

MEMORANDUM

April 16, 2015

TO: Education Committee

FROM: Essie McGuire, Senior Legislative Analyst *McGuire*

SUBJECT: **Worksession – FY16 Operating Budget, Montgomery County Public Schools and Review of the MCPS Monthly Financial Report**

Today the Education Committee will begin its review of the FY16 Operating Budget for the Montgomery County Public Schools (MCPS) and review the most recent MCPS monthly financial report. The following individuals are expected to participate in today's worksession:

- Patricia O'Neill, President, Board of Education
- Michael Durso, Vice President, Board of Education
- Larry Bowers, Interim Superintendent
- Andrew Zuckerman, Acting Chief Operating Officer, MCPS
- Thomas Klausing, Director of Management, Budget, and Planning, MCPS

This is the first of two scheduled Education Committee budget worksessions. Today the Committee will review the major components of the Board of Education's FY16 Operating Budget request. On April 29 the Committee review will include employee benefit funding, including OPEB and the Board's recent request for a supplemental appropriation for the employee benefit fund. On April 29 the Committee is also scheduled to complete its work on the Board's FY15-20 Capital Improvements Program (CIP) request.

This packet is presented in three parts:

- I. **Overview of Recommended Budget**, including the Board of Education's request, the County Executive's recommendation, the local contribution for State retirement, Maintenance of Effort, and public testimony
- II. **Overview of Revenues**, including local contribution, fund balance, and State Aid
- III. **Staff Allocation**, including structural staffing trends, budget staffing guidelines, and proposed FY16 staff allocations to schools

I. OVERVIEW OF RECOMMENDED BUDGET

BOARD OF EDUCATION'S REQUEST

The Board of Education requested a total of **\$2,393,471,567** for the **FY16 MCPS Operating Budget**. This amount represents an increase of \$116,707,583 or 5.1 percent over the current FY15 level. The FY16 tax supported budget request is \$2,253,530,243. The tax supported budget request is \$115,460,842 over the approved FY15 tax-supported amount, an increase of 5.4 percent.

A summary table showing the major elements of the Board's request is attached on circle 6. Significant highlights include the following:

- The Board requested a **local contribution of \$84.7 million above the Maintenance of Effort (MOE) level** required for FY16. The required MOE for FY16 of \$1.463 billion is an increase of \$24.2 million in County funds over the FY15 approved level, due to enrollment increases.
- The Board's request includes a **total of \$44.4 million in County funds for the local contribution to State retirement for teachers**, as required by the General Assembly in 2012. This FY16 amount is an increase of \$6.5 million over the FY15 contribution amount.
- The Board's request includes **an additional 262.6 FTE** over the approved FY15 level, for a total of 21,850.6 FTE requested in FY16. These increases are primarily in teachers and instructional aides.
- The Board projects a **total enrollment of 156,514 for FY16**. This is an increase of 2,662 over the actual FY15 enrollment. Comparing enrollment projections (which affect the budget changes year to year), the FY16 budget projection is an increase of 2,466 over the projected (and budgeted) FY15 level (circle 11). The actual FY15 enrollment is a slight decrease (196 students) from the projected and budgeted FY15 level.
- Enrollment of students with **Limited English Proficiency** is projected to increase by 780, for a total of 21,080 students for FY16. Enrollment of students eligible for **Free and Reduced Meals (FARMS)** continues to rise, with a total of 54,099 students in the current year, 35.2 percent of the total student population.
- The budget includes a net increase of **\$59.5 million for salary increases in FY16 for employees**. FY16 is the second year of a three-year agreement approved by the Board in March 2014. The three-year agreements include a step increase for eligible employees each year and a general wage adjustment of 2 percent in FY16 and FY17. The negotiated agreements also increase the employee contribution amount for health insurance by 7 percent by FY16.

COUNTY EXECUTIVE'S RECOMMENDATION

The County Executive recommended a total of \$2,308,702,276 for the MCPS FY16 operating budget, which is an increase of \$31.9 million or 1.4 percent over the approved FY15 level. This recommendation represents a decrease of \$84.7 million or 3.5 percent from the Board's request. The County Executive recommended a County contribution of \$1.463 billion, which is the required Maintenance of Effort (MOE) funding level for FY16.

The County Executive also recommended that MCPS use \$27.2 million from the County's Consolidated Retiree Health Benefits Trust (OPEB Trust) in FY16 to support funding for retiree health claims in FY16. The Committee will more fully discuss the details and implications of this recommendation at its April 29 worksession. As these funds have already been appropriated in prior years, the recommendation does not add to the County's FY16 expenditures nor to the FY16 MOE appropriation level. The Executive's intent in recommending already appropriated funding for current year expenses is to allow MCPS flexibility to reallocate up to \$27.2 million it would otherwise have spent on retiree benefits to other purposes.

The County Executive typically recommends only aggregate totals for the MCPS operating budget and does not identify category allocations. State law requires both the County Executive and the Council to specify changes in category recommendations. However, for many years only the Council has followed this requirement in its final appropriation.

Related County support: The County Executive's budget includes a summary chart of additional County support for MCPS in his recommended FY16 budget. The Council began tracking this related funding in recent years, to have fuller context of all the County dollars that directly benefit the school system in addition to the MCPS agency appropriation. As these funds are not appropriated to the school system, they do not count toward the MOE requirement.

The chart below shows a recommended FY16 total of \$287.9 million above the MCPS local appropriation in additional County support for the school system. This amount is comparable to the largest County departments, including the FY16 recommended budget for the Department of Police (\$270.5 million), the Department of Health and Human Services (\$285.6 million), and the Fire and Rescue Service (\$222.3 million).

Additional County support for MCPS in FY16		
Debt service on school construction		\$140.2 million
Pre-funding retiree health benefits		\$61.7 million
Technology Modernization		\$23.5 million
Support Services		\$62.5 million
Total		\$287.9 million

Many of the services included in the "support services" category above are funded in the Department of Health and Human Services, such as School Health Services, Linkages to Learning, and funding for the George B. Thomas Learning Academy. The Education Committee discussed these and other related early childhood services in a joint worksession with the Health

and Human Services Committee on April 17. Support services also includes nearly \$2 million for School Resource Officers and nearly \$6 million for crossing guards.

LOCAL CONTRIBUTION FOR STATE RETIREMENT

In its 2012 session, the General Assembly required that counties begin contributing local funds toward the cost of the State pension plan for teachers (and other school employees eligible to participate in the State pension system). The law establishes a set phase-in schedule of contributions for each local jurisdiction from FY13-16. Montgomery County's requirement is below:

FY13	FY14	FY15	FY16
\$27.2 million	\$34.5 million	\$37.8 million	\$44.4 million

For FY13-16 these amounts have been required in addition to a county's MOE requirement. The law specifies that the FY16 payment be included in the base budget appropriation calculation for determining the per pupil amount for the FY17 MOE level.

When the legislature enacted this requirement in 2012, the projected normal cost that MCPS would be required to contribute to the State was \$49.7 million in FY17. Last year the Department of Legislative Services (DLS) reassessed its cost projections based on plan assumption changes made by the State, and increased its projection of the FY17 cost to MCPS to \$66.6 million. **It is unclear at this point what amount the State will expect from local jurisdictions in FY17, or when or how the assessment will be made.**

MAINTENANCE OF EFFORT

The State MOE law requires local jurisdictions to fund school systems at the same amount per pupil as the prior year. Any increase to the County contribution of new dollars above MOE adds to the base calculation for the next year and cannot be reduced in future years (absent a waiver). There are also provisions to remove non-recurring costs from the MOE calculation if the costs are approved by the Maryland State Department of Education (MSDE).

The Council has funded the school system at the required MOE level since FY13, and the County Executive's recommendation would maintain the MOE funding level for FY16 as well. Since MOE is a per pupil amount, the total funding level adjusts according to enrollment changes. As Montgomery County has been experiencing significant enrollment increases in recent years, meeting the MOE requirement resulted in increased County contributions of \$21.5 million in FY14 and \$25.3 million in FY15. New County funding of \$24.2 million will be needed to meet MOE in FY16.

There are two factors affecting the MOE per pupil level for FY16 and FY17.

Non-Recurring Costs: MSDE approved a total of \$1.46 million in non-recurring costs in the FY15 budget, allowing this amount to be excluded from the base calculation for the FY16

MOE level. This has the practical effect of lowering the per pupil amount required for MOE by approximately \$10 per pupil, from the previous level of \$9,759 to \$9,749 in FY16.

Pension Shift: As noted above, the current structure of the law includes the FY16 pension contribution as part of the base calculation for the FY17 MOE per pupil amount. This has the effect of increasing the per pupil amount by nearly \$300 to \$10,044 per pupil in FY17.

The table below shows the anticipated effect on the County’s MOE of these two factors from FY15 to FY17, using the most recent enrollment projections.

	FY15	FY16	FY17
Enrollment	150,097	152,178	154,497
Per Pupil Amount	9,759	9,749	10,044
MOE	\$1,439,045,758	\$1,463,274,812	\$1,528,533,956
Pension	\$37,809,551	\$44,356,758	
Total County	\$1,476,855,309	\$1,507,631,597	
Non Recurring Costs	\$1,456,758		

The MOE requirement for FY17 is projected to be an increase of \$65.3 million over the FY16 MOE level (assuming the Council approves a County contribution at MOE for FY16). This increase reflects the addition of the pension shift into the per pupil amount and an increase in enrollment. **This new FY17 MOE level is \$21 million higher than the total FY16 County contribution including pensions.**

PUBLIC TESTIMONY

The Council received testimony from the President of the Board of Education as well as testimony from the employee associations and many PTA Cluster representatives. Speakers focused on the need for additional funding for the school system’s request in light of increasing enrollment. Many speakers also addressed particular staffing changes proposed at their individual schools as a result of anticipated budget reductions.

Many speakers also referenced that the County’s contribution to the school system is lower than the FY09 level in some respects, particularly in comparison to revenue. Council staff offers the following context for examining funding trends for the MCPS operating budget.

In Council staff’s view, the most relevant comparison in thinking about the County’s funding of MCPS is what percent MCPS receives of all available agency spending. Available agency spending means the tax-supported funds appropriated to agencies (Montgomery County Government, MCPS, Montgomery College, and MNCPPC) for their use in the fiscal year. For FY16, MCPS is recommended to receive 54% of all agency spending, as it was last year in the FY15 approved budget. MCPS has been near this 54% mark for many years. In FY12 MCPS received 56% of agency spending; in FY09 55%. This marker has not changed significantly through many different fiscal environments.

Revenues do change through the fiscal environments, and the County has fiscal obligations to meet with revenues other than agency spending. Two major draws on revenues that take away from agency spending are required pre-funding for Other Post Employment Benefits (OPEB) and Debt Service, both of which are important to MCPS. The County's requirements for both of these areas have increased dramatically in recent years, and thus take away from resources available to all agencies. The County's annual debt service obligation is bigger than any single County department; and 48% of General Fund debt service payment is attributed to public school construction.

It is true that the County's recommended FY16 appropriation of local funds to MCPS is less than the County's FY09 County appropriation of local funds. During the recessionary years FY10-12 significant reductions were made across the board to all agencies. Also during these years MCPS received increases in State Aid while County Government received decreased State Aid. Again, it is important to note that the percent of agency spending provided to MCPS was 55% in FY09 and remains at 54% in FY16, meaning that MCPS continues to receive roughly the same proportion of what tax-supported funding is available for agencies.

II. OVERVIEW OF REVENUES

Table 1 below shows the MCPS operating budgets by revenue source for the FY14 approved level, the FY15 approved level, the FY16 Board of Education Request, and the FY16 County Executive recommendation.

Table 1: FY14 Approved- FY16 Requested MCPS Operating Budget by Revenue Source								
Source	FY14 Approved		FY15 Approved		FY16 BOE Request		FY16 CE Rec	
	\$	% of total	\$	% of total	\$	% of total	\$	% of total
County	1,413,738,905	63.5%	1,439,045,758	63.2%	1,548,044,103	64.7%	1,463,274,812	63.4%
for St pension	34,511,689	1.6%	37,809,551	1.7%	44,356,785	1.9%	44,356,785	1.9%
Fund Balance	26,972,451	1.2%	38,172,451	1.7%	33,162,633	1.4%	33,162,633	1.4%
State	604,989,615	27.2%	618,765,933	27.2%	624,304,967	26.1%	624,304,967	27.0%
Federal	72,680,788	3.3%	69,855,580	3.1%	69,995,287	2.9%	69,995,287	3.0%
Other Sources	12,174,062	0.5%	12,324,062	0.5%	10,836,959	0.5%	10,836,959	0.5%
Enterprise	58,876,281	2.6%	59,195,025	2.6%	61,116,624	2.6%	61,116,624	2.6%
Special Funds	1,477,261	0.1%	1,595,624	0.1%	1,654,209	0.1%	1,654,209	0.1%
Tax-sptd Total	2,084,338,368		2,138,069,401		2,253,530,243		2,168,760,952	
Grand Total	2,225,421,052		2,276,763,984		2,393,471,567		2,308,702,276	

Local Contribution

- The County Executive’s recommended County contribution of \$1.463 billion is the MOE required funding level, an increase of \$24.2 million over the FY15 MOE level.
- The Board of Education requested a County contribution of \$84.7 million over the MOE level.
- The local contribution is further increased by \$6.5 million for the required pension contribution, which totals \$44.4 million in FY16 and is 1.9 percent of the total MCPS budget.
- The County’s contribution is 63.4% of the total budget (not including the pension contribution). This proportion has remained steady in recent years. Montgomery County contributes one of the highest proportions of local funding for public schools in the State. Only 9 local jurisdictions contribute more than half of their school system’s total revenue.

