessed value of the operating real property of public utilities;

(iii) 40 percent of the assessed valuation of all other real property; and

(iv) 50 percent of assessed value of personal property.

(b) *Distribution of State share of foundation program funds.*- Subject to the other provisions of this section, each year the State shall distribute the State share of the foundation program to each county board.

(c) Repealed by Acts 2005, ch. 444, § 8, approved May 26, 2005 and effective pursuant to Article III, § 31 of the Maryland Constitution.

(d) *Distribution of State share of foundation program funds - Eligibility.*-

(1) To be eligible to receive the State share of the foundation program:

(i) The county governing body shall levy an annual tax sufficient to provide an amount of revenue for elementary and secondary public education purposes equal to the local share of the foundation program; and

(i) The county governing body shall appropriate local funds to the school operating budget in an amount no less than the product of the county's full-time equivalent enrollment for the current fiscal year and the local appropriation on a per pupil basis for the prior fiscal year.

(2) Except as provided in paragraph (3) of this subsection, for purposes of this subsection, the local appropriation on a per pupil basis for the prior fiscal year for a county is derived by dividing the county's highest local appropriation to its school operating budget for the prior fiscal year by the county's full-time equivalent enrollment for the prior fiscal year. For example, the calculation of the foundation aid for fiscal year 2003 shall be based on the highest local appropriation for the school operating budget for a county for fiscal year 2002. Program shifts between a county operating budget and a county school operating budget may not be used to artificially satisfy the requirements of this paragraph.

(3) For purposes of this subsection, for fiscal year 1997 and each subsequent fiscal year, the calculation of the county's highest local appropriation to its school operating budget for the prior fiscal year shall exclude:

(i) A nonrecurring cost that is supplemental to the regular school operating budget, if the exclusion qualifies under regulations adopted by the State Board; and

(ii) A cost of a program that has been shifted from the county school operating budget to the county operating budget.

(4) The county board must present satisfactory evidence to the county government that any appropriation under paragraph (3)(i) of this subsection is used only for the purpose designated by the county government in its request for approval.

(5) Any appropriation that is not excluded under paragraph (3)(i) of this subsection as a qualifying nonrecurring cost shall be included in calculating the county's highest local appropriation to its school operating budget.

(6) Qualifying nonrecurring costs, as defined in regulations adopted by the State Board, shall include but are not limited to:

(i) Computer laboratories;

(ii) Technology enhancement;

(iii) New instructional program start-up costs; and

(iv) Books other than classroom textbooks.

(7) (i) The provisions of this subsection do not apply to a county if the county is granted a temporary waiver or partial waiver from the provisions by the State Board of Education based on a determination that the county's fiscal condition significantly impedes the county's ability to fund the maintenance of effort requirement.

(ii) After a public hearing, the State Board of Education may grant a waiver under this paragraph in accordance with its regulations.

(iii) In order to qualify for the waiver under this paragraph for a fiscal year, a county shall make a request for a waiver to the State Board of Education by April 1 of the prior fiscal year.

(iv) The State Board of Education shall inform the county whether the waiver for a fiscal year is approved or denied in whole or in part by May 15 of the prior fiscal year.

(e) *Funding under miscellaneous programs.* -

(1) In this subsection, "State financial assistance for public education" means the total financial assistance provided by the State to a county board under the following programs:

- (i) Funding for the foundation program under this section;
- (ii) In fiscal year 2009, 50% of the funding received under the GCEI adjustment grant program under subsection (f) of this section and in fiscal year 2010, 60% of the funding received under the GCEI adjustment grant program under subsection (f) of this section;
- (iii) Transportation aid under § 5-205 of this subtitle;
- (iv) Funding for compensatory education under § 5-207 of this subtitle;
- (v) Funding for students with limited English proficiency under § 5-208 of this subtitle;
- (vi) Funding for special education students under § 5-209 of this subtitle;
- (vii) Funding for the guaranteed tax base program under § 5-210 of this subtitle;
- (viii) 50% of the State payments for retirement contributions for employees of a local school system in accordance with the provisions of Division II of the State Personnel and Pensions Article; and
- (ix) Funding for supplemental grants under this subsection.

(2) (i) For fiscal years 2009 and 2010 only, the State shall provide a supplemental grant to a county board that does not receive at least a 1% increase in State financial assistance for public education over the amount received by the county board in the previous fiscal year.

(ii) The supplemental grant under this paragraph shall be the amount necessary to increase a county board's State financial assistance for public education by 1% over the amount received by the county board in the previous fiscal year.

(3) For fiscal year 2011 and each fiscal year thereafter, a county board shall receive a supplemental grant equal to the amount the county board received under paragraph (2) of this subsection in fiscal year 2010.

(f) *Adjustments for regional differences.* -

(1) In this subsection, "GCEI adjustment" means the foundation program for each county multiplied by:

- (i) 0.000 in Allegany;
- (ii) 0.018 in Anne Arundel;
- (iii) 0.042 in Baltimore City;
- (iv) 0.008 in Baltimore;
- (v) 0.021 in Calvert;
- (vi) 0.000 in Caroline;
- (vii) 0.014 in Carroll;

- (viii) 0.000 in Cecil;
- (ix) 0.020 in Charles;
- (x) 0.000 in Dorchester;
- (xi) 0.024 in Frederick;
- (xii) 0.000 in Garrett;
- (xiii) 0.000 in Harford;
- (xiv) 0.015 in Howard;
- (xv) 0.010 in Kent;
- (xvi) 0.034 in Montgomery;
- (xvii) 0.048 in Prince George's;
- (xviii) 0.011 in Queen Anne's;
- (xix) 0.002 in St. Mary's;
- (xx) 0.000 in Somerset;
- (xxi) 0.000 in Talbot;
- (xxii) 0.000 in Washington;
- (xxiii) 0.000 in Wicomico; and
- (xxiv) 0.000 in Worcester.

(2) To the extent funds are provided in the State budget for the grants under this subsection, in addition to the State share of the foundation program, each county board may receive a grant to reflect regional differences in the cost of education that are due to factors outside of the control of the local jurisdiction.

(3) Subject to paragraph (4) of this subsection, the amount of the grant to each county board under this subsection shall equal the GCEI adjustment for the county board multiplied times:

- (i) 0.50 in fiscal year 2006;
- (ii) 0.62 in fiscal year 2007;
- (iii) 0.74 in fiscal year 2008;
- (iv) 0.86 in fiscal year 2009; and
- (v) 1.00 in fiscal year 2010 and each fiscal year thereafter.

(4) For any fiscal year, if sufficient funds are not provided in the State budget to fully fund the grants provided under this subsection, the grant to each county board under this subsection shall equal the amount determined under paragraph (3) of this subsection multiplied by a fraction:

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- (i) The numerator of which is the amount provided in the State budget to fund the grants; and
- (ii) The denominator of which is the sum of the amounts calculated under paragraph (3) of this subsection for all the county boards.
- (g) *Social Security contributions for county board or local school system employees.*- Any employer Social Security contributions required by federal law for any employee of a county board or local school system shall remain the obligation of the employer.
- (h) *Supplemental retirement allowance in Montgomery County.*-

(1) The Montgomery County Board shall provide from the Montgomery County Public Schools Employees' Pension System Trust the supplemental retirement allowance required under paragraph (2) of this subsection.

(2) (i) The Montgomery County Board, through the Montgomery County Public Schools Employees' Pension System Trust, shall pay a supplemental retirement allowance to an employee of the County Board who retires on or after July 1, 1999, as a member of the Teachers' Pension System of the State of Maryland.

(ii) The supplemental retirement allowance shall equal the product of the member's years of creditable service earned in the Montgomery County Public Schools Employees' Pension System times the sum of:

1. 0.08% of the retiree's average final compensation that does not exceed the Social Security integration level; and
2. 0.15% of the retiree's average final compensation that exceeds the Social Security integration level.

[An. Code 1957, art. 77, §§ 128A, 128B; 1978, ch. 22, § 2; chs. 419, 420; 1979, ch. 407; ch. 423, § 1; 1980, ch. 531; 1981, ch. 2, § 3; ch. 114; ch. 774, § 1; 1982, ch. 17, § 7; chs. 693, 746, 806, 888; 1983, ch. 69; 1984, ch. 85, § 1; 1985, chs. 122, 223; 1986, chs. 123, 484, 580; 1987, ch. 11, § 1; ch. 277; 1988, ch. 6, § 1; 1989, ch. 5, § 1; 1990, ch. 217; 1992, 1st Sp. Sess., ch. 1, § 7; 1992, 2nd Sp. Sess., ch. 1; 1993, ch. 5, § 1; 1994, ch. 606; 1995, ch. 3, § 1; 1996, ch. 77; ch. 175, § 1; 1997, ch. 635, § 9; ch. 636, § 9; 1999, ch. 632; 2000, ch. 61, § 1; ch. 80, § 2; 2002, ch. 121; ch. 288, § 2; 2003, ch. 21, § 1; 2004, ch. 430, § 1; 2005, ch. 444, § 8; 2007 Sp. Sess., ch. 2, § 2.]

13A.02.05.04

.04 Waiver of Maintenance of Effort Requirement.

A. Procedure.

(1) Beginning with fiscal year 1998, in order to qualify for a maintenance of effort waiver for a fiscal year, a county shall make a request for a waiver to the State Board of Education by April 1 of the prior fiscal year.

(2) The waiver request shall be in writing and shall be received by the Department between January 1 and March 31 of the prior fiscal year. The county shall send to the local board of education a copy of the waiver request.

(3) The written request shall include the following:

(a) The amount the county proposes to appropriate to its school operating budget and the amount the county is required to appropriate to meet the maintenance of effort requirement;

(b) Information detailing the county's projected fiscal condition for the fiscal year the waiver is being requested and the current fiscal year, as well as information regarding the county's revenue stream from property tax, income tax, other taxes, and other revenue streams;

(c) If applicable, information regarding statutory prohibitions for raising revenues;

(d) Copies of the county's three most recent audited financial statements;

(e) The county's projected expenditure plan for the fiscal year in which the waiver is requested, as well as the current fiscal year expenditure plan; and

(f) Additional information in support of the waiver request as the county considers necessary.

(4) The State Board may request additional information from the county as it considers necessary.

B. Public Hearing.

(1) Upon receipt of the waiver request, the State Board shall schedule a public hearing.

(2) Notice of the public hearing shall include the time allotment for oral presentation.

(3) The State Board may identify and call upon expert witnesses.

C. Standard for Granting a Waiver.

(1) The State Board's decision on whether to approve or deny in whole or in part a waiver request shall be based on a determination that the county's fiscal condition significantly impedes the county's ability to fund the maintenance of effort requirement.

(2) The State Board may consider the following:

(a) External environmental factors such as a loss of a major business or industry;

(b) Tax bases;

(c) Rate of inflation relative to growth of student population; and

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(d) Maintenance of effort requirement relative to the county's statutory ability to raise revenues.

(3) The county has the burden of proof by a preponderance of the evidence.

(4) The State Board shall issue its written decision to the county, with a copy to the local board, within 45 days from receipt of the written request, but no later than May 15.

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March 31, 2009

Mr. James H. DeGraffenreidt, Jr.
President
Maryland State Board of Education
200 West Baltimore Street
Baltimore, Maryland 21201

Dear Mr. DeGraffenreidt:

Pursuant to Section 5-202(d)(7) of Maryland Code, Education Article, Montgomery County hereby requests a waiver from the State's Maintenance of Effort (MOE) requirement as defined under Section 5-202(d)(1)-(6). The basis for this request is that the County's fiscal condition significantly impedes us from funding the MOE requirement without seriously impairing other County services, including public safety, services to the most vulnerable residents, post-secondary education, library and recreation services, and other vital locally funded public programs.

As defined under the Education Article, the County's local funding obligation for K-12 Public Education in FY10 would be \$1,529,554,447 in order to maintain per pupil spending constant at \$11,249 (as defined under the Education Article). The County Executive's Recommended FY10 Operating Budget includes local funding of \$1,454,702,161, a difference of \$74,852,285 from the amount required under the Education Article. However, given that the Maryland General Assembly is considering additional reductions in local aid that could be more than \$50 million for Montgomery County and could severely impact local services, we are requesting a waiver in the amount of \$94,852,285. In requesting this amount for the waiver, we are committed to not reducing any educational programs recommended by the Montgomery County Board of Education in its FY10 Recommended Budget.

We are also committed to appropriating local funding that, when combined with State education aid for Montgomery County Public Schools (MCPS), is no less than \$1,929,265,335, and to appropriating exclusively for public school purposes all mandated State and Federal aid, including all grants that are received.

This is the first time that Montgomery County has requested such a waiver. With the exception of FY92, when Maryland permitted a State-wide waiver of the MOE requirement, Montgomery County has not only met the MOE requirement, but significantly exceeded it. In the last ten years Montgomery County has increased its local contribution to K-12 Education by

over \$710 million to over \$1.5 billion. This represents an 86.6 percent increase in local funding – an average annual increase of 6.4 percent – which has enabled us to reduce class size, raise test scores, and meet the needs of the growing number of students eligible for FARMS and ESOL services. During the same period, student enrollment grew by only 7.8 percent. This represents a substantial and ongoing local commitment to investing this County's taxpayer funds in educating our children. In addition, the County's FY09-14 Approved Capital Improvements Program (CIP) budget includes over \$1.2 billion in locally supported funding for school construction, renovation, information technology, and other capital improvements in support of K-12 public education.

In addition to the County's local contribution to MCPS, the County Government also funds over \$37 million to operate several programs in support of the Public Schools' mission, including:

- School Safety: providing 177 Crossing Guards with seven Police Officer positions in support, at a cost of \$5.3 million;
- School Safety: providing 31 Police Officers as Educational Facility Officers assigned to 25 Public High Schools and two Middle Schools, at a cost of \$3.8 million;
- School Health: Providing 318 positions including nurses and health room technicians, at a cost of \$19.8 million;
- Wellness: Funding for various wellness programs, including School Suspension programs; reading, tutoring and mentoring programs; Infant and Toddlers programs; and Pre-Kindergarten programs, at a cost of \$3.5 million; and
- Linkages to Learning: providing early intervention services to students and families of elementary and middle school communities with the highest indicators of poverty to address non-academic issues that may interfere with a child's success at school, at a cost of \$4.9 million.

In developing the County's FY10 operating budget, Montgomery County was faced with closing a budget shortfall of nearly \$600 million. The causes of this serious shortfall were the national economic recession and the continuing international crisis in credit markets. Since May 2008, when the County Council approved the FY09 operating budget, the County has revised its FY09 and FY10 revenue projections downward by over \$340 million due to reductions in income, transfer, and recordation tax revenue, investment income, and State Highway User Aid. This revenue loss is nearly 10 percent of our total annual tax supported revenues. Attached is a copy of the County's latest review of economic indicators. In addition, some pertinent facts provided below indicate how the recession has impacted Montgomery County residents and led to this sharp decrease in revenues:

- Since December 2007, Montgomery County's unemployment rate has increased by 84 percent to 4.6 percent in January 2009. This is the highest level of unemployment in Montgomery County since 1990.
- Resident employment has been stagnant since calendar year 2006, with no increase in resident employment, despite the entry of thousands of residents into the job market.

- Home sales have declined 17.8 percent in 2008, 23.4 percent in 2007, and 20.5 percent in 2006.
- Average home sale prices have declined 11.9 percent in 2008. The most recent residential assessments plummeted 16.3 percent.
- The value of new residential construction (~\$400,000,000) in CY2008 was the lowest since 1999.

These economic factors have dramatically affected the County's revenue collections for income, transfer, and recordation taxes. Moreover, the Federal Reserve rate cuts have reduced projected FY10 investment income by nearly 60 percent.

