

Subject: Montgomery County Public Schools FY20 Operating Budget	
Analyst: Craig Howard, Senior Legislative Analyst	Committee: E&C
Keywords: #MoCoBudget2020, #MCPSBudget2020, MCPS, schools, education	

EXPECTED ATTENDEES

Shebra Evans, President, Board of Education
 Dr. Jack Smith, Superintendent of Schools
 Nicky Diamond, Chief Financial Officer, MCPS
 Bruce Meier, Office of Management and Budget

COMMITTEE RECOMMENDED CHANGES

The Education and Culture Committee made the following unanimous recommendations:

- 1) Approve FY20 tax-supported funding for MCPS of \$2,514,246,699. This includes a local contribution of \$1,726,739,403 and State Aid of \$759,822,928.
- 2) Approve the Executive's recommended decrease of \$12,000 to the non-tax supported Instructional Television Special Revenue Fund in FY20.
- 3) Approve the FY20 non-tax supported funding for MCPS' Grant Fund and Enterprise Funds as requested by the Board of Education and recommended by the County Executive.
- 4) Approve the Executive's proposed funding source shift in the Technology Modernization CIP project in FY19 and FY20 between current revenue and recordation tax (no change to total funding level).

FY20 MCPS Operating Budget Recommendation

Source	BOE Request	CE Rec. (3/15)	E&C Rec. (5/2)	Difference from CE Rec.
Total Budget (All Funds)	\$2,662,004,234	\$2,647,536,627	\$2,678,083,709	+\$30.5 million
Tax-Supported Budget	\$2,498,155,224	\$2,483,699,617	\$2,514,246,699	+\$30.5 million
State Aid	\$735,398,464	\$735,398,464	\$759,822,928	+\$24.4 million
County Contribution	\$1,735,072,392	\$1,720,616,785	\$1,726,739,403	+\$6.1 million
Amount Over MOE	\$17.0 million	\$2.5 million	\$8.6 million	+\$6.1 million

OTHER ISSUES

County Executive Budget Adjustment (pages B-D). As detailed in the table on the previous page, the Executive's March 15 recommended budget for MCPS was \$14.5 million below the Board's request. On April 24, Council President Navarro was joined by Councilmembers, the County Executive, the Board of Education President, and the Superintendent in announcing additional local funding of \$5 million to help fund the Board of Education's request. On April 29, the County Executive formalized this action by submitting a proposed FY20 operating budget adjustment for MCPS to fully fund the Board's request and recognize additional State Aid approved by the General Assembly. The Executive's transmittal states that the "amendment can be funded through the increase in State Aid for education and the 911 grant, use of fund balance in the Employee Group Insurance Fund, and by reductions that MCPS has been able to identify from their request."

County Contribution (pages B and 5-6). The Committee's recommended County contribution of \$1.727 billion represents 64.5% of the total MCPS budget in FY20. The proportion of local funding has remained around this level in recent years, and Montgomery County contributes one of the highest proportions of local funding for public schools in the State. The Executive's budget adjustment assumes increased local funding for MCPS in FY20 of \$5.1 million over his recommended level from March. As announced by the Executive at the press conference, the County is anticipating additional State funding for 911 emergency telephone systems. According to OMB staff, this action frees up \$5.1 million in FY20 general fund dollars that can be allocated to MCPS.

State Aid (pages B-C and 7). Recommended state aid of \$759.8 million is an increase of \$52.0 million or 7.3% over the FY19 level, due to state aid formulas (\$27.6 million) and additional funding from the Kirwan legislation (\$24.4 million). The Committee noted that the Kirwan funding is contingent on the Governor signing the legislation and releasing the funds as identified in the bill. The Executive's budget adjustment assumes that MCPS will receive the entire \$24.4 million in FY20. Based on the funding requirements in the Kirwan legislation, MCPS plans to utilize approximately \$10.4 million to fund services or program enhancements already included in the Board's request and \$14.0 million to expand funding in the specific areas as detailed in the table on page C.

Pre-K Funding (page D). The Executive's March 15 budget stated the \$1.0 million of the \$7.0 million in the Early Care and Education NDA would go to fund the expansion of MCPS pre-K programs requested by the Board, but did not include this funding in MCPS' appropriation. The Superintendent noted that the funds as requested by the Board would be used for a new Upcounty Early Childhood Center. In conjunction with the changes made in the Executive's budget adjustment, the Committee recommended adding \$1,007,411 to MCPS' local appropriation for the pre-K funding and decreasing the Early Care and Education NDA by the same amount. Otherwise, the Board would need to request and the Council would need to approve a supplemental appropriation after the start of the fiscal year on July 1. During the Committee's discussion, the Superintendent noted that going through the supplemental process to receive these funds would likely delay the opening of the Center to January 2020.

Maintenance of Effort (pages 4-5). The FY20 County contribution recommended by the Committee is \$8.6 million above the required MOE level. The State MOE law requires local jurisdictions to fund school systems at the same amount per pupil as the prior year. From FY01 to FY09, Montgomery County funded the school system a cumulative \$576 million above MOE. During the Great Recession, this level of local

funding became unsustainable. In FY10 and FY11 the County sought waivers from the State Board of Education, and ultimately rebased MOE in FY12. The decision to rebase MOE was one of the most significant actions taken by the Council to help the County stabilize its financial position during the recession. The Council funded the school system at the required MOE level each year from FY13-FY16 before exceeding MOE by \$89.3 million in FY17, \$21.2 million in FY18, and \$18.6 million in FY19.

Programmatic Adjustments (pages 11-13). The Board’s requested FY20 budget increase of \$65.6 million reflects enrollment increases, costs related to the negotiated compensation agreements and other employee benefits, operational cost increases, and \$19.6 million in additional funding for “strategic priority accelerators.” Programmatic enhancements/changes discussed by the Committee included:

- Elementary school class size reductions;
- Extended school year programs at Arcola and Roscoe Nix elementary schools;
- Expanding dual enrollment and middle college programs;
- MCPS assuming administration of the Summer R.I.S.E. program;
- Adding counselor and psychologist positions based on enrollment and to enhance services;
- Adding assistant principal positions to several elementary schools currently without one;
- Increasing language exposure at elementary schools; and
- Strengthening and improving background checks of school staff.

Non-Tax Supported Grants Fund – Technical Adjustment. Based on updated grant award data, MCPS is requesting a net increase in the FY20 non-tax supported grants fund of \$2,423,226. This request results from the following changes:

- Including the Federal Title IV grant as a budgeted grant, adding \$2,068,305. Previously the Title IV grant award was approved as a supplemental appropriation when received.
- A decrease in the Federal Title III grant of \$285,375.
- Increases in the Individuals with Disabilities Education (IDEA) grant of \$458,629 and the Perkins Career and Technical Education grant of \$181,667.

Council staff recommends that the Council support the grants fund adjustments as requested by MCPS. This action would not impact MCPS tax-supported appropriation, but would increase MCPS’ total FY20 appropriation to \$2,680,506,935 if approved.

This report contains:

May 2 Staff Report to the Committee
April 25 Staff Report to the Committee
Staff Report Attachments

Pages A-F
Pages 1-14
©1-57

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MEMORANDUM

April 30, 2019

TO: Education and Culture Committee

FROM: Craig Howard, ^{ct} Senior Legislative Analyst

SUBJECT: **Worksession – Montgomery County Public Schools FY20 Operating Budget (continued)**

PURPOSE: Make Committee recommendations for Council Consideration

Expected Participants:

- Shebra Evans, President, Board of Education
- Dr. Jack Smith, Superintendent of Schools
- Nicky Diamond, Chief Financial Officer, MCPS
- Bruce Meier, Office of Management and Budget

The Committee will continue its review of MCPS' FY20 operating budget and make final recommendations.¹ This staff report includes updated information on: 1) the County Executive's April 29 proposed budget adjustment for MCPS, 2) additional FY20 State Aid from the Kirwan legislation, and 3) MCPS pre-K funding.

Based on the Executive's adjustments, updated information from MCPS, and additional recommended technical adjustments, Council staff recommends a total appropriation for MCPS that is an increase of \$30.5 million over the Executive's March 15 budget. This increase consists of \$24.4 million in State Aid and \$6.1 million in County funding as shown in the table below.

FY20 MCPS Operating Budget Summary (\$'s in millions)

	BOE Request	CE Rec.	Rec. E&C Adjustment	Difference from CE Rec.
Total Budget (All Funds)	\$2,662.0	\$2,647.5	\$2,678.0	+\$30.5
State Aid	\$735.4	\$735.4	\$759.8	+\$24.4
County Contribution	\$1,735.1	\$1,720.6	\$1,726.7	+\$6.1
Amount over MOE	\$17.0	\$2.5	\$8.6	+\$6.1

¹ Keywords: #MoCoBudget2020, #MCPSBudget2020, MCPS FY20 Budget

1. County Executive's April 29 Budget Adjustment

On April 24, Council President Navarro was joined by Council Vice-President Katz; Education and Culture Committee Chair Rice; Councilmembers Jawando, Albornoz, and Hucker; County Executive Elrich; Board of Education President Evans; and Superintendent Smith in announcing additional local funding of \$5 million to help fund the Board of Education's request. As the Committee discussed on April 25, the Executive's March 15 recommendation was \$14.5 million below the Board's request.

On April 29, the County Executive formalized this action by submitting a proposed FY20 operating budget adjustment for MCPS in the amount of \$35,447,082 to fully fund the Board's request and recognize additional State Aid approved by the General Assembly. The Executive's transmittal (©1) states that the "amendment can be funded through the increase in State Aid for education and the 911 grant, use of fund balance in the Employee Group Insurance Fund, and by reductions that MCPS has been able to identify from their request."

a. County Contribution

The Executive's proposed amendment assumes increased local funding for MCPS in FY20 of \$5.1 million over his recommended level from March. As announced by the Executive at the press conference, the County is anticipating additional State funding for 9-1-1 emergency telephone systems. According to OMB staff, this action frees up \$5.1 million in FY20 general fund dollars that can be allocated to MCPS.

b. Additional State Aid

Senate Bill 1030, *The Education Blueprint for Maryland's Future*, that was passed by the legislature this session provides MCPS with an estimated \$24.4 million in additional State funding for FY20 based on the initial short-term funding recommendations of the Kirwan Commission. **This additional funding is contingent on the Governor signing the Blueprint legislation and releasing the funds as identified in the bill.** The Executive's budget adjustment assumes that MCPS will receive the entire \$24.4 million in FY20. If the full amount is not approved by the Governor, the Council and the Board will need to revisit these proposed changes.

The table on the next page summarizes the additional funding by category and how MCPS plans to utilize the funds based on the requirements in the legislation. In total, approximately \$10.4 million will fund services or program enhancement already included in the Board's request and \$14.0 million will be used to expand funding in specific areas.

Category	FY20 Kirwan Funding	Proposed Allocation		Notes
		Existing Request	Added to Budget	
Special Education	\$9,126,418	\$7,803,550	\$1,322,868	Will fund planned enrollment and accelerator increases, and provide additional special education supports.
Concentration of Poverty	\$1,990,664	--	\$1,990,664	<ul style="list-style-type: none"> • \$248K for each school with 80% FARMS population. • Each school must have 1 community school coordinator position and 1 health care professional position.
Struggling Learners	\$2,745,361	\$208,989	\$2,536,372	<ul style="list-style-type: none"> • \$208K will fund planned enhancements for after-school activities at elementary Focus schools and a dyslexia specialist position. • Funds must be used for needs of struggling learning in grades K-3, with priority given to literacy.
Mental Health Coordinator	\$79,783	\$79,783	--	Will cover partial costs of current position designated as mental health coordinator.
Teacher Salary Grant	\$8,109,168	--	\$8,109,168	Will provide salary enhancements for teachers with priority given to those with less than 5 years' experience.
Supplemental Pre-Kindergarten	\$2,373,070	\$2,373,070	--	Will cover current costs of full-day pre-K that was expanded by the Council and the Board over the past two years.
Total	\$24,424,464	\$10,465,392	\$13,959,072	

c. Related MCPS funding actions

As a result of the Teacher Salary Grant funding, MCPS is also requesting an additional \$6.0 million in funding due to: 1) the corresponding benefits costs related to the teacher salary increases (social security, local retirement, and state retirement costs related to the pension shift); and, 2) projected costs from providing corresponding increases to similar non-teacher positions to maintain pay equity among employee groups. MCPS plans to fund most of this increase by making \$3.9 million in reductions to its original request through the following:

- **Increased use of group insurance fund balance in FY20.** As the Committee discussed on April 25, MCPS has higher than projected fund balances and has begun to draw down on that balance by reducing its request for tax supported funding. This action would not change group insurance expenditures but would accelerate the planned draw down.
- **Make reductions corresponding to the latest enrollment numbers.** Based on current year enrollment showing less growth than originally anticipated in some schools, MCPS believes it can decrease the FY20 projection by approximately 350 students and make corresponding budget reductions. Most of these changes will be in high schools where the original projection included significant increases.

d. Staff recommended technical changes

Working in collaboration with OMB and MCPS, Council staff has identified two recommended technical changes to the Executive's proposed budget adjustment of \$35.4 million. First, MCPS identified changes within its "related funding actions" compared to what was initially assumed to reduce the total. Second, the initial total did not net out all of MCPS' planned reductions.