Fund Balance

The Board requested that \$33.2 million of fund balance be reappropriated for the FY16 budget, and the County Executive assumed the same level of fund balance in his FY16 recommendation.

The fund balance reflects savings achieved by the school system and funds not spent in a given fiscal year. **These funds cannot be spent by MCPS until they are appropriated by the Council.** Typically, the Council reappropriates fund balance as a resource for the following year's budget as part of the annual appropriation resolution. The fund balance appropriation is not part of MOE, in that it does not affect the per pupil amount nor can it be counted toward the County's MOE contribution.

MCPS' fund balance consists of unspent appropriation. MCPS is prohibited by State law from ending the year in deficit; as a result, MCPS ends each year with some surplus. The unusually large carry over amounts of recent years are due in large part to several consecutive years of savings plans, hiring and expenditure restrictions, and budget uncertainty that MCPS has experienced along with all County agencies.

The Council appropriated \$38.2 million in fund balance as a resource for the FY15 operating budget. This action used all of the remaining fund balance projected at that time. On November 26, the Superintendent informed the Council President (letter attached on circle 37) that he was implementing a comprehensive set of expenditure restrictions including a hiring freeze to generate savings as a resource for funding the FY16 budget. Overall, the expenditure restrictions are similar to those implemented in previous years' savings plans (most recently in FY11). A hiring freeze is in place, vacant positions will be filled with substitutes where necessary, and schools and offices must request exceptions for most expenditures.

The most recent monthly financial report (circles 14-22) reflects conditions as of February 28, and projects a total FY15 fund balance of \$35.0 million. This amount consists of a projected expenditure surplus of \$32.1 million; a projected revenue surplus of \$1.73 million; and \$1.2 million carried over from remaining FY14 fund balance.

This report indicates that MCPS should be able, if conditions hold, to meet the fund balance assumption in the Board and Executive recommendations. There may be other factors, however, affecting what level of fund balance the Council should appropriate for FY16. One factor is the Board's March 30 request for a FY15 supplemental appropriation to address the employee benefit funds. The Committee will review this supplemental request and other fund balance issues more fully in its April 29 worksession, and can make a final recommendation on the fund balance assumption for FY16 at that time.

State Aid

- The Governor's budget included an increase of \$5.5 million in State Aid for Montgomery County over the FY15 level. However, the Governor did not fully fund two components of State Aid. As a result, the County would have received an additional \$25.5 million for a total increase of \$31 million if the Governor's budget had fully funded the inflation factor for the Foundation amount and the Geographic Cost of Education Index (GCEI).

- The General Assembly identified funding to restore the inflation factor for the Foundation per pupil amount, which is required in State law. As a result, Montgomery County will receive approximately \$7.8 million in State Aid above the amount assumed by the Board of Education and the County Executive related to the Foundation funding.
- The GCEI is not required in State law. While the General Assembly identified funding to restore this funding component as well, the Governor has initially indicated that it is very unlikely that he will spend the funds for this purpose. However, the Governor has given mixed signals and could still decide to spend the GCEI funds. **As a result, the \$17 million restoration of GCEI for Montgomery County is uncertain but cannot be assumed at this time. This represents a significant funding loss for MCPS.** The Council will need to monitor the Governor's actions on the GCEI funding in the coming weeks to determine what amount of State Aid should be included for MCPS for FY16.
- The increase MCPS is receiving in State Aid is due to the ongoing increases in enrollment. Per pupil funds for general enrollment as well as for numbers of students from low income families and students with Limited English Proficiency all increased over the FY15 levels.

III. STAFF ALLOCATION

The approved FY15 MCPS Operating Budget includes 21,588 FTE. Costs related to employee salaries, wages, and benefits constitute approximately 90 percent of the MCPS budget each year. A primary factor in building the MCPS budget is how staff resources are allocated across administrative, school-based, and support services. This portion of the packet provides contextual information for the Committee to understand the staffing structure of the MCPS budget and the recent preliminary staff allocations to schools for FY16.

Staffing Categories

Table 5 in the Board of Education's budget document details the allocation of staffing according to type of positions. It provides a helpful picture of how the positions are distributed structurally across programs and functions in the school system operations. Council staff compiled data from Table 5 for Fiscal Years 10-15 in the table on the next page. The compiled table shows the budgeted positions in each category in each fiscal year, the change in number of positions in each category and the share of each position category relative to the total number of positions. Council staff highlights the following about this data:

- Teachers are the largest single category and comprise 50.9 percent of positions in FY15. This proportion has remained constant in recent years, as Teachers comprised 49.7 percent of positions in FY10.
- The decline in the number of Teachers between FY10 and FY11 reflects the Board's action to increase class size by one student on average in FY11. This action was taken due to fiscal constraints at the time.
- The position categories that in FY15 are below their approved FY10 level are primarily administrative (such as Administrative, Secretarial, and IT Systems Specialist). A notable exception is Media Specialists (6 fewer FTE in FY15 than in FY10).
- The positions with significant increases in this time period are primarily associated with increasing enrollment, such as Building Service Workers in addition to Teachers, Instructional Aides and Assistants, and Special Education Specialists.
- The positions of Counselor, Psychologist, Social Worker, and Pupil Personnel Worker have increased very little in the time period relative to the increase in enrollment. This reflects the discussions that the Council, Board, and parent advocates have had in recent years that workload and caseloads for these positions have increased significantly.

**TABLE 5
ALLOCATION OF STAFFING**

POSITIONS	FY 2010	FY 2011	FY 2012	FY 2013	FY2014	Approved FY2015	Diff FY15-14	Diff FY15-10	FY10 % of total	FY15 % of total
Executive	19.000	17.000	17.000	19.000	19.000	19.000	0.000	0.000	0.1%	0.1%
Administrative	213.000	200.200	199.000	195.000	196.701	204.700	7.999	-8.300	1.0%	0.9%
Business/Operations Administrator	94.000	94.000	92.000	92.000	91.629	90.650	-0.979	-3.350	0.4%	0.4%
Other Professional	210.800	198.500	186.900	182.300	184.500	189.500	5.000	-21.300	1.0%	0.9%
Principal/Assistant Principal	485.000	484.000	484.000	486.000	489.500	494.000	4.500	9.000	2.3%	2.3%
Teacher	10,408.500	10,239.670	10,281.220	10,475.070	10,753.120	10,994.160	241.040	585.660	49.7%	50.9%
Special Education Specialist	469.500	479.600	482.400	495.200	506.750	508.958	2.208	39.458	2.2%	2.4%
Media Specialist	201.500	197.500	189.200	190.200	192.200	195.500	3.300	-6.000	1.0%	0.9%
Counselor	467.000	461.000	451.300	453.300	456.300	467.500	11.200	0.500	2.2%	2.2%
Psychologist	97.100	96.205	94.805	94.905	100.000	106.034	6.034	8.934	0.5%	0.5%
Social Worker	14.100	14.805	13.905	14.405	14.800	14.830	0.030	0.730	0.1%	0.1%
Pupil Personnel Worker	47.000	45.000	45.000	45.000	45.000	51.000	6.000	4.000	0.2%	0.2%
Instructional Aide and Assistant	2,614.880	2,627.980	2,519.048	2,560.253	2,603.605	2,644.494	40.889	29.614	12.5%	12.3%
Secretarial/Clerical Support	1,020.837	1,000.025	997.250	988.100	987.125	983.250	-3.875	-37.587	4.9%	4.6%
IT Systems Specialist	144.500	143.000	131.000	131.000	131.000	132.500	1.500	-12.000	0.7%	0.6%
Security	229.000	227.000	227.000	227.000	227.000	229.000	2.000	0.000	1.1%	1.1%
Cafeteria	557.448	557.488	556.448	557.948	558.948	561.448	2.500	4.000	2.7%	2.6%
Building Services	1,309.700	1,319.200	1,335.200	1,342.700	1,364.700	1,376.700	12.000	67.000	6.3%	6.4%
Facilities Management/Maintenance	349.000	347.000	344.500	345.000	353.000	355.000	2.000	6.000	1.7%	1.6%
Supply/Property Management	54.500	53.500	53.000	47.000	50.000	50.500	0.500	-4.000	0.3%	0.2%
Transportation	1,694.750	1,695.750	1,687.650	1,685.650	1,685.590	1,685.590	0.000	-9.160	8.1%	7.8%
Other Support Personnel	248.800	245.260	224.400	234.575	231.375	226.675	-4.700	-22.125	1.2%	1.1%

Budget Staffing Guidelines

The Board's budget each year includes staffing guidelines that serve as the basis for the number of positions that are budgeted in various school based categories. The FY16 guidelines are attached at circles 28-33.

While the guidelines structure the budget and the basis for school allocations, they also make clear that staffing at a given school will vary on school-specific factors such as enrollment, FARMS rate, and other student body needs. In implementation, a budget guideline may be adjusted to meet individual school experience with any one or several of these factors. Principals also play a significant role in requesting resource adjustments and specific position determinations for their schools in consultation with central office staff.

The budget guidelines for middle and high schools are more clear cut than for elementary schools. For example, staff development teachers, media specialists, and counselors have a set ratio for allocation in middle and high school but are allocated in elementary schools based on school priorities. This is reflected in the reports of many parents that not all elementary schools have comparable experiences when it comes to these resources.

Classroom teachers are a primary budget factor, as they constitute over half of all positions, but they also reflect the most variance in school by school allocations. The budget guidelines specify that teachers are allocated per elementary school to achieve class size of 27 or less for grades 1-3 and 29 or less for grades 4-5 (less in the lower grades in focus schools). However, student enrollment is not evenly distributed across schools or across grades within a school. For example, a fourth grade with 32 students would be oversized with only one classroom teacher but undersized if two teachers had 16 students each. Schools must balance the number of classes to have with the overall schedule and allocation necessary for their school. Schools then make decisions taking into consideration the dynamics of the classes and the other staffing priorities they are trying to address.

Class size increases: Similarly, when MCPS increases class size as a matter of budget reduction, it does not have an evenly distributed impact. In FY11, the Board of Education approved an increase in the average class size of one student per class to meet affordability constraints during the recession. This resulted in a budget reduction of \$16.2 million and 252 positions.

Preliminary FY16 Allocations to Schools

In early March, MCPS provided preliminary staffing allocations to schools to begin planning for the 2015-2016 school year. The process of preliminary staff allocations to schools takes place around this time each spring. In any given year, there may be changes to the number and type of positions in schools due to changes in program, enrollment, or budget allocations. Teachers who may be affected by these changes are given the opportunity to participate in a transfer process throughout the spring to find a position available in another school or program.

As part of this process this year, the Interim Superintendent announced that MCPS will begin planning for increased class size next year in light of budget concerns. A message from

the Interim Superintendent attached on circles 34-36 describes the proposed allocations that would result in a reduction of \$23 million and approximately 370 positions. The recommendation increases class size by one on average and 0.5 at schools with high FARMS rates. It also provides fewer positions in categories such as reading specialists, media specialists, and staff development teachers.

The Council has received testimony and correspondence from parents and communities in response to the initial impact of these allocations on their individual school experience. As discussed earlier, this impact varies from school to school. Some large schools with growing enrollment may not lose any positions as their enrollment increases offset the class size increase. Smaller schools with more steady enrollment may lose a position if the class or grade sizes are not large or growing enough to support additional class sections.

It is critical to note, however, that these allocation actions are preliminary and that several funding and policy decisions must be made before they would take permanent effect. While the Interim Superintendent has proposed planning for class size increases and other program allocation reductions, the Board of Education will make the final determination to implement that policy. Once the Council makes its final funding decision, the Board of Education has the sole authority to determine how to allocate that funding for programs. While class size and other staff allocations are one approach to reducing funding from its budget request, that is not the only possible approach.

A major funding element is the still uncertain State Aid for GCEI. MCPS is likely to have the benefit of approximately \$7 million in Foundation Aid above its budget assumptions to help mitigate the need for reductions. Clearly, however, the additional \$17.7 million in GCEI would contribute significantly to position restoration if the Governor determines to allocate these funds.

Both MCPS and the County Executive have identified possible options to reallocate funds identified for health and pension benefit costs to instructional purposes. While the Committee will discuss the particulars of these options at its next worksession, MCPS may also be able to use some of this funding to mitigate position reductions.

Even if the proposed class size increase and position allocation reductions take place next year, it is important to note, as MCPS has stated in its communication, that actual layoffs will be minimal. Many teachers and staff can be placed in other vacant positions and the reductions achieved through attrition. It is more likely, however, that support staff and individuals in more specialized positions could see reduced hours as one result of allocation reductions.

FY16 Central Services Reductions: As part of its effort to address a possible budget gap in FY16, MCPS also identified a reduction of \$4.2 million and 43.5 FTE in Central Services, and is implementing that reduction at this time. This action includes a reorganization of the Office of School Support and Improvement, the Office of Curriculum and Instructional Programs, and the Office of the Chief Technology Officer.



MONTGOMERY COUNTY BOARD OF EDUCATION

850 Hungerford Drive ♦ Rockville, Maryland 20850

February 27, 2015

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

Dear Mr. Leggett, Mr. Leventhal, and Councilmembers:

I am pleased to submit the Montgomery County Board of Education's Fiscal Year (FY) 2016 Operating Budget Request for Montgomery County Public Schools (MCPS).