To close the budget deficit, produce a balanced budget, and fund essential services including K-12 Education, the County Executive and the County Council have made a number of significant budget reductions for FY09, and the County Executive has also recommended major reductions for FY10, including the following:

- Total mid-year FY09 reductions of \$48.8 million in Montgomery County Government, Montgomery College, the Maryland-National Capital Park and Planning Commission, and MCPS;
- Total FY10 reductions of \$130.4 million across the same four agencies;
- The abolishment of nearly 400 positions in Montgomery County Government, with nearly half of these positions filled;
- The elimination of all General Wage Adjustments for all employees across all agencies of local government;
- The elimination of the planned \$25 million increase in pre-funding of retiree health insurance;
- A reduction of \$50 million in current revenue funding to the capital budget; and
- A reduction in the County's reserve of nearly \$40 million.

If the County were required to fund the additional \$94.8 million local contribution, it would mean even deeper reductions in locally funded services, at a time when local crime rates are rising and the need for emergency assistance for individuals and families in crisis is steeply increasing.

Montgomery County has benefited in several ways from funding received or expected to be received from the Federal Fiscal Stabilization Act and the American Recovery and Reinvestment Act of 2009. In FY10, MCPS will receive \$6.1 million for Title I programs for disadvantaged children and \$15.3 million for Individuals with Disabilities Education Act (IDEA) programs. The Title I funding will be used to add three schools to receive Title I funding and add eight new full-day Head Start classes, so that all Title I schools that have Head Start classes can offer full-day Head Start classes. The Title I funding will also allow recipient schools to restore teacher positions to reduce class size, support reading and mathematics intervention, and provide ESOL support. The IDEA funding will allow for the restoration of reductions originally proposed for

the FY10 budget, including 20.5 special education teachers, five secondary intensive reading teachers, and tuition for students in non-public placement, special educational instructional materials. The IDEA funding will also allow the addition of hours based staffing at 15 additional middle schools, technology to implement the Universal Design for Learning program, and other program improvements. The additional funding from the Title I grants and IDEA grants, however, are targeted grants for specific purposes and does not represent general aid. While a portion of this funding will allow MCPS to restore certain positions and activities that may have otherwise been eliminated in the FY10 budget, this aid generally did not have a positive or negative impact on meeting the State MOE requirement.

In addition, on February 20, 2009, Governor O'Malley announced more than \$720 million of funding for Maryland public education resulting from the American Recovery and Reinvestment Act. Under the Governor's plan, every school district in Maryland will be made whole and the Geographic Cost of Education Index (GCEI) will be funded at 100 percent for the first time. For Montgomery County this meant an increase of \$21.6 million in funding. The Governor's proposal also included restoration of proposed reductions in supplemental grant and non-public placement funding to local school systems. For Montgomery County, this meant an increase of \$4.8 million in funding. The anticipated receipt of this funding in the FY10 budget allowed the County to limit the amount of this waiver request by approximately \$26.4 million.

While we are still exploring other formula funding and competitive grant opportunities under the ARRA, Montgomery County Government and other local public agencies expect to receive approximately \$36 million in funding for a variety of specific purposes, including transportation projects, bus replacement, workforce training, energy projects, public safety equipment, housing, weatherization, emergency shelter grants, Community Development Block Grants, homelessness prevention, and Community Services Block Grants. Since this funding is targeted for specific purposes and frequently carries standard Federal non-supplantation requirements, it cannot be used to supplement the County's local contribution or provide capacity for Montgomery County to increase its local contribution for K-12 schools.

We are confident that granting this waiver request will not adversely affect the quality of our local public schools. In fact, the County Executive's recommended budget for FY10 would fund nearly 99 percent of the Montgomery County Board of Education's request. The only recommended reductions are to additional funding increases requested for certain benefit funds, including additional pre-funding for retiree health insurance (\$12.3 million), the employee health insurance benefit fund (\$7.1 million), and the MCPS Employees' Retirement and Pension Systems Plan (\$4.3 million). These reductions can be made without affecting the existing level of benefits for these employees.

In addition, as you are aware, the State has recently revised downward its own revenue estimates for FY09 and FY10 by over \$1 billion. This has very troubling implications for Montgomery County and other subdivisions across the State because of impending reductions in local aid formulas that may be necessary to produce a balanced budget for the State. Further

reductions in local aid will require Montgomery County to identify additional programmatic and service reductions to its own residents to maintain a balanced and sustainable budget.

Montgomery County's ability to raise further revenue from additional local taxes has two major constraints. First, Section 305 of the Montgomery County Charter (see attached) requires the unanimous vote of the nine members of the County Council to increase real property tax revenue beyond the rate of inflation (less new construction and other minor categories). We do not support such an increase in the property tax rate, since it would impose an additional burden on families and businesses during this difficult economic time, and also given the fact that the County exceeded the limits imposed by Section 305 of the Charter in FY09 (an increase of 13 percent). Second, Montgomery County's income tax rate is currently at the State-allowed maximum rate, 3.2 percent.

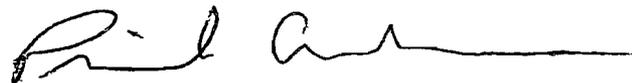
In closing, we want to stress that education, especially K-12 Education, is one of the most important priorities of Montgomery County. We are very proud of the accomplishments of our Public School system in reducing class size, significantly improving test scores, and preparing our children to be productive, well-educated, and responsible citizens. We are committed to investing the resources necessary to achieve these important results for our County and the State.

However, the severity and duration of the current economic recession and the consequent reduction in revenues leave us no responsible choice except to temporarily reduce the County's local contribution. The Montgomery County Board of Education leadership, working collaboratively with the County Executive and County Council, is aware of this waiver application, and will recommend support for the waiver provided that the funds for educational programs recommended by the Montgomery County Board of Education are not reduced. We urge the State Board of Education to approve this request with all deliberate speed in view of the County's fast-approaching budget deadlines. Thank you for your consideration.

Sincerely,



Isiah Leggett
Montgomery County Executive



Phil Andrews, President
Montgomery County Council

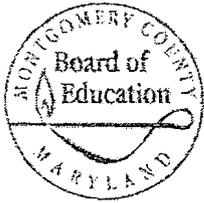
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- c: Anthony South, Executive Director, Maryland State Board of Education
Montgomery County Council
Shirley Brandman, President, Montgomery County Board of Education
Jerry D. Weast, Ed.D, Superintendent, Montgomery County Public Schools
Richard S. Madaleno, Jr., Senator, District 18
Brian J. Feldman, Delegate, District 15

Attachments:

- Tax Supported Current Revenue FY09-FY10¹
- March Revenue Update FY08-10 Reflecting County Executive Recommended Budget
- Revenues: Excerpt from County Executive's Recommended FY10 Operating Budget
- Section 305 of the Montgomery County Charter: Approval of the Budget; Tax Levies
- Comprehensive Annual Financial Reports (Audited) FYs 2006-2008
- County Executive's Recommended FY10 Operating Budget
- Approved Montgomery County Operating Budget FY2009
- Supplemental Information on County Fiscal Condition for FY09 and FY10:
 - Presentation of Economic Indicators: Montgomery County Economic Indicators (Montgomery County Department of Finance, prepared March 2009)
 - FY09 Operating Budget Issues, Memo from County Executive Isiah Leggett to Council President Michael J. Knapp, September 4, 2008
 - FY09 Savings Plan, Memo from County Executive Isiah Leggett to Council President Michael J. Knapp, November 13, 2008
 - County Council Approval of FY09 Savings Plan, November 25, 2008
 - Fiscal Plan Update, Memo from County Executive Isiah Leggett to Council President Michael J. Knapp, December 1, 2008
 - FY09 and FY10 Required Budget Actions, Memo from County Executive Isiah Leggett to County Government Department Heads, December 17, 2008

¹ Additional information on County Revenue Streams can be found in the County Executive's Recommended FY10 Operating Budget pages 5-1 to 5-22 and 72-1 to 72-20.



MONTGOMERY COUNTY BOARD OF EDUCATION

850 Hungerford Drive ♦ Rockville, Maryland 20850

April 7, 2009

Mr. James H. DeGraffenreidt, Jr., President
Maryland State Board of Education
200 West Baltimore Street
Baltimore, Maryland 21201

Dear Mr. DeGraffenreidt:

This letter is the Montgomery County Board of Education's response to the Maintenance of Effort (MOE) waiver request that was submitted to you on March 31, 2009. Pursuant to Section 5-202(d)(7) of the Annotated Code of Maryland, Education Article, Montgomery County Executive Isiah Leggett and Montgomery County Council President Phil Andrews have requested a waiver from the State's MOE requirement, as defined under Section 5-202(d)(1)-(6). The basis for their request is that the county's fiscal condition prevents it from funding the MOE requirement without seriously impairing other county services. The Board has not taken a formal position because it will not have had an opportunity to meet prior to the April 10, 2009, deadline for submitting a response. However, we recognize that the unprecedented economic difficulties faced by the county, state, and nation have required the county to request this waiver.

The *American Recovery and Reinvestment Act of 2009* (ARRA) has provided the state with \$26.2 million that otherwise would have been reduced from the state aid due to Montgomery County. Compared to FY 2009, Montgomery County Public Schools (MCPS) expects to receive in FY 2010 approximately \$71 million in additional state aid. This is \$27 million more than was anticipated when the Board of Education adopted its FY 2010 budget request. MCPS also expects to receive \$24.2 million in state aid it was shortchanged by error in FY 2009. These additional revenues allow the Board's requested budget to be funded even if the MOE waiver is approved. However, if final action on the budget by the General Assembly reduces the amount of state aid for MCPS, the requested waiver amount must be reduced by a similar amount.

Montgomery County has informed the Board of Education that because of the serious economic downturn, it faces a budget shortfall of almost \$600 million. MCPS staff has received information about the county economy and revenue projections, as outlined in the county's waiver request, and has worked closely with county staff to review economic and revenue data.

Discussions were held by MCPS staff, county executive staff, and the County Council prior to March 31, 2009, regarding the need for the waiver and the content of the letter requesting the waiver. Although the Board of Education was not able to take a formal position on this waiver

request, we are recommending support of this request as long as a number of important conditions are met. This conditional support was communicated to Mr. Leggett and Mr. Andrews. The following conditions were shared with them, and it was made clear that our support is contingent on these conditions being agreed to by the Maryland State Board of Education:

1. With the possible exception of pre-funding of retirees health insurance, as explained below, the budget recommended by the County Executive on March 17, 2009, is supported and fully funded by the County Council. This total amount of \$2,128,410,168, including \$1,975,499,903 in the tax-supported Current Fund, preserves our budget and avoids the waiver causing any further cuts to an already reduced budget.
2. The Board receives support and full funding for the plan submitted to the county executive and County Council for use of the additional Title I and *Individuals with Disabilities Education Act* (IDEA) funds that we have been allocated as part of the federal stimulus funding. There will be no attempt to use these funds to supplant local funds that have been used to support these programs this year.
3. This is a one-year waiver. For FY 2011, the required level of appropriation by the county shall be based on the local appropriation for FY 2009.

The Board of Education's budget request for next year, FY 2010, contains an increase of only \$64 million over FY 2009, excluding the additional federal stimulus funds for Title I and IDEA. In the county executive's recommendations for the MCPS FY 2010 Operating Budget, this amount was reduced by \$24 million. We believe this reduction can be made because this action would reduce our contribution to health and retiree trust funds that were requested in anticipation of increases that will be needed in FY 2011, including the increase in the contributions to the Other Post-Employment Benefits (OPEB) Fund for health coverage for our retirees. This is not an easy decision to make. We have made progress over the past two years in complying with GASB 45 and beginning to phase-in contributions to pre-fund retirees' health insurance, but these are unusual times and difficult decisions have to be made. These reductions will not impact our educational programs. Therefore, our tax-supported budget increase would be only 2 percent, despite the fact that we will have 2,800 more students.

We were able to accomplish this because of the extraordinary commitment and contributions of our employees. Our unions agreed to renegotiate their agreements with the Board of Education, and our employees have agreed to forego their cost-of-living increases, which will save the school system \$89 million in FY 2010. In addition to these reductions, we made \$30 million of budget reductions and savings in next year's budget. Also, we saved \$20 million this year as a result of a position freeze and comprehensive expenditure restrictions. These savings from FY 2009 will be available to fund next year's budget. These extraordinary contributions to

address the current fiscal crisis are in addition to more than \$50 million of reductions in the FY 2009 Operating Budget that had to be made last spring.

Having made all of these significant reductions in our operating budget, it is not possible to make further cuts to our educational programs or to our employees next year. If the county executive and County Council decide to make further reductions of close to \$20 million, as has been suggested in their increase in the waiver amount to \$94 million, these additional reductions must only come from contributions to pre-fund OPEB for our retirees. Any further reductions cannot impact educational programs or our employees because of the serious effect such reductions would have on the children in our schools.

The Montgomery Board of Education took swift action to approve a plan for use of the federal stimulus funds for Title I and IDEA. Within a week of President Obama's signing into law the ARRA, we approved the use of these additional funds to address the needs of some of our students who are most impacted by poverty and our special education population. Included in this action was the restoration of \$5 million of reductions that previously had been proposed for FY 2010. It is essential that these additional federal funds be used to help those students that ARRA was intended to support. This is a critical condition for our support of the waiver. This is an opportunity that we cannot lose because the county may want to use these funds for other purposes.

Finally, it is critical that this waiver be for one year only and that the base budget for the purposes of calculating maintenance of effort for FY 2011 is not the FY 2010 amount. MCPS, like other school systems in Maryland, has made tremendous progress during the past six years as a result of the additional state aid provided through Bridge to Excellence funding. Although we are fully aware of the difficult financial situation we face as a result of the economic downturn in the country, we cannot agree to lose the progress that has been made. Seven years ago, the debate was not whether the Thornton recommendations were the right thing to do for the students in Maryland, but rather what amount of funding was needed to help our schools succeed. This is why our support is contingent on this waiver being for one year only and the level of appropriation by the county for 2011 must be based on the local FY 2009 appropriation.

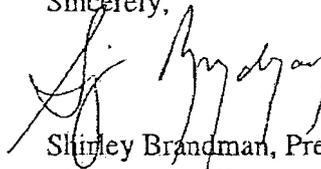
The one unanswered question remaining to be addressed has to do with the amount of the waiver being requested and the assurance that we will not lose any funds for our educational programs or our employees. We need to make certain that we all have the same understanding when the State Board of Education makes its decision.

It should be emphasized that our agreement with the MOE waiver request for this year should not be viewed as a precedent for future waivers. The current economic crisis and the resulting federal stimulus funds represent a unique combination of events that are unlikely to recur. The Board of Education believes that the MOE requirement is an important foundation for local

support for education. We are pleased that county leaders have reaffirmed the high priority of education for Montgomery County.

Understanding that our Board of Education has not had time to discuss and take a position on this request, we would recommend support of the county's request for the MOE waiver so long as the conditions described above are included in the action of the Maryland State Board of Education. On behalf of the Board of Education of Montgomery County, we reserve the right to supplement these comments following any additional consideration by the local Board. Please let us know if you have questions or need additional information.

Sincerely,



Shirley Brandman, President
Montgomery County Board of Education



Patricia O'Neill, Vice President
Montgomery County Board of Education



Jerry D. Weast, Ed.D., Superintendent of Schools
Secretary, Montgomery County Board of Education

SB:vnb

Copy to:

Mr. Leggett

Mr. Andrews

Members of the Montgomery County Council

Members of the Board of Education

Members of the Montgomery County Legislative Delegation

DISCUSSION/ACTION
8.0Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 23, 2009

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools 

Subject: FY 2010 Operating Budget Amendments

Executive Summary

On February 9, 2009, the Board of Education adopted its FY 2010 Operating Budget Request totaling \$2,130,659,836. On February 17, 2009, President Barack Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009. This bill will provide significant federal aid to Montgomery County Public Schools (MCPS) in addition to the amount anticipated in the Board of Education's FY 2010 Operating Budget Request. The additional revenue for MCPS will include \$6.1 million in FY 2010 for Title I and \$15.3 million for the Individuals with Disabilities Education Act (IDEA) grant. Amendments to the operating budget are required to reflect the additional grant funding in the new law. The amendments include additional support for the Title I program for disadvantaged students and for the IDEA program for special education students. A brief description of each amendment follows. In addition, Attachment A includes the specific amendments that are being recommended. The Board's adoption of the operating budget amendments is recommended.