As a result, Council staff recommends that the Executive's total proposed MCPS appropriation adjustment be modified to \$29.5 million (\$5.1 million from the increased County contribution plus \$24.4 million from the increased State Aid).

2. Pre-K Appropriation

The Executive's March 15 budget stated the \$1.0 million from the \$7.0 million included in the Early Care and Education NDA would go to fund expansion of MCPS pre-K programs requested by the Board. However, this funding is not included in the Executive's recommended appropriation. As noted in the Committee's April 25 staff report, this funding at some point must be included in MCPS' total appropriation (and will count towards MOE) since it will be used to fund MCPS staffed and administered pre-K services.

In conjunction with the additional County and State funds included in the Executive's budget adjustment, Council staff recommends adding \$1,007,411 to MCPS' local appropriation for the pre-k funding and decrease the Early Care and Education NDA by the same amount. This action aligns with the Executive's stated intent for these funds and does not change the total funding amount of \$7.0 million included in the budget for early care and education enhancements.

Otherwise, the Board would need to request and the Council would need to approve a supplemental appropriation in a compressed timeframe – after the start of the fiscal year on July 1 but before the Council's summer recess – in order for MCPS to have programming in place for the start of the school year.

3. MCPS FY20 Operating Budget Recommendations

Council staff recommends that the Committee approve the Executive's proposed FY20 budget adjustment of \$29.5 million (as modified with staff's technical changes) and appropriate \$1.0 million from the Early Care and Education NDA to the MCPS budget. These actions will not only fully fund the Board of Education's FY20 operating budget request by closing the initial \$14.5 million gap, but also provide MCPS with an additional \$16.0 million in spending authority. Specifically:

- Approve FY20 tax-supported funding for MCPS' of \$2,514,246,699. This includes a local contribution of \$1,726,739,403 and State Aid of \$759,822,928.
- Approve the Executive's recommended decrease of \$12,000 to the non-tax supported Instructional Television Special Revenue Fund in FY20;
- Approve the FY20 non-tax supported funding for MCPS' Grant Fund and Enterprise Funds as requested by the Board of Education and recommended by the County Executive.

FY20 MCPS Operating Budget Recommendation

Source	BOE Request	CE Rec. (3/15)	Rec. E&C Adjustment (5/2)	Difference from CE Rec.
County	\$1,735,072,392	\$1,720,616,785	\$1,726,739,403	\$6,122,618
Fund Balance	\$25,000,000	\$25,000,000	\$25,000,000	\$0
State	\$735,398,464	\$735,398,464	\$759,822,928	\$24,424,464
Federal	\$79,658,409	\$79,658,409	\$79,658,409	\$0
Other Sources	\$10,101,204	\$10,101,204	\$10,101,204	\$0
Enterprise Funds	\$74,961,990	\$74,961,990	\$74,961,990	\$0
Special Funds	\$1,811,775	\$1,799,775	\$1,799,775	\$0
Total All Funds	\$2,662,004,234	\$2,647,536,627	\$2,678,083,709	\$30,547,082
Total Tax-Supported	\$2,498,155,224	\$2,483,699,617	\$2,514,246,699	\$30,547,082

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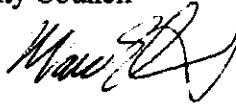
OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

April 30, 2019

TO: Nancy Navarro, President, County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Amendment to the FY20 Operating Budget
Montgomery County Public Schools - \$30,547,082

I am recommending an Amendment to the FY20 Recommended Operating Budget for Montgomery County Public Schools (MCPS) in the amount of \$30,547,082. This increases the total recommendation to \$2,678 million, an increase of \$81.7 million or 3.2 percent over the FY19 Approved Budget. This increased appropriation will provide for full funding of the Board of Education's request and recognizes the additional State Aid approved by the General Assembly.

This recognizes the collaborative work that we and the Board of Education have accomplished over the past month to ensure that the requested investments in K-12 education, including new initiatives to reduce elementary school class sizes and improve programming for special education students and English Language Learners can be made.

The amendment can be funded through the increase in State Aid for education and the 911 grant, use of fund balance in the Employee Group Insurance Fund, and by reductions that MCPS has been able to identify from their request.

I appreciate your prompt consideration of this action.

ME:brm

MEMORANDUM

April 23, 2019

TO: Education and Culture Committee

FROM: Craig Howard, ^{CH} Senior Legislative Analyst

SUBJECT: **Worksession – Montgomery County Public Schools FY20 Operating Budget and CIP Follow-Up**

PURPOSE: Initial review and discussion of MCPS operating budget request, take action on Technology Modernization CIP project

Expected Participants:

- Shebra Evans, President, Board of Education
- Dr. Jack Smith, Superintendent of Schools
- Nicky Diamond, Chief Financial Officer, MCPS
- Bruce Meier, Office of Management and Budget

Today's worksession will include an initial review of MCPS' FY20 operating budget request, with a follow-up worksession scheduled for May 2.¹ The packet is organized as follows:

1. **Overview of Recommended Budget**, describes the Board of Education's request, the County Executive's recommendation, and Maintenance of Effort.
2. **Revenue Summary**, reviews the local contribution, fund balance, and State Aid.
3. **Compensation and Benefits**, details MCPS pay adjustments, retirement costs, and active and retiree group insurance benefit costs.
4. **Programmatic Adjustments**, highlights several of the enhancements and adjustments to programs and services included in the Board's budget.
5. **FY19 Supplemental Appropriation for New Curriculum**, discusses the Board's request to use unappropriated fund balance for purchases related to MCPS' new curriculum.
6. **Technology Modernization**, reviews Council staff recommendations related to FY19 and FY20 technical adjustments is funding for this CIP project.

The May 2 worksession will include a review of additional FY20 State Aid from the Kirwan legislation and its impact on MCPS overall budget for the Committee to make final recommendations.

¹ Keywords: #MoCoBudget2020, #MCPSBudget2020, MCPS FY20 Budget

1. Overview of Recommended Budget

FY20 Board of Education Request and County Executive Recommendation

	BOE Request	CE Recommendation	Difference
Total Request (All Funds)	\$2,662.0 million	\$2,647.5 million	(\$14.5 million)
Change from FY19	2.5%	2.0%	(0.5%)
County Contribution	\$1,735.1 million	\$1,720.6 million	(\$14.5 million)
Change from FY19	1.5%	0.7%	(0.8%)
Amount over MOE	\$17.0 million	\$2.5 million	(\$14.5 million)

BOARD OF EDUCATION'S REQUEST

The Board of Education requests a total of **\$2,662,004,234** for the FY20 MCPS Operating Budget (©1). This amount represents an increase of \$65.6 or 2.5% compared to FY19. The FY20 tax supported budget request is \$2,498,155,224, an increase of \$54.1 or 2.2% over FY19.

A summary table showing the major elements of the Board's request is attached at ©14, and greater detail on funding for specific programs and services begins on page 11. Significant highlights include the following:

- The Board requested a **local contribution that is \$17.0 million above the Maintenance of Effort (MOE) level** required for FY20. The required MOE contribution for FY20 is \$1.718 billion, an increase of \$9.5 million over the FY19 County contribution due to enrollment increases. The Board's requested local contribution is \$1.735 billion.
- The Board's request includes a **total of \$61.1 million for the local contribution to State retirement for teachers**, as required by the General Assembly in 2012. \$54.5 million of this total is tax-supported, and \$6.6 million is grant fund-supported. The total FY20 amount is an increase of \$1.4 million over FY19.
- The Board projects a **total enrollment of 164,477 for FY20**. This is an increase of 1,877 over the actual FY19 enrollment and 1,183 over the FY19 budgeted enrollment (©18).
- The Board's request includes **an additional 356.3 FTE (©19)** over the approved FY19 level, for a total of 22,867.1 FTE in FY20. The increase is primarily in teacher (+210.6 FTE) and instructional aide (+41.9 FTE) positions.
- The **K-12 enrollment growth** results in an additional \$12.1 million and 139.9 FTE in FY20, while opening a new school and adding grades to other schools add \$2.1 million and 29.6 FTE to the request. 48% of the net new positions result from enrollment changes and opening of new schools or additional space.
- **English for Speakers of Other Languages (ESOL) enrollment** is projected to increase by 191, for a total of 25,823 students in FY20. The FY20 budget request includes an additional 36.4 positions and \$2.7 million to serve the increased number of students as well as to provide additional and differentiated program support.
- The Board's request adds \$6.9 million and 84.9 FTE due to changes in **special education enrollment and services**, as well as additional differentiated and program support.
- Expansion of the Board's **Strategic Priority Accelerators** add \$19.6 million and 181.7 FTE to the FY20 request. 51% of the net new positions result from these changes.

COUNTY EXECUTIVE’S RECOMMENDATION

The County Executive recommends a total of \$2,647,536,627 for the FY20 MCPS operating budget, an increase of \$51.1 million or 2.0% over FY19 and \$14.5 million below the Board’s request (©20). The County Executive recommends a County contribution of \$1.721 billion, which is \$2.5 million above the required MOE funding level. The Executive recommends the same carryover fund balance as the Board of \$25.0 million.

The County Executive recommends that MCPS use \$27.2 million from the County’s Consolidated Retiree Health Benefits Trust (OPEB Trust) in FY20 to pay retiree health claims (discussed in greater detail on page 10). The Board’s budget also assumes that the County will contribute this amount outside of the MCPS budget. As these funds have already been appropriated in prior years, the recommendation does not add to the County’s FY20 expenditures or the FY20 MOE appropriation.

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 includes a summary chart of additional County support for MCPS in the recommended FY20 budget. The Council began tracking this related funding in recent years to provide a 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 table below shows a recommended FY20 total of \$315.5 million in additional County support for the school system above the MCPS local appropriation. This amount exceeds the FY20 recommended tax supported budgets of the largest County departments – the Police Department (\$295.2 million), the Department of Health and Human Services (\$244.8 million), and the Fire and Rescue Service (\$223.3 million).

Additional County Support for MCPS in FY20

Funding Type	Amount
Debt service on school construction	\$154.9 million
Pre-funding retiree health benefits	\$78.5 million
Support Services	\$71.3 million
Technology Modernization	\$10.7 million
Total	\$315.5 million

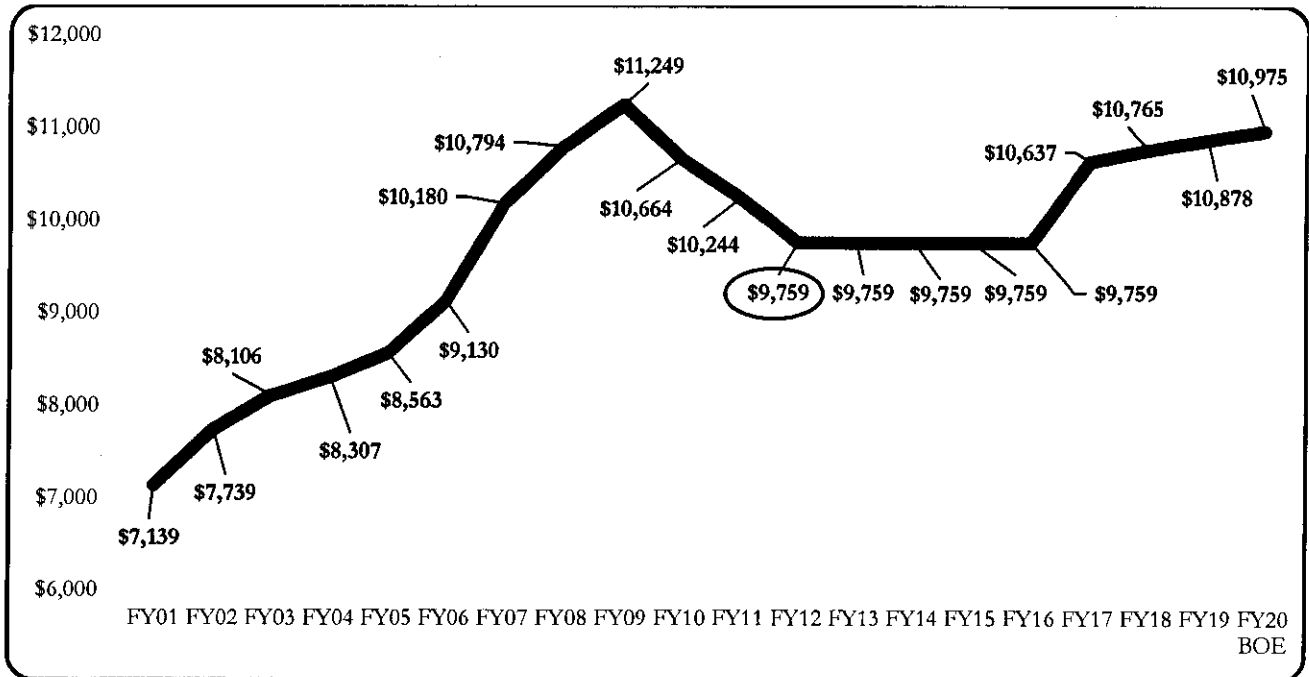
Many of the “support services” included above are funded in the Department of Health and Human Services budget, such as School Health Services, Linkages to Learning, and funding for the George B. Thomas Learning Academy. The Education and Culture Committee will discuss these and other related early childhood services in a joint worksession with the Health and Human Services Committee on April 26. Support services also includes funding for School Resource Officers and crossing guards in the Police Department budget.