The Board of Education (Board) is requesting a budget of \$2,393,471,567 for MCPS in FY 2016. This is an increase of \$116,707,583, or 5.1 percent, compared to the current FY 2015 budget. The tax-supported budget (excluding grants and enterprise funds) is \$2,253,530,243. Without the \$23,300,000 in this budget needed to restore one-time funding that was used by the Montgomery County Council to fund the FY 2015 Operating Budget, this would be an increase of \$93,407,583, or 4.1 percent, compared to the current FY 2015 budget. The vast majority of the budget goes to fund the same services for a larger student body.

The FY 2016 Operating Budget represents the third year of a multiyear budget strategy designed to focus on three key areas: (1) managing continued growth; (2) narrowing, and ultimately closing, achievement gaps; and (3) fostering innovation to prepare students for the future.

State law requires that the county provide, at a minimum, \$30,802,316 in increased funding for MCPS to account for enrollment growth and pension obligations. However, the need is much greater, and the Board's budget request seeks \$84,743,263 more than the minimum funding level required by the state.

MCPS had planned on a \$15.8 million increase in state education aid for FY 2016 when the budget was developed this past fall. On January 23, 2015, Governor Lawrence J. Hogan, Jr.'s proposed FY 2016 state budget reflected only a \$5.5 million increase in state aid compared to the FY 2015 budget, or a decrease of \$10.3 million. The Board's adopted FY 2016 budget reflected decreases of roughly that same amount from the budget the superintendent of schools had

recommended in December 2014. This included a decrease of 29 Full-time Equivalent (FTE) positions and \$1,825,597 of additional program efficiencies and reductions beyond the 10.75 FTE positions and \$5,561,986 that were included in the superintendent's recommended budget. The budget that the Board adopted also includes the postponement of 57.2 FTE positions and \$5,658,046 from the multiyear budget strategy, or two thirds of the enhancements. The Board's adopted budget also reflects \$2,685,735 in other expenditure reductions based on revised estimates for diesel fuel, propane and heating oil, tuition for students with disabilities placed in school-age day programs, and local travel.

MCPS also implemented a hiring and expenditure freeze on November 24, 2014. As a result, the projected MCPS fund balance for the end of FY 2015 to be used to help fund the FY 2016 Operating Budget has increased by \$17,190,182, from \$15,972,451 to \$33,162,633. This is still \$5,009,818 less than the amount of MCPS fund balance that the County Council used to fund the FY 2015 Operating Budget.

Managing Growth

The student enrollment in MCPS for the current 2014–2015 school year is 153,852 and is an increase of 2,563 students compared with the last school year. This is 14,576 more students than in FY 2009. Enrollment growth is projected to increase by 2,662 more students in FY 2016, for a total of 156,514 students. This will reflect the seventh year in a row that we have seen an increase of at least 2,000 students.

By the 2020–2021 school year, MCPS is projected to have 165,358 students enrolled, 11,506 more students than the current fiscal year. At the same time, a greater number of these students need specific supports and services to ensure their success. More than one-third of MCPS students now receive Free and Reduced-price Meals System services. We also are seeing an increase in the number of students receiving English for Speakers of Other Languages (ESOL) services and an increase in students with disabilities receiving special education services.

The Board's FY 2016 Operating Budget includes 274.5 FTE positions just to keep up with the enrollment growth. This includes 111 elementary and secondary school positions, 96 special education positions, 41.5 positions to serve students who receive ESOL services, and 25 positions for transportation. Funding also is included for the negotiated agreements, increased costs for employee benefits and utilities, inflation, and other operating costs.

Investing to Close the Achievement Gap

A large portion of the MCPS budget directly supports the district's efforts to close the achievement gap. For example, MCPS provides extra funding to 69 elementary schools that are most impacted by poverty. These schools receive, on average, approximately \$2 million more than other schools, which is used to provide prekindergarten programs, lower class size, provide additional staff to focus on literacy skills, and meet the wraparound needs of students and their families. In addition, for the past two years, MCPS has invested in strategic priority enhancements, many of which have been aimed at addressing areas where gaps persist. Included in these investments are more than

50 secondary school “focus” teachers added to support the improvement of student performance in English and mathematics; 10.5 English language development teachers for middle schools; 17 elementary school teachers to improve mathematics instruction; 23.5 counselors, school psychologists and pupil personnel workers; and significant investments in teacher leadership and school-based professional learning.

New FY 2016 Strategic Enhancements

While each of these strategic enhancements from the past two years continue in the FY 2016 Operating Budget, other enhancements from the multiyear budget strategy are reflected in the Board’s budget request. They include an additional 6.5 counselors, school psychologists, and pupil personnel workers to continue to improve the student services model to meet the needs of our students and reduce caseloads. We also have included 5.0 math content coaches to work to improve elementary school math performance and 6.0 FTE positions to increase services to students who receive Interim Instructional Services outside of the school. There is additional funding to enhance county and community partnerships, increase equity training, and help diversify our teacher workforce. Finally, funding is provided for enhanced training for our staff to better serve students who receive ESOL services.

Development of the FY 2016 Operating Budget

As has occurred for the last few years, the FY 2016 Operating Budget request for MCPS was developed through continued collaboration with MCPS employees, parents, students, and community members. Small teams were formed to discuss the work of elementary, middle, and high schools to propose changes in the operating budget that are aligned with the three competencies in the strategic planning framework: *Building Our Future Together: Students, Staff, and Community*, and the Board’s FY 2016 Operating Budget interests. The work of these teams gave many individuals an opportunity to provide input into the development of this budget.

The Board held two public hearings on January 8 and 15, 2015, and then held two work sessions on the budget on January 20, 2015. Board members spent numerous hours analyzing the budget and posing more than 65 formal questions to staff, which eventually led to the amended Superintendent’s Recommended FY 2016 Operating Budget. The Board adopted its final budget request on February 10, 2015.

The collaborative work of the Board, the county executive, and the County Council in support of our 154,000 students continues to demonstrate noteworthy results. The four-year graduation rate for the MCPS Class of 2014 was 89.7 percent. This is a 1.4 percentage point increase more than for 2013 and a 2.9 percentage point increase since 2011.

In addition, the graduation rate for all subgroups of students rose in 2014. The gap between Black or African American and White students has narrowed by 3.8 percentage points during the last three years and the gap between Hispanic/Latino and White students has narrowed by 3.4 percentage points. MCPS has the highest graduation rate for Black or African American males among the nation’s largest school districts according to a recent report by the Schott Foundation

The Honorable Isiah Leggett, et al.

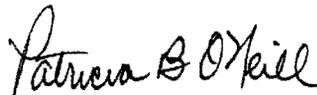
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February 27, 2015

for Public Education. While these graduation rates illustrate that we are making progress in narrowing the achievement gap, it is certain we must continue our efforts to support the academic success for all our students with this FY 2016 Operating Budget.

The Board thanks you for your continued commitment to the students and citizens of this county.

Sincerely,



Patricia B. O'Neill
President

PBO:LAB:AMZ:tpk

Enclosure

TABLE 1
SUMMARY OF RESOURCES
BY OBJECT OF EXPENDITURE

OBJECT OF EXPENDITURE	FY 2014 ACTUAL	FY 2015 BUDGET	FY 2015 CURRENT	FY 2016 BUDGET	FY 2016 CHANGE
POSITIONS					
Administrative	709,200	717,700	717,700	717,200	(,500)
Business/Operations Admin.	91,650	90,650	90,650	89,650	(1,000)
Professional	12,257,970	12,527,482	12,517,482	12,706,456	188,974
Supporting Services	8,184,918	8,245,157	8,262,157	8,337,285	75,128
TOTAL POSITIONS	21,243,738	21,580,989	21,587,989	21,850,591	262,602
01 SALARIES & WAGES					
Administrative	\$89,643,854	\$94,662,592	\$94,662,592	\$97,022,314	\$2,359,722
Business/Operations Admin.	8,299,791	8,949,889	8,949,889	8,963,713	13,824
Professional	944,916,270	995,657,421	995,148,957	1,039,984,815	44,835,858
Supporting Services	339,561,275	362,676,011	363,212,355	377,264,027	14,051,672
TOTAL POSITION DOLLARS	1,382,421,190	1,461,945,913	1,461,973,793	1,523,234,869	61,261,076
OTHER SALARIES					
Administrative	267,939	397,576	397,576	397,576	
Professional	56,678,548	59,484,174	59,456,294	59,599,532	143,238
Supporting Services	26,567,984	24,521,789	24,521,789	23,505,294	(1,016,495)
TOTAL OTHER SALARIES	83,514,471	84,403,539	84,375,659	83,502,402	(873,257)
TOTAL SALARIES AND WAGES	1,465,935,661	1,546,349,452	1,546,349,452	1,606,737,271	60,387,819
02 CONTRACTUAL SERVICES	26,545,171	26,797,929	26,786,829	27,165,549	378,720
03 SUPPLIES & MATERIALS	67,754,103	73,107,511	73,106,661	70,966,898	(2,139,763)
04 OTHER					
Local/Other Travel	2,288,790	2,894,693	2,906,443	2,804,716	(101,727)
Insur & Employee Benefits	537,638,782	519,114,097	519,114,097	569,330,940	50,216,843
Utilities	42,513,450	38,633,435	38,633,435	41,606,083	2,972,648
Miscellaneous	54,753,787	54,088,777	54,088,977	56,869,105	2,780,128
TOTAL OTHER	637,194,809	614,731,002	614,742,952	670,610,844	55,867,892
05 EQUIPMENT	14,779,804	15,778,090	15,778,090	17,991,005	2,212,915
GRAND TOTAL AMOUNTS	\$2,212,209,548	\$2,276,763,984	\$2,276,763,984	\$2,393,471,567	\$116,707,583

TABLE 1A
SUMMARY OF BUDGET CHANGES FY 2015 - FY 2016
(\$ in millions)

ITEM	FTE	AMOUNT
FY 2015 CURRENT OPERATING BUDGET	21,580.989	\$2,276.8
ENROLLMENT CHANGES		
Elementary/Secondary	111.420	7.6
Special Education	96.294	6.3
ESOL	41.500	2.7
Transportation/Food Services/School Plant Operations	25.313	1.7
Subtotal	274.527	\$ 18.3
NEW SCHOOLS/ADDITIONAL SPACE		
	4.600	\$ 0.5
EMPLOYEE SALARIES - CONTINUING AND NEGOTIATED		
SALARIES FOR CURRENT EMPLOYEES (including benefits)		\$ 59.5
EMPLOYEE BENEFITS AND INSURANCE		
Employee Benefits Plan (active) - Including Negotiated Changes		15.1
Employee Benefits Plan (retired)		18.9
Retirement		0.1
FICA/Self-Insurance/Workers' Compensation, Fire Insurance		(1.6)
Pension Shift from State		6.6
Subtotal		\$ 39.0
INFLATION AND OTHER		
Textbooks, Instructional Materials, Building/Maintenance Supplies		0.9
Utilities		2.9
Special Education	4.000	0.7
Transportation	0.500	0.0
Facilities Management	0.500	1.6
Grants and Enterprise Funds	(13.275)	(2.0)
Other	1.900	0.4
Subtotal	(6.375)	\$ 4.4
EFFICIENCIES & REDUCTIONS		
Central Services	(14.000)	(3.4)
Support Operations (Buses/Bus Operators, Bus Supplies)	(20.700)	(1.4)
School-Based	(5.000)	(2.8)
Subtotal	(39.700)	\$ (7.6)

ITEM	FTE	AMOUNT
STRATEGIC PRIORITY ENHANCEMENTS		
Elementary Counselors, Psychologists, Pupil Personnel Workers	6.500	0.53
Middle School Improvement Strategy Implementation	-	-
Teachers for Middle School Leadership	-	-
High School Counselors for Higher Needs Schools	-	-
Teacher Positions to Provide Release Time For High School Resource Teachers for Leadership Responsibilities	-	-
High School Staff Development Teachers	-	-
High School Athletic Trainers	-	0.3
Restore Key Positions in Small Elementary Schools -Staff Development Teachers, Reading Specialists, Counselors, Media Specialists	-	-
Elementary Program Specialist Positions for the Learning and Academic Disabilities Program	-	-
Positions for the Home School Model for Elementary Schools	-	-
Part-time Clerical Support for Elementary Schools	-	-
Math Content Coaches for Elementary Schools	5.000	0.3
Assistant Principals for Two Elementary Schools with Single Administrator	-	-
Assistant School Administrators for Largest Elementary Schools	-	-
Conversion of Assistant School Administrators to Assistant Principals	-	-
Communication Specialist Positions to Enhance Language Assistance Services	1.000	0.1
Enhance ESOL Instruction by Expanding SIOP Training	-	0.0
Teacher for Special Education High Incidence Accessible Technology Team	-	-
Enhance Interim Instructional Services to Students	6.000	0.3
Equity Support to Schools	2.000	0.2
Align Secondary Reading Intervention with Common Core State Standards	-	0.1
Achieving Collegiate Excellence and Success (ACES) Program	-	0.3
Children's Trust	-	0.3
Enhance Teacher Diversity	-	0.2
Subtotal	20.500	\$ 2.5
FY 2016 OPERATING BUDGET	21,834.441	\$ 2,393.5
FY 2015 - FY 2016 CHANGE	253.452	\$ 116.7
Less Grants	(3.395)	(77.2)
Less Enterprise funds	-	(62.8)
SPENDING AFFORDABILITY BUDGET	21,831.046	\$ 2,263.5
REVENUE INCREASE BY SOURCE		
Local		115.6
State		5.5
Federal		0.1
Other		(1.5)
Fund Balance		(5.0)
Enterprise/Special Revenue Funds		2.0
TOTAL REVENUE INCREASE		\$ 116.7