Federal Stimulus Package

Although the potential revenue from the federal stimulus package for MCPS is not yet fully known, the United States Congress has now issued specific estimates for additional support included in the ARRA law for Title I and IDEA. MCPS is estimated to receive an additional \$6,100,000 for both FY 2010 and FY 2011 for Title I and \$15,343,500 for each year for IDEA. This is a total of \$21,443,500 in grant revenue in FY 2010 in addition to the preliminary estimates for these programs included in the Board's budget request. The budget amendments recognize this additional revenue, but more federal aid is likely to become available later this year from other aspects of the ARRA provisions.

Title I

The law provides a total of \$13.0 billion for Title I programs nationwide for disadvantaged children, which is expected to increase the MCPS allocation by approximately \$12.2 million over two years. MCPS is estimated to receive \$6,100,000 in FY 2010. The use of this funding

Members of the Board of Education

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February 23, 2009

must comply with existing Title I requirements. All current Title I schools will continue to receive federal funding, including Rosemont Elementary School, which otherwise might be removed from Title I. I recommend that two new schools be added because of the high level of poverty at those schools: Brown Station and Watkins Mill elementary schools. This will cost \$1.7 million. A total of \$553,000 will permit the addition of eight new full-day Head Start classes so that all Title I schools that have Head Start classes can offer full-day Head Start services. I also recommend increasing the per-pupil allocation for all 30 Title I schools from \$1,943.11 per student to \$2,372.05 per student at a cost of \$3.8 million. Schools will be able to restore teacher positions to reduce class size, support reading and mathematics intervention, and provide ESOL support. They also will be able to restore paraeducator positions to support the instructional program. Finally, \$61,000 will be set aside as required by law for family involvement programs at all Title I schools.

IDEA

The law provides \$11.8 billion to increase funding of the Individuals with Disabilities Education Act (IDEA) for special education nationwide, which will increase the MCPS allocation by \$30.6 million over two years. MCPS is expected to receive half this amount in FY 2010. The federal government has long fallen short of its original commitment to fund 40 percent of the excess costs of special education. It now provides only about half of this amount. MCPS currently receives only 10 percent of its instructional special education expenditures from IDEA. This additional aid also includes the current requirement that 15 percent of the IDEA grant be devoted to the prevention of disproportionate identification of students for special education services based on race and ethnicity. MCPS uses this part of its IDEA grant to fund a variety of programs, including early childhood programs, professional development, and diversity training. This provision applies to the new funding, requiring a set aside of \$2.3 million for early intervention services to reduce disproportionality. I recommend that this funding should be used for expansion of the Positive Behavior and Intervention Support (PBIS) program (\$148,000) and for funding prekindergarten services currently funded with tax-supported resources (\$2.1 million). The latter makes available \$2.1 million to restore tax-supported operating budget reductions that were made in the Board's budget request and remain in compliance with federal grant requirements.

Other additional IDEA support will restore reductions made in the FY 2010 Operating Budget for the Home School Model, including 20.5 special education teacher positions (\$1.4 million), 5.0 secondary intensive reading teachers (\$337,000), tuition for students in non-public placement (\$1.0 million), and special education instructional materials (\$150,000) and will add hours-based staffing at 15 additional middle schools (\$4.5 million), greenhouses at Stephen Knolls and Rock Terrace centers (\$80,000), mini-grants to schools for co-teaching planning (\$300,000), equipment for students who are deaf and hard of hearing or have visual impairments (\$73,700), psychological assessment materials (\$117,000), additional professional development in differentiated instruction and co-teaching (\$539,000), curriculum assessment modification (\$620,000), reading and mathematics interventions (\$300,000), assistive playground equipment at three schools with large numbers of preschool special education students (\$240,000), funds for substitute teachers for Individualized Education Program (IEP) annual reviews (\$150,000),

Members of the Board of Education

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February 23, 2009

technology to implement the Universal Design for Learning (UDL) program (\$2.5 million) and a technical adjustment to add IDEA-related employee benefits because of higher contribution rates for the Maryland State retirement program and other benefits cost increases (\$700,000).

Restoration of Reductions

The addition of federal grant revenue also offers an opportunity to restore some of the budget reductions with the greatest classroom impact without any increase in the total tax-supported budget. This is consistent with the goal of the federal law to permit restoration of program reductions. I recommend that a total of \$2.1 million in grant revenue that is available by increasing the amount of IDEA disproportionality funds for prekindergarten services be used to restore some of the budget reductions previously made by the Board of Education. The restorations include:

- 3.0 coordinator positions in the Middle School Magnet Consortium (\$92,000)
- 18.0 academic intervention teachers, including positions for the Middle School Magnet Consortium schools (\$1.271 million)
- 5.5 staff development or reading teacher positions at elementary schools with less than 350 students (\$346,000)
- 2.0 counselor positions (\$150,000)
- Supplies and materials funding (\$131,698)
- Supporting services employee training (\$156,000)

Recommended Resolution

WHEREAS, The Board of Education adopted the FY 2010 Operating Budget Request of \$2,130,659,836 on February 9, 2009; and

WHEREAS, President Barack Obama signed the American Recovery and Reinvestment Act of 2009 on February 17, 2009, which will provide significant federal aid to Montgomery County Public Schools in addition to the amount anticipated in the Board of Education's FY 2010 Operating Budget Request; and

WHEREAS, The additional revenue for MCPS will include \$6.1 million in FY 2010 for Title I and \$15.3 million for the Individuals with Disabilities Education Act grant for special education; and

WHEREAS, The additional revenue can provide for the expansion of Title I services for low-income students and Individuals with Disabilities Education Act services for special education students, and restore budget reductions with significant classroom impact without an increase in the tax-supported budget; now therefore be it

Resolved, That the Board of Education approve amendments to the FY 2010 Operating Budget Request for Title I, Individuals with Disabilities Education Act, and to restore budget reductions by a total of \$21,443,500; and be it further

100

Members of the Board of Education

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February 23, 2009

Resolved, That the Board of Education adopt the FY 2010 Operating Budget as amended totaling \$2,152,103,336, as follows:

Category	Board of Education Adopted Operating Budget	Amendments	Amended Budget Request
1 Administration	\$41,809,677		\$41,809,677
2 Mid-level Administration	135,191,093		135,191,093
3 Instructional Salaries	849,721,014	\$6,530,420	856,251,434
4 Textbooks and Instructional Supplies	31,631,123	399,422	32,030,545
5 Other Instructional Costs	15,032,681	47,900	15,080,581
6 Special Education	270,554,584	9,784,690	280,339,274
7 Student Personnel Services	11,153,748		11,153,748
8 Health Services	41,002		41,002
9 Student Transportation	92,752,198	13,800	92,765,998
10 Operation of Plant and Equipment	118,534,406	54,698	118,589,104
11 Maintenance of Plant	34,961,236		34,961,236
12 Fixed Charges	472,925,088	4,612,570	477,537,658
14 Community Services	208,495		208,495
37 Instructional Television Fund	1,581,608		1,581,608
51 Real Estate Fund	2,651,095		2,651,095
61 Food Services Fund	47,821,972		47,821,972
71 Field Trip Fund	2,314,716		2,314,716
81 Entrepreneurial Activities Fund	1,774,100		1,774,100
Total	\$2,130,659,836	\$21,443,500	\$2,152,103,336

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FY 2010 OPERATING BUDGET AMENDMENT - February 23, 2009

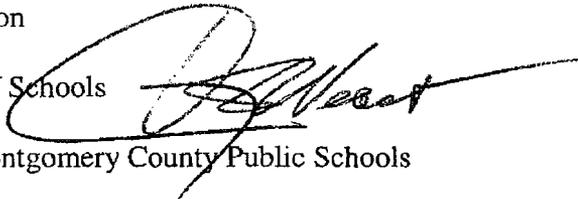
Item	Positions	Amount
Title I Additional Revenue:		
Increase Number of Title I Schools from 27 to 30	18.475	\$ 1,715,777
Increase Full-Day Head Start Classes From 13 to 21	5.400	553,466
Family Involvement - 30 Schools (1% Set Aside)	1.125	61,000
Increase Per Pupil Allocation by \$428.94	40.825	3,769,757
Subtotal	65.825	6,100,000
IDEA Additional Revenue:		
Hours Based Staffing - 15 Additional Middle Schools	82.423	4,503,867
Home School Model - Restore Teacher Positions	20.500	1,415,220
Restore Secondary Intensive Reading Teachers	5.000	336,911
Restore Reduction for Tuition for Students in Nonpublic Placements		1,000,000
Employee Benefits for IDEA Positions - Technical Adjustment		700,000
Greenhouses for Stephen Knolls and Rock Terrace		80,000
Mini-Grants to Schools for Co-Teaching Planning		300,000
Equipment for Students - Deaf and Hard of Hearing & Visual Impairments		73,700
Psychological Assessment/Scoring Equipment and Materials		117,110
Modify Curriculum Assessments		620,000
Reading and Math Interventions		300,000
Playground Equipment for Preschool Age Students		240,000
Restore Special Education Materials		150,000
Substitutes for IEP Annual Reviews		150,000
Technology to Support Universal Design for Learning		2,522,292
Professional Development - Differentiated Instruction/Co-Teaching		539,400
PBIS Training - Early Intervening Services		147,624
Early Childhood Services - Early Intervening Services	24.000	2,147,376
Subtotal	107.923	15,347,300
Total Revenue Increase	199.748	21,443,300
Restore Reductions:		
Academic Intervention Teachers, Including Positions for MSMC	18.000	1,271,376
MSMC Coordinators		92,035
Staff Development and Reading Teachers in 11 Smallest Elementary Schools	5.500	346,467
Supplies and Materials		131,698
Supporting Services Training		155,800
Counselors	2.000	150,000
Subtotal	25.500	2,147,376
Total Budget Items	223.248	23,590,376
Reduction of Tax-Support Budget Items:		
Early Childhood Services - Early Intervening Services	(24.000)	(2,147,376)
TOTAL BUDGET CHANGE	199.748	\$ 21,443,500

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

April 1, 2009

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools 

Subject: Federal Stimulus Revenue for Montgomery County Public Schools

On February 17, 2009, President Barack Obama signed the *American Recovery and Reinvestment Act of 2009* (ARRA). This economic stimulus measure will provide significant federal aid to Montgomery County Public Schools (MCPS). On February 23, 2009, the Board of Education adopted its FY 2010 Operating Budget Request, including federal grants anticipated from the ARRA law—\$6.1 million for Title I and \$15.3 million for *Individuals with Disabilities Education Act* (IDEA). This memorandum provides an update on the status of the new law as it applies to MCPS.

Background

In addition to new revenue, estimated to include \$12.2 million over two years (FY 2010 and FY 2011) for Title I and \$30.7 million for the IDEA grant for special education, there are many provisions that may apply to MCPS or offer opportunities for obtaining other federal grants. Staff is exploring these provisions in cooperation with other county agencies. A summary of potential federal aid for education, as issued by the Maryland State Department of Education (MSDE), is attached.

At this time, the federal government and the state of Maryland have yet to release complete detail or formulate guidance for the administration of many of the grant programs included in the new legislation. As this information is released, MCPS will have a better idea of the amount of potential additional revenue and the timetable for grant applications. MCPS is working cooperatively with other county agencies and departments through the Interagency Steering Committee to prepare for prompt responses to funding opportunities as they become known. Most of these opportunities are for additional funding for existing grants and will be made available through current procedures. This simplifies the process, because most of the rules and criteria are already well known. However, because there may be short application deadlines once grant procedures are announced, it is important to be ready to act quickly and have program plans ready to move forward once grant awards are made.

In addition, we have been informed that the reporting and accountability requirements for programs funded by the federal stimulus will be significantly greater than those for previous federal grants. The county has established a committee to interpret and respond to these requirements. Following is a brief description of the current status of federal stimulus programs that may affect MCPS.

Title I

The law provides a total of \$13.0 billion for Title I programs for disadvantaged children, which is expected to increase the MCPS allocation by approximately \$12.2 million over two years. The budget amendments adopted by the Board expand the number of Title I elementary schools from 27 to 30, including Rosemont, Watkins Mill, and Brown Station elementary schools. An amendment also expands the full-day Head Start program to eight new classes and increases the per-pupil allocation in all Title I schools to \$2,372, an increase of approximately \$429 per student, pending final allocation of the base grant for FY 2010. This new funding will largely follow existing Title I requirements.

IDEA

The law provides \$11.8 billion to increase funding of IDEA programs (special education). The federal government has fallen short of its original commitment to fund 40 percent of special education costs. It now provides only about half of this amount. MCPS currently receives only 10 percent of its instructional special education expenditures from IDEA. The new law would increase federal aid to MCPS by \$30.7 million (60 percent). This additional aid also includes the current provision that requires 15 percent of the IDEA grant to be devoted to the prevention of disproportionate identification of students for special education services, based on race and ethnicity. MCPS uses this part of its IDEA grant to fund a variety of programs, including early childhood programs and diversity training, to reduce disproportionality. This provision applies to the new funding.

State Fiscal Stabilization Fund

Maryland is expected to receive about \$900 million over two years for fiscal stabilization. The purpose of the fiscal stabilization aid is to avoid reductions in state and local spending and to restore cuts made as a result of the recession. The funds are allocated directly to states. Governor Martin O'Malley has proposed to use these funds to avoid reductions in education formula (Thornton) aid to local school districts and to maintain state contributions to teacher retirement. At this time, it appears that MCPS will not receive any of this aid directly. However, this approach helps Montgomery County, because MCPS is scheduled to get the bulk of state education aid formula increases in FY 2010.

Technology—Title II-D, Technology Grants

The law includes \$650 million for Title II-D, Technology grants. Maryland is expected to receive \$8.5 million. MCPS currently receives \$183,000 annually for this program. We would expect a significant increase as a result of the new law. Funds will be distributed according to existing formulas. This program provides curriculum development and professional development to support student and teacher technology literacy.

Infants and Toddlers

The law includes \$500 million for the IDEA Infants and Toddlers grant. MCPS receives \$875,000 annually for this grant through the Montgomery County Department of Health and Human Services. Maryland's allocation of additional funds is estimated at \$7.5 million. Initial distribution will be made following the issuance of guidelines.

Head Start

The law appropriates an additional \$1.0 billion for Head Start and \$1.1 billion for Early Head Start programs. The Head Start funding will add to the existing program. MCPS receives Head Start funding as a contractor through the Montgomery County Department of Health and Human Services, the official grantee for Montgomery County. Because funding for this program has been level for several years, it has not kept up with increasing costs of the program. Hopefully, the additional funding can help relieve this shortfall. Provisions related to Early Head Start, a competitive grant, are not yet clear.

Medicaid

The new law increases the proportion of federal reimbursement for state Medicaid expenditures. It also extends until July 1, 2009, the existing moratorium on changes in federal rules governing Medicaid reimbursement. This is important to MCPS because it maintains the existing reimbursement for case management services for MCPS students receiving special education services. It will be necessary to track this provision to make sure that before July 1, 2009, the rules are revised to assure equal treatment of special education students benefiting from Medicaid.

Competitive Grant Opportunities

The new legislation includes considerable funding for competitive grants which will provide opportunities to MCPS. Some are tied to our educational mission, and others would affect our operations. It is expected that application deadlines will occur very soon, so it is important to begin preparatory work promptly. In education, competitive grant opportunities include Title VII-B, McKinney-Vento Assistance for Homeless Students (\$70 million); Teacher Incentive Fund (\$200 million); grants for state and local educational innovation (\$650 million); state

incentive grants to reward states for closing the achievement gap (\$4.3 billion); and a variety of other grants discussed below.