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) – anticipated at \$1.6 million in FY20.

From FY01 to FY09, Montgomery County funded the school system a cumulative \$576 million above MOE. During the Great Recession, this level of local funding became unsustainable. In FY10 and FY11 the County sought waivers from the State Board of Education, and ultimately rebased MOE from \$10,244 in FY11 to \$9,759 in FY12. **The decision to rebase MOE was one of the most significant actions taken by the Council to help the County stabilize its financial position during the recession.** The Council funded the school system at the required MOE level each year from FY13-FY16 before exceeding MOE by \$89.3 million in FY17, \$21.2 million in FY18, and \$18.6 million in FY19.

MCPS per Pupil Funding Amounts, FY01-FY20



Since MOE is a per pupil amount, the total funding level adjusts based on enrollment changes as well as funding above the minimum. MCPS has experienced significant enrollment increases in recent years and enrollment alone resulted in annual increases to the County contributions of between \$20 million and \$28 million from FY15-19. New County funding of \$9.5 million is needed to meet MOE in FY20 based on enrollment and the new per pupil amount of \$10,878 established by the Council’s FY19 funding decisions. The Board’s request would establish a new per pupil funding amount of \$10,975, while the Executive’s recommendation would increase the per pupil amount to \$10,884.

Pension Shift and MOE. 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 established a set phase-in schedule of contributions for each local jurisdiction, with full funding required beginning in FY17.

State Pension Shift Funding Requirements

Phase-in Period (outside of MOE)				Full Funding (included in MOE)			
FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$27.2	\$34.5	\$44.2	\$50.8	\$58.7	\$58.6	\$60.4	\$61.1
million	million	million	million	million	million	million	million

For FY13-16 these amounts were excluded from the MOE calculation, but were included beginning in FY17 as required by law. **As a result, nearly \$300 of the \$878 per pupil increase from FY16 to FY17 was solely due to the addition of the State pension shift in the calculation.** In FY20, the \$54.5 million for the tax-supported pension contribution to the State represents 3.1% of the Board's County funding request.

2. Revenue Summary

The table below shows the FY18 actual and FY19 approved MCPS operating budget by revenue source along with the FY20 Board of Education Request and FY20 County Executive recommendation.

FY18 Actual – FY20 Requested MCPS Operating Budget by Revenue Source

Source	FY18 Actual		FY19 Approved		FY20 BOE Request		FY20 CE Rec	
	\$	%	\$	%	\$	%	\$	%
County	1,665,550,392	65.9%	1,708,627,645	65.8%	1,735,072,392	65.2%	1,720,616,785	65.0%
Fund Balance	22,783,303	0.9%	25,000,000	1.0%	25,000,000	0.9%	25,000,000	0.9%
State	681,749,220	27.0%	707,765,916	27.3%	735,398,464	27.6%	735,398,464	27.8%
Federal	76,902,794	3.0%	76,114,327	2.9%	79,658,409	3.0%	79,658,409	3.0%
Other Sources	4,060,615	0.2%	10,097,940	0.4%	10,101,204	0.4%	10,101,204	0.4%
Enterprise Funds	76,081,294	3.0%	66,843,118	2.6%	74,961,990	2.8%	74,961,990	2.8%
Special Funds	1,697,504	0.1%	1,789,941	0.1%	1,811,775	0.1%	1,811,775	0.1%
Grand Total	2,528,825,122	100%	2,596,441,719	100%	2,662,004,234	100%	2,647,536,627	100%
Tax-Supported Total	2,368,650,903		2,444,080,162		2,498,155,224		2,483,699,617	

LOCAL CONTRIBUTION

The Board's requested County contribution of \$1.735 billion represents 65.2% of the total request. The proportion of local funding has remained around 65-66% in recent years. Montgomery County contributes one of the highest proportions of local funding for public schools in the State.

The table on the next page shows how MCPS compares with other jurisdictions in the State in terms of local funding, per pupil spending, wealth per pupil, and limited English proficient (LEP) and FARMS enrollment using FY19 data published by the Maryland Department of Legislative Services. The data show that Montgomery County ranks fifth among all Maryland school districts in total per pupil funding and third among school districts in percent local funding. Additional data is included showing how Montgomery County compares in wealth per pupil (4th), percent LEP enrollment (2nd), and percent FARMS enrollment (16th).

<u>FY19 Total Per Pupil Funding</u>	<u>FY19 Percent Local Funding</u>	<u>FY19 Wealth per Pupil</u>	<u>FY19 Percent LEP Enrollment</u>	<u>FY19 Percent FARMS Enrollment</u>
1. Worcester \$ 18,472	1. Worcester 73.7%	1. Worcester \$ 1,197,214	1. Prince George's 20.9%	1. Baltimore City 86.7%
2. Somerset \$ 18,353	2. Talbot 66.0%	2. Talbot \$ 1,050,690	2. Montgomery 17.0%	2. Somerset 72.6%
3. Baltimore City \$ 17,493	3. Montgomery 64.5%	3. Kent \$ 919,141	3. Talbot 9.2%	3. Dorchester 66.5%
4. Kent \$ 17,239	4. Howard 64.4%	4. Montgomery \$ 786,328	4. Caroline 7.8%	4. Prince George's 60.2%
5. Montgomery \$ 16,859	5. Anne Arundel 59.5%	5. Anne Arundel \$ 685,209	5. Wicomico 7.8%	5. Wicomico 57.9%
6. Prince George's \$ 16,664	6. Kent 56.2%	6. Queen Anne's \$ 648,932	6. Baltimore City 7.3%	6. Kent 55.0%
7. Howard \$ 16,630	7. Queen Anne's 55.6%	7. Garrett \$ 644,236	7. Anne Arundel 7.2%	7. Allegany 54.0%
8. Allegany \$ 16,148	8. Calvert 54.9%	8. Howard \$ 615,282	8. Baltimore 7.0%	8. Caroline 51.4%
9. Dorchester \$ 15,835	9. Carroll 54.8%	9. Baltimore \$ 538,036	9. Frederick 6.6%	9. Washington 47.0%
10. Charles \$ 15,255	10. Garrett 49.5%	10. Carroll \$ 531,086	10. Howard 5.8%	10. Talbot 44.7%
11. Baltimore \$ 15,231	11. Baltimore 49.2%	11. Harford \$ 511,772	11. Dorchester 4.0%	11. Garrett 44.3%
12. Garrett \$ 15,180	12. Harford 49.1%	12. Calvert \$ 494,310	12. Kent 3.9%	12. Baltimore 43.8%
13. Calvert \$ 14,912	13. Frederick 48.0%	13. Frederick \$ 481,271	13. Somerset 3.9%	13. Worcester 41.6%
14. Wicomico \$ 14,882	14. Charles 45.7%	14. St. Mary's \$ 469,485	14. Queen Anne's 3.8%	14. Cecil 41.4%
15. Caroline \$ 14,852	15. St. Mary's 42.8%	15. Prince George's \$ 439,138	15. Charles 2.9%	15. Charles 34.7%
16. Cecil \$ 14,537	16. Cecil 38.9%	16. Cecil \$ 434,795	16. Washington 2.6%	16. Montgomery 32.2%
17. Carroll \$ 14,519	17. Prince George's 36.5%	17. Charles \$ 425,944	17. Worcester 2.2%	17. Anne Arundel 31.4%
18. St. Mary's \$ 14,390	18. Washington 31.9%	18. Baltimore City \$ 377,652	18. Cecil 2.1%	18. St. Mary's 31.3%
19. Anne Arundel \$ 14,341	19. Dorchester 27.6%	19. Washington \$ 370,965	19. Harford 1.9%	19. Harford 29.2%
20. Washington \$ 14,289	20. Allegany 23.6%	20. Dorchester \$ 369,320	20. St. Mary's 1.6%	20. Frederick 24.9%
21. Talbot \$ 14,066	21. Baltimore City 21.7%	21. Allegany \$ 321,751	21. Carroll 1.3%	21. Queen Anne's 24.2%
22. Queen Anne's \$ 13,970	22. Wicomico 21.1%	22. Somerset \$ 311,338	22. Calvert 0.9%	22. Howard 21.4%
23. Frederick \$ 13,970	23. Somerset 20.4%	23. Wicomico \$ 298,926	23. Garrett 0.3%	23. Calvert 19.4%
24. Harford \$ 13,776	24. Caroline 18.4%	24. Caroline \$ 290,656	24. Allegany 0.2%	24. Carroll 18.3%

Source: Maryland Department of Legislative Services, January 2019

FUND BALANCE

The Board requested and the County Executive recommended that \$25.0 million in fund balance be reappropriated for the FY20 budget. As part of the FY19 savings plan, the Council approved and MCPS committed to achieving at least \$25.0 million in FY19 savings that would help fund its FY20 request. MCPS also saved \$25.0 million for the FY19 budget in response to the FY18 savings plan.

The fund balance reflects savings achieved by the school system and funds not spent in a given fiscal year. MCPS is prohibited by State law from ending the year in deficit; as a result, MCPS ends each year with some surplus. **These funds cannot be spent by MCPS until the Council appropriates them.** 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' most recent monthly financial report reflects conditions as of February 28, 2019, and projects a total FY19 fund balance of \$29.5 million (©26). This amount consists of a projected expenditure surplus of \$25.6 million; a projected revenue surplus of \$1.1 million; and \$2.8 million carried over from remaining FY18 fund balance. It also includes the planned use of \$4.0 million in fund balance to purchase new curriculum materials (detailed on page 13). While several factors may still affect the ultimate year-end fund balance, MCPS will achieve sufficient fund balance to meet the FY20 budget target. As previously discussed by the Committee, the Superintendent and the Board of Education have targeted a year-end fund balance closer to the \$10-\$12 million range.

STATE AID

State Aid increases by a total of \$27.6 million or 3.9% over the FY19 level. The largest component of the increase in FY20 is from State Foundation Grant funding, which increased by \$16.5 million. Foundation Grant funding is distributed based on enrollment and wealth, and MCPS enrollment increases represented 42.1% of the statewide enrollment increase in FY19. MCPS also received increases of \$3.3 million for Limited English Proficiency, \$3.2 million for Transportation, \$1.5 million for Compensatory Education, and \$2.1 million for Students with Disabilities Formula.

The overall increase in State Aid was \$19.7 million higher than anticipated in the Superintendent's recommended budget last December. The Board's approved budget used much of that unanticipated increase to reduce the requested local contribution from the Superintendent's recommendation – helping to lower the request from \$29.6 million to \$17.0 million above MOE.

As a result of legislation stemming from the Kirwan Commission recommendations, MCPS anticipates receiving \$24.4 in additional State funding in FY20. The Committee will discuss the Kirwan-related funding and its impact of MCPS overall budget in more detail at the May 2 worksession.

3. Compensation and Benefits

This section reviews pay adjustments, retirement costs, and active and retiree group insurance benefit costs included in the Board's FY20 budget request. The Council reviewed compensation and benefits for all agencies on April 23.

Compensation and benefits are the largest cost components of MPCS' budget, as total compensation accounts for 87% of the FY20 tax supported request. Overall, the tax supported request includes a 1.8% increase in total compensation costs over FY19 as detailed below.

Comparison of FY19 Approved and FY20 Requested MCPS Tax Supported Compensation Costs

	FY19 Approved	FY20 BOE Request	% Change
Wages	\$1,569,487,388	\$1,608,777,124	2.5%
Social Security	\$120,710,793	\$124,205,917	2.9%
Retirement*	\$138,361,983	\$139,579,179	0.9%
Group Insurance**	\$301,921,801	\$295,292,887	-2.2%
Totals	\$2,130,481,965	\$2,167,855,107	1.8%

*Includes State retirement payment.

**Does not include OPEB pre-funding as that is funded outside of the MCPS budget.

In October and April of each year, the Board transmits a letter to the Council providing detailed information on the group insurance and pension fund expenditures within State Category 12, Fixed Charges. The Board's March 28 letter is attached beginning at ©36.

PAY ADJUSTMENTS

Last year, the Board of Education negotiated two-year agreements with its employee bargaining units. The general wage adjustments and service increments shown in the table on the next page reflect the second-year pay increases in those agreements. This fall, MCPS will enter into new negotiations with its employee bargaining units for contracts covering FY21 (and possibly future years) pay increases.