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**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2014 ACTUALS	FY 2015 BUDGET	FY 2015 CURRENT	FY 2016 ESTIMATED
CURRENT FUND				
From the County:	\$1,413,738,905	\$1,439,045,758	\$1,439,045,758	\$1,548,044,103
Local Contribution for State Retirement	\$34,511,689	37,809,551	37,809,551	\$44,356,785
Total from the County	1,448,250,594	1,476,855,309	1,476,855,309	1,592,400,888
From the State:				
Bridge to Excellence				
Foundation Grant	305,782,989	310,456,913	310,456,913	317,819,187
Geographic Cost of Education Index	33,636,554	34,394,095	34,394,095	17,504,312
Limited English Proficient	57,776,368	55,602,029	55,602,029	59,481,619
Compensatory Education	121,839,206	128,619,158	128,619,158	134,863,272
Students with Disabilities - Formula	35,164,209	35,854,834	35,854,834	36,068,026
Students with Disabilities - Reimbursement	17,088,724	15,347,937	15,347,937	17,737,979
Transportation	36,985,683	38,090,967	38,090,967	39,786,572
Miscellaneous	232,670	400,000	400,000	400,000
Programs financed through State Grants	2,910,271			644,000
Total from the State	611,416,674	618,765,933	618,765,933	624,304,967
From the Federal Government:				
Impact Aid	193,173	400,000	400,000	200,000
Programs financed through Federal Grants	73,795,010	69,455,580	69,455,580	69,795,287
Total from the Federal Government	73,988,183	69,855,580	69,855,580	69,995,287
From Other Sources:				
Tuition and Fees				
D.C. Welfare	183,688	200,000	200,000	200,000
Nonresident Pupils	657,955	780,000	780,000	680,000
Summer School	1,592,341	1,400,000	1,400,000	1,493,967
Outdoor Education	513,727	525,000	525,000	681,356
Student Activities Fee	706,216	725,000	725,000	756,500
Miscellaneous	338,627	245,708	245,708	250,000
Programs financed through Private Grants	1,014,389	8,448,354	8,448,354	6,731,204
Total from Other Sources	5,006,943	12,324,062	12,324,062	10,836,959
Fund Balance	26,972,451	38,172,451	38,172,451	33,162,633
Total Current Fund	2,165,634,845	2,215,973,335	2,215,973,335	2,330,700,734
ENTERPRISE & SPECIAL FUNDS				
School Food Service Fund:				
State	1,614,566	2,236,607	2,236,607	2,259,860
National School Lunch, Special Milk and Free Lunch Programs	32,802,001	28,821,508	28,821,508	29,207,955
Sale of Meals and other	18,182,821	20,164,291	20,164,291	21,699,064
Total School Food Service Fund	52,599,388	51,222,406	51,222,406	53,166,879
Real Estate Management Fund:				
Rental fees	2,744,862	3,166,047	3,166,047	3,257,703
Total Real Estate Management Fund	2,744,862	3,166,047	3,166,047	3,257,703

**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2014 ACTUALS	FY 2015 BUDGET	FY 2015 CURRENT	FY 2016 ESTIMATED
Field Trip Fund:				
Fees	1,786,478	1,895,960	1,895,960	1,991,533
Total Field Trip Fund	1,786,478	1,895,960	1,895,960	1,991,533
Entrepreneurial Activities Fund:				
Fees	1,974,638	2,910,612	2,910,612	2,618,811
Total Entrepreneurial Activities Fund	1,974,638	2,910,612	2,910,612	2,700,509
Total Enterprise Funds	59,105,366	59,195,025	59,195,025	61,116,624
Instructional Television Special Revenue Fund:				
Cable Television Plan	1,477,261	1,595,624	1,595,624	1,654,209
Total Instructional Special Revenue Fund	1,477,261	1,595,624	1,595,624	1,654,209
GRAND TOTAL	\$2,226,217,472	\$2,276,763,984	\$2,276,763,984	\$2,393,471,567

Tax - Supported Budget	FY 2013 ACTUAL	FY 2015 ESTIMATED	FY 2015 ESTIMATED	FY 2015 ESTIMATED
Grand Total	\$2,226,217,472	\$2,276,763,984	\$2,276,763,984	\$2,393,471,567
Less:				
Grants	(77,719,670)	(77,903,934)	(77,903,934)	(77,170,491)
Enterprise Funds	(59,105,366)	(59,195,025)	(59,195,025)	(61,116,624)
Special Revenue Fund	(1,477,261)	(1,595,624)	(1,595,624)	(1,654,209)
Grand Total - Tax-Supported Budget	\$2,087,915,175	\$2,138,069,401	\$2,138,069,401	\$2,253,530,243

The Adult Education Fund was created July 1, 1991, but was discontinued effective July 1, 2006, because the program was transferred to Montgomery College and the Montgomery County Department of Recreation. The Real Estate Management Fund was created July 1, 1992. The Field Trip Fund was created effective July 1, 1993. The Entrepreneurial Activities Fund was created effective July 1, 1998. The Instructional Television Special Revenue Fund was created July 1, 2000.

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

Program Name and Source of Funding	FY 2014 ACTUAL	FY 2015 BUDGET	FY 2015 CURRENT	FY 2016 ESTIMATED
<u>Budgeted</u>				
FEDERAL AID: NO CHILD LEFT BEHIND (NCLB)				
Title I - A (941/949)	\$ 24,200,094	\$ 22,355,254	\$ 22,355,254	\$ 21,256,537
Subtotal	24,200,094	22,355,254	22,355,254	21,256,537
Title I - D				
Neglected and Delinquent Youth (937)	94,715	131,896	131,896	131,896
Total Title I	24,294,809	22,487,150	22,487,150	21,388,433
Title II - A				
Skillful Teaching and Leading Program (915)	558,892	355,443	355,443	350,043
Teacher Mentoring (917)	87,126	249,480	249,480	254,880
Consulting Teachers (961)	2,910,100	2,910,100	2,910,100	2,902,171
Total Title II	3,556,118	3,515,023	3,515,023	3,507,094
Title III				
English Language Acquisition (927)	3,438,205	3,354,765	3,354,765	3,507,094
Title VII				
American Indian Education (903)	25,440	25,440	25,440	25,700
SUBTOTAL	31,314,572	29,382,378	29,382,378	28,428,321
OTHER FEDERAL, STATE, AND LOCAL AID				
Head Start Child Development (932)				
Federal	3,371,910	3,371,910	3,371,910	3,603,675
Individuals with Disabilities Education (907/913/963/964/ 965/966/967)				
Federal	29,921,191	29,634,218	29,634,218	30,455,423
Infants and Toddlers (930)				
Federal	714,590	797,345	797,345	797,345
Passthrough from Montgomery County Department of Health and Human Services	232,423	226,393	226,393	226,393
Judith P. Hoyer Child Care Centers State (904/905)				644,000
Medical Assistance Program (939)				
Federal	4,705,938	4,705,938	4,705,938	4,916,730
National Institutes of Health (NIH) (908)				
Federal	206,253	265,252	265,252	270,525
Provision for Future Supported Projects (999)				
Other	6,244,647	8,448,354	8,448,354	6,731,204
Carl D. Perkins Career & Technical Ed. Improvement (951)				
Federal	1,072,146	1,072,146	1,072,146	1,023,725
Mckinney Vento Homeless Children and Youth (910)				
Federal				73,150
SUBTOTAL	46,469,098	48,521,556	48,521,556	48,025,020

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

Program Name and Source of Funding	FY 2014 ACTUAL	FY 2015 BUDGET	FY 2015 CURRENT	FY 2016 ESTIMATED
TOTAL	\$ 77,783,670	\$ 77,903,934	\$ 77,903,934	\$ 76,453,341
Summary of Funding Sources				
Federal	\$ 71,539,023	\$ 69,455,580	\$ 69,455,580	\$ 69,795,287
State				644,000
County				
Other	6,244,647	8,448,354	8,448,354	6,731,204
GRAND TOTAL	\$ 77,783,670	\$ 77,903,934	\$ 77,903,934	\$ 77,170,491

FOR INFORMATION ONLY

Additional grant appropriation through the Provision for Future Supported Projects as of November 19, 2014

Individuals with Disabilities Act Part B (IDEA)			\$ 353,285
Title I School Improvement			102,750
DHHS - Alternative Programs			64,000
Carl D. Perkins CTE Computer Sciences Program			68,504
Title III ESOL			51,010
Healthy Hunger Free Kids Act			10,640
SUBTOTAL FEDERAL FUNDING			650,189
World Language Academies			5,253
Kindergarten Readiness Assessment			315,360
Maryland IB and AP Test Reduction Program			55,890
Judith B. Hoyer Childcare & Education (Judy Centers)			644,000
SUBTOTAL STATE FUNDING			1,020,503
TOTAL			\$ 1,670,692

**TABLE 4
SUMMARY OF STUDENT ENROLLMENT - FY 2013 THROUGH FY 2016**

DESCRIPTION	(1) FY 2013 ACTUAL 9/30/2012	(2) FY 2014 ACTUAL 9/30/2013	(3) FY 2015 ACTUAL 9/30/2014	(4) FY 2015 BUDGET 9/30/2014	(5) FY 2016 PROJECTED 9/30/2015	CHANGE COLUMN (5) LESS COLUMN (4)	
						#	%
ENROLLMENT							
PRE-KINDERGARTEN	1,989	1,899	1,912	2,145	2,145		
HEAD START	618	628	628	628	628		
KINDERGARTEN	11,620	11,858	11,544	11,944	11,400	(544)	-4.6%
GRADES 1-5 / 6 *	56,768	58,121	59,584	59,453	60,390	937	1.6%
SUBTOTAL ELEMENTARY	70,995	72,506	73,668	74,170	74,563	393	0.5%
GRADES 6-8 **	31,228	32,125	33,167	33,012	34,236	1,224	3.7%
SUBTOTAL MIDDLE	31,228	32,125	33,167	33,012	34,236	1,224	3.7%
GRADES 9-12	44,707	44,759	45,257	44,680	45,496	816	1.8%
SUBTOTAL HIGH	44,707	44,759	45,257	44,680	45,496	816	1.8%
SUBTOTAL PRE-K - GRADE 12	146,930	149,390	152,092	151,862	154,295	2,433	1.6%
SPECIAL EDUCATION							
PRE-KINDERGARTEN	1,030	1,112	1,206	1,364	1,563	199	14.6%
SPECIAL CENTERS	485	486	425	522	431	(91)	-17.4%
SUBTOTAL SPECIAL EDUCATION	1,515	1,598	1,631	1,886	1,994	108	5.7%
MONTESSORI CHARTER SCHOOL	68	99	-	-	-		
ALTERNATIVE PROGRAMS	137	155	117	225	225		
GATEWAY TO COLLEGE	129	47	12	75	-	(75)	-100.0%
GRAND TOTAL	148,779	151,289	153,852	154,048	156,514	2,466	1.6%

SOURCE: Division of Long-range Planning

NOTE: Grade enrollments include special education students

* The Elementary enrollment figures include enrollment numbers for Chevy Chase and North Chevy Chase Grade 6.

** Excludes enrollment numbers for Chevy Chase and North Chevy Chase Grade 6 that are budgeted in the elementary schools' enrollment figures.