In addition to competitive grants in education, funding in other parts of the law may potentially be available for some MCPS activities, either singly or in collaboration with other county agencies. Opportunities may include energy efficiency and renewable energy, homeland security planning, workforce development, transportation, and environmental protection. Information on these opportunities and how they may be accessed is being gathered.

Incentive Grants—“Race to the Top”

The law includes \$4.3 billion in competitive incentive grants to encourage education reform efforts in school districts having difficulty meeting the requirements of the *No Child Left Behind Act* (NCLB). The first phase of these grants will be distributed in December 2009 to states. The criteria for these grants include the encouragement of efforts to improve the distribution of highly qualified teachers, improve the collection and use of longitudinal data on student performance, improve standards and assessment tools, and generally help schools struggling to meet NCLB requirements. Half of these funds will be distributed to local school districts and the other half may be awarded to non-profit organizations. Because MCPS has had great success in meeting state achievement standards, it appears less likely that MCPS will qualify for a large share of these funds, but this determination will await the issuance of specific guidance. Grant application procedures were posted on March 9, 2009, but no deadline for applications has been set. Initial awards are expected in December 2009.

Innovation Grants—“Invest in What Works”

The law includes \$650 million in competitive innovation grants for local school districts or consortia of school districts. The grants are to be awarded to districts that have shown evidence of closing the achievement gap or that can serve as models for other districts to close achievement gaps. MCPS would appear to have a good opportunity to receive a significant share of these funds, depending on the specific criteria to be issued. No deadline for these grants has been announced.

State School Improvement Grants

There is \$3 billion for new State School Improvement Grants to be awarded to schools in need of extra support to reach Adequate Yearly Progress (AYP) goals under NCLB. MCPS will be competing for its share of these grants.

McKinney-Vento Homeless Assistance

The law includes \$70 million to expand the McKinney-Vento Homeless Assistance grant. This program provides tutoring and other academic support for homeless students. MCPS currently receives \$75,000 annually for this program. It is awarded competitively to local school districts based on the number of homeless students enrolled. This funding should provide additional support for the program, although the growth of homelessness statewide has reduced the amounts received by MCPS in previous years.

Impact Aid Construction

The law provides formula and competitive grants for districts receiving federal impact aid for modernization and energy efficiency projects at schools. Based on income criteria, Montgomery County will not be eligible for any competitive grants, but it may receive some support from formula grants.

YouthBuild

The law includes an additional \$50 million for YouthBuild, a program that serves youth who have dropped out of school and reenrolled in an alternative school program. It is a competitive grant. MCPS has not previously received a YouthBuild grant, but there may be an opportunity to submit an application in partnership with Montgomery College and non-profit organizations.

Teacher Incentive Fund

The law includes \$200 million for the Teacher Incentive Fund. This competitive grant program provides grants to local school districts to encourage innovative compensation programs to recruit and retain teachers. Funds are expected to be awarded in the fall of 2009. MCPS staff plans to apply for this grant through a partnership with the Montgomery County Education Association, Montgomery County Association of Administrative and Supervisory Personnel, and SEIU Local 500.

School Lunch Equipment Assistance

The law includes \$100 million for National School Lunch Program Equipment Assistance to buy cafeteria equipment in schools with high levels of students on free and reduced-price meals. Maryland is expected to receive \$1.3 million, and MCPS should qualify for approximately \$100,000, depending on the criteria. This will help fund the purchase of needed replacement equipment in schools.

School Construction Financing

The law excludes funding for school construction projects; however, it does include some measures that may expand locally funded capital projects. The bill has a variety of tax provisions aimed at reducing debt service costs for state and local governments, which may allow them to borrow more in the private market or borrow at lower rates. For example, the law provides tax credit bonds that allow financing of school construction and may reduce interest rates on debt. Governments also may receive direct federal payments of tax credits in lieu of issuing tax exempt bonds. These provisions will require considerable analysis and review. The Montgomery County Department of Finance is taking the lead on this program with MCPS staff participation.

Supplantation and Maintenance of Effort

As the new law is reviewed, there will be extensive discussion of supplantation or maintenance of state and local effort. In some respects, the new law continues the existing practice that bars supplantation. Other provisions are new to this law and may require detailed interpretation. Considerable interpretive latitude is left to the United States Secretary of Education.

Additional support for existing programs, such as Title I and IDEA, follows the current supplantation provisions in those laws. In general, federal supplantation rules prohibit states or school districts from using federal funds to provide educational services for qualifying students or schools that are provided generally to other students or schools with local resources. The federal aid must be used for extra services. This is different from state supplantation rules that prevent local districts from using state resources for services previously provided with local resources.

The new law assumes that in the absence of additional federal support, states "that have experienced a precipitous decline in financial resources" because of the economic situation would reduce aid to education or other services. The state fiscal stabilization aid is meant mainly to restore or avoid reductions rather than to add new services. This is a significant change from prior law. Therefore, the law empowers the United States Secretary of Education to waive requirements for maintaining local effort. However, Section 14012 (c) provides that "the Secretary shall not grant a waiver or modification under this section unless the Secretary determines that the State or local educational agency receiving such waiver or modification will not provide for elementary and secondary education, for the fiscal year under consideration, a smaller percentage of the total revenues available to the State or local educational agency than the amount provided for such purpose in the previous fiscal year." This is designed to protect local districts from having the additional federal funds transferred for noneducational uses. However, it will take considerable interpretation to understand and enforce this provision.

The law also allows local districts to treat additional funds as if they were local funds in meeting state maintenance of effort requirements, including for IDEA. Thus, if a local district must reduce its spending and violate state maintenance of effort formulas, the federal aid can backstop local money to meet state requirements.

Next Steps

The county government has established a collaborative process for assessing the impact of the new law and coordinating grant applications to maximize Montgomery County's opportunities for funding. The Interagency Steering Committee meets weekly and includes representatives of all county agencies. MCPS also is included in relevant interagency work groups to pursue competitive grants. The governor's office has held technical support meetings to make agencies aware of required procedures and deadlines.

I will continue to keep you informed of further developments as the provisions of the federal stimulus are more completely understood. If you have any questions, please call Mr. Larry A. Bowers, chief operating officer, at 301-279-3626 or Dr. Marshall Spatz, director, Department of Management, Budget, and Planning, at 301-279-3547.

JDW:vnb

Attachment

Copy to:
Executive Staff

Maryland State Department of Education

Preliminary Analysis: American Recovery and Reinvestment Act (ARRA)

Program	National Appropriation	Estimated Maryland Allocation	Fund Availability	Application	Fund Expiration	Additional Information
Title I-A Grants to States	\$10 Billion	\$136,436,011 ^a	50% available late March 2009; Remainder available Sept/Oct 2009	No new application required for first 50%; To receive remainder, State must submit, for USDE review and approval, an amendment to its Consolidated Application that addresses how it will meet the recordkeeping and reporting requirements of the ARRA.	Available for obligation until 9/30/11	\$5 billion through targeted grants (Sec. 1125); \$5 billion through incentive grants (Sec. 1125a). To states and LEAs by formula. Each LEA will be required to file with the SEA a school-by-school listing of per-pupil educational expenditures from State and local sources during the 2008-2009 academic year, no later than December 1, 2009. Each SEA will report that information to USDE by March 31, 2010. Congressional intent that 40% be directed to middle and high schools. Secretary has indicated a preference for extended time in school (extended day, Saturday, extended year, etc.).
Title I-A School Improvement Grants	\$3 Billion	\$40,652,000 ^b	Beginning in Fall 2009	Conditioned upon receipt of further information that will be outlined in future guidance		To states by formula; Competitive to LEAs.
IDEA (Part B); Section 611; Grants to States	\$11.3 Billion	\$200,241,802 ^a	50% available late March 2009; Remainder available Sept/Oct 2009	No new application required for first 50%;	Must be obligated by 9/30/11	To states and LEAs by formula; Amount awarded to states in March should be made available to LEAs by 4/30/09.
IDEA (Part B); Section 619; Preschool	\$400 Million	\$6,922,121 ^a	50% available late March 2009; Remainder available Sept/Oct 2009	No new application required for first 50%;	Must be obligated by 9/30/11	Amount awarded to states in March should be made available to LEAs by 4/30/09.
IDEA (Part C); Infants and Toddlers	\$500 Million	\$7,505,513 ^a	A minimum of 50% available by end of		Must be obligated by 9/30/11	

Program	National Appropriation	Estimated Fiscal Year Allocation	Fund Availability	Application	Fund Expiration	Additional Information
			March as soon as guidelines are issued; Remainder available Sept/Oct 2009			
State Data Systems (IES Grants)	\$250 Million	Competitive	50% June/July 2009; 50% Sept/Oct 2009			For States to develop Longitudinal Data Systems that include postsecondary and workforce information.; Competitive; Guidelines will be posted shortly.
Education Technology State Grants	\$650 Million	\$8,527,644 ^a	50% June/July 2009; 50% Sept/Oct 2009	Conditioned upon receipt of further information that will be outlined in future guidance		½ allocated to LEAs based on Title I formula; ½ allocated as competitive grants.
Homeless Children/Youth	\$70 Million	862,000 ^b	100% Available by end of March 2009			McKinney-Vento Homeless Act. To each State in proportion to the number of homeless students identified by the State during the 2007-2008 school year relative to the number of such children identified nationally during that school year. SEAs shall subgrant to LEAs on a competitive basis or according to a formula based on the number of homeless students identified by the LEAs in the State.
Teacher Incentive Fund	\$200 Million	Competitive	Beginning in Fall 2009	Competitive; Guidelines will be posted shortly.		To LEAs for innovative compensation programs to recruit and retain teachers. These funds shall be expended as directed in the fifth, sixth, and seventh provisos under the heading "Innovation and Improvement" in the Department of Education Appropriations Act, 2008. A portion of the funds shall also be used for a rigorous national evaluation by the Institute of Education Sciences, utilizing randomized controlled methodology to the extent feasible, that assesses the impact of performance-based teacher and principal compensation systems supported by the funds provided in this Act on teacher and principal recruitment and retention in high-



Program	Natural Appropriation	Estimated Funding Increase	Fund Availability	Application	Fund Expiration	Additional Information
						need schools and subjects to teach in low-performing schools
State Fiscal Stabilization Fund (SFSF):	\$53.6 Billion	\$879,800,714 ^a				
1. State Fiscal Stabilization Fund - Education	\$39.5 Billion	\$719,676,984 (81.8%)	Phase 1: 67% Available end of March 2009 – will be distributed within 2 weeks of receipt of an approvable SFSF application; Phase 2: Sept/Oct 2009	Phase 1 Application will be user friendly and must include: (a) Assurances in 4 areas; (b) Baseline Data on current status in the 4 areas; (c) Basic Information on how funds will be used. Phase 2 Application: State Plan detailing strategies for addressing the education reforms in the Assurances; Must also describe how the state is implementing the record-keeping and reporting requirements under ARRA; further guidance forthcoming in near future.		<u>Assurances.</u> (1) <u>Maintenance of effort.</u> (A) <u>Elementary and secondary education.</u> The State will, in each of fiscal years 2009, 2010, and 2011, maintain State support for elementary and secondary education at least at the level of such support in fiscal year 2006. (2) <u>Achieving equity in teacher distribution</u> The State will take actions to improve teacher effectiveness and address inequities in the distribution of highly qualified teachers between high- and low-poverty schools, (3) <u>Improving collection and use of data.</u> The State will establish a longitudinal data system that includes the elements described in the America COMPETES Act. (4) <u>Standards and assessments.</u> The State: (A) will enhance the quality of the academic assessments it administers, (B) will comply with ESEA requirements related to the inclusion of children with disabilities and limited English proficient students in State assessments, the development of valid and reliable assessments for those students, and the provision of accommodations that enable their participation in State assessments; and (C) will take steps to improve State academic content standards and student academic achievement standards consistent with the America COMPETES Act. (5) <u>Supporting struggling schools.</u> The State will ensure compliance with ESEA requirements with respect to schools in improvement.
2. State Fiscal Stabilization Fund - Flex	\$8.8 Billion	\$160,123,730 (18.2%)				

Program	National Appropriation	Estimated Program Allocation	Fund Availability	Application	Fund Expiration	Additional Information
3. State Fiscal Stabilization Fund – Incentive Grants	\$4.35 Billion	Competitive	1 st Round – Dec. 2009 (30%); 2 nd Round – Spring 2010 (70%)			“Race to the Top” funds; To consortiums of states for education reform (50% must be sub-granted to LEAs)
4. State Fiscal Stabilization Fund – Innovation Grants	\$650 Million	Competitive				“Invest in What Works”; \$650 million Competitive to LEAs and non-profits for Innovation;
Child Care Development Block Grant	\$2 Billion	\$24,040,000 ^d (Of which \$1.987 Million is targeted for Quality Expansion and \$1.15 Million for Infants and Toddlers).				
Head Start/Early Head Start	\$2.1 Billion	\$ 7,897,000 ^d				
National School Lunch Program Equipment Assistance	\$100 Million	\$1,299,000 ^d				By formula to state; competitive to LEAs
Vocational Rehabilitation State Grants	\$540 Million	\$6,879,192 ^a	50% available by end of March as soon as guidelines are issued; 50% available Sept/Oct 2009			

Program	National Appropriation	Estimated Federal Allocation	Fund Availability	Application	Fund Expiration	Additional Information
Independent Living Programs	\$140 Million Centers for Ind. Living- \$87.5 Million Older Blind Ind.- \$34.3 Million State Grants for Ind. Living- \$18.2 Million	Centers for Ind. Living- \$1,300,000 ^{a*} Older Blind Ind. Living - \$629,924 ^a State Grants for Ind. Living- \$249,474 ^a *Funding goes directly from USDE to Centers for Ind. Living	37.5% distributed by formula by end of March; 62.5% by competitive grants at a later date;			
School Construction; School Modernization Tax Credit:	\$22 billion					Federal government pays interest through tax credits = \$9.9 billion. May be used for new construction, repairs, modernization. Funds must be spent within 3 years of issuance of bond. \$22 billion (\$11 billion for each of 2009 and 2010). 60% allocated to States based on share of Title I funding. 40% allocated directly to "large" LEAs. (100 LEAs with largest number of children from families in poverty). Up to additional 25 LEAs selected by Secretary of Education.
School Construction; Qualified Zone Academy Bonds (QZABs).	\$ 1.4 billion					\$1.4 billion for 2009 (current amount is \$400 million). \$1.4 billion for 2010. Federal cost = \$1 billion.