FY20 MCPS General Wage Adjustments and Service Increments

Employee Group	General Wage Adjustment (effective 7/1/19)	Service Increment (effective 7/1/19)
MCEA	1.0%	Ranges from 1.5% to 5.5% (average of 3.5% for eligible employees)
SEIU		
MCAAP / MCBOA		

The total FY20 tax supported cost of the general wage adjustment is \$17.2 million, and the cost of the service increments is \$30.2 million. Since both pay adjustments are effective at the beginning of the fiscal year, this represents the full annualized cost.

PENSION FUND

MCPS makes an annual contribution to its pension fund to pay for cost of: (1) the “core” pension benefit offered employees who do not participate in the State-run pension plan; and (2) the “supplemental” benefit for all permanent employees. The amount of the annual contribution is determined by the Board based on an actuarial assessment of plan assets and liabilities. For FY20, MCPS is expected to pay \$79.6 million into its pension fund.

Rating agencies consider a pension fund’s “funded ratio” (among other factors) in determining the bond ratings for local governments. The term “funded ratio” refers to the percentage of the plan’s liabilities covered by the current actuarial value of the plan’s assets. At the start of FY03, the MCPS pension fund held assets that were greater than its liabilities, that is, the funding ratio exceeded 100%. By FY10, the MCPS pension funded ratio had dropped to below 70%. Two primary factors contributed to the sharp decline. First, in 2006, the Board of Education approved two pension plan enhancements that significantly raised the plan’s unfunded liability. Second, the MCPS pension fund incurred a combined investment loss of more than \$265 million during FY08 and FY09.

In subsequent years, the MCPS pension fund experienced gradual improvement attaining a funded ratio of 81.5% as of the July 1, 2014. As with most pension funds, the improvement in the MCPS funded ratio was a function of strong investment returns. More recently, however, the MCPS funded ratio declined to 76.7% as of July 1, 2018. In other words, the MCPS pension fund had only 76.7 cents of assets for every dollar of liability.

The recent decline in the MCPS pension funded ratio is a product of multiple factors. First, pension fund investment performance in recent years has fallen below expectations resulting in lower than projected fund assets. In addition, MCPS recently updated its demographic and actuarial assumptions (including those related to workforce size and expected investment returns) that more accurately reflect current experience than the previous assumptions. The intent of these revised assumptions is to steadily build up pension fund assets.

Based on the most recent plan valuation, MCPS will need to devote between \$75 million and \$80 million per year to its pension fund for the foreseeable future to meet on-going retirement benefit obligations. These required pension contributions will directly affect resources available to spend on educational initiatives. Future pension plan obligations could increase further if MCPS approves future year contracts that include aggregate salary increases exceeding the current assumed level of 2.0%.

In February 2016, the Office of Legislative Oversight issued a report that presented options to reduce MCPS pension costs. **The Education Committee reviewed the OLO report and has urged MCPS to adopt retirement cost control measures, particularly in respect to the pension supplement, to preserve resource for initiatives that directly affect the classroom.**

GROUP INSURANCE AND OPEB

For FY20, the Board’s request includes a total of \$295.3 million in tax supported funding for active employee and retiree health benefits, a decrease of 2.2% from FY19. MCPS’ \$342.3 million in planned group insurance funding from all sources (including existing fund balance and the OPEB Trust) is essentially unchanged from last year.

MCPS FY20 Group Insurance Funding

Agency	Funding Source	FY19 Approved	FY20 Request	% Change, FY19-20
Active Employees	Tax Supported	\$268.8 million	\$266.2 million	-1.0%
	Fund Balance	\$13.1 million	\$9.2 million	-29.8%
	All Sources	\$281.9 million	\$275.4 million	-2.3%
Retiree Pay-As-You-Go	Tax Supported	\$33.1 million	\$29.1 million	-12.1%
	Fund Balance	--	\$10.6 million	--
	OPEB Trust	\$27.2 million	\$27.2 million	0.0%
	All Sources	\$60.3 million	\$66.9 million	10.9%
Total	Tax Supported	\$301.9 million	\$295.3 million	-2.2%
	Fund Balance	\$13.1 million	\$19.8 million	51.1%
	OPEB Trust	\$27.2 million	\$27.2 million	0.0%
	All Sources	\$342.2 million	\$342.3 million	0.0%

Active employee group insurance costs. The Board’s FY20 request for active employees reflects a reduction in both tax supported funding and use of fund balance compared to FY19. The reduced expenditures are made possible primarily by lower than projected health care claims experience in recent years. The Board’s March 28 letter notes the following factors as contributing to the reduced claims costs:

- Trends in MCPS medical claims have been lower than the market industry trends used as part of rate setting;
- In FY18 and FY19, MCPS experienced one-time savings from consolidating plan vendors from three to two;
- While noting that it is too early to determine the long-term impact of its wellness program, MCPS recognizes that the low trend increase during the past fiscal year may be partially attributed to the wellness program’s impact; and
- The allowable charges by CareFirst Blue Choice to health care providers for services performed have been lower compared to prior vendors.

As discussed by the Council during the April 23 compensation and benefits worksession, MCPS has a different cost share structure than the other agencies. MCPS has a base cost share rate of 88/12 for HMO plans and 83/17 for non-HMO plans with cost share credits and penalties to incentivize wellness and healthy behavior: employees can receive cost share credits of 1% each for completing a biometric screening and a health risk assessment, and employees (or their covered dependents) that use tobacco are subject to a 25% cost share penalty.² As of March 1, 2019, MCPS reports that approximately 33% of enrollees are receiving the biometric screening credit, approximately 53% are receiving the health risk assessment credit (up from 39% in 2018), and about 4% of enrollees are paying the tobacco user penalty (down from 9% in 2019).

While MCPS has taken an innovative approach with cost share credits and penalties, its base cost share rate continues to remain well below the cost share for County Government employees. **If MCPS had the same cost share as County Government, it would result in annualized savings in the range of \$25 million.** For the past several years, the Council has encouraged MCPS to align its cost share with that of County Government with the goal of channeling more tax dollars to classroom-based initiatives.

Retiree pay-as-you-go group insurance costs. For FY20, the Board of Education's request for tax supported retiree pay-as-you-go funding is a decrease of \$4.0 million or 12.1% from FY19. This reduction is made possible by use of \$10.6 million in fund balance. Similar to active employees, retiree claims experience has been lower than projected. The Board requested and the Executive recommended \$27.2 million from MCPS' portion of the Consolidated OPEB Trust (discussed below).

OPEB pre-funding. MCPS' OPEB pre-funding is appropriated directly to the County's Consolidated OPEB Trust and is therefore not part of the Board's budget request. The Executive's recommended budget includes \$78.5 million for MCPS' pre-funding requirement, but also proposes to use \$27.2 million in assets from MCPS' portion of the Consolidated Trust to pay current year claims. The Executive recommended and the Council approved a similar approach for MCPS in FY16-19.³ The FY20 contribution for MCPS consists of the actuarially determined amount of \$69.5 million plus an additional \$9.0 million to begin making MCPS trust contributions whole, and the fiscal plan assumes continued restoration. The net effect of the Executive's proposal is to increase MCPS' OPEB Trust balance (excluding any investment earnings) by \$51.3 million in FY20 instead of \$78.5 million.

Even with the additional \$9.0 million, the recommended pre-funding represents a reduction of just under \$1.0 million compared to the FY19 approved level. The actuarial factors leading to this reduction include updated future medical and prescription cost trends, new demographics and experience, and updated claims experience. Additionally, the second FY19 savings plan recommended by the Executive would eliminate \$52.2 million of MCPS' approved pre-funding.

Group insurance fund balance. MCPS maintains separate fund accounts for active and retired employees. MCPS ended FY18 with a \$20.9 million balance (or 6.4%) in its group insurance fund for active employees. MCPS currently projects a positive FY19 year-end fund balance of \$36.3 million (or 11.1%) due to lower than anticipated claims expenditures and prescription drug costs.

² MCPS employees must attest annually that they are a non-tobacco user to avoid the cost share penalty and are subject to a \$2,500 fine for a false attestation. MCPS does offer a smoking cessation program as part of its wellness initiative and will waive the tobacco-user surcharge for employees who complete the program.

³ In FY15, the Council reduced MCPS' tax supported retiree health pay-as-you-go funding by \$27.2 million, MCPS used its internal OPEB Trust to fund that portion of pay-as-you-go expenditures, and the Council added \$27.2 million to MCPS' portion of the Consolidated OPEB Trust to hold MCPS OPEB spending harmless. In FY16-FY19, the budget continued to provide MCPS with \$27.2 million from the Consolidated OPEB Trust for retiree health pay-as-you-go funding but, unlike the Council's actions in FY15, did not replace the expenditures in either trust.

MCPS ended FY18 with a \$24.2 million balance (or 21.4%) in its group insurance fund for retired employees. MCPS currently projects an FY19 year-end fund balance of \$33.4 million (or 27.8%), due to lower than anticipated claims expenditures, increased revenue from prescription drug rebates, and higher than anticipated reimbursements from Medicare Part D.

The Board’s March 28 letter notes that it plans to slowly draw down the fund balance by reducing tax supported expenditures in FY20-22 until it reaches the target 3-5% level.

4. Programmatic Adjustments

The Board’s overall requested FY20 budget increase of \$65.6 million reflects enrollment increases, costs related to the negotiated compensation agreements and other employee benefits, operational cost increases, and \$19.6 million in additional funding for “strategic priority accelerators” as summarized in the table below.

BOE FY20 Funding Request for Strategic Priority Accelerators

Strategic Accelerator	Highlights
Learning, Accountability, and Results: \$16.2 million	<ul style="list-style-type: none"> • Reduce class size in elementary schools • Implement extended year programming at two elementary schools • Expand prekindergarten programs • Add Focus teachers in highly impacted elementary schools • Expand the arts initiative program to elementary schools • Add programs and support staff for student physical, social and psychological well-being • Add assistant principals to provide more instructional leadership • Increase focus on school climate and culture • Convert assistant school administrators to assistant principals at secondary highly impacted schools • Increase world language experience at elementary schools through volunteers, online resources and after-school programs
Human Capital: \$460,000	<ul style="list-style-type: none"> • Strengthen school safety and student security with improved background checks of staff • Expand career pathways and professional opportunities for all employees to ensure there are highly qualified and diverse professionals in every position
Community Partnerships and Engagement: \$430,000	<ul style="list-style-type: none"> • Expand dual enrollment opportunities for students at all three Montgomery College campuses • Implement a new platform for services and information to support an improved physical, social and psychological support framework • Expand the Northwest and Northwood High Schools Middle College Programs for students outside the schools’ service areas • Expand Summer R.I.S.E., the summer career exploration program for students
Operational Excellence: \$2.5 million	<ul style="list-style-type: none"> • Provide enhancements for hazardous safety initiatives, heating, ventilation, and air conditioner chiller overhauls in schools, and for carpet replacement • Add technology improvements to support expansion of professional development platforms and support for schools

Several of the programmatic enhancements and/or adjustments the Committee may be interested in discussing are highlighted below.

- **Reduce elementary school class size.** The Board’s request includes \$3.6 million and 52.9 FTEs to reduce elementary school class size guidelines. Additionally, the budget adds \$1.4 million and 21 FTE focus teacher positions for highly impacted elementary schools.
- **Extended school year program.** The Board’s request includes \$2.2 million to provide extended year programming at Arcola and Roscoe Nix elementary schools. Each of these schools will have the school year extended by 30 days in FY20. A description of MCPS’ plans for the extended year program is attached at ©43-52.
- **Dual enrollment and middle college.** The Board’s request adds \$265,000 to expand dual enrollment opportunities at all three Montgomery College campuses. An additional \$115,000 is requested to expand the Northwest and Northwood Middle College programs for students outside the school’s service area.
- **Summer R.I.S.E.** In FY20, MCPS assume administration of the Summer R.I.S.E. program from WorkSource Montgomery and the budget includes an additional \$55,000. Summer R.I.S.E. provides rising junior and seniors with career development opportunities in a professional environment. WorkSource will continue to provide technical support and will also fund the stipends for participants in FY20. The E&C Committee will discuss the WorkSource budget in a joint worksession with the PHED Committee on May 1.
- **Counselor and psychologist positions.** The Board’s request includes an additional 15.0 FTE counselor positions and 3.5 psychologist positions. While some of these increases are based on enrollment changes, the Board directly added 3.0 FTE elementary school counselor positions and a 1.0 FTE ESOL counselor position to enhance services. The Board’s request also maintains the elementary school counselor staffing guidelines that were revised as part of the FY19 budget.

Elementary Schools Counselor Position Staffing Guidelines	
1.0 FTE	Minimum for all MCPS elementary schools
1.5 FTE	<ul style="list-style-type: none"> • Non-focus schools with projected K-5 enrollment greater than 750 • Focus schools with projected K-5 enrollment greater than 650 • Title I schools with projected K-5 enrollment between 551 and 650
2.0 FTE	Title I schools with projected K-5 enrollment greater than 650

The counselor allocation guidelines for middle and high schools do not change, and are allocated using a 250:1 ratio. MCPS’ FY19 budget question and answer page notes that adopting the same 250:1 ratio for elementary schools would add 128.0 FTE and cost an additional \$12.6 million.