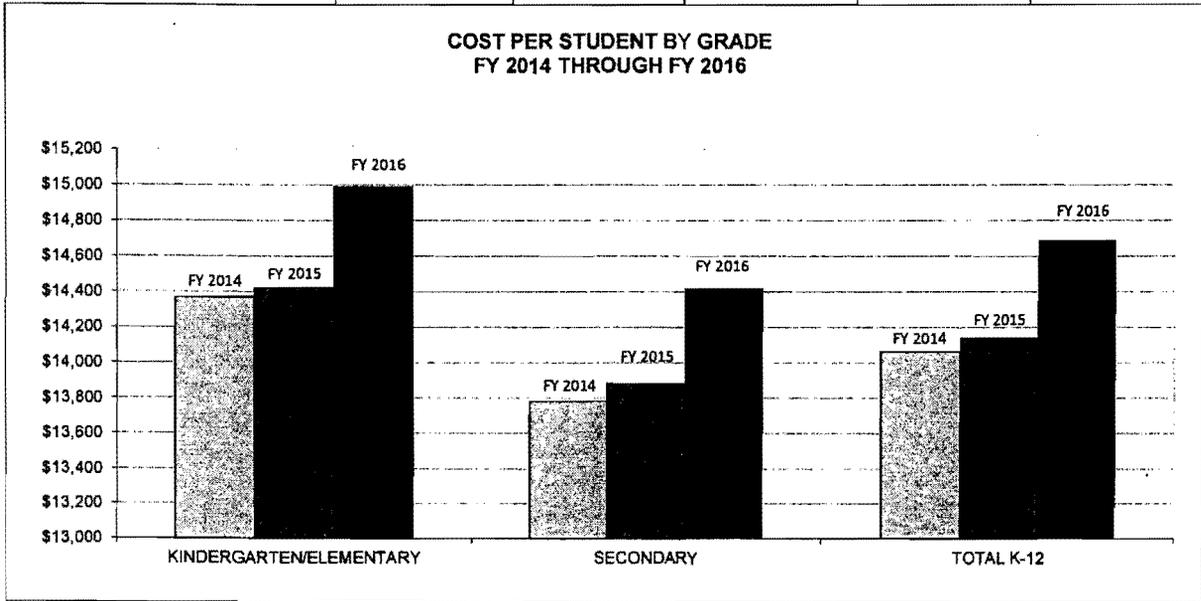


**TABLE 5
ALLOCATION OF STAFFING**

	BUDGET FY 2011	BUDGET FY 2012	BUDGET FY 2013	BUDGET FY 2014	CURRENT FY 2015	BUDGET FY 2016	FY 15 - FY 16 CHANGE
1 Executive	17.000	17.000	19.000	21.000	19.000	19.000	-
2 Administrative - (directors, supervisors, program coordinators, executive assistants)	200.200	199.000	195.000	196.700	204.700	202.700	(2.000)
3 Business/Operations Administrator - (leadership positions supervised by directors and supervisors)	94.000	92.000	92.000	91.650	90.650	89.650	(1.000)
4 Other Professional - (12-month instructional/evaluation specialists)	198.500	186.900	182.300	183.500	189.500	192.000	2.500
5 Principal/Assistant Principal	484.000	484.000	486.000	491.500	494.000	495.500	1.500
6 Teacher	10,239.670	10,281.220	10,475.070	10,759.420	10,984.160	11,156.784	172.624
7 Special Education Specialist (speech pathologists, physical/occupational therapists)	479.600	482.400	495.200	506.750	508.958	516.308	7.350
8 Media Specialist	197.500	189.200	190.200	192.200	195.500	195.500	-
9 Counselor	461.000	451.300	453.300	456.300	467.500	471.000	3.500
10 Psychologist	96.205	94.805	94.905	100.000	106.034	108.034	2.000
11 Social Worker	14.805	13.905	14.405	14.800	14.830	14.830	-
12 Pupil Personnel Worker	45.000	45.000	45.000	45.000	51.000	52.000	1.000
13 Instructional Aide and Assistant (paraeducators, media assistants, lunch-hour aides, parent assistants, instructional data assistants)	2,627.980	2,519.048	2,560.253	2,596.605	2,660.994	2,756.809	95.815
14 Secretarial/Clerical/Data Support (secretarial, clerical, personnel/transportation/fiscal/other lower grade program/data assistants)	1,000.025	997.250	988.100	986.625	983.250	981.000	(2.250)
15 IT Systems Specialist	143.000	131.000	131.000	131.000	133.000	131.000	(2.000)
16 Security - (includes all positions except those in lines 2,3,14 above)	227.000	227.000	227.000	227.000	229.000	232.000	3.000
17 Cafeteria - (includes all positions except those in lines 2,3,14,15 above)	557.488	556.448	557.948	558.948	561.448	561.448	-
18 Building Services - (includes all positions except those in lines 2,3,14 above)	1,319.200	1,335.200	1,342.700	1,365.075	1,376.700	1,363.200	(13.500)
19 Facilities Management/Maintenance - (includes all positions except those in lines 2,3,14,15 above)	347.000	344.500	345.000	354.000	354.000	354.500	0.500
20 Supply/Property Management - (includes all positions except those in lines 2, 3,14,15 above)	53.500	53.000	47.000	50.000	51.500	51.500	-
21 Transportation - (includes all positions except those in lines 2,3 14, 15 above)	1,695.750	1,687.650	1,685.650	1,685.590	1,685.590	1,679.153	(6.437)
22 Other Support Personnel - (business, technology human resources, communications, printing, and other support staff)	245.260	224.400	234.575	230.075	226.675	226.675	-
TOTAL	20,743.683	20,612.226	20,861.606	21,243.738	21,587.989	21,850.591	262.602

**TABLE 6
COST PER STUDENT BY GRADE SPAN**

	KINDERGARTEN/ ELEMENTARY	SECONDARY	TOTAL K-12*	AMOUNT EXCLUDED*	TOTAL BUDGET**
FY 2014 BUDGET					
EXPENDITURES	\$1,008,872,900	\$1,062,018,494	\$2,070,891,394	\$154,529,658	\$2,225,421,052
STUDENTS 9/30/13	70,197	77,037	147,234		
COST PER STUDENT	\$14,372	\$13,786	\$14,065		
FY 2015 BUDGET					
EXPENDITURES	\$1,030,647,432	\$1,089,828,171	\$2,120,475,603	\$156,288,381	\$2,276,763,984
STUDENTS 9/30/14	71,451	78,491	149,942		
COST PER STUDENT	14,425	13,885	14,142		
FY 2016 BUDGET					
EXPENDITURES	1,076,580,206	1,159,461,140	2,236,041,346	157,430,221	2,393,471,567
STUDENTS 9/30/15	71,790	80,388	152,178		
COST PER STUDENT	14,996	14,423	14,694		



Notes:

Enrollment figures used to calculate cost per student excludes students in Gateway to College and PreK/Head Start.
 Operating budget funds used in the calculation excludes amounts for Summer School, Community Services, Tuition for Students with Disabilities in Private Placement, and Enterprise Funds.
 FY 2015 Figures Reflect Current Approved Budget.

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

April 14, 2015

MEMORANDUM

To: Members of the Board of Education
From: Larry A. Bowers, Interim Superintendent of Schools
Subject: Monthly Financial Report

This financial report reflects the actual financial condition of Montgomery County Public Schools (MCPS) as of February 28, 2015, and projections through June 30, 2015, based on program requirements and estimates made by primary and secondary account managers. At this time, revenues have a projected surplus of \$1.73 million, which is the same amount reported last month. Expenses are projected to have a surplus of \$32.1 million, which is \$500,000 more than the \$31.6 million reported last month. The change in expenditures is primarily due to the implementation of Fiscal Year (FY) 2015 Operating Budget expenditure restrictions that were effective on November 24, 2014.

The County Council appropriated \$38,172,451 of fund balance for the FY 2015 Operating Budget. As a result of additional savings realized at the end of FY 2014, the FY 2015 beginning fund balance was \$1,182,633. Based on revenue and expenditure projections as of February 28, 2015, the FY 2015 fund balance at year end will be \$35 million. This amount will be used to help fund the FY 2016 Operating Budget.

Attachment 1 presents a chart displaying budgeted and projected revenues as reflected in this report. Attachment 2 is a chart detailing expenditure information by state category. The chart illustrates authorized (budgeted) expenditures, actual year-to-date expenditures and encumbrances, projected expenditures for the remainder of the fiscal year, and the projected year-end balance as reflected in this report.

REVENUE

Total revenue is projected to be \$2,289,651,443, which is \$1,730,000 more than the current budget of \$2,287,921,443. There is no change from the prior month's projection.

County

The projected revenue from the county is \$1,476,855,309. This is the same as the amount budgeted for FY 2015, and the same as projected last month.

State

The projected revenue from the state is \$620,415,933, which is the same as reported last month and \$1.65 million more than the amount budgeted.

Federal

The projected revenue from Impact Aid is \$300,000, which is the same amount as projected last month. This is \$100,000 less than the \$400,000 budgeted.

Other

The projected revenue from other sources is \$4,055,708, and there is no change from the prior month's projection. This is \$180,000 more than the \$3,875,708 budgeted.

Appropriated Fund Balance

The projected revenue from appropriated fund balance remains at \$40,682,985. This amount includes \$2,510,534 for prior-year encumbrances.

Enterprise Funds

The projected revenue from enterprise funds remains at \$60,818,601.

Supported Projects

The anticipated revenue of \$86,522,908 remains the same as reported last month and includes the FY 2015 Recommended Supplemental Appropriation for the Comprehensive Assessment System Solutions Project of \$633,145 approved by the Board of Education on February 10, 2015. This estimate includes \$7,985,829 carried forward from FY 2014. Projects approved through February 28, 2015, have been assigned \$82,112,909.

EXPENDITURES

There is a projected surplus of \$32.1 million, which is \$500,000 more than the \$31.6 million reported last month. As a result of expenditure restrictions put in place on November 24, 2014, all categories are projected to end the year in surplus. The following provides an explanation of the projections for each category.

Category 1—Administration

There is a projected end-of-year surplus of \$1.8 million in Category 1, Administration. This is a reduction of \$300,000 from the \$2.1 million reported last month. As of February 28, 2015, 90.8 percent of the funds budgeted in this category have been spent or encumbered. It is projected that an additional \$2.2 million, or 5.1 percent of budgeted funds, will be spent during the remainder

of the year for equipment maintenance, supplies, and other items that are essential to MCPS operations. There currently are 16.3 vacant Full-time Equivalent (FTE) positions and a projected salary surplus of \$1.7 million. The projected position salary surplus remains the same as reported last month. Additional vacancies that occur during the year will generate additional surplus. In addition, the \$370,000 surplus projected last month for temporary part-time salaries remains the same. The \$115,000 deficit projected last month for contractual services has increased by \$200,000 to a deficit of \$315,000. Additional expenditures are required to update the school allocation and procurement technology systems. Due to the required purchase of payroll system software, the surplus of \$145,000 projected last month for supplies and materials, other expenditures, and equipment, has decreased by \$100,000 to \$45,000.

Category 2—Mid-level Administration

Last month's projected end-of-year surplus in Category 2, Mid-level Administration, of \$3.7 million has increased by \$100,000 to \$3.8 million. As of February 28, 2015, 96.1 percent of the funds budgeted in this category have been spent or encumbered, and it is anticipated that an additional \$1.7 million, or 1.2 percent of budgeted funds, will be expended during the remaining months of the year for essential services. Currently, there are 35.1 vacant FTE positions, 1.5 FTE positions more than last month. The projected surplus in position salaries of \$3.3 million and the \$150,000 surplus for temporary part-time salaries remains the same as reported last month. The surplus of \$300,000 for contractual services, supplies and materials, and mileage reimbursement for local travel has increased by \$100,000 to \$400,000 based on an additional month of actual expenditure data.

Category 3—Instructional Salaries

Category 3, Instructional Salaries, is projected to end the year with a surplus of \$12.5 million, and there is no change from last month's projection. As of February 28, 2015, 96.8 percent of the funds budgeted in this category have been spent or encumbered. It is projected that an additional \$15.7 million, or 1.8 percent of the budgeted amount, will be spent during the remainder of the year. Based on the most current data, there is a \$7.5 million surplus projected for position salaries, which is the same amount reported last month. There are 150.8 vacant FTE positions, most of which are being filled by long-term teacher substitutes. The \$5 million surplus projected in temporary part-time salaries also has not changed from last month's projection. The surplus primarily is due to long-term leave, sick and annual leave payments to employees, and to savings in stipends and substitutes for professional development.

Category 4—Textbooks and Instructional Supplies

Expenditures in Category 4, Textbooks and Instructional Supplies, are projected to have a surplus of \$4 million, and there is no change in the projection reported last month. As of February 28, 2015, approximately 60.3 percent of the funds budgeted in this category have been spent or encumbered. It is projected that an additional \$7.3 million, or 25.7 percent of the budgeted amount, will be spent during the remainder of the year. Schools and offices will purchase only those textbooks, materials, and supplies that are essential.

Category 5—Other Instructional Costs

Category 5, Other Instructional Costs, is projected to have a surplus of \$900,000, which is \$100,000 more than the \$800,000 projected in the last financial report. The additional surplus is projected based on an additional month of expenditure data illustrating additional savings from the expenditure restrictions. As of February 28, 2015, approximately 58.4 percent of the funds budgeted in this category have been spent or encumbered. It is projected that \$3.6 million will be spent during the remainder of the year to cover a variety of expenditures, including costs for interscholastic sports and maintenance of duplicating equipment.

Category 6—Special Education

Expenditures for Category 6, Special Education, are projected to have a surplus of \$5 million, which is \$500,000 more than the \$4.5 million surplus reported last month. As of February 28, 2015, 96.1 percent of the funds budgeted in this category have been spent or encumbered. It is projected that an additional \$5.9 million, or 2.1 percent of the budget, will be spent during the remainder of the year. Position salary balances resulting from vacant FTE positions are offset by long-term substitutes for classroom coverage, temporary part-time salaries, and contractual services to provide services to students with disabilities as prescribed in their Individualized Education Programs. This results in an overall surplus of \$4 million, which is \$500,000 more than the surplus projected last month. Additional grant revenue may be utilized to meet expenditure needs. The \$1 million surplus projected for tuition for students with disabilities served in nonpublic programs remains the same as reported last month. The amount budgeted for FY 2015 assumed a similar enrollment pattern for school-age day programs as that experienced in FY 2014. However, the number of students enrolling this year has not increased as originally expected.

Category 7—Student Personnel Services

Expenditures for Category 7, Student Personnel Services, are projected to have a surplus of \$200,000. There is no change from the prior month's projection. As of February 28, 2015, approximately 96.4 percent of all budgeted funds in this category have been spent or encumbered. There is a position salary balance of \$163,000, the same amount as reported last month. Also, the surplus of \$37,000 projected for part-time salaries and operating expenses remains the same as reported last month.

Category 9—Student Transportation

Category 9, Student Transportation, is expected to end the year with a surplus of \$1.8 million, and there is no change in the projection reported from last month. As of February 28, 2015, approximately 87.5 percent of all budgeted funds in this category have been spent or encumbered. The projected position salary surplus of \$1.9 million reported last month has not changed. In addition, the \$3.2 million projected deficit for temporary part-time salaries reported last month remains the same. It is projected that additional bus operator position vacancies will be filled with part-time bus operators. The projected surplus of \$2 million reported last month for bus fuel

remains the same. The budget for bus fuel was based on \$3.55 per gallon, and the current rate is \$2.41 per gallon. Also, as reported last month, expenditures for bus repairs and bus supplies are projected to end the year with a surplus of \$1.0 million. The projected surplus of \$100,000 reported last month for equipment purchases has not changed.