a. Source: USDE charts posted 2/18/09

b. Source: CRS charts, 2/13/09

Montgomery County Public Schools

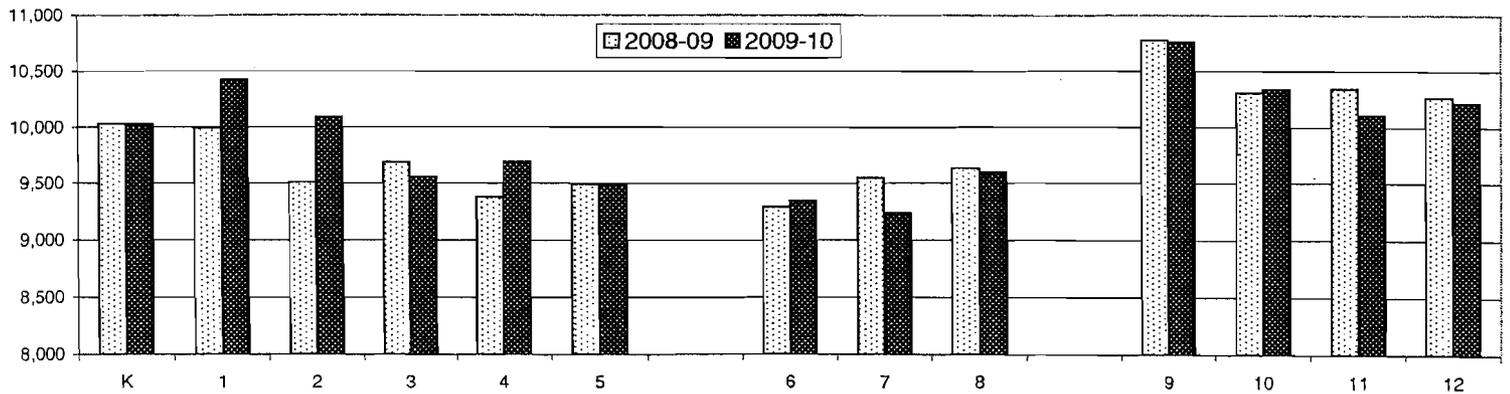
Enrollment Trends

March 3, 2009

Enrollment Change from 2007–08 to 2008–09, and Projected 2009–10

Grade	Official 2007–08 Enrollment	Official 2008–09 Enrollment	One-year Change	Projected 2009–10 Enrollment	One-year Change
K	9,524	10,030	506	10,025	-5
1	9,377	9,989	612	10,421	432
2	9,516	9,510	-6	10,088	578
3	9,305	9,685	380	9,557	-128
4	9,327	9,376	49	9,691	315
5	9,383	9,490	107	9,482	-8
6	9,569	9,291	-278	9,347	56
7	9,423	9,550	127	9,239	-311
8	9,537	9,635	98	9,596	-39
9	10,664	10,776	112	10,760	-16
10	10,392	10,307	-85	10,341	34
11	10,112	10,342	230	10,107	-235
12	10,331	10,265	-66	10,216	-49
K-5	56,432	58,080	1,648	59,264	1,184
6-8	28,529	28,476	-53	28,182	-294
9-12	41,499	41,690	191	41,424	-266
K-12	126,460	128,246	1,786	128,870	624
H.S./PreK	2,432	2,496	64	2,523	27
Spec.Ed.	8,853	8,534	-319	9,107	573
TOTAL	137,745	139,276	1,531	140,500	1,224

MCPS Grade Enrollment Profile: Actual 2008–09 and Projected 2009–10

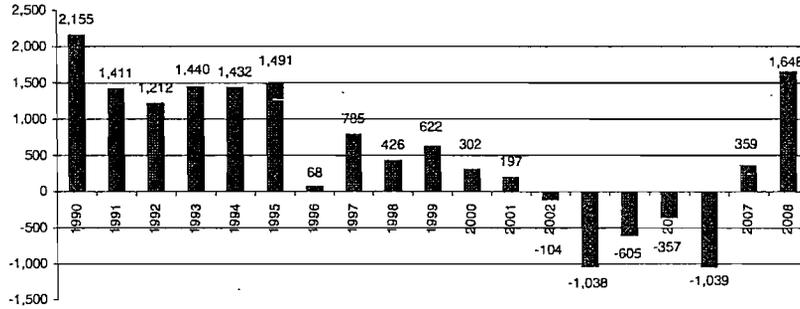


Montgomery County Public Schools Enrollment Annual Change for Grade Groups

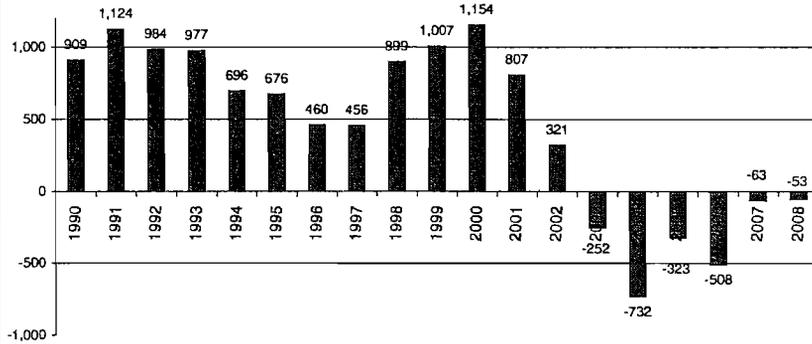
• As the impact of lower births in the 1990s aged through, K-5 enrollment declined. This decline has moved through elementary grades and is reaching secondary school enrollment. Higher births since 2000, and completion of the phase-in of the new K-entry age, are now resulting in increases in K-5 enrollment.

• After a brief dip in 2006 and 2007, total MCPS enrollment increased dramatically in 2008.

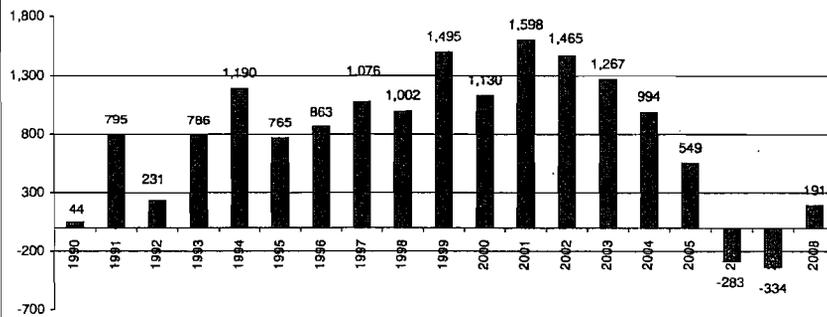
Annual Change in K-5 Enrollment: 1990 - 2008



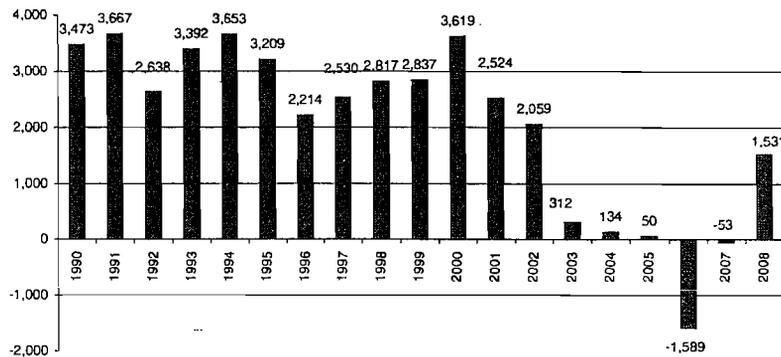
Annual Change in 6-8 Enrollment: 1990 - 2008



Annual Change in 9-12 Enrollment: 1990 - 2008



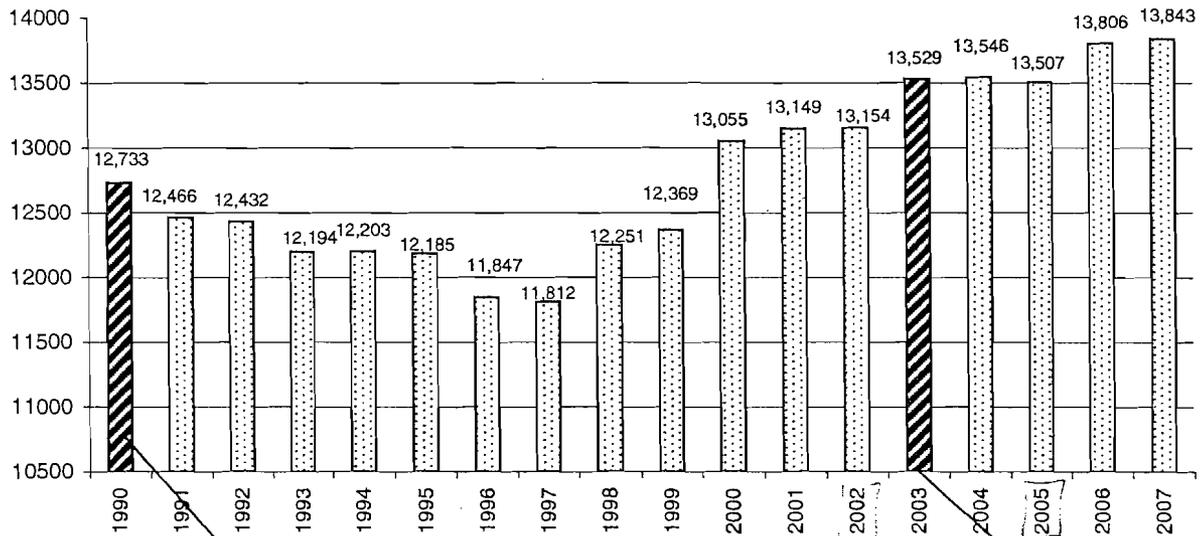
Annual Change in Total MCPS Enrollment: 1990-2008



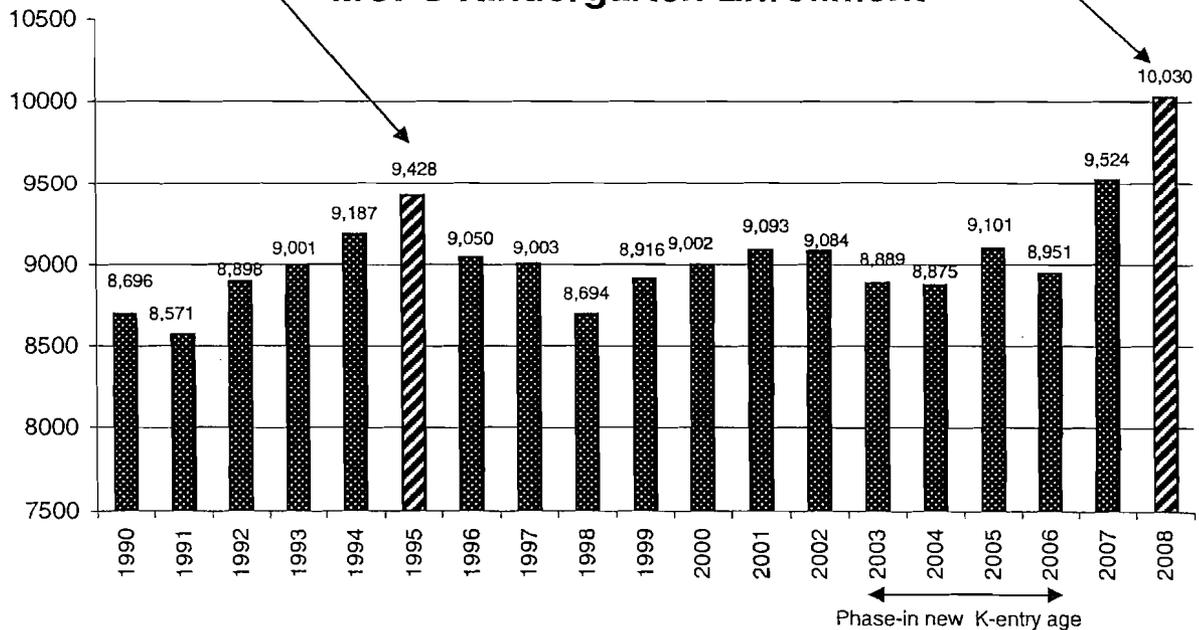
County Births and Kindergarten Enrollment

- * Kindergarten enrollment each year roughly parallels births five years prior. However, a number of intervening factors can alter this relationship. In most years variations in the amount of net migration affects the birth to enrollment relationship.
- * From 2003 to 2006 the phase-in of new kindergarten entry age lowered kindergarten enrollment. In 2007 this phase-in was complete and kindergarten enrollment is now increasing again.
- * County births in 2007 reached an all-time record of 13,843. As higher birth cohorts enter MCPS, elementary school enrollment is projected to increase substantially.

Montgomery County Resident Births



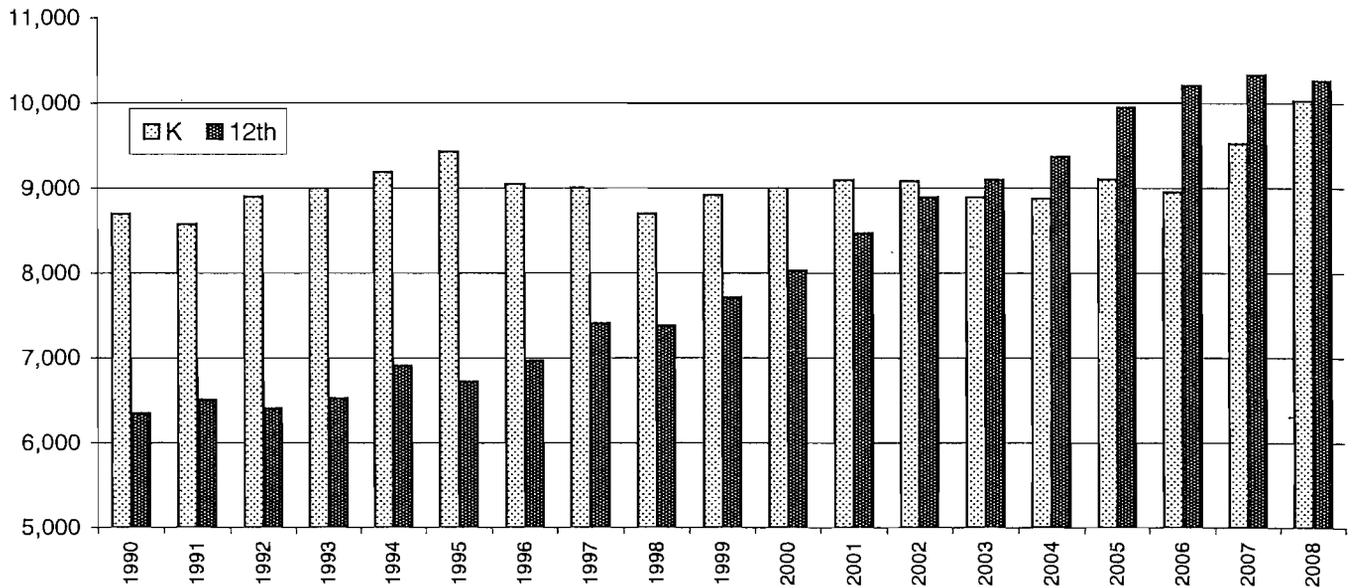
MCPS Kindergarten Enrollment



Natural Increase in Enrollment Difference Between Kindergarten and Grade 12

- * Enrollment change is partly a function of the size of grades aging through the system.
- * In the 1990's the difference between Kindergarten and Grade 12 was at its' greatest. As a result this was the period when total enrollment increased the most as larger entering grades replaced smaller exiting grades.
- * Since 2003, enrollment in Grade 12 has exceeded Kindergarten enrollment. This contributed to a brief dip in enrollment, in 2006 and 2007.
- * Beginning in 2007, the phase-in of the new entry age for Kindergarten was completed. Larger Kindergarten enrollments are now entering the school system. In 2008, Kindergarten enrollment topped 10,000 for the first time.
- * Beginning in 2010, Kindergarten is projected to be larger than Grade 12. This will be a major factor in future MCPS enrollment increases.