- **Pre-K services expansion.** In addition to maintaining the funding that was added in FY18 and FY19, the Board’s request adds \$1.0 million to further expand pre-K programs in MCPS. The Executive’s recommended budget notes that \$1.0 million of the \$7.0 million of the Early Care and Education NDA would go to meet the Board’s request. However, this funding is not included in the Executive’s recommended appropriation for MCPS. Council staff notes that if these dollars are used to pay for MCPS staffed and administered pre-K services, they will need to be included in MCPS’ appropriation and will count towards MOE.

- **Assistant principals.** The Board’s request includes \$844,306 and 6.0 FTE to add elementary school assistant principal positions to schools that currently do not have one.
- **Language exposure.** After expanding dual-language immersion programs as part of the FY19 budget, the Board’s request includes \$185,000 to increase language exposure at elementary schools through volunteers, online resources, and after school programming.

5. FY19 Supplemental Appropriation Request for New Curriculum

As discussed by the Committee as part of the year-end MCPS financial update last September, MCPS had an unusually large unappropriated beginning fund balance in FY19 of \$6.8 million. This balance resulted from the Board of Education and Superintendent's decision to re-issue its Request-for-Proposals (RFP) for a new curriculum. As a result, the budgeted FY18 funding for the new curriculum was not used and accrued to the fund balance. MCPS anticipated requesting an FY19 supplemental appropriation to fund the new curriculum with a portion of this unappropriated balance once the RFP process was complete.

On March 25, the Board requested an FY19 supplemental appropriation of \$4.0 million for the purchase of textbooks and instructional materials related to the new curriculum (©53-55). The transmittal notes that while the full implementation of the curriculum will be phased in over multiple years, teacher access to instructional materials and professional learning will begin immediately in spring 2019.

Since the Board’s request is to reappropriate a portion of the existing \$6.8 million fund balance, there would be no impact on MCPS’ FY19 MOE calculation. **As soon as the Council receives a formal recommendation on this request from the Executive, Council staff suggests scheduling it for introduction followed by a joint public hearing and action.**

6. Technology Modernization

Each year, the Committee reviews MCPS’ Technology Modernization CIP project during its operating budget deliberations since the project is primarily funded by current revenue. The approved FY19-24 funding schedule for this project is shown below.

Tech Mod Project	6-Year Total	FY19	FY20	FY21	FY22	FY23	FY24
FY19-24 Approved	147,809	21,406	25,366	25,484	25,143	25,246	25,164

The Technology Modernization project is a key component of the MCPS strategic technology plan, and typically funds the following items:

- Finance payments for purchased hardware (prior year debt service);
- Licensing maintenance payments for major software;
- CIP funded staff related to Technology Modernization;
- 16 positions shifted from the operating budget (transferred in FY16);
- New desktops, laptops, and required operating licenses including Chromebooks;
- Modernization of infrastructure and programs; and
- Extended parts and service warranties for printers, scanners, and mobile devices.

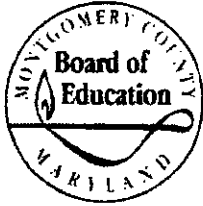
The Board did not request an amendment to this project. **The Executive recommends the same overall funding as previously approved but recommends a funding source shift in both FY19 and FY20 between current revenue and recordation tax.** Under this shift, recordation tax funding would increase by \$10.3 million in FY19 and \$6.3 million in FY20 while current revenue would decrease by the same amounts (see ©56-57 for the detailed funding schedule).

Council staff recommends approval of the Executive's proposed funding source shift.

E-rate. E-rate Federal reimbursement funding is another resource for the Technology Modernization project that is appropriated each year by the Council as a supplemental appropriation once the funding amount is known. The FY19 E-rate reimbursement amount will be \$1.4 million, and the Board is tentatively scheduled to act on a supplemental appropriation request at its April 29 meeting. In recent years, the Council has appropriated the E-rate funding as additive to the prior approved funding.

Council staff recommends the same approach for the upcoming FY19 supplemental.

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MONTGOMERY COUNTY BOARD OF EDUCATION

850 Hungerford Drive ♦ Room 123 ♦ Rockville, Maryland 20850

March 1, 2019



The Honorable Marc Elrich, County Executive
Executive Office Building
101 Monroe Street, 2nd Floor
Rockville, Maryland 20850

The Honorable Nancy Navarro, President,
and Members of the Montgomery County Council
Stella B. Werner Council Office Building
100 Maryland Avenue, 6th Floor
Rockville, Maryland 20850

Dear Mr. Elrich, Ms. Navarro, and Councilmembers:

I am pleased to submit the Montgomery County Board of Education's Fiscal Year (FY) 2020 Operating Budget Request for Montgomery County Public Schools (MCPS). It is a result of the internal and external feedback coupled with extensive analysis of our programs and our outcomes.

The Board of Education is requesting an operating budget of \$2,662,004,234 for MCPS for FY 2020. This is an increase of \$65,562,515, or 2.5 percent, compared to the current FY 2019 Operating Budget. This increase is necessary to fund the same level of services for a growing number of students enrolled in MCPS, rising costs, and strategic accelerators to intensify efforts to close the persistent opportunity gap and improve academic excellence for all students. This budget will continue to build on the foundation and structure that are needed to ensure that all MCPS students are able to achieve at high levels.

The MCPS tax-supported operating budget (excluding grants and enterprise funds) for FY 2020 is \$2,498,155,224, an increase of \$54,075,062, or 2.2 percent, compared to the current FY 2019 tax-supported budget. This budget assumes Montgomery County will continue to fund \$27,200,000 of MCPS retiree health benefits costs from the County's Consolidated Other Post-employment Benefits Trust Fund. In the event we chose to decrease this amount, we would need to increase the operating budget accordingly.

State law requires the County to provide, at a minimum, \$9,489,140 in increased funding for MCPS based on the Maintenance of Effort law to account for enrollment growth. However, the need is greater in FY 2020, and the Board's budget request seeks \$16,955,607 more than the minimum funding level required by the state law. This additional investment is essential if we are to maintain the quality of our school system and address the much needed work to improve the educational outcomes for all MCPS students.

Governor Lawrence J. Hogan's FY 2020 budget submitted to the Maryland General Assembly on January 18, 2019, reflected a total of \$735,398,464 for MCPS. This is an increase of \$27,429,716 compared to FY 2019. The Governor's budget increased the state's K-12 education funding by \$176.0 million, or 3.1 percent compared to the previous year's budget. In addition, \$210.0 million was set aside for recommendations of the Kirwan Commission. Our enrollment increase in the 2018-2019 school year used to calculate state aid in FY 2020 was the second largest in the state and represented 42.1 percent of the statewide increase.

This budget also assumes that it will be funded, in part, by end-of-year MCPS fund balance. The amount projected to be available to fund the FY 2020 budget is \$25,000,000. This is the same amount used to fund the FY 2019 budget.

In order to manage our anticipated student growth in FY 2020, the budget adds 139.827 Full-time Equivalent (FTE) positions and \$12,052,871. While there is an overall increase of students, there is a decrease in student enrollment in elementary schools, as was the case in FY 2019. Growth in elementary schools in prior years has moved on to secondary schools. These resources also support additional services for special education and our English language learners. We also are adding 10.250 positions \$1,567,033 to open the new Clarksburg Cluster Elementary School (Clarksburg Village Site #2 Elementary School) in September 2019.

The Board's budget includes targeted, strategic accelerators for key bodies of work totaling 185.650 FTE positions and \$19,575,364. The strategic accelerators include resources for reducing class size, providing alternative pathways for graduation, adding additional leadership positions in our schools, and providing additional differentiated and program support to our students receiving special education services and our English language learners. We also are implementing extended year programming at two elementary schools, expanding prekindergarten programs, adding Focus teachers in highly impacted schools, and increasing world language experiences at elementary schools through volunteers, online resources, and after-school programs. This FY 2020 budget expands dual enrollment opportunities for students at all three campuses of Montgomery College and expands the Northwest and Northwood high schools' Middle and Early College programs. Finally, the budget adds counselor positions and implements a new platform to put into place an improved physical, social, and psychological support framework and strengthen school safety and student security with improved background checks of staff.

At the same time, we have closely reviewed the MCPS operating budget and identified program efficiencies, reductions, and other adjustments totaling 8.125 FTE and \$1,672,699 in FY 2020. The majority of this funding reduction, or \$1,376,611, is from central services.

As in the past, this FY 2020 Operating Budget request was developed through a variety of collaborations. The Board held two public hearings on January 9 and 16, 2019, and heard testimony from approximately 80 individuals. The Board held two work sessions on the budget on January 17 and 24, 2019. Board members spent a great many hours analyzing the budget and submitted a

The Honorable Marc Elrich
The Honorable Nancy Navarro and
Members of the County Council

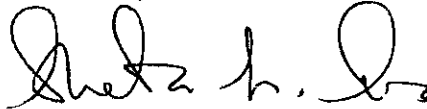
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March 1, 2019

number of formal questions to MCPS staff that eventually led to the Board's tentative adopted budget request on February 12, 2019.

The top priority of this budget is to maintain the high levels of achievement that we have for many of our students and eliminate those opportunity gaps that most heavily impact our Black or African American students, our Hispanic/Latino students, children who live in poverty, English Language Learners, and our students who receive services through an Individualized Education Program. We want our school system to be defined by its capacity to ensure the success of all students and we will not be satisfied until we have eliminated disparities in opportunities and performance among our entire student population. The Board of Education looks forward to working with you in the coming weeks and months to fund an operating budget for MCPS for FY 2020 that meets the needs of all our students.

Sincerely,



Shebra L. Evans
President

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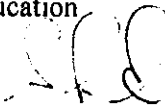
Enclosure

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MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 12, 2019

MEMORANDUM

To: Members of the Board of Education
From: Shebra L. Evans, President 
Subject: Tentative Adoption of Fiscal Year 2020 Operating Budget

On February 12, 2019, the superintendent of schools submitted to the Board of Education (Board) his amended Recommended Fiscal Year (FY) 2020 Operating Budget totaling \$2,660,688,411 for Montgomery County Public Schools. This was an increase of \$64,246,692, or 2.5 percent, compared to the current FY 2019 budget. The FY 2020 tax-supported budget (excluding grants and enterprise funds) was \$2,496,839,401, an increase of \$52,759,239, or 2.2 percent, compared to the current FY 2019 tax-supported budget. This included revenue and expenditure amendments that the Board proposed and tentatively approved (see attached for details). The Board amended the superintendent's submission with the following:

- Addition of 1.0 Full-time Equivalent (FTE) content specialist position for physical education for a cost of \$158,989 for salary and benefits.
- Addition of 3.0 FTE elementary school counselor positions for a cost of \$416,802 for salary and benefits.
- Addition of 1.0 FTE English for Speakers of Other Languages (ESOL) counselor position for a cost of \$138,934 for salary and benefits.
- Addition of after-school activity funds for Focus elementary schools for a total of \$50,000.
- Addition of after-school activity funds for secondary schools for a total of \$50,000.
- Addition of 1.0 FTE fiscal analyst position for the Board of Education for a cost of \$183,120 for salary and benefits.
- Addition of 1.0 FTE instructional specialist position to focus on reading and writing interventions for a cost of \$158,989 for salary and benefits.
- Addition of 1.0 FTE instructional specialist position for ESOL for a cost of \$158,989 for salary and benefits.

These eight amendments totaled eight FTEs and \$1,315,823. With the above referenced amendments, the Board tentatively adopted the FY 2020 Operating Budget. Below I have detailed the sequence of events, what the Board has tentatively adopted, and what will be included in the required letter that will be sent to the county executive and the County Council on behalf of the Board of Education.