Category 10—Operation of Plant and Equipment

Expenditures for Category 10, Operation of Plant and Equipment, are projected to have a surplus of \$1.1 million, which is \$100,000 more than reported last month. As of February 28, 2015, approximately 83.3 percent of all budgeted funds in this category have been spent or encumbered, and \$20.4 million, or 15.8 percent of the budget, is expected to be spent throughout the remainder of the year. Currently, there are 78.7 FTE position vacancies, primarily building service positions, and there are 9.5 more vacancies than last month. The projected position salary surplus of \$2.2 million projected last month has increased by \$200,000 to \$2.4 million. Also, the projected deficit of \$400,000 for building service substitute salaries and long-term leave has increased by \$100,000 to \$500,000. Included in the projection are the overtime costs associated with school closings due to weather conditions. The surplus of \$300,000 in supplies and materials, primarily as a result of inventory adjustments and postage costs in the Department of Materials Management, remains unchanged. Also, the deficit of \$200,000 reported last month for vehicle operating costs in the Department of Materials Management remains the same. At this time, the projected deficit of \$900,000 for utilities reported last month also remains the same.

Category 11—Maintenance of Plant

Expenditures in Category 11, Maintenance of Plant, are projected to have a surplus of \$800,000, and there is no overall change from last month's projection. Approximately 87 percent of budgeted funds have been spent or encumbered as of February 28, 2015. An additional \$3.6 million, or 10.6 percent of the budget, is expected to be spent during the remainder of the year. There are currently 35.0 FTE position vacancies, which is 4 more vacancies than last month. The position salary savings from lapse and turnover of \$1.4 million reported last month has increased by \$200,000 to \$1.6 million. Also, there is a surplus of \$150,000 for maintenance equipment, which is \$50,000 more than projected last month. The projected deficit of \$50,000 for long-term leave and temporary part-time salaries has increased by \$100,000 to \$150,000. The projected deficit of \$400,000 for maintenance and grounds care supplies and equipment reported last month has increased by \$100,000 to \$500,000, primarily due to costs for snow removal supplies. Also, last month's deficit of \$250,000 projected for contractual services has increased by \$50,000 to \$300,000 due to increased expenditures for snow removal.

Category 12—Fixed Charges

The \$200,000 expenditure surplus for Category 12, Fixed Charges, remains the same as reported last month. Approximately 70 percent of budgeted funds have been spent as of February 28, 2015. Last spring, as part of final action on the FY 2015 Operating Budget, the County Council reduced the budget for Category 12 by \$40.5 million by using reserve funds from our health care trust funds. Of the \$40.5 million, \$27.2 million of the \$51.1 million in the MCPS Other

Post-Employment Benefits Trust Fund was shifted to the Employees Group Insurance Fund to pay for current retiree health costs. In addition, \$13.3 million was cut with the intention of reducing the Employees Group Insurance Fund balance of \$18.5 million for retirees to \$5.2 million beginning in FY 2015. Based on actual FY 2014 experience and current projections for FY 2015 (based on eight months of actual data), the fund balance for both active employees and retirees is now projected to have a deficit of \$3.3 million. The Board of Education took action on a FY 2015 supplemental appropriation for the Employees Group Insurance Fund at its March 30, 2015 meeting.

LAB:AMZ:TPK:jp

Attachments

MONTGOMERY COUNTY PUBLIC SCHOOLS
Monthly Financial Report and Year-end Projections
As of February 28, 2015

REVENUE

Source	FY 2015 Original Budget	Revised Budget(a)	Projection		Current Report Variance Over (Under) Revised Budget
			As of 2/28/2015	As of 1/31/2015	
County	\$ 1,476,855,309	\$ 1,476,855,309	\$ 1,476,855,309	\$ 1,476,855,309	\$ -
State	618,765,933	618,765,933	620,415,933	620,415,933	1,650,000
Federal	400,000	400,000	300,000	300,000	(100,000)
Other	3,875,708	3,875,708	4,055,708	4,055,708	180,000
Appropriated fund balance	38,172,451	40,682,985 (b)	40,682,985	40,682,985	-
Subtotal	2,138,069,401	2,140,579,935	2,142,309,935	2,142,309,935	1,730,000
Food Services	51,222,406	51,248,217	51,248,217	51,248,217	-
Real Estate Management	3,166,047	3,166,047	3,166,047	3,166,047	-
Field Trip	1,895,960	1,895,960	1,895,960	1,895,960	-
Entrepreneurial Activities	2,910,612	2,911,998	2,911,998	2,911,998	-
Instructional Television	1,595,624	1,596,379	1,596,379	1,596,379	-
Supported Projects	77,903,934	86,522,908 (c)	86,522,908	86,522,908	-
Total	\$ 2,276,763,984	\$ 2,287,921,443	\$ 2,289,651,443	\$ 2,289,651,443	\$ 1,730,000

Notes:

- (a) Revised budget includes carryover of prior-year encumbrances.
(b) Includes \$2,510,533.63 for prior-year encumbrances.
(c) Includes \$7,985,829 carried forward from FY 2014 and a supplemental appropriation of \$633,145.
The supplemental appropriation was adopted by the Board but not approved yet by County Council.

MONTGOMERY COUNTY PUBLIC SCHOOLS
Monthly Financial Report and Year-end Projections
As of February 28, 2015

EXPENDITURES

Category	Authorized Expenditures	Actual Year-to-Date Expenditures 2/28/2015	Encumbrances 2/28/2015	Expenditures and Encumbrances 2/28/2015	Projected Expenditures 6/30/2015	Current Report Projected Year-end Balance	Prior Report Projected Year-end Balance	Variance Over (Under)	(a) Percentage
01 Administration	\$ 43,777,985	\$ 26,881,853	\$ 12,858,715	\$ 39,740,568	\$ 2,237,417	\$ 1,800,000	\$ 2,100,000	\$ (300,000)	4.11
Position salaries	29,056,049	19,153,665	12,326,685	31,480,350					
Non-position salaries	1,092,281	394,218	0	394,218					
Operating expenses	7,875,974	7,333,969	532,031	7,866,000					
02 Mid-level Administration	140,211,204	\$ 81,602,133	\$ 53,140,529	\$ 134,742,662	1,668,543	3,800,000	3,700,000	100,000	2.71
Position salaries	128,763,579	79,721,167	52,874,567	132,595,734					
Non-position salaries	2,211,963	1,106,291	89,848	1,196,139					
Operating expenses	2,965,522	774,675	176,113	950,788					
03 Instructional Salaries	873,419,754	500,445,776	344,772,694	845,218,470	15,701,284	12,500,000	12,500,000	-	1.43
Position salaries	754,021,949	472,801,819	343,985,472	816,787,291					
Non-position salaries	43,784,108	27,643,957	787,222	28,431,179					
04 Textbooks and Supplies	28,541,394	15,518,495	1,696,999	17,215,494	7,325,900	4,000,000	4,000,000	-	14.01
05 Other Instructional Costs	10,815,194	5,343,488	975,899	6,319,387	3,595,807	900,000	800,000	100,000	8.32
06 Special Education	279,559,324	158,222,928	110,439,847	268,662,775	5,896,549	5,000,000	4,500,000	500,000	1.79
Position salaries	205,618,938	129,716,991	94,378,838	224,095,828					
Non-position salaries	2,247,605	4,985,471	132,641	5,118,112					
Operating expenses	38,126,984	23,520,467	15,928,368	39,448,834					
07 Student Personnel Services	11,003,033	6,524,227	4,085,461	10,609,689	193,344	200,000	200,000	-	1.82
Position salaries	10,013,994	6,322,438	4,083,434	10,405,872					
Non-position salaries	86,363	106,564	0	106,564					
Operating expenses	184,736	95,225	2,027	97,252					
08 Health Services	3,590	765	(0)	765	2,825				
Position salaries				-					
Non-position salaries		0	0	-					
Operating expenses		765	(0)	765					

**MONTGOMERY COUNTY PUBLIC SCHOOLS
 Monthly Financial Report and Year-end Projections
 As of February 28, 2015**

EXPENDITURES

Category	Authorized Expenditures	Actual Year-to-Date Expenditures 2/28/2015	Encumbrances 2/28/2015	Expenditures and Encumbrances 2/28/2015	Projected Expenditures 6/30/2015	Current Report Projected Year-end Balance	Prior Report Projected Year-end Balance	Variance Over (Under)	(a) Percentage
09 Student Transportation	101,491,729	60,162,920	28,621,008	88,783,927	10,907,802	1,800,000	1,800,000	-	1.77
Position salaries	62,840,954	37,963,801	27,707,298	65,671,099					
Non-position salaries	4,404,462	4,888,448	165,358	5,053,805					
Operating expenses	26,231,492	17,310,671	748,352	18,059,023					
10 Operation of Plant & Equipment	129,127,445	76,279,097	31,341,677	107,620,774	20,406,672	1,100,000	1,000,000	100,000	0.85
Position salaries	60,785,737	45,824,767	29,801,168	75,625,935					
Non-position salaries	2,133,738	1,614,341	317,995	1,932,336					
Operating expenses	53,612,581	28,839,989	1,222,514	30,062,503					
11 Maintenance of Plant	33,647,443	19,137,772	10,137,924	29,275,696	3,571,747	800,000	800,000	-	2.38
Position salaries	23,107,625	12,962,535	8,344,339	21,306,874					
Non-position salaries	939,404	625,134	116,704	741,838					
Operating expenses	8,629,123	5,550,103	1,676,880	7,226,983					
12 Fixed Charges	488,881,840	342,274,862	161,023	342,435,885	146,245,955	200,000	200,000	-	0.04
14 Community Services	100,000	65,969	0	65,969	34,031				
Non-position salaries		0	0	-					
Operating expenses		65,969	0	65,969					
Subtotal	2,140,579,935	1,292,460,284	598,231,776	1,890,692,060	217,787,874	32,100,000	31,600,000	500,000	1.50
61 Food Services	51,248,217	35,188,983	8,266,076	43,455,059	7,793,158	-	-	-	-
51 Real Estate Management	3,166,047	1,874,737	471,830	2,346,567	819,480	-	-	-	-
71 Field Trip	1,895,960	972,799	119,165	1,091,964	803,996	-	-	-	-
81 Entrepreneurial Activities	2,911,998	1,674,498	472,185	2,146,683	765,315	-	-	-	-
37 Instructional Television Supported Projects	1,596,379	991,272	469,177	1,460,449	135,930	-	-	-	-
Supported Projects	86,522,908	44,323,211	18,687,922	63,011,133	23,511,775	-	-	-	-
Total	\$ 2,287,921,443	\$ 1,377,485,784	\$ 626,718,131	\$ 2,004,203,915	\$ 251,617,528	\$ 32,100,000	\$ 31,600,000	\$ 500,000	1.40
	2,242,144,537								

Note: 249,887,874
 (a) Percentage of projected year-end balance to authorized expenditures.

22

Montgomery County Public Schools

MISSION STATEMENT

The Montgomery County Public Schools (MCPS) operates a countywide system of public schools for students from pre-kindergarten through high school. For the 2014-15 school year (FY15), 153,852 students in pre-kindergarten classes through grade 12 attend 202 separate public educational facilities. For the 2015-16 school year (FY16), enrollment is estimated at 156,514 students.

BUDGET OVERVIEW

The County Executive's role in the MCPS budget process is to present to the County Council a recommended total budget. The total recommended FY16 Operating Budget is \$2,308.7 million, an increase of \$31.9 million or 1.4 percent over the original FY15 approved budget of \$2,276.8 million and meets the State's Maintenance of Effort law.

The County Executive also recommends providing additional resources of \$27.2 million by distributing funds from the County's Consolidated Retiree Health Benefits Trust to MCPS for the purpose of paying retiree health insurance claims in FY16. This action allows for a reduction of Category 12 (Fixed Charges) appropriation, which can be reallocated to other categories for educational purposes.

The Board of Education's (BOE) Operating Budget request for FY16 totaled \$2,393.5 million. The County Executive's recommendation would fund 96.5 percent of the Board of Education's (BOE) request. With the additional resources provided through the Consolidated Retiree Health Benefits Trust, the County Executive's recommendation would fund 97.6 percent of the BOE's request.

The County also supports the operations of the school system through the expenditures of other departments. For example, school health services, childhood wellness, and Linkages to Learning programs are provided by the Department of Health and Human Services; research and internet resources are made available in the Montgomery County Public Libraries; crossing guards are provided by the Department of Police; sports academies for youth are sponsored by the Department of Recreation; reimbursements for classrooms and school sports fields rented by residents are made by Community Use of Public Facilities; and the Maryland-National Capital Park and Planning Commission provides maintenance of MCPS ballfields. In addition to the total recommended Operating Budget for the public schools, this agency's Capital Improvements Program (CIP) requires County funding. Approximately \$18.8 million in FY16 current revenue and \$24.2 million in recordation taxes are recommended in the amended FY15-20 CIP. The debt service requirement for the MCPS capital program is estimated at \$140.2 million in FY16.

The County Executive has recommended \$728,900 for full funding of a Network Operations Center for the FiberNet network in FY16. Costs will be shared according to proportional bandwidth usage; resulting in an allocation of 52% for Montgomery County Government (or \$379,028) and 48% for Montgomery County Public Schools (or \$349,872).

The table below summarizes the contributions to MCPS programs that are appropriated in other departments or agencies.

Additional County Support for MCPS FY16	
MCPS Budget (in millions)	\$2,168.8
Additional County funding (not included in MCPS budget)	
• Debt service on school construction bonds	\$140.2
• Pre-funding retiree health benefits	\$61.7
• Support services	\$62.5
• Technology modernization	\$23.5
Total additional County funding	\$287.9
Total expenditures for MCPS	\$2,456.7

Sources: Recommended FY16 Operating and Capital Budgets

The recommended budget includes the County's contribution of \$1,463.3 million plus \$33.2 million in carryover funds and \$44.4 million for State retirement (66.7 percent of all recommended funding), State aid and grants of \$624.3 million (27.0 percent), Federal grants and aid of \$70.0 million (3.0 percent), and tuition, fees, and private grants of \$10.8 million (0.5 percent). The recommended appropriation for the fee supported enterprise funds is \$61.1 million (2.6 percent) and for the special revenue fund is \$1.7 million (0.1 percent).