Enrollment in Kindergarten and Grade 12 1990 to 2008

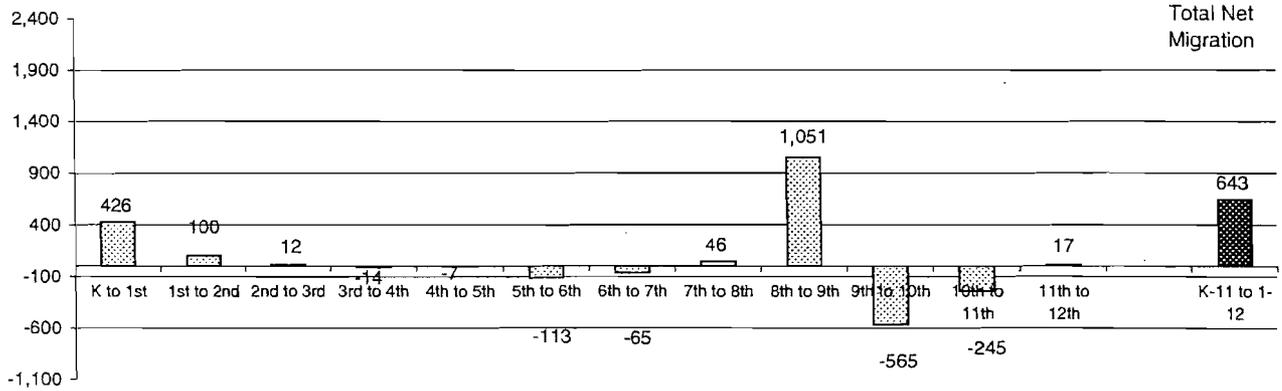


Migration's Impact on Enrollment

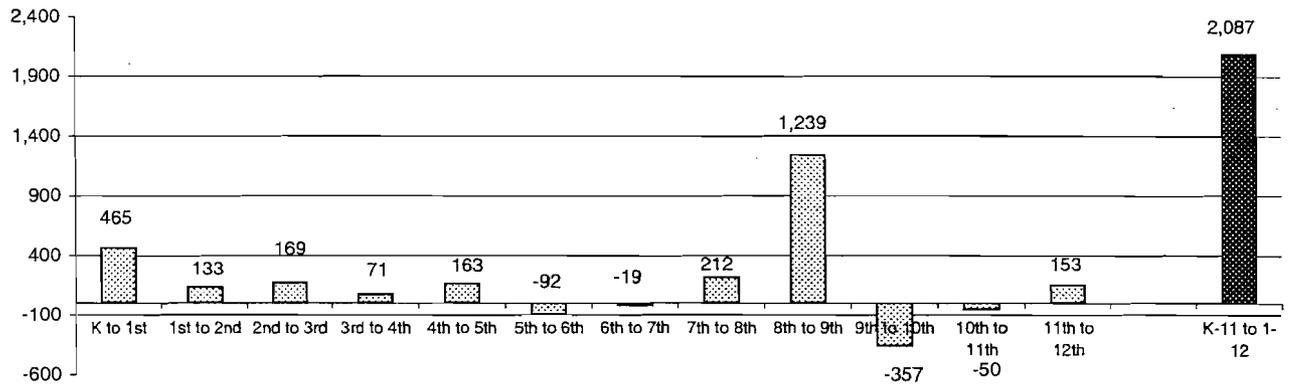
Net Movement into or out of MCPS by Grade Level

- Net migration into and out of MCPS can be seen in the transition between grade enrollments.
- The greatest increases in migration occur into Grades 1 and 9, points at which nonpublic students enter MCPS.
- Retentions in Grade 9 and 10 contribute to the negative numbers seen between Grade 9 and 10, and 10 and 11.
- Net migration from 2007 to 2008 was much higher than in previous years. More entries from private schools, and fewer withdrawals of MCPS students, caused this large amount of increase.

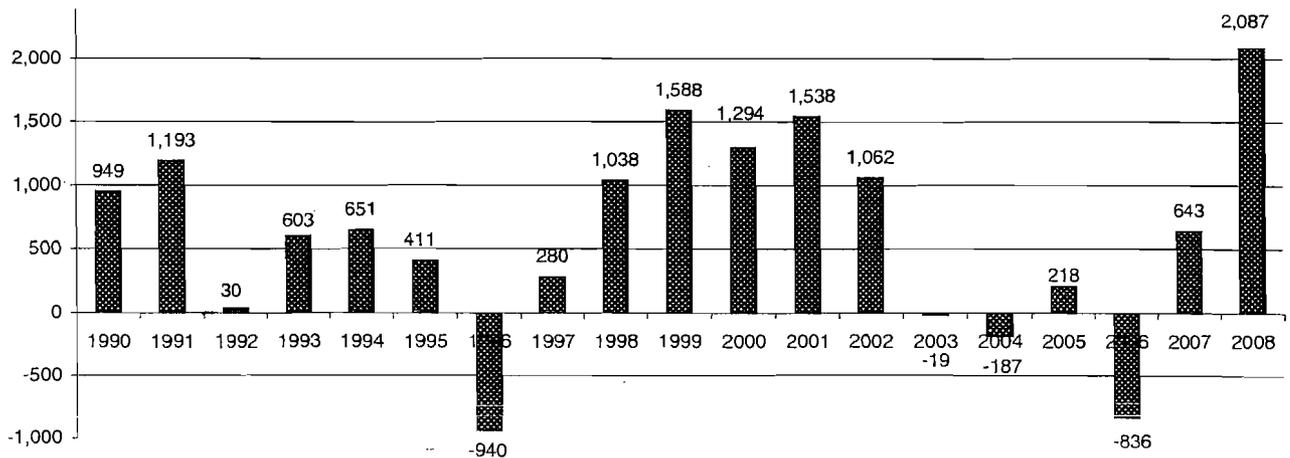
Net Change in Enrollment from One Grade to the Next 2006-07 to 2007-08



Net Change in Enrollment from One Grade to the Next 2007-08 to 2008-09



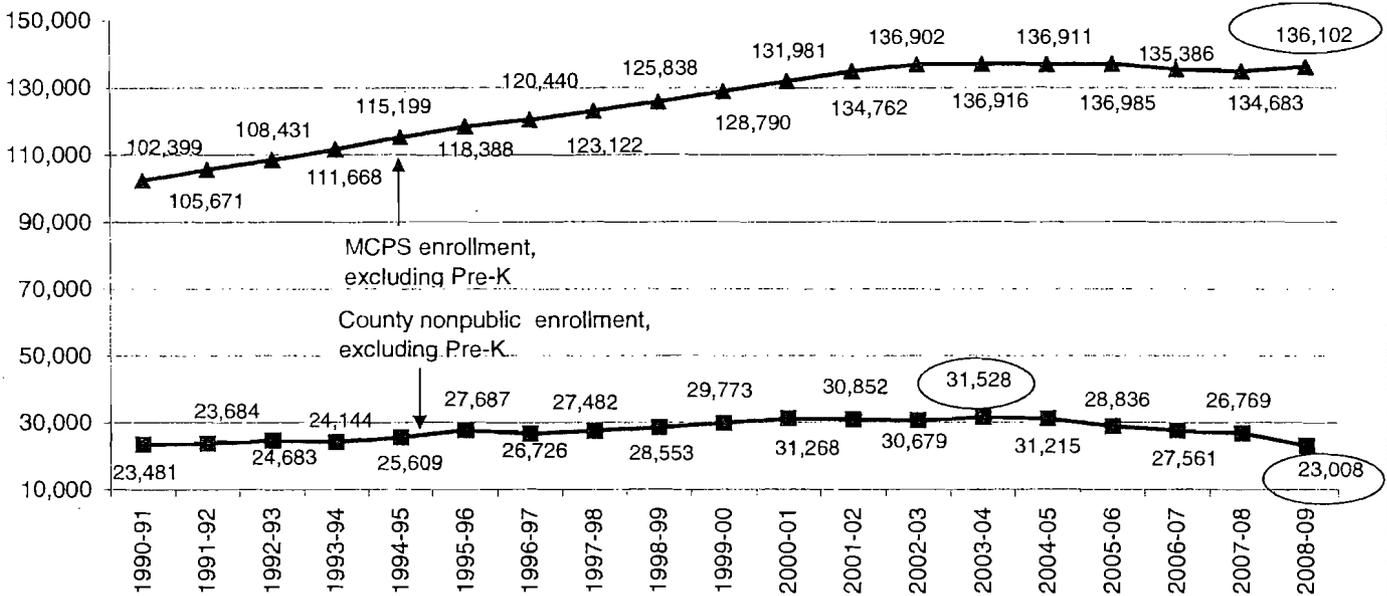
Total Net Migration in Enrollment from K-11 to Grades 1-12 1990 to 2008



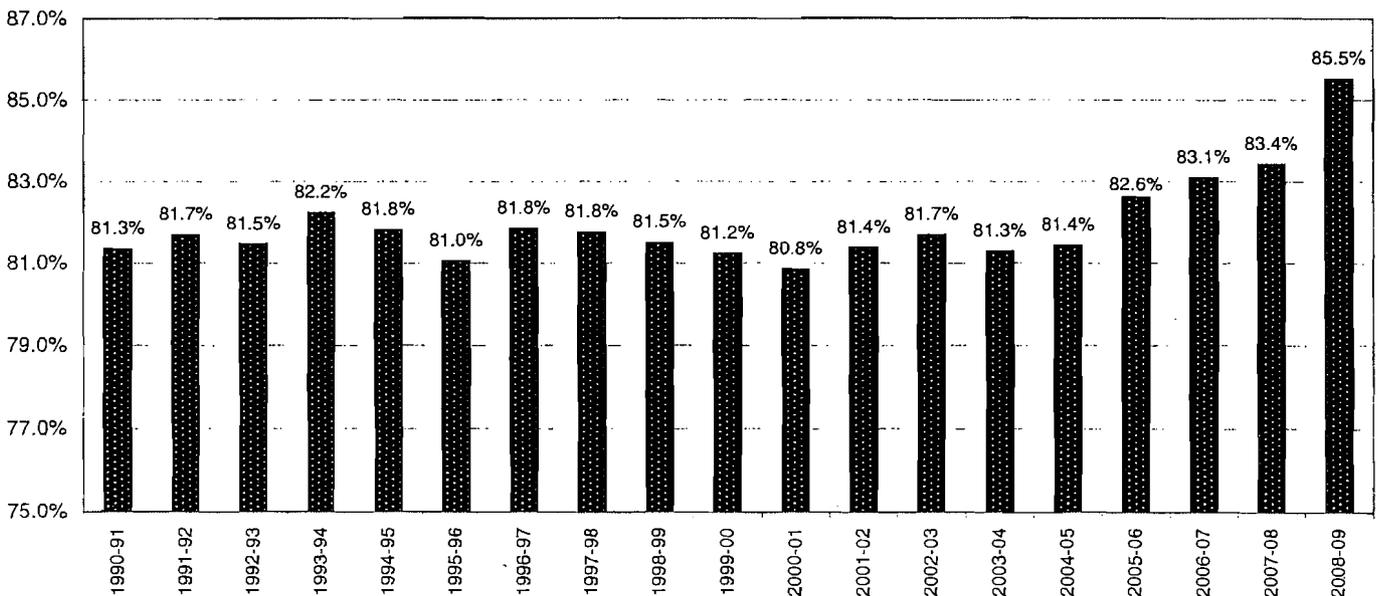
MCPS and County Nonpublic Enrollment Trends

- * MCPS enrollment dipped in 2006 and 2007, but is now increasing again. By 2014, 5,656 more students are projected.
- * County nonpublic enrollment peaked in 2003-04, and since then has decreased substantially— by 8,520 through 2008-09.
- * Most of the decrease in nonpublic enrollment has been in kindergarten and elementary school enrollments.
- * The share of students enrolled in public schools in Montgomery County, compared to students enrolled in nonpublic schools, has increased in the past four years, from 81.4% in 2004 to 85.5% in 2008.

MCPS and Montgomery County Nonpublic Enrollment Excludes Pre-kindergarten



Percent of County Enrollment in MCPS Public Schools

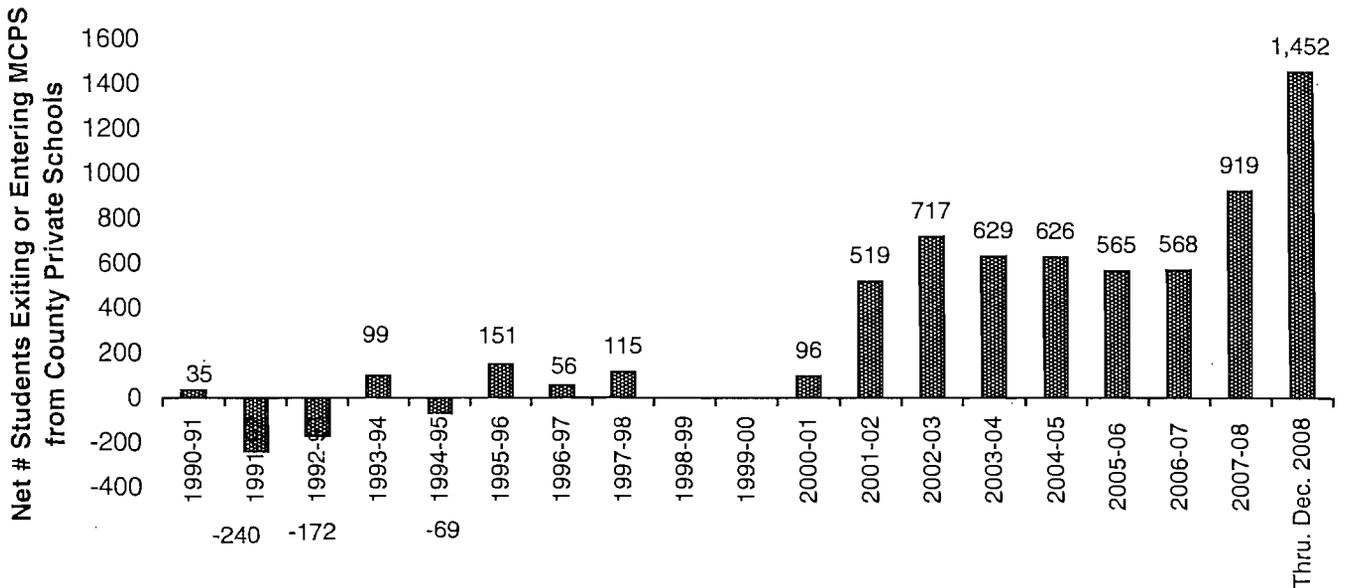


Note: Enrollment reports for nonpublic schools rely on these schools completing surveys from the Maryland State Dept. of Education. In 2008 more nonpublic schools than before did not return surveys. This could mean they are no longer operating, or they simply chose not to report their enrollment to MSDE. In 2007, 25 nonpublic schools in Montgomery County did not report enrollment information to MSDE. In 2008, 132 Montgomery County nonpublic schools did not report enrollment to MSDE.