- On December 18, 2018, the superintendent of schools presented the Fiscal Year 2020 Recommended Operating Budget of \$2,651,597,328.
- On February 12, 2019, the superintendent of schools presented to the Board of Education an amended Fiscal Year 2020 Recommended Operating Budget of \$2,660,688,411.
- The Board reviewed the budget and supports the Superintendent's Recommended Fiscal Year 2020 Operating Budget as amended that includes funding for continued enrollment growth, increase in the cost of goods and services, funding for continuing salaries and employee benefits, and funding to plan for the requirements of ongoing strategic accelerators to close the persistent opportunity gaps and improve academic excellence for all students.
- The Board fully supports the recommended budget as amended by the superintendent of schools on February 12, 2019. The Board also believes that additional resources are necessary to meet system needs including 1.0 FTE content specialist position for physical education, \$158,989; 3.0 FTE elementary school counselor positions, \$416,802; 1.0 FTE ESOL elementary school counselor position, \$138,934; Focus elementary school after-school activity funds of \$50,000; secondary schools after-school activity funds of \$50,000; 1.0 FTE fiscal analyst position for the Board of Education, \$183,120; 1.0 FTE instructional specialist position to focus on reading and writing interventions, \$158,989; and 1.0 FTE instructional specialist position for ESOL, \$158,989; As a result, the Board of Education made additional amendments to the Superintendent's Amended Recommended Fiscal Year 2020 Operating Budget by adding 8.0 FTE positions and \$1,315,823 as described and outlined in the following chart by state budget categories that includes \$1,013,463 for position and non-position salaries, \$18,705 for contractual services, \$8,000 for student transportation, and \$275,655 for employee benefits.
- The Montgomery County Board of Education tentatively adopted the Fiscal Year 2020 Operating Budget totaling \$2,662,004,234 as follows:

Category	Superintendent's Recommended FY 2020 Operating Budget	Superintendent's Amended FY 2020 Operating Budget	Board's Amendments to the Amended FY 2020 Operating Budget	Board's Adopted FY 2020 Operating Budget
1 Administration	\$55,620,753	\$55,482,544	\$147,120	\$55,629,664
2 Mid-level Administration	152,505,742	153,374,503	-	153,374,503
3 Instructional Salaries	1,045,266,720	1,049,166,881	866,343	1,050,033,224
4 Textbooks and Instructional Supplies	29,620,119	29,487,436	-	29,487,436
5 Other Instructional Costs	18,244,213	18,294,213	18,705	18,312,918
6 Special Education	354,170,531	356,354,363	-	356,354,363
7 Student Personnel Services	13,118,944	13,517,793	-	13,517,793
8 Health Services	1,590	1,590	-	1,590
9 Student Transportation	112,465,796	112,465,796	8,000	112,473,796
10 Operation of Plant and Equipment	143,330,619	143,369,412	-	143,369,412
11 Maintenance of Plant	42,170,770	42,170,770	-	42,170,770
12 Fixed Charges	607,402,429	609,324,008	275,655	609,599,663
14 Community Services	905,337	905,337	-	905,337
37 MCPS Television Special Revenue Fund	1,811,775	1,811,775	-	1,811,775
51 Real Estate Fund	3,966,407	3,966,407	-	3,966,407
61 Food Service Fund	58,107,965	58,107,965	-	58,107,965
71 Field Trip Fund	2,736,949	2,736,949	-	2,736,949
81 Entrepreneurial Activities	10,150,669	10,150,669	-	10,150,669
Total	\$2,651,597,328	\$2,660,688,411	1,315,823	\$2,662,004,234

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Copy to:

Dr. Smith
 Dr. Navarro
 Dr. Zuckerman
 Mr. Civin
 Dr. Johnson
 Ms. Diamond
 Ms. Webb

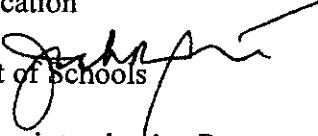
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Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

February 12, 2019

MEMORANDUM

To: Members of the Board of Education

From: Jack R. Smith, Superintendent of Schools 

Subject: Tentative Adoption of Superintendent's Recommended Fiscal Year 2020 Operating Budget

Executive Summary

On January 9 and January 16, 2019, the Board of Education held public hearings on the Superintendent's Recommended Fiscal Year (FY) 2020 Operating Budget. In addition, on January 17 and January 24, 2019, the Board held work sessions on the budget. Today, I am submitting to the Board my amended Recommended FY 2020 Operating Budget totaling \$2,660,688,411 for Montgomery County Public Schools (MCPS). This is an increase of \$64,246,692, or 2.5 percent, compared to the current FY 2019 budget. The FY 2020 tax-supported budget (excluding grants and enterprise funds) is \$2,496,839,401, an increase of \$52,759,239 or 2.2 percent compared to the current FY 2019 tax-supported budget. The amended budget of \$2,660,688,411 is an increase of \$9,091,083 compared to the \$2,651,597,328 that I recommended to the Board on December 18, 2018.

This revision to my Recommended FY 2020 Operating Budget includes net revenue adjustments of \$9,091,083. This includes an additional \$19,666,340 in state aid compared to what was included in my December 2018 budget recommendation. On January 18, 2019, Governor Lawrence J. Hogan, Jr. presented his FY 2020 Operating Budget to the Maryland General Assembly. The Governor increased the state's overall K-12 education budget by \$176.0 million, or 3.1 percent. Furthermore, instead of applying \$22,000,000 of MCPS fund balance to fund the FY 2020 budget, we now will apply \$25,000,000 of MCPS fund balance. This is an increase of \$3,000,000 in additional revenue to fund the budget. Finally, based on these revenue changes as well as expenditure adjustments summarized in the following chart, the amount of local contribution for the FY 2020 Operating Budget that is more than the minimum level required by the Maintenance of Effort (MOE) law can be reduced by \$13,575,257. As a result, the revised amount of this budget is \$15,639,784 more than MOE.

On the expenditure side of the budget, my amended FY 2020 Operating Budget reflects an overall increase of \$9,091,083 in funding and 127.150 Full-time Equivalent (FTE) positions that have been added to the plan for our key bodies of work and for other adjustments in the budget. A summary chart reflecting the revisions to the Recommended FY 2020 Operating Budget follows.

Montgomery County Public Schools
FY 2020 Operating Budget

	FY 2019 <u>Current Budget</u>	FY 2020 <u>Rec. Budget</u>	FY 2020 <u>Amended Budget</u>	FY 2020 Changes from <u>FY 2019</u>
Total Expenditures	\$2,596,441,719	\$2,651,597,328	\$2,660,688,411	\$64,246,692
Local Revenue	1,708,627,645	1,747,331,826	1,733,756,569	25,128,924
State Revenue	707,968,748	715,732,124	735,398,464	27,429,716
Fund Balance	25,000,000	22,000,000	25,000,000	-
Fed/Other Revenue	<u>154,845,326</u>	<u>166,533,378</u>	<u>166,533,378</u>	<u>11,688,052</u>
Total Revenue	\$2,596,441,719	\$2,651,597,328	\$2,660,688,411	\$64,246,692

The details of the revisions to the Superintendent's Recommended FY 2020 Operating Budget submitted to the Board on December 18, 2018, follow.

Revenue

State Revenue

On January 18, 2019, Governor Hogan submitted his FY 2020 budget to the Maryland General Assembly. Based on the Governor's FY 2020 budget, a total of \$735,398,464 is reflected for all revenue categories from the state for MCPS. My recommended FY 2020 Operating Budget had included an estimate of \$715,732,124 for total revenue from the state, an estimated increase of \$7,763,376 more than FY 2019. The Governor's FY 2020 budget provides an increase of \$27,429,716 for FY 2020, or \$19,666,340 more than my recommended operating budget. The Governor increased the state's overall K-12 education budget by \$176.0 million, or 3.1 percent. This exceeded the \$139.2 million, or 2.0 percent increase, that the Governor proposed for FY 2019. This was driven in part by a 2.54 percent inflationary adjustment for the Target Per Pupil Foundation amount and a 7.03 percent inflationary adjustment for Transportation aid. The Governor also included \$210.0 million in unallocated funding in his FY 2020 budget for recommendations from the Kirwan Commission.

The following is a summary of the major state revenue amounts by category of aid for MCPS:

Foundation Grant: The Governor's FY 2020 budget provides \$368,197,235, an increase of \$16,452,410 (4.7 percent) more than FY 2019, for the Foundation grant, which is distributed on the basis of enrollment and wealth. The Foundation grant is the largest source of state aid.

Geographic Cost of Education Index (GCEI): The Governor's FY 2020 budget provides \$38,902,207 for GCEI, an increase of \$1,190,438 (3.2 percent) more than FY 2019.

Limited English Proficiency: The Governor's FY 2020 budget provides \$76,846,546, an increase of \$3,300,440 (4.5 percent) compared to FY 2019, to support students with Limited English Proficiency.

Compensatory Education: The Governor's FY 2020 budget provides \$143,060,602, an increase of \$1,467,928 (1.0 percent) more than FY 2019, in compensatory education revenue directed to the education of students who are economically disadvantaged. The *Bridge to Excellence in Public Schools Act of 2002* directs this aid according to the number of students eligible to receive Free and Reduced-price Meals System services.

Students with Disabilities-Formula: The Governor's FY 2020 budget provides \$42,511,232, an increase of \$2,107,157 (5.2 percent) more than FY 2019, to support students with disabilities.

Students with Disabilities-Reimbursement: Working with the Office of Special Education, my recommended FY 2020 Operating Budget included estimated revenue totaling \$18,445,511 for FY 2020, a decrease of \$106,293 from FY 2019. This is for funding that MCPS receives from the state for supporting students placed in nonpublic special education schools.

Transportation: The Governor's FY 2020 budget provides \$46,449,499, an increase of \$3,204,971 (7.4 percent) more than FY 2019, for the transportation of students to and from school as well as aid for transporting students with disabilities.

Our enrollment increase in the 2018–2019 school year used to calculate state aid in FY 2020 was the second largest in the state. Of the increase of 2,265.5 eligible students enrolled statewide in the 2018–2019 school year, a total of 954.0 of the increase in students is enrolled in Montgomery County. As a result, MCPS comprised 42.1 percent of the statewide enrollment increase. Another factor in determining the amount of state aid MCPS receives is our County's wealth relative to the rest of the state. Using September Net Taxable Income data, Montgomery County's wealth increased by 2.7 percent while the statewide average increase was 3.4 percent. Our County's wealth change was only the sixteenth largest increase in the state. The fact that our enrollment grew at a rate greater than the state average and wealth grew at a rate less than the state average impacts our overall funding from the state in a positive way.

Local Revenue

Based on revenue and expenditure adjustments previously highlighted in this memorandum, a decrease of \$13,575,257 in the local contribution is reflected in this amended budget compared to the December 2018 budget recommendation. The total amount for FY 2020 from local revenue is \$1,733,756,569, an increase of \$25,128,924 compared to FY 2019. The amount of increased local funding for FY 2020 based only on MOE law is \$9,489,140.

MCPS Fund Balance

The FY 2020 Operating Budget that I recommended to the Board in December 2018 reflected that \$22,000,000 of the budget be funded from the MCPS end-of-year fund balance. Subsequently, in the January 7, 2019, memorandum from County Executive Marc Elrich regarding the County's FY 2019 Savings Plan, Mr. Elrich identified a savings plan to close a \$105 million gap the County is facing in FY 2020. In his memorandum, he set a "general savings plan target for outside County agencies" including \$25 million for MCPS in FY 2019. In view of this, I am increasing by \$3 million the amount that my amended budget be funded from the MCPS fund balance for a total of \$25 million.

Expenditure Adjustments*Adjustments to the Plan for Key Bodies of Work*

Subsequent to the submission of my recommended FY 2020 Operating Budget, and following the public hearings held by the Board and the two budget work sessions held in January 2019, I am amending the budget to include \$9,241,615 and 124.150 FTE positions for changes related to our key bodies of work. This includes the following:

- To reduce class size in elementary schools, an additional \$3,613,546 and 52.9 FTE positions is added;
- To reduce the number of elementary schools without an assistant principal; an increase of \$844,306 and 6.0 FTE positions is included;
- To provide additional differentiated and program support for special education students; an increase of \$3,351,653 and 44.650 FTE positions is added; and
- To provide additional differentiated and program support for students receiving English for Speakers of Other Languages services, an additional \$1,432,110 and 20.6 FTE positions is included.

Changes to the Budget for Other Adjustments

My amended FY 2020 budget also includes a net decrease of \$150,532 and a net increase of 3.0 FTE positions since my December 2018 budget recommendation for other adjustments. We are converting 126.0 resource teachers to 89.0 content specialists and 57.0 team leaders

in middle schools as well as reducing 16.0 middle school teacher positions. These changes will be funding neutral but result in an increase of 4.0 FTE positions in the budget.

Based on the discussion at the January 24, 2019, work session, my amended budget makes modifications to the key bodies of work included in my Recommended FY 2020 Operating Budget. In the Office of School Support and Improvement, there is a net reduction of \$107,993 and 1.0 FTE position for the elimination of a school climate position and instead relying on contractual services funding to support a focus on school climate and culture. In addition, \$52,236 is added to convert an operations manager position in the Office of the Chief Operating Officer to an executive director position. Also, \$38,892 is needed to convert a program technician position in the Department of Systemwide Safety and Emergency Management to a supervisor position to enhance management in the department. I also am changing the supervisor position in compliance to a director position. This change is to address the responsibility associated with compliance professional development and support to schools. The budget can be reduced by \$102,809 for a revised estimate for workers compensation related to our self-insurance component of the district. Finally, a technical change in the budget would move 12.6 social worker (10-month) positions from Chapter 5, Special Education, to Chapter 1, Schools.