Tax Supported Funding for the Public Schools

For FY16, the total tax supported portion of the Executive's recommendation (excluding grants and enterprise funds) is \$2,168.8 million, an increase of \$30.7 million or 1.4 percent over the original FY15 approved Operating Budget.

The tax supported portion of the recommendation includes a FY16 local contribution of \$1,463.3 million, plus carryover of \$33.2 million and \$44.4 million for State retirement for a total local contribution of \$1,540.8 million. The Executive's recommendation for local funding fulfills the State Maintenance of Effort (MOE) requirement.

Fiscal Summary

The Executive's total budget recommendation from all funding sources is \$2,308.7 million and funds 96.5 percent of the BOE's request. The Executive relies on the BOE to determine the most appropriate manner to deliver educational services within its recommended budget allocation.

Spending Affordability

In February 2015, the Montgomery County Council approved FY16 Spending Affordability Guidelines (SAG) of \$2,130.7 million for the tax supported funds of MCPS. The BOE requested \$2,253.5 million in tax supported funds.

Additional Budget Details

The Executive affirms the authority of the BOE to establish educational policy and to determine the allocation of appropriated funds in support of the mission of the public school system. Complete information regarding the MCPS budget request is available in the FY16 Operating Budget adopted by the BOE on February 10, 2015. Copies of that budget are available at Montgomery County libraries, on the MCPS website and, upon request, from the school system.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ **Children Prepared to Live and Learn**

ACCOMPLISHMENTS AND INITIATIVES

- ❖ **Support MCPS programs through expenditures in other County departments, such as Health and Human Services, Public Libraries, Recreation, Community Use of Public Facilities, and Police.**
- ❖ **Make a County contribution to MCPS of \$1,540.8 million, including \$33.2 million in carryover and \$44.4 million of local contribution for State retirement.**
- ❖ **Provide additional resources of \$27.2 million from the County's Consolidated Retiree Health Benefits Trust to MCPS to pay for FY16 retiree health insurance claims, allowing for reduction of Category 12 (Fixed Charges) appropriation. These funds may be reallocated to other categories for educational programs. With the additional resources provided through the Consolidated Retiree Health Benefits Trust, the County Executive's recommendation would fund 97.6 percent of the BOE's request.**
- ❖ **Provide resources to accommodate enrollment of 156,514 students.**
- ❖ **Eight MCPS high schools rank in the top 200 of The Washington Post's 2014 High School Challenge and all 25 MCPS high schools appear on this list, which only includes the top nine percent of high schools in the country.**
- ❖ **Eleven MCPS high schools made the U.S. News & World Report 2014 list of Best High Schools. MCPS had the top four high schools in the state of Maryland.**
- ❖ **Seventeen high schools made the annual list of America's Best High Schools, published by Newsweek/The Daily Beast. Two MCPS high schools made the top 100 nationally, and the district had the top six schools in the state of**

Maryland.

❖ **Across the district, 15 students were semifinalists in the 2014 Intel Science Talent Search. Nine semifinalists were from Montgomery Blair High School, among the most of any high school in the nation.**

PROGRAM CONTACTS

Contact Thomas Klausing of the Montgomery County Public Schools at 301.279.3547 or Jedediah Millard of the Office of Management and Budget at 240.777.2769 for more information regarding this agency's operating budget.

BUDGET SUMMARY

	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
CURRENT FUND MCPS					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Current Fund MCPS Personnel Costs	0	0	0	0	—
Operating Expenses	2,110,158,231	2,138,069,401	2,106,089,401	2,168,760,952	1.4%
Capital Outlay	0	0	0	0	—
Current Fund MCPS Expenditures	2,110,158,231	2,138,069,401	2,106,089,401	2,168,760,952	1.4%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	20,032.00	20,391.94	20,391.94	20,602.50	1.0%
REVENUES					
Basic State Aid	305,782,989	310,456,913	310,456,913	317,819,187	2.4%
Federal Revenues	193,173	400,000	400,000	200,000	-50.0%
Foster Care/Miscellaneous	232,670	400,000	400,000	400,000	—
GCEI - Geographic Cost of Education Index	33,636,554	34,394,095	34,394,095	17,504,312	-49.1%
Students With Disabilities	52,252,933	51,202,771	51,202,771	53,806,005	5.1%
Thornton Legislation	179,615,574	184,221,187	184,221,187	194,344,891	5.5%
Transportation	36,985,683	38,090,967	38,090,967	39,786,572	4.5%
Tuition-Other Sources	3,992,554	3,875,708	3,875,708	4,105,755	5.9%
Current Fund MCPS Revenues	612,692,130	623,041,641	623,041,641	627,966,722	0.8%
GRANT FUND MCPS					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund MCPS Personnel Costs	0	0	0	0	—
Operating Expenses	74,809,399	77,903,934	77,903,934	77,170,491	-0.9%
Capital Outlay	0	0	0	0	—
Grant Fund MCPS Expenditures	74,809,399	77,903,934	77,903,934	77,170,491	-0.9%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	590.30	564.90	564.90	624.05	10.5%
REVENUES					
Federal Grants	73,795,010	69,455,580	69,455,580	69,795,287	0.5%
Private Grants	1,014,389	8,448,354	8,448,354	6,731,204	-20.3%
State Grants	0	0	0	644,000	—
Grant Fund MCPS Revenues	74,809,399	77,903,934	77,903,934	77,170,491	-0.9%
FOOD SERVICE FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Food Service Fund Personnel Costs	0	0	0	0	—
Operating Expenses	52,926,067	51,222,406	51,222,406	53,166,879	3.8%
Capital Outlay	0	0	0	0	—
Food Service Fund Expenditures	52,926,067	51,222,406	51,222,406	53,166,879	3.8%
PERSONNEL					
Full-Time	0	0	0	0	—

	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
Part-Time	0	0	0	0	—
FTEs	582.95	585.45	585.45	585.45	—
REVENUES					
Child Care Food Service	0	1,334,335	1,334,335	0	—
Federal Food	31,640,881	28,821,508	28,821,508	29,207,955	1.3%
Sale of Meals	19,343,941	18,829,956	18,829,956	21,699,064	15.2%
State Food	1,614,566	2,236,607	2,236,607	2,259,860	1.0%
Food Service Fund Revenues	52,599,388	51,222,406	51,222,406	53,166,879	3.8%
REAL ESTATE FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Real Estate Fund Personnel Costs	0	0	0	0	—
Operating Expenses	2,845,571	3,166,047	3,166,047	3,257,703	2.9%
Capital Outlay	0	0	0	0	—
Real Estate Fund Expenditures	2,845,571	3,166,047	3,166,047	3,257,703	2.9%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	7.00	7.00	7.00	7.00	—
REVENUES					
Real Estate Fund	2,744,862	3,166,047	3,166,047	3,257,703	2.9%
Real Estate Fund Revenues	2,744,862	3,166,047	3,166,047	3,257,703	2.9%
FIELD TRIP FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Field Trip Fund Personnel Costs	0	0	0	0	—
Operating Expenses	1,803,944	1,895,960	1,895,960	1,991,533	5.0%
Capital Outlay	0	0	0	0	—
Field Trip Fund Expenditures	1,803,944	1,895,960	1,895,960	1,991,533	5.0%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	4.50	4.50	4.50	4.50	—
REVENUES					
Field Trip Fees	1,786,478	1,895,960	1,895,960	1,991,533	5.0%
Field Trip Fund Revenues	1,786,478	1,895,960	1,895,960	1,991,533	5.0%
ENTREPRENEURIAL ACTIVITIES FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Entrepreneurial Activities Fund Personnel Costs	0	0	0	0	—
Operating Expenses	2,356,182	2,910,612	2,910,612	2,700,509	-7.2%
Capital Outlay	0	0	0	0	—
Entrepreneurial Activities Fund Expenditures	2,356,182	2,910,612	2,910,612	2,700,509	-7.2%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	12.60	12.60	12.60	13.60	7.9%
REVENUES					
Entrepreneurial Activities Fee	1,974,638	2,910,612	2,910,612	2,700,509	-7.2%
Entrepreneurial Activities Fund Revenues	1,974,638	2,910,612	2,910,612	2,700,509	-7.2%
INSTRUCTIONAL TELEVISION FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Instructional Television Fund Personnel Costs	0	0	0	0	—
Operating Expenses	1,538,549	1,595,624	1,595,624	1,654,209	3.7%
Capital Outlay	0	0	0	0	—
Instructional Television Fund Expenditures	1,538,549	1,595,624	1,595,624	1,654,209	3.7%
PERSONNEL					
Full-Time	0	0	0	0	—

	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
Part-Time	0	0	0	0	--
FTEs	12.50	13.50	13.50	13.50	--
DEPARTMENT TOTALS					
Total Expenditures	2,246,437,943	2,276,763,984	2,244,783,984	2,308,702,276	1.4%
Total Full-Time Positions	0	0	0	0	--
Total Part-Time Positions	0	0	0	0	--
Total FTEs	21,241.85	21,579.89	21,579.89	21,850.60	1.3%
Total Revenues	746,606,895	760,140,600	760,140,600	766,253,837	0.8%

K-12 Budget Staffing Guidelines for Professional Staff—FY 2016

Position	Elementary Guidelines	Middle School Guidelines	High School Guidelines
Principal	1.0 per school	1.0 per school	1.0 per school
Assistant Principal	Staffing is based on enrollment and number of professional staff. Schools with the largest student enrollment and/or professional staff are allocated an assistant principal.	1.0 per school. Schools projected to have 650 or more students receive a second assistant principal or coordinator (magnet programs). Every effort is made not to remove the second assistant principal one year and have to restore it the next year and maintain administrative stability.	2.0 per school. Schools projected to have more than 1,800 students receive a third assistant principal. Schools with projected enrollment greater than 2,500 receive a fourth assistant principal. Every effort is made not to remove the second assistant principal one year and have to restore it the next year and maintain administrative stability.
Assistant School Administrator (ASA)	1.0 Allocated to the three largest elementary schools (K-5 enrollment greater than 900)	These positions are allocated (a) to schools with projected enrollment greater than 400 without a second assistant principal or coordinator (magnet programs), (b) to schools with projected enrollment greater than 1,000 students, and (c) largest schools without an ASA.	These positions are allocated (a) to schools with projected enrollment greater than 1,250 without a third assistant principal or a coordinator, and (b) to schools with projected enrollment greater than 2,000 without a fourth assistant principal or a coordinator.
Magnet/Special Program Coordinator		One each for cluster magnet and middle school consortium school.	One each for countywide magnet programs at Montgomery Blair and Poolesville high schools and the International Baccalaureate (IB) Program at Richard Montgomery High School.
School Business Administrator			1.0 per school
Classroom Teacher*	These positions for Grades 1-5 are allocated based on enrollment projections for principals to organize the school with class sizes of 27 or less in Grades 1-3, 29 or less in Grades 4-5. Additional classroom teacher positions are provided to the focus schools in order to fulfill the Grade 1-2 class-size initiative at an average of 18 students per class. When numbers support it, positions are allocated for combination classes.	These positions are provided by formula $[\text{Enrollment} \times \text{number of periods}/(\text{class size} \times 5)]$. For each resource teacher, content specialist, and team leader, 0.8 of this calculation is moved to the resource teacher (RT) allocation.	These positions are provided by formula $[\text{Enrollment} \times 7/(\text{class size} \times 5)] + 0.2$ released time for Student Service Learning. A 0.4 of this calculation is removed for the athletic director allocation and a 0.8 is removed for each of the RTs.
Academic Intervention Teacher	The Office of School Support and Improvement (OSSI) will allocate these positions based on school needs.	OSSI will allocate these positions based on school needs.	OSSI will allocate these positions based on school needs.

K-12 Budget Staffing Guidelines for Professional Staff—FY 2016

Position	Elementary Guidelines	Middle School Guidelines	High School Guidelines
Special Program Teacher	These positions are allocated to support special programs in schools including immersion, Primary Years International Baccalaureate (PYIB), and magnet programs.	These teacher positions are provided to support magnet programs and the Middle Years Programmes.	These positions are allocated to schools with magnet, special, or signature programs (specific formulas for each program are provided in attachment).
Staff Development Teacher	Staff development teachers, reading specialists, media specialists, and counselors are allocated to schools based on enrollment and Free and Reduced-price Meals System (FARMS) services. Schools determine which positions are staffed at 1.0 and which at .5 based on school priorities and focus areas.	1.0 per school	.6 per school
ESOL Teacher*	ESOL teachers are allocated using proficiency based formulas for initial allocations and then scheduling once the school year has started. METS teacher allocations are based on pupil/teacher ratio of 15:1. METS students are not included in the ESOL teacher formula.	ESOL teachers are allocated using proficiency based formulas for initial allocations and then scheduling once the school year has started. METS teacher allocations are based on the pupil/teacher ratio of 15:1. METS students are not included in the ESOL teacher formula.	ESOL teachers are allocated using proficiency based formulas for initial allocations and then scheduling once the school year has started. METS teacher positions are allocated to schools with METS students according to the following guidelines: .4 FTE (4–10 students); .6 FTE (11–17 students); .8 FTE (18 or more students).
Media Specialist	Staff development teachers, reading specialists, media specialists, and counselors are allocated to schools based on enrollment and FARMS. Schools determine which positions are staffed at 1.0 and which at .5 based on school priorities and focus areas.	1.0 per school	1.0 per school
Counselor	Staff development teachers, reading specialists, media specialists, and counselors are allocated to schools based on enrollment and FARMS. Schools determine which positions are staffed at 1.0 and which at .5 based on school priorities and focus areas.	These positions are allocated to schools based on projected enrollment and student to staff ratios using guideline of 250:1 ratio.	These positions are allocated to schools based on projected enrollment and student to staff ratios using guideline of 250:1 ratio.