Trends in Entries and Withdrawals to MCPS from County Private Schools

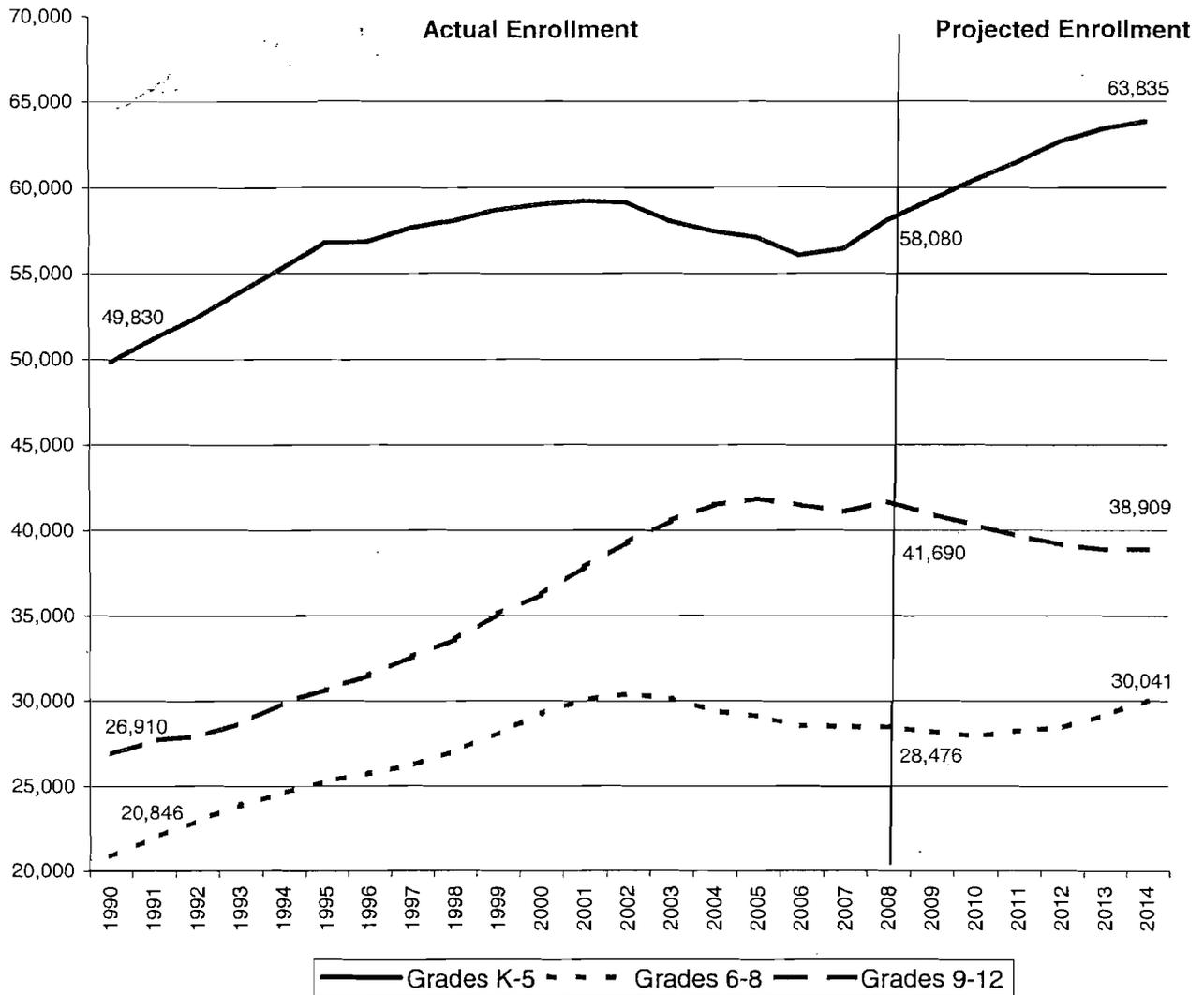
- * Since 2000 MCPS has had a net gain in the number of students enrolling from county private schools.
- * In recent years, about 2,000 students entered MCPS from county private schools and about 1,500 left MCPS to attend county private schools. In 2007-08 net gains from private schools hit an all time high of 919.
- * Higher enrollment than projected in 2008 is partly attributed to even higher numbers of students entering MCPS from county private schools. 2008-09 data is preliminary, only covering the period through Dec. 2008.

Net Losses or Gains in MCPS Enrollment from County Private Schools

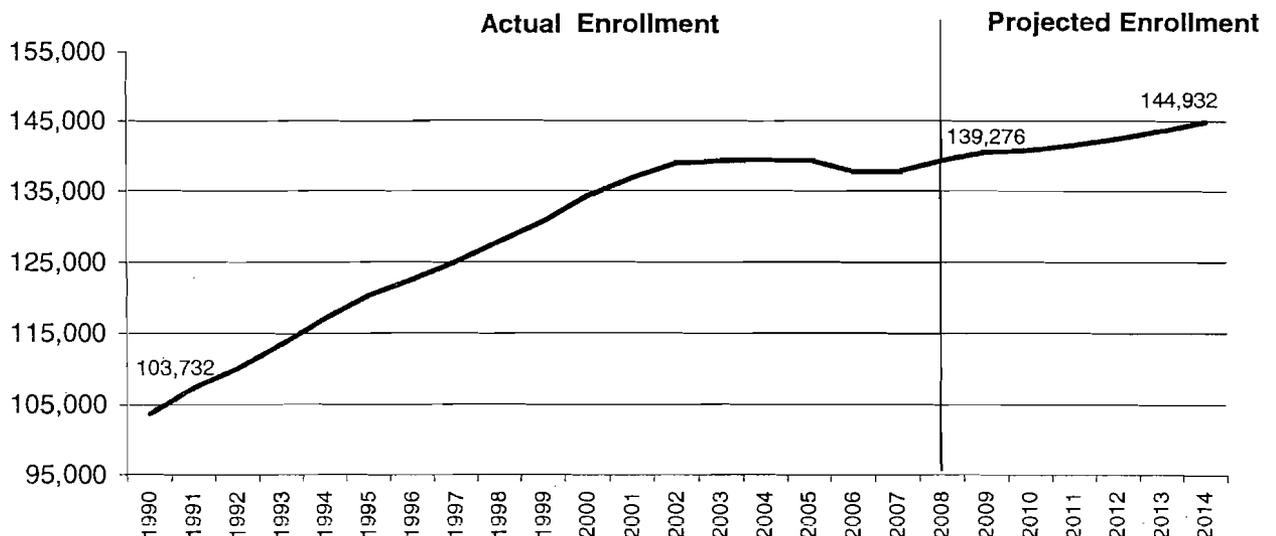


Note; Data is not available for the 1998-99 and 1999-00 school years due to database problems in those years.

MCPS Grade Level Enrollments: Actual 1990-2008 and Projected 2009-14



MCPS Total Enrollment: Actual 1980-2008 and Projected 2009-2014

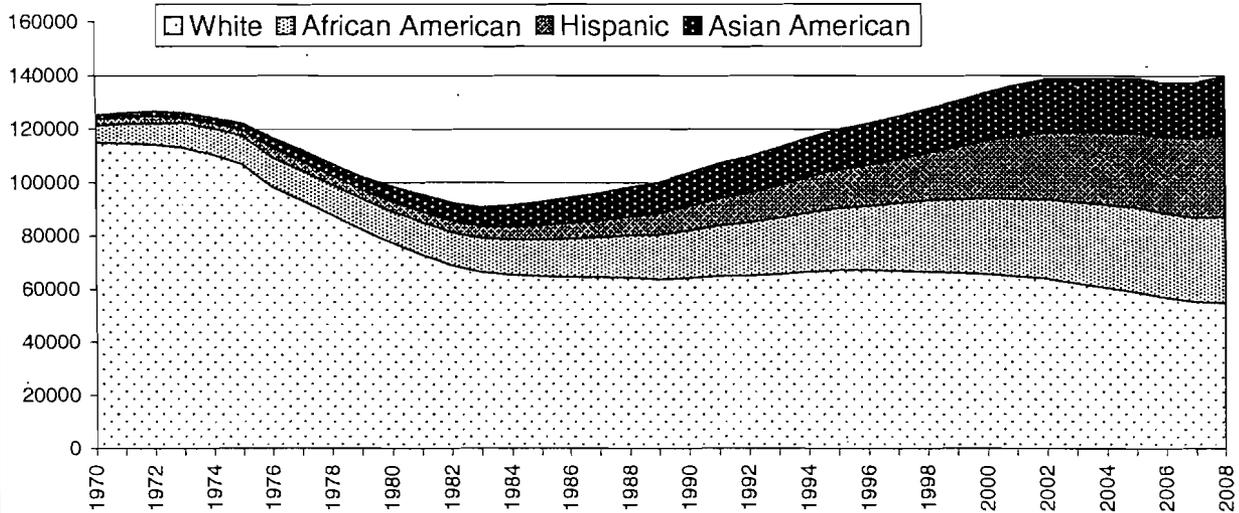


MCPS Race/ Ethnic Trends

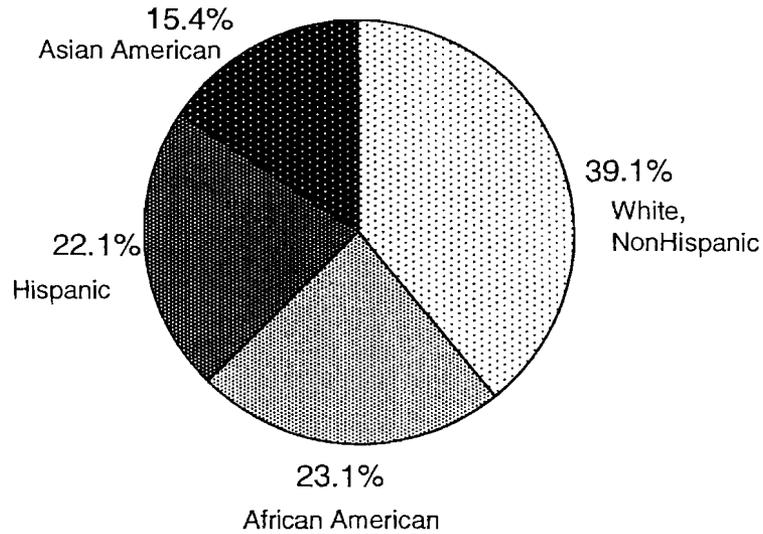
* Between 1970 and 2008 MCPS enrollment has changed from a predominantly White, NonHispanic population to a very diverse population where White, NonHispanic enrollment is only 39.1% of the total.

* Since 1983, when MCPS enrollment reached a low point of 91,030, total enrollment has grown by 48,000. All of this enrollment growth is due to increases in African American, Asian American and Hispanic students.

MCPS Enrollment by Race/ Ethnic Group, 1970 to 2008



MCPS Percent Race/ Ethnic Composition, 2008-09

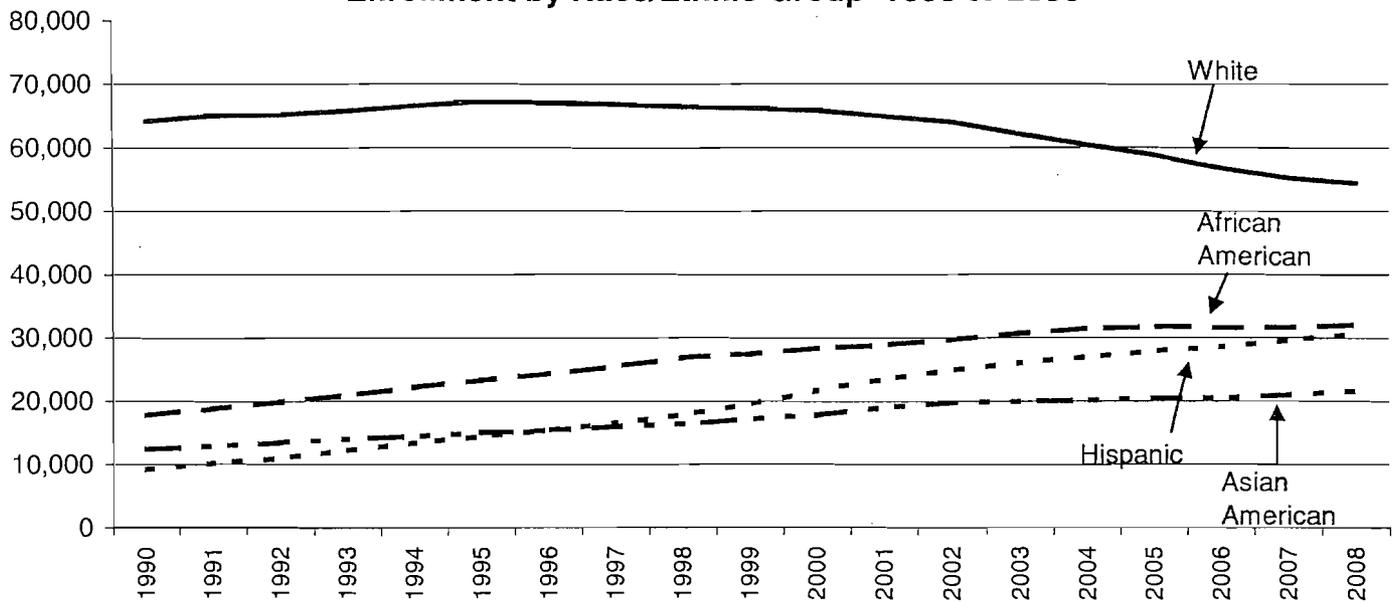


Note: American Indian enrollment is .3% of total enrollment in 2008-09.

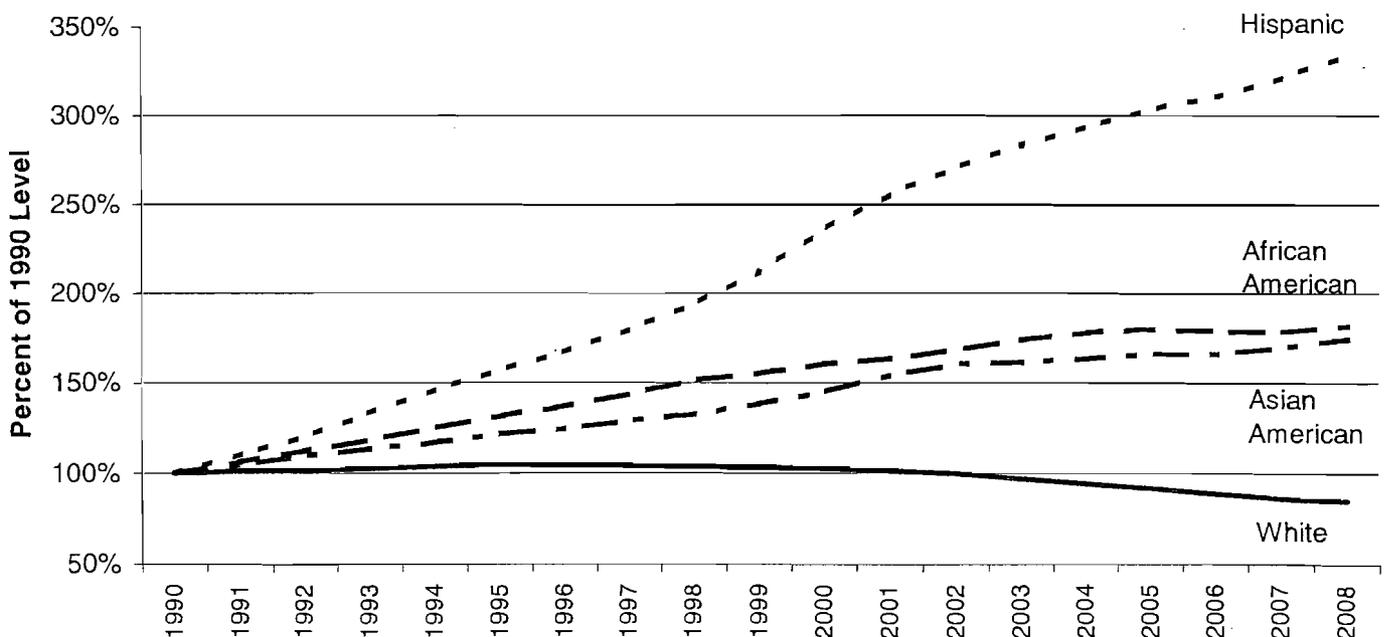
MCPS Race/ Ethnic Trends

- * Between 1990 and 2008 white enrollment decreased by nearly 10,000 while African American enrollment increased by 14,500, Asian American enrollment increased by 9,000, and Hispanic enrollment increased by 21,500.
- * White enrollment has been decreasing since 1995, and African American has been decreasing slightly since 2006. Increases in Asian American, and especially Hispanic enrollment, have been occurring since 1980.
- * Looked at as a percent of 1990 level, Hispanic enrollment growth far exceeds other groups.
- * Since 1990 Hispanic enrollment has increased by over 300% (more than tripled.) African American and Asian American enrollments have increased by 175%. White enrollment has decreased to 86% of the 1990 level.