Conclusion

The amended FY 2020 Operating Budget that I am recommending to the Board for adoption is the result of extensive internal and external feedback on the budget I recommended on December 18, 2018. The top priority of this amended budget is to maintain the high levels of achievement that we have for many of our students and eliminate those opportunity gaps that most heavily impact our Black or African American students, our Hispanic/Latino students, children who live in poverty, English Language Learners, and our students who receive Individualized Education Program services. We want our school system to be defined by its capacity to ensure the success of all students and will not be satisfied until we have eliminated disparities in opportunities and performance among our entire student population.

Superintendent's Recommendation

WHEREAS, The superintendent of schools presented the Superintendent's Recommended Fiscal Year 2020 Operating Budget of \$2,651,597,328 to the Board of Education on December 18, 2018; and

WHEREAS, The Superintendent's Recommended Fiscal Year 2020 Operating Budget includes the Fiscal Year 2020 Special Education Staffing Plan; and

WHEREAS, The Superintendent's Recommended Fiscal Year 2020 Operating Budget as amended includes a local contribution request of \$1,733,756,569, a decrease of \$13,575,257 to the Superintendent's Recommended Fiscal Year 2020 Operating Budget; and

WHEREAS, The Governor's Fiscal Year 2020 Operating Budget presented to the Maryland General Assembly reflects an increase of \$19,666,340 in state aid to the Superintendent's Recommended Fiscal Year 2020 Operating Budget from December 2018; and

WHEREAS, A Montgomery County Public Schools fund balance of \$25,000,000, an increase of \$3,000,000 from the Superintendent's Recommended FY 2020 Operating Budget, now is estimated to be available for appropriation in Fiscal Year 2020; and

WHEREAS, Adjustments to the plan for key bodies of work result in an increase of \$9,241,615 and 124.150 Full-time Equivalent positions; and

WHEREAS, Changes to the plan for technical and other adjustments in the Superintendent's Recommended FY 2020 Operating Budget result in a decrease of \$150,532 and an increase of 3.0 Full-time Equivalent positions; now therefore be it

Resolved, That the Montgomery County Board of Education approve the Fiscal Year 2020 Special Education Staffing Plan as outlined in the Superintendent's Recommended Fiscal Year 2020 Operating Budget; and be it further

Resolved, That upon final approval of the Fiscal Year 2020 Operating Budget in June 2019, the Special Education Staffing Plan will be submitted to the Maryland State Department of Education; and be it further

Resolved, That the Montgomery County Board of Education adopt the Superintendent's Recommended Fiscal Year 2020 Operating Budget as amended totaling \$2,660,688,411 as follows:

TABLE 1
SUMMARY OF RESOURCES
BY OBJECT OF EXPENDITURE

OBJECT OF EXPENDITURE	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 BUDGET	FY 2020 CHANGE
POSITIONS					
Administrative	730,250	727,750	727,750	745,250	17,500
Business/Operations Admin.	90,750	94,750	95,750	95,750	
Professional	13,134,316	13,260,711	13,260,711	13,509,836	249,125
Supporting Services	8,344,248	8,427,652	8,426,652	8,516,287	89,635
TOTAL POSITIONS	22,299,564	22,510,863	22,510,863	22,867,123	356,260
01 SALARIES & WAGES					
Administrative	\$99,286,260	\$102,662,182	\$102,662,182	\$105,194,845	\$2,532,663
Business/Operations Admin.	8,715,795	9,787,488	9,882,593	10,118,349	235,756
Professional	1,094,408,292	1,138,764,566	1,138,764,566	1,171,340,156	32,575,590
Supporting Services	363,785,005	389,107,942	389,012,837	394,487,860	5,475,023
TOTAL POSITION DOLLARS	1,566,195,352	1,640,322,178	1,640,322,178	1,681,141,210	40,819,032
OTHER SALARIES					
Administrative	126,466	298,629	298,629	262,112	(36,517)
Professional	67,024,957	63,242,210	63,242,210	68,661,837	5,419,627
Supporting Services	27,846,389	26,563,153	26,563,153	26,352,410	(210,743)
TOTAL OTHER SALARIES	94,997,812	90,103,992	90,103,992	95,276,359	5,172,367
TOTAL SALARIES AND WAGES	1,661,193,164	1,730,426,170	1,730,426,170	1,776,417,569	45,991,399
02 CONTRACTUAL SERVICES	39,399,270	43,504,724	43,504,724	54,144,353	10,639,629
03 SUPPLIES & MATERIALS	69,992,743	69,782,141	69,782,141	72,797,809	3,015,668
04 OTHER					
Local/Other Travel	2,453,727	2,206,190	2,206,190	2,249,851	43,661
Insur & Employee Benefits	594,189,150	620,533,672	620,533,672	620,554,069	20,397
Utilities	41,591,838	42,042,605	42,042,605	43,348,553	1,305,948
Miscellaneous	60,704,075	67,620,375	67,620,375	71,149,027	3,528,652
TOTAL OTHER	698,938,790	732,402,842	732,402,842	737,301,500	4,898,658
05 EQUIPMENT	20,128,761	20,325,842	20,325,842	21,343,003	1,017,161
GRAND TOTAL AMOUNTS	\$2,489,652,728	\$2,596,441,719	\$2,596,441,719	\$2,662,004,234	\$65,562,515

TABLE 1A
SUMMARY OF BUDGET CHANGES FY 2019 - FY 2020
(\$ in millions)

ITEM	FTE	AMOUNT
FY 2019 CURRENT OPERATING BUDGET	22,510.863	\$2,596.44
FY 2020 CHANGES:		
ENROLLMENT CHANGES		
Elementary/Secondary	60.675	5.64
Prekindergarten	1.125	0.05
Special Education	40.252	3.48
ESOL	15.775	1.33
Student Services and Engagement	7.000	0.65
Transportation	15.000	0.88
Technology		0.02
Subtotal	139.827	12.05
NEW SCHOOLS/ADDITIONAL SPACE	29.550	2.12
EMPLOYEE SALARIES - CONTINUING SALARIES FOR CURRENT EMPLOYEES (including benefits)		23.16
EMPLOYEE BENEFITS AND INSURANCE		
Employee Benefits Plan (active)		(6.00)
Employee Benefits Plan (retired)		(4.00)
Retirement (local)		(1.87)
FICA		-
Self-insurance, Worker's Compensation		2.16
Administrative Costs/Fees		(0.64)
State Pension		1.41
Subtotal		(8.94)
INFLATION AND OTHER		
Textbooks, Instructional Materials, Building/Maintenance Supplies		0.51
Utilities		0.67
Special Education		0.97
Maintenance		3.22
Transportation		1.55
Technology		2.34
Labor Relations & Electronic Graphics Publishing Services		0.06
Human Capital Management		0.11
Grants and Enterprise Funds	0.500	9.83
Realignments	12.858	-
Subtotal	13.358	19.26

FY 2020 CHANGES CONTINUED:

ITEM	FTE	AMOUNT
EFFICIENCIES & REDUCTIONS		
Central Office	(2.250)	(1.38)
Support Operations	(5.875)	(0.18)
School-based		(0.11)
Subtotal	(8.125)	(1.67)
STRATEGIC PRIORITY ACCELERATORS		
Focus on Learning, Accountability, and Results	177.900	16.24
Focus on Operational Excellence	2.750	2.45
Focus on Community Partnerships and Engagement	0.000	0.43
Focus on Human Capital Management	1.000	0.46
Subtotal	181.650	19.58
FY 2020 OPERATING BUDGET	22,867.123	\$2,662.00
FY 2019 - FY 2020 CHANGE	356.260	\$65.56
Grants Funding		(87.07)
Enterprise Funding		(74.96)
Special Revenue Funding		(1.81)
SPENDING AFFORDABILITY BUDGET	22,867.123	\$2,498.16
REVENUE CHANGES BY SOURCE		
Local		26.45
State		27.43
Federal		3.54
Fund Balance		-
Enterprise/Special Revenue Funds		8.14
TOTAL REVENUE INCREASE		\$ 65.56

**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2018 ACTUAL*	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 ESTIMATED
CURRENT FUND				
From the County:	1,663,280,683	\$1,708,627,645	\$1,708,627,645	\$1,735,072,392
Local Contribution for State Retirement				
Programs financed through local Grants	2,269,709			
Total from the County	1,665,550,392	1,708,627,645	1,708,627,645	1,735,072,392
From the State:				
Bridge to Excellence				
Foundation Grant	338,744,661	351,744,825	351,744,825	368,197,235
Geographic Cost of Education Index	36,854,599	37,711,769	37,711,769	38,902,207
Limited English Proficient	64,721,654	73,546,106	73,546,106	76,846,546
Compensatory Education	140,036,855	141,592,674	141,592,674	143,060,602
Students with Disabilities - Formula	38,947,354	40,404,075	40,404,075	42,511,232
Students with Disabilities - Reimbursement	17,302,362	18,551,804	18,551,804	18,445,511
Transportation	42,090,090	43,244,528	43,244,528	46,449,499
Miscellaneous	242,513	140,000	140,000	200,000
Programs financed through State Grants	2,809,132	1,032,967	1,032,967	785,632
Total from the State	681,749,220	707,968,748	707,968,748	735,398,464
From the Federal Government:				
Impact Aid	104,794	150,000	150,000	100,000
Emergency Reimbursements				
Additional Education Jobs Fund Revenue				
Programs financed through Federal Grants	76,798,000	75,964,327	75,964,327	79,558,409
Total from the Federal Government	76,902,794	76,114,327	76,114,327	79,658,409
From Other Sources:				
Tuition and Fees				
D.C. Welfare	256,162	160,000	160,000	240,000
Nonresident Pupils	526,852	530,000	530,000	530,000
Summer School	1,655,806	1,676,736	1,676,736	1,600,000
Outdoor Education	685,790	700,000	700,000	700,000
Student Activities Fee	-	-	-	-
Miscellaneous	417,424	300,000	300,000	300,000
Programs financed through Private Grants	518,581	6,731,204	6,731,204	6,731,204
Total from Other Sources	4,060,615	10,097,940	10,097,940	10,101,204
Fund Balance	22,783,303	25,000,000	25,000,000	25,000,000
Total Current Fund	2,451,046,324	2,527,808,660	2,527,808,660	2,585,230,469
ENTERPRISE & SPECIAL FUNDS				
School Food Service Fund: *				
State	2,179,972	2,229,567	2,229,567	2,243,044
National School Lunch, Special Milk and Free Lunch Programs	41,872,671	36,910,793	36,910,793	38,276,538
Child Care Food Program				
Sale of Meals and other	17,486,176	17,078,839	17,078,839	17,588,383
Total School Food Service Fund	61,538,819	56,219,199	56,219,199	58,107,965
Real Estate Management Fund:				
Rental fees	3,536,111	3,952,935	3,952,935	3,966,407
Total Real Estate Management Fund	3,536,111	3,952,935	3,952,935	3,966,407

**TABLE 2
BUDGET REVENUE BY SOURCE**

SOURCE	FY 2018 ACTUAL*	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 ESTIMATED
Field Trip Fund:				
Fees	2,148,783	2,530,246	2,530,246	2,736,949
Total Field Trip Fund	2,148,783	2,530,246	2,530,246	2,736,949
Entrepreneurial Activities Fund:				
Fees	8,857,581	4,140,738	4,140,738	10,150,669
Total Entrepreneurial Activities Fund	8,857,581	4,140,738	4,140,738	10,150,669
Total Enterprise Funds	76,081,294	66,843,118	66,843,118	74,961,990
Instructional Television Special Revenue Fund:				
Cable Television Plan	1,697,504	1,789,941	1,789,941	1,811,775
Total Instructional Special Revenue Fund	1,697,504	1,789,941	1,789,941	1,811,775
GRAND TOTAL	2,528,825,122	\$2,596,441,719	\$2,596,441,719	\$2,662,004,234
Tax - Supported Budget	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 BOE
Grand Total	2,528,825,122	\$2,596,441,719	\$2,596,441,719	\$2,662,004,234
Less:				
Grants	(82,395,421)	(83,728,498)	(83,728,498)	(87,075,245)
Enterprise Funds	(76,081,294)	(66,843,118)	(66,843,118)	(74,961,990)
Special Revenue Fund	(1,697,504)	(1,789,941)	(1,789,941)	(1,811,775)
Grand Total - Tax-Supported Budget	2,368,650,903	\$2,444,080,162	\$2,444,080,162	\$2,498,155,224

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. *The actual column refers to revenue received during the fiscal year. In some cases, this may not include total amount of revenue awarded if the revenue spans over a multiyear funding period, which is the case for many MCPS budgeted grants.