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K-12 Budget Staffing Guidelines for Professional Staff—FY 2016

Position	Elementary Guidelines	Middle School Guidelines	High School Guidelines
Focus Teacher	These positions are allocated to the schools with the highest FARMs percentages with formulas based on FARMs and enrollment. Focus teachers are locally funded and Title I funded.	These positions are allocated to the schools with the highest FARMs percentages with formulas based on FARMs and enrollment.	These positions are allocated to the schools with the highest FARMs percentages with formulas based on FARMs and enrollment.
Reading Initiative Teacher*	Staffing is allocated at a 20:1 ratio. For schools receiving additional staffing for class-size reduction in Grades 1 and 2, no additional allocations are authorized for the program.		
Prekindergarten Teacher	Positions are allocated with a 0.5 teacher per 2.5 hour class.		
Kindergarten Teacher	These positions are allocated on a ratio of one teacher for every 26 students and one for every 18 students at the focus schools.		
Instrumental Music Teacher	These positions are allocated to schools based on the participation in instrumental music programs, Grades 4-5.		
Reading Support Teachers	These positions provide support to schools that are identified to implement reading intervention programs.		
Reading Specialist/ Reading Teacher	Staff development teachers, reading specialists, media specialists, and counselors are allocated to schools based on enrollment and FARMS. Schools determine which positions are staffed at 1.0 and which at .5 based on school priorities and focus areas.	Reading Teachers are allocated 1.0 per school that is not allocated a literacy coach.	
Content Specialist		6.0 per middle school using this leadership model (1 release period); all content specialists must teach 4 classes.	
Team Leader		6.0 per middle school using this leadership model (1 release period); all team leaders must teach 4 classes.	
Resource Teacher/ Interdisciplinary Resource Teacher (IRT)		Based on enrollment and individual school needs (1 release period); all RTs/IRTs must teach 4 classes.	Based on enrollment and individual school needs (1 release period); all RTs/IRTs must teach 4 classes.

K-12 Budget Staffing Guidelines for Professional Staff—FY 2016

Position	Elementary Guidelines	Middle School Guidelines	High School Guidelines
Resource Counselor		Schools with four or more counselors are provided a resource counselor to coordinate programs.	Schools with four or more counselor FTEs are provided a resource counselor to coordinate programs.
Alternative Teacher		These positions are allocated based on projected enrollment in the school, ineligibility, suspension, and poverty.	These positions are allocated based on projected enrollment in the school, ninth grade retention, ineligibility, suspension, drop-out rates, and poverty.
Literacy Coach		For middle school using the leadership model a .6 is allocated	
Career Support Teacher			These positions are allocated based on size of school programs.
Career Preparation Teacher			These positions are allocated based on size of the internship program.
Athletic Director			1.0 per school is allocated (3 release periods).

K-12 Budget Staffing Guidelines for Supporting Services Staff—FY 2016

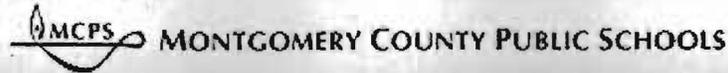
Position	Elementary Guideline	Middle School Guideline	High School Guideline
Administrative Secretary	1.0 FTE per school	1.0 FTE per school	1.0 FTE per school
Secretary I	1.0 FTE per school for all schools > 900 receives an additional 1.0 FTE	1.0 FTE per school for all schools > 1,400 receive an additional .5 FTE 625-1,399 receive an additional .25 FTE	Secretary positions (I and II) are allocated according to the following projected enrollments: > 2,500 = 7.0 FTE 2,200-2,499 = 6.0 FTE 1,900-2,199 = 5.0 FTE 1,600-1,899 = 4.0 FTE 1,300-1,599 = 3.0 FTE less than 1,300 = 2.5 FTE
Secretary II (10-month)		These positions are allocated to the schools based on projected enrollment as follows: > 1,000 = 1.0 FTE 700-1,000 = 0.5 FTE 600-699 = 0.25 FTE	These guidelines provide the total number of positions to be divided between Secretary I and Secretary II positions.
Secretary II (12-month)		1.0 FTE each for programs at Clemente, Eastern, and Takoma Park middle schools	
Guidance Secretary		1.0 FTE per school	1.0 FTE per school
Registrar			1.0 FTE per school
College and Career Information Coordinator			1.0 FTE per school
Financial Specialist		1.0 FTE per school	1.0 FTE per school
Media Assistant	These positions are allocated to schools using the guide as follows: > 630 = .875 FTE less or equal to 630 = .5 FTE	These positions are allocated to schools based on projected enrollment as follows: > 1,200 = 1.375 FTE 600-1,199 = .875 FTE 300-599 = .5 FTE	Allocations are made according to the following projected student enrollments: > 2,200 = 2.5 FTE 1,700-2,199 = 2.0 FTE 1,400-1,699 = 1.5 FTE less than 1,400 = 1.0 FTE
Paraeducator, Regular	Schools are allocated positions based on the following projected enrollments: > 850 = 2.125 FTE 800-849 = 2.0 FTE 750-799 = 1.875 FTE 700-749 = 1.75 FTE 650-699 = 1.625 FTE 600-649 = 1.5 FTE 550-599 = 1.375 FTE 500-549 = 1.25 FTE 450-499 = 1.125 FTE 400-449 = 1.0 FTE 350-399 = 0.875 FTE less than 350 = 0.75 FTE	Schools are allocated positions based on the following guidelines: > 1,200 = .75 FTE 950-1,200 = .625 FTE 625-949 = .5 FTE < 625 = .375 FTE	Schools are allocated positions based on percent of projected school enrollment compared to total comprehensive high school enrollment.
ESOL Paraeducator	0.75 FTE per METS class	These positions are allotted at 0.75 FTE per METS class.	These positions are allocated from the Division of ESOL/Bilingual Programs to specific school programs.

K-12 Budget Staffing Guidelines for Supporting Services Staff—FY 2016

Position	Elementary Guideline	Middle School Guideline	High School Guideline
Pre-K Paraeducator	0.375 FTE per 2.5 hour class		
Head Start, Paraeducator	0.6 FTE per 3 hour 15 minute class		
Focus Paraeducator	Title I schools are provided resources for paraeducator allocations. Locally funded focus paraeducators are allocated to schools with high educational loads.		
Lunch Hour Aide	Allocations are based on the following calculation: FTE = 1 hour (.125) per 50 projected students	Schools with 400 or more students are allocated .375 FTE. Schools with less than 400 students are allocated .25 FTE. Schools with specific needs are allocated an additional .125 FTE.	
Instructional Data Assistant	These positions are allocated to schools based on the following projected (K-6) enrollment: > 800 = .875 FTE 575-799 = .75 FTE 350-574 = .625 FTE < 349 = .5 FTE	Schools with projected enrollment greater than 1,000 receive a .875 FTE; schools with less than 1,000 students receive a .75 FTE position.	
Security Team Leader			1.0 FTE per school
Security Assistant		All schools receive 1.0 FTE. Schools with specific program or enrollment needs are allocated a second position.	Allocations are based on enrollment, educational load, and campus size.
Media Services Technician			1.0 FTE per school
IT System Specialist (ITSS)		Schools with projected enrollment greater than 890 are allocated a 1.0 FTE. For schools with projected enrollment less than 890, a pool of ITSSs will be assigned to work with the schools.	1.0 FTE per school
English Composition Assistant			Allocations are made according to the following formula: $[(\text{Projected Enrollment} \div 58) \times 0.5] \times 0.125 = \text{Total FTE}$

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Is this email not displaying correctly? [View it in your browser.](#) Date: March 9, 2015



A Message from Interim Superintendent Larry A. Bowers

Making Difficult Choices

Dear Colleagues,

I am writing to inform you about some difficult decisions regarding staff allocations for next school year that will allow us to prepare for the possibility of challenging reductions to our requested budget for Fiscal Year (FY) 2016.

As I mentioned in my message to you last month, the Montgomery County Board of Education is requesting a FY 2016 Operating Budget that includes a modest 4 percent increase in spending compared with this year's budget. The Board's request accounts for a cut in state spending and includes savings and reductions beyond what was in the superintendent's December budget recommendation.



But the Board and I remain concerned that the Montgomery County Council will not be able to fund the entire budget request given recent reports about lagging tax revenues and a budget shortfall for the county. The difference between the Board's request and the minimum funding level required by state law—called Maintenance of Effort (MOE)—is about \$80 million. While I am hopeful that the County Council will fully fund our budget—or at least minimize any cuts—we must prepare for the possibility that the County Council will make reductions to our request. You also should know that the Board of Education, our

employee associations, the Montgomery County Council of Parent-Teacher Associations and I are working with our elected officials in Annapolis to find some way for them to restore some or all of the \$25 million of reductions made to our budget by Governor Larry Hogan.

Due to the uncertainty of funding, I am withholding more than 370 school-based positions that are included in the Board's budget request, allowing for a \$23 million reduction. I am doing this now so that schools and staff impacted by these changes can begin planning. Waiting to take this action until the County Council approves our budget in May would make it impossible for schools to implement these reductions before the end of the school year and would not be fair to our employees.

We are reducing more than 150 positions by increasing class sizes at all grade levels. These class size changes will impact every school in the district, but will have a lesser impact on those with highest Free and Reduced-price Meals (FARMS) rates. The staffing formulas for class sizes will change as follows:

- **Elementary Schools:** Grades 1 and 2 increase from 27 to 28 at non-focus schools only; Grade 3 increases from 27 to 28 at all schools; and Grades 4 and 5 increase from 29 to 30 at all schools.
- **Middle Schools:** Average class sizes will increase by 0.5 at schools with higher FARMS rates and 1.0 at other schools.
- **High Schools:** Average class sizes will increase by 0.5 at schools with higher FARMS rates and 1.0 at other schools.

Other positions I am holding back include some allocations for English for Speakers of Other Languages (ESOL) teachers; special education teachers and support staff; reading specialists and staff development teachers; media assistants and instructional data analysts; and many other positions that are extremely important to the success of our schools. Principals have received staffing allocations for next year and will let you know how your school is impacted. Additionally, more than 40 central services positions will be eliminated—beyond the 12 positions eliminated in the Board's budget request—for a savings of \$4 million.

Through attrition, we are hoping to minimize layoffs in the district. And, in May, should the Council fund our budget at a level that allows us to allocate some or all of these withheld positions, we will do so as quickly as possible.

The Montgomery County Executive will release his recommended budget for the county—including MCPS—on March 16. The Montgomery County Council will hold public hearings in April and work sessions in late April and early May before passing a final operating budget for the county.

We have created a four-page summary of our budget—*Investing in Our Schools; Securing Our Future*—that provides an overview of the Board's request and the factors that are influencing the budget. You can stay up to date on the budget process by visiting our FY

2016 Operating Budget website.

The Board and I recognize that this news is unsettling and creates uncertainty at a time when our district is going through a leadership transition. But we believe we are taking a responsible, thoughtful approach, and we know that, regardless of the fiscal situation, MCPS staff will continue to serve our students well. Thank you for all you do to ensure that our students receive the best possible education every day. Your commitment and dedication will ensure that every student is well prepared for future success!

Respectfully,

Larry A. Bowers, interim superintendent



MONTGOMERY COUNTY PUBLIC SCHOOLS
MARYLAND
www.montgomeryschoolsmd.org

November 26, 2014



The Honorable Craig Rice, President
Montgomery County Council
Stella B. Werner Council Office Building
100 Maryland Avenue
Rockville, Maryland 20850

Dear Mr. Rice:

Given the serious challenges we face with the funding gap that is projected for the Fiscal Year (FY) 2016 Operating Budget, I have determined that it is necessary to impose restrictions on expenditures for Montgomery County Public Schools (MCPS) in the current fiscal year. These restrictions are expected to save funding during FY 2015 to help close the funding gap for FY 2016. These expenditure restrictions are effective November 24, 2014, and will remain in effect until further notice.

As a result of actions on our FY 2015 Operating Budget, MCPS started this fiscal year with a fund balance of \$1.2 million. Based on the most recent financial report that I provided to the Board of Education on November 11, 2014, MCPS is projected to end the fiscal year with approximately \$16 million of fund balance based on anticipated revenue and expenditure surpluses for the year.

I have put into place a comprehensive set of expenditure restrictions, including a hiring freeze, to increase this fund balance. Offices and schools will be expected to make only necessary expenditures. Certain exemptions are permitted to ensure that MCPS maintains high-quality instruction for all our students both this year and next.

If you or your staff have any questions, please contact Mr. Larry A. Bowers, chief operating officer, at 301-279-3626 or Mr. Thomas P. Klausning, director, Department of Management, Budget, and Planning, at 301-279-3547.

Sincerely,

Joshua P. Starr, Ed.D.
Superintendent of Schools

JPS:LAB:tk

Copy to:

Members of the County Council
Members of the Board of Education

Mr. Bowers
Mr. Klausning

Mr. Ikheloa
Ms. McGuire

Office of the Superintendent of Schools

850 Hungerford Drive, Room 122 ♦ Rockville, Maryland 20850 ♦ 301-279-3381