Enrollment by Race/Ethnic Group 1990 to 2008



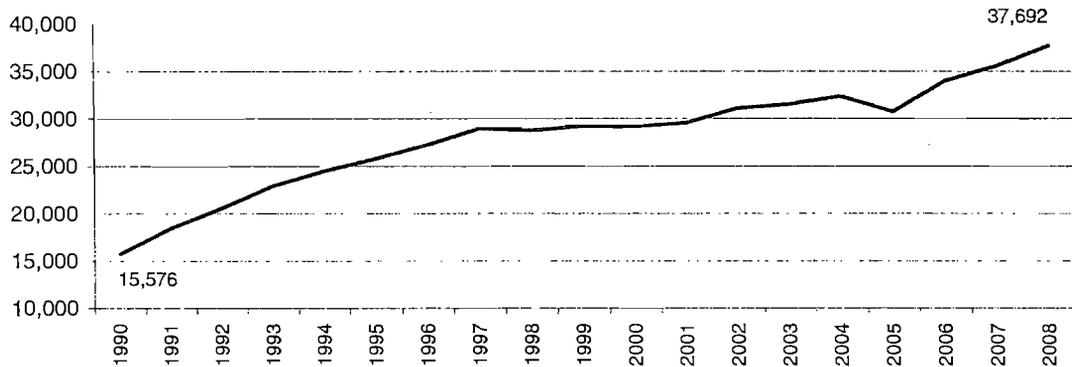
Change in Race/ Ethnic Enrollment Compared to 1990 Levels



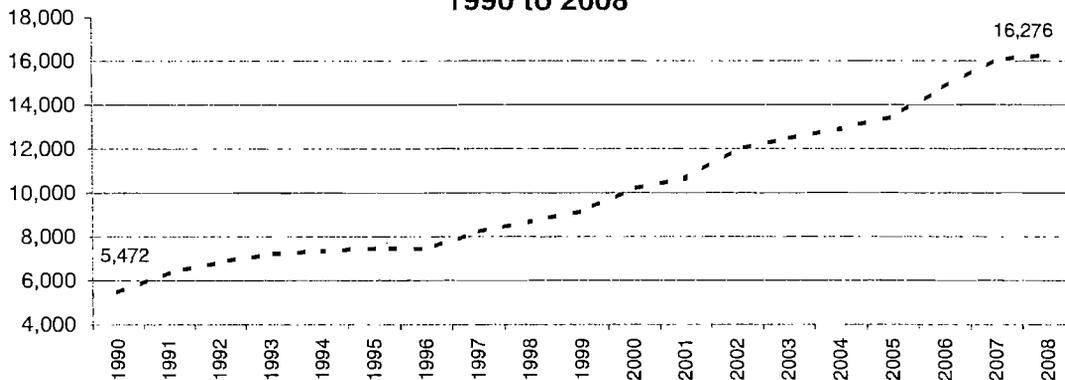
FARMS and ESOL Enrollment Trends

- * In 2008, 71% of FARMS enrollment receives free meals. In 2008, 54% of ESOL enrollment was born in the U.S..
- * Compared to 1990 levels, ESOL and FARMS enrollments have grown at a faster rate than total MCPS enrollment.
- * ESOL enrollment has increased by 300% (tripled), as a percent of the 1990 level.
- * FARMS enrollment has increased by 225% (more than doubled), as a percent of the 1990 level.
- * Total MCPS enrollment has increased by 133% (a third more students), as a percent of the 1990 level.

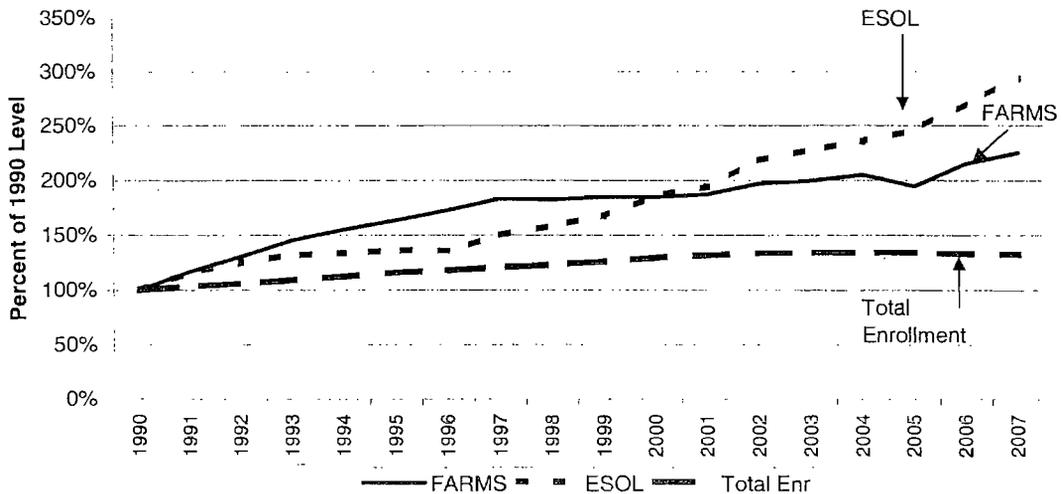
Free and Reduced-price Meals Program Enrollment 1990 to 2008



ESOL Enrollment 1990 to 2008



Percent Change in Total FARMS and ESOL Enrollment from 1990 Levels



**TABLE 5
ALLOCATION OF STAFFING**

POSITION	APPROVED BUDGET FY 2009	CURRENT BUDGET FY 2009	BUDGET FY 2010	FY 2009 - 2010 CHANGE
Executive	19,000	19,000	18,000	(1,000)
Administrative	88,500	94,500	90,500	(4,000)
Other Professional	381,700	375,700	339,700	(36,000)
Principal/Assistant Principal	484,000	484,000	485,000	1,000
Classroom Teachers	10,219,800	10,218,800	10,393,000	174,200
Special Ed Specialists	456,500	456,500	473,900	17,400
Media Specialists	203,500	203,500	201,500	(2,000)
Counselors	468,000	468,000	467,000	(1,000)
Psychologists	98,800	98,800	97,300	(1,500)
Social Workers	13,500	13,500	13,900	0,400
Pupil Personnel Workers	47,000	47,000	47,000	
Aides/assistants	2,525,814	2,526,114	2,617,079	90,965
Technical	345,575	347,950	344,750	(3,200)
Clerical/Office Support	1,063,187	1,064,687	1,043,112	(21,575)
Security	230,500	230,500	230,000	(0,500)
Cafeteria	542,660	542,660	542,660	
Plant Operations	1,298,200	1,294,700	1,290,200	(4,500)
Maintenance	358,000	358,000	351,000	(7,000)
Supply	80,000	79,000	79,000	
Transportation	1,732,750	1,732,750	1,730,750	(2,000)
Business Personnel	102,500	103,500	105,500	2,000
Technology/Data Processing	6,000	4,000	4,000	
Research Personnel	4,000	5,750	4,750	(1,000)
Total	20,769,486	20,768,911	20,969,601	200,690

Change in positions, enrollment, and operating budget 1998-present

Position	FY1998	FY2003	FY2008	FY2009	Change FY09-08	FY2010 Request	Change FY10-FY09
Executive	8.00	15.00	18.00	19.00	1.00	18.00	-1.00
Administrative	44.00	81.00	95.50	88.50	-7.00	90.50	2.00
Other Professional	235.50	445.70	412.70	381.70	-31.00	339.70	-42.00
Principal/Asst Principal	336.00	408.00	494.00	484.00	-10.00	485.00	1.00
Classroom Teachers	7,334.10	9,618.40	10,261.40	10,219.80	-41.60	10,393.00	173.20
Special Ed Specialists	290.80	357.80	462.20	456.50	-5.70	473.90	17.40
Media Specialists	183.50	192.00	203.50	203.50	0.00	201.50	-2.00
Counselors	343.20	408.10	468.00	468.00	0.00	467.00	-1.00
Psychologists	68.50	93.70	102.84	98.80	-4.04	97.30	-1.50
Social Workers	6.10	8.10	14.50	13.50	-1.00	13.90	0.40
Pupil Personnel Workers	31.00	45.00	47.00	47.00	0.00	47.00	0.00
Aides/Assistants	1,912.50	2,320.10	2,531.87	2,525.81	-6.06	2,617.08	91.27
Technical	147.40	169.10	348.95	345.58	-3.38	344.75	-0.82
Clerical/Office Support	895.00	989.50	1,079.94	1,063.19	-16.75	1,043.11	-20.07
Security	145.50	183.00	228.50	230.50	2.00	230.00	-0.50
Cafeteria	394.00	491.00	539.66	542.66	3.00	542.66	0.00
Plant Operations	1,020.60	1,170.70	1,290.20	1,298.20	8.00	1,290.20	-8.00
Maintenance	327.00	341.00	354.00	358.00	4.00	351.00	-7.00
Supply	54.50	72.00	77.00	80.00	3.00	79.00	-1.00
Transportation	1,297.90	1,514.80	1,742.57	1,732.75	-9.82	1,730.75	-2.00
Business Personnel	94.70	91.20	99.50	102.50	3.00	105.50	3.00
Technology/Data Processin	n/a	n/a	0.00	6.00	6.00	4.00	-2.00
Research Personnel	n/a	n/a	3.00	4.00	1.00	4.75	0.75
Total	15,169.80	19,015.10	20,874.83	20,769.49	-105.34	20,969.60	200.11
							0.00
Actual Enrollment	125,035.00	138,891.00	137,745.00	139,276.00	1,531.00	140,500.00	1,224.00
Total Operating Budget	958,416,196	1,412,161,822	1,985,017,619	2,066,683,294	81,665,675	2,152,103,336	85,420,042.00

Proportion of total positions					
Position	FY1998	FY2003	FY2008	FY2009	FY2010
Executive	0.05%	0.08%	0.09%	0.09%	0.09%
Administrative	0.30%	0.43%	0.46%	0.43%	0.43%
Other Professional	1.60%	2.34%	1.98%	1.84%	1.62%
Principal/Asst Principal	2.20%	2.15%	2.37%	2.33%	2.31%
Classroom Teachers	48.00%	50.58%	49.16%	49.21%	49.56%
Special Ed Specialists	1.90%	1.88%	2.21%	2.20%	2.26%
Media Specialists	1.20%	1.01%	0.97%	0.98%	0.96%
Counselors	2.30%	2.15%	2.24%	2.25%	2.23%
Psychologists	0.45%	0.49%	0.49%	0.48%	0.46%
Social Workers	0.04%	0.04%	0.07%	0.06%	0.07%
Pupil Personnel Workers	0.20%	0.24%	0.23%	0.23%	0.22%
Aides/Assistants	12.60%	12.20%	12.13%	12.16%	12.48%
Technical	0.97%	0.89%	1.67%	1.66%	1.64%
Clerical/Office Support	5.90%	5.20%	5.17%	5.12%	4.97%
Security	0.96%	0.96%	1.09%	1.11%	1.10%
Cafeteria	2.60%	2.58%	2.59%	2.61%	2.59%
Plant Operations	6.70%	6.16%	6.18%	6.25%	6.15%
Maintenance	2.20%	1.79%	1.70%	1.72%	1.67%
Supply	0.36%	0.38%	0.37%	0.39%	0.38%
Transportation	8.60%	7.97%	8.35%	8.34%	8.25%
Business Personnel	0.62%	0.48%	0.48%	0.49%	0.50%

MCPS Positions per 1000 students					
Positions	FY1998	FY2003	FY2008	FY2009	FY2010
Executive	0.06	0.11	0.13	0.14	0.13
Administrative	0.35	0.58	0.69	0.64	0.64
Other Professional	1.88	3.21	3.00	2.74	2.42
Principal/Asst Principal	2.69	2.94	3.59	3.48	3.45
Classroom Teachers	58.66	69.25	74.50	73.38	73.97
Special Ed Specialists	2.33	2.58	3.36	3.28	3.37
Media Specialists	1.47	1.38	1.48	1.46	1.43
Counselors	2.74	2.94	3.40	3.36	3.32
Psychologists	0.55	0.67	0.75	0.71	0.69
Social Workers	0.05	0.06	0.11	0.10	0.10
Pupil Personnel Worker	0.25	0.32	0.34	0.34	0.33
Aides/Assistants	15.30	16.70	18.38	18.14	18.63
Technical	1.18	1.22	2.53	2.48	2.45
Clerical/Office Support	7.16	7.12	7.84	7.63	7.42
Security	1.16	1.32	1.66	1.65	1.64
Cafeteria	3.15	3.54	3.92	3.90	3.86
Plant Operations	8.16	8.43	9.37	9.32	9.18
Maintenance	2.62	2.46	2.57	2.57	2.50
Supply	0.44	0.52	0.56	0.57	0.56
Transportation	10.38	10.91	12.65	12.44	12.32
Business Personnel	0.76	0.66	0.72	0.74	0.75

Overview of the State Budget Categories

The table below summarizes the major expenses included in each State budget category, as set forth in the Maryland State Department of Education’s *Financial Reporting Manual for Maryland Public Schools*.

Table 10: State Budget Category Definitions

State Budget Category		Major Expenses
1	Administration	Salaries and operating expenses for: <ul style="list-style-type: none"> • General Support Services (e.g. Board of Education and Executive Administration) • Business Support Services (e.g. Fiscal Services, Purchasing Services; Printing, Publishing, and Duplicating Services) • Centralized Support Services (e.g. Planning, Research, Development, and Evaluation Studies; Information Services, Human Resources Services; and Data Processing Services)
2	Mid-level Administration	Salaries and operating expenses associated with Instructional Programs (see Category 3) including: <ul style="list-style-type: none"> • Salaries for principals, assistant principals, secretaries and other school-based administrative staff in the Office of the Principal • Instructional Administration and Supervision, such as curriculum development and audiovisual services
3	Instructional Salaries	Salaries of teachers, instructors, aides, librarians, guidance counselors, school psychologists, and others who work in Instructional Programs such as: <ul style="list-style-type: none"> • Regular Programs (e.g. art, driver education and safety, mathematics, and science) • Special Programs (e.g. Gifted and Talented Programs and ESOL) • Career and Technology Programs • Staff Development
4	Textbooks and Instructional Supplies	Textbooks and supplies for all Instructional Programs that are not Special Education related
5	Other Instructional Costs	Contracted services, travel, equipment, and fund transfers associated with Instructional Programs
6	Special Education	Salaries and operating expenses directly associated with special education including: <ul style="list-style-type: none"> • Public, state, and non-public school instructional programs • Staff development, school-based administration (e.g. principals, assistant principals, clerical staff), and curriculum development

Table 10: State Budget Category Definitions (continued)

State Budget Category		Major Expenses
7	Student Personnel Services	Salaries and operating expenses for school social workers and pupil personnel workers, whose activities include improving student attendance and providing casework services
8	Health Services	Salaries and operating expenses for school-based physical and mental health service providers. (In Montgomery County, the Department of Health and Human Services funds the majority of Health Services expenses.)
9	Student Transportation	Salaries and operating expenses (e.g. vehicle maintenance and fuel) to provide transportation for general and special education students, as well as student transportation for activities such as field trips, sports, and summer programs
10	Operation of Plant	Salaries and operating expenses for: <ul style="list-style-type: none"> • Warehousing and Distributing Services (e.g. storing and distributing supplies, furniture, equipment, and mail) • Operating Services (e.g. utilities and insurance) • Supervision of Operation and Plant Services • Care and Upkeep of Grounds and Buildings (e.g. landscaping, maintenance of movable equipment, and custodial services) • Security Services (e.g. police services, traffic control)
11	Maintenance of Plant	Salaries and operating expenses for: <ul style="list-style-type: none"> • Supervision of Maintenance of Plant Services (e.g. salaries) • Upkeep of Grounds, Buildings, and Fixed Equipment (e.g. equipment maintenance and repair and meeting code requirements) • Vehicle Maintenance Services (only vehicles not used for student transportation)
12	Fixed Charges	Costs “not readily allocable to other expenditure categories” including: <ul style="list-style-type: none"> • Health insurance and benefits for active and retired employees • Loan interest • Tuition reimbursement for staff
14	Community Services	Salaries and operating expenses for: <ul style="list-style-type: none"> • Regular Community Services (e.g. community recreation, child care) • Non-Public, Non-Disabled, Student Transportation Services • Community Transportation Services