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

Program Name and Source of Funding	FY 2018 ACTUAL*	FY 2019 BUDGET	FY 2019 CURRENT	FY 2020 ESTIMATED
<u>Budgeted</u>				
FEDERAL AID: EVERY STUDENT SUCCEEDS ACT (ESSA)				
Title I - A (941/942)	\$ 28,337,432	\$ 25,124,592	\$ 25,124,592	\$ 28,577,342
Subtotal	28,337,432	25,124,592	25,124,592	28,577,342
Title I - D				
Neglected and Delinquent Youth (937)	101,992	168,164	168,164	92,050
Total Title I	28,439,424	25,292,756	25,292,756	28,669,392
Title II - A				
Skillful Teaching and Leading Program (915)	561,843	869,042	869,042	631,080
Teacher Mentoring (917)	292,451	259,220	259,220	388,980
Consulting Teachers (961)	3,132,262	2,211,828	2,211,828	2,525,017
Total Title II	3,986,556	3,340,090	3,340,090	3,545,077
Title III				
English Language Acquisition (927)	3,306,334	3,365,645	3,365,645	3,365,645
Title VII				
American Indian Education (903)	25,232	25,669	25,669	25,669
SUBTOTAL	35,757,546	32,024,160	32,024,160	35,605,783
OTHER FEDERAL, STATE, AND LOCAL AID				
Head Start Child Development (931/932)				
Federal	3,870,476	3,870,476	3,870,476	3,870,476
Individuals with Disabilities Education (907/913)				
Federal	31,586,828	32,729,014	32,729,014	32,729,014
Infants and Toddlers - Passthrough from Montgomery County Department of Health and Human Services (930)				
Federal	642,770	642,770	642,770	638,105
State	380,967	380,967	380,967	385,632
Judith P. Hoyer Child Care Centers State (904/905)	644,000	652,000	652,000	400,000
Medical Assistance Program (939)				
Federal	5,117,501	5,117,501	5,117,501	5,117,501
National Institutes of Health (NIH) (908)				
Federal	286,983	281,388	281,388	298,512
Provision for Future Supported Projects (999)				
Other	6,122,940	6,731,204	6,731,204	6,731,204
Carl D. Perkins Career & Technical Ed. Improvement (950/951)				
Federal	1,236,577	1,299,018	1,299,018	1,299,018
SUBTOTAL	49,889,042	51,704,338	51,704,338	51,469,462
TOTAL	\$ 85,646,588	\$ 83,728,498	\$ 83,728,498	\$ 87,075,245
<u>Summary of Funding Sources</u>				
Federal	\$ 78,498,681	\$ 75,964,327	\$ 75,964,327	\$ 79,558,409
State	1,024,967	1,032,967	1,032,967	785,632
County				
Other	6,122,940	6,731,204	6,731,204	6,731,204
GRAND TOTAL	\$ 85,646,588	\$ 83,728,498	\$ 83,728,498	\$ 87,075,245

*The actual column refers to total revenue awarded in the fiscal year. In some cases, this includes revenue that spans over multiyear funding periods, which is the case for many MCPS budgeted grants.

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**TABLE 4
SUMMARY OF STUDENT ENROLLMENT - FY 2017 THROUGH FY 2020**

DESCRIPTION	(1) FY 2017 ACTUAL 9/30/2016	(2) FY 2018 ACTUAL 9/30/2017	(3) FY 2019 ACTUAL 9/30/2018	(4) FY 2019 BUDGET 9/30/2018	(5) FY 2020 PROJECTED* 9/30/2019	CHANGE COLUMN (5) LESS COLUMN (4)	
						#	%
ENROLLMENT							
PRE-KINDERGARTEN	2,278	2,244	2,338	2,375	2,395	20	0.8%
HEAD START	628	628	640	648	648		
KINDERGARTEN	11,224	11,240	11,316	11,154	11,210	56	0.5%
GRADES 1-5 / 6 **	60,829	60,831	60,421	60,464	60,063	(401)	-0.7%
SUBTOTAL ELEMENTARY	74,959	74,943	74,715	74,641	74,316	(325)	-0.4%
GRADES 6-8 ***	34,957	36,006	36,489	36,598	37,435	837	2.3%
SUBTOTAL MIDDLE	34,957	36,006	36,489	36,598	37,435	837	2.3%
GRADES 9-12	47,131	48,498	49,315	49,937	50,443	506	1.0%
SUBTOTAL HIGH	47,131	48,498	49,315	49,937	50,443	506	1.0%
SUBTOTAL PRE-K - GRADE 12	157,047	159,447	160,519	161,176	162,194	1,018	0.6%
SPECIAL EDUCATION							
PRE-KINDERGARTEN****	1,414	1,431	1,521	1,493	1,593	100	6.7%
SPECIAL CENTERS	441	477	444	490	510	20	4.1%
SUBTOTAL SPECIAL EDUCATION	1,855	1,908	1,965	1,983	2,103	120	6.1%
ALTERNATIVE PROGRAMS	108	115	116	135	180	45	33.3%
GRAND TOTAL	159,010	161,470	162,600	163,294	164,477	1,183	0.7%

NOTE: Grade enrollments include special education students.

*Based on final enrollment projections

**The FY 2017 elementary enrollment numbers include Chevy Chase Elementary School and North Chevy Chase Elementary School Grade 6.

***The FY 2017 middle enrollment numbers exclude Chevy Chase Elementary School and North Chevy Chase Elementary School Grade 6.

The FY 2018 - 2020 middle enrollment numbers include Chevy Chase Elementary School and North Chevy Chase Elementary School Grade 6.

****Special education pre-kindergarten enrollment numbers do not include PEP Itinerant students.

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**TABLE 5
ALLOCATION OF STAFFING**

	POSITIONS	BUDGET FY 2015	BUDGET FY 2016	BUDGET FY 2017	BUDGET FY 2018	CURRENT FY 2019	REQUEST FY 2020	FY 19 - FY 20 CHANGE
1	Executive	19.000	16.000	17.000	17.000	17.000	17.000	-
2	Administrative - (directors, supervisors, program coordinators, executive assistants)	204.700	199.700	197.600	198.750	182.250	186.250	4.000
3	Business/Operations Administrator - (leadership positions supervised by directors and supervisors)	90.650	88.650	86.650	90.750	95.750	95.750	-
4	Other Professional - (12-month instructional/evaluation specialists)	189.500	187.400	185.400	169.500	163.100	164.500	1.400
5	Principal/Assistant Principal	494.000	491.500	503.500	514.500	528.500	542.000	13.500
6	Teacher	10,984.160	10,940.304	11,481.264	11,572.529	11,686.139	11,896.764	210.625
7	Special Education Specialist - (speech pathologists, physical/occupational therapists)	508.958	506.708	503.008	509.148	511.608	521.208	9.600
8	Media Specialist	195.500	195.500	196.500	198.200	198.200	199.200	1.000
9	Counselor	467.500	467.000	486.000	496.500	504.500	519.500	15.000
10	Psychologist	106.034	106.034	115.034	115.409	120.534	124.034	3.500
11	Social Worker	14.830	14.830	15.830	20.030	24.230	30.230	6.000
12	Pupil Personnel Worker	51.000	51.000	53.000	53.000	52.400	54.400	2.000
13	Instructional Aide and Assistant - (paraeducators, media assistants, lunch-hour aides, parent assistants, instructional data assistants)	2,660.994	2,652.222	2,764.814	2,704.947	2,762.101	2,804.011	41.910
14	Secretarial/Clerical/Data Support - (secretarial, clerical, personnel/transportation/fiscal/other lower grade program/data assistants)	983.250	963.225	967.850	977.500	973.750	980.550	6.800
15	IT Systems Specialist	133.000	109.000	108.000	108.000	121.500	119.500	(2.000)
16	Security - (includes all positions except those in lines 2,3,14 above)	229.000	232.000	232.000	240.000	242.000	244.000	2.000
17	Cafeteria - (Includes all positions except those in lines 2,3,14,15 above)	561.448	561.448	564.323	568.323	571.323	576.823	5.500
18	Building Services - (includes all positions except those in lines 2,3,14 above)	1,376.700	1,363.200	1,379.700	1,403.700	1,403.700	1,419.000	15.300
19	Facilities Management/Maintenance - (includes all positions except those in lines 2,3,14,15 above)	354.000	352.000	352.000	367.000	368.000	367.500	(0.500)
20	Supply/Property Management - (includes all positions except those in lines 2, 3,14,15 above)	51.500	51.500	51.500	53.500	53.500	53.500	-
21	Transportation - (includes all positions except those in lines 2,3 14,15 above)	1,685.590	1,673.153	1,693.153	1,690.153	1,700.153	1,713.278	13.125
22	Other Support Personnel - (business, technology human resources,communications, printing, and other support staff)	226.675	224.875	226.375	231.125	230.625	238.125	7.500
	TOTAL	21,587.989	21,447.249	22,180.501	22,299.564	22,510.863	22,867.123	356.260

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Montgomery County Public Schools

RECOMMENDED FY20 BUDGET
\$2,647,536,627

FULL TIME EQUIVALENTS
22,867.11

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 2018-19 school year (FY19), 163,123 students in pre-kindergarten classes through Grade 12 attend 206 separate public educational facilities. For the 2019-20 school year (FY20), enrollment is estimated to be 164,296 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 FY20 Operating Budget is \$2,647.5 million, an increase of \$51.1 million or two percent over the original FY19 approved budget of \$2,596.4 million, and this recommended budget exceeds the amount required by the State's Maintenance of Effort (MOE) law by \$2.5 million.

This budget assumes State Aid as recommended in the Governor's budget; it does not include any additional State Aid from legislation before the General Assembly based on the Kirwan Commission recommendations. As of this writing, the legislation targets areas that the Board of Education (BOE) has recognized as needing additional resources. Specifically, Special Education receives greater support in both the BOE's request and in the bills before the General Assembly. The final outcome in the State budget may have an impact on the level of County funding needed to improve those services.

The County Executive's recommendation funds 99.5 percent of the Board of Education's (BOE) request. The County Executive and the Superintendent have and will continue to work collaboratively to discuss how reductions could be made to minimize the impact on students.

In addition to the funding in the MCPS budget, \$27.2 million will be provided by the County from the Consolidated Retiree Health Benefits Trust for the purpose of paying retiree health claims in FY20. The County Executive is also recommending \$1.0 million in the Early Care and Education Fund Non-Departmental Account for expansion of pre-kindergarten programs.

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 available 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 \$3.9 million in FY20 current revenue and \$64.7 million in recordation taxes are recommended in the FY19-24 CIP. The debt service requirement for the MCPS capital program is estimated at \$154.9 million in FY20.

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

Additional County Support for MCPS in FY20	
MCPS Budget (in millions)	\$2,647.5
Additional County funding (not included in MCPS budget)	
• Debt service on school construction bonds	\$154.9
• Pre-funding retiree health benefits	\$78.5
• Support services	\$71.3
• Technology modernization	\$10.7
Total additional County funding	\$315.5
Total expenditures for MCPS	\$2,963.0
Sources: Recommended FY20 Operating and Capital Budgets	

Note: The County Executive's Early Care and Education NDA is supporting a 1\$ million grant to MCPS for Pre-Kindergarten service expansion.

The recommended budget includes the County's contribution of \$1,720.6 million plus \$25.0 million in carryover funds (65.9 percent of all recommended funding), State aid and grants of \$735.4 million (27.8 percent), Federal grants and aid of \$79.6 million (3.0 percent), and tuition, fees, and private grants of \$10.1 million (0.4 percent). The recommended appropriation for the fee supported enterprise funds is \$75.0 million (2.8 percent) and for the special revenue fund is \$1.8 million (0.1 percent).

Tax Supported Funding for the Public Schools

For FY20, the total tax-supported portion of the Executive's recommendation (excluding grants and enterprise funds) is \$2,483.7 million, an increase of \$39.6 million or 1.6 percent over the original FY19 Approved Operating Budget. The tax-supported portion of the recommendation includes an FY20 local contribution of \$1,720.6 million, plus carryover of \$25.0 million for a total local contribution of \$1,745.6 million. MOE is a State requirement that each local school district must spend as much per student as it did in the prior fiscal year in order to receive additional State aid for education. The Executive's recommendation for local funding meets the MOE requirement, and represents a total increase of \$12.0 million from the FY19 local contribution.

Fiscal Summary

The Executive's total budget recommendation from all funding sources is \$2,647.5 million and funds 99.5 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 2019, the Montgomery County Council approved FY20 Spending Affordability Guidelines (SAG) of \$2,442.3 million for the tax-supported funds of MCPS. The BOE requested \$2,498.2 million in tax supported funds, \$55.9 million above the SAG guideline. The County Executive's recommendation is \$41.4 million above the SAG guideline.

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 FY19 Operating Budget adopted by the BOE on February 13, 2018. Copies of that budget are available at Montgomery County libraries, on the MCPS website, and upon request from the school system.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following is emphasized:

 **Thriving Youth and Families**

PROGRAM CONTACTS

Contact Nicola Diamond of the Montgomery County Public Schools at 240.314.3888 or Bruce Meier of the Office of Management and Budget at 240.777.2785 for more information regarding this agency's operating budget.

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%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	2,368,650,903	2,444,080,162	2,425,928,761	2,483,699,617	1.6 %
Current Fund MCPS Expenditures	2,368,650,903	2,444,080,162	2,425,928,761	2,483,699,617	1.6 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	21,090.64	21,254.35	21,254.35	21,649.85	1.9 %

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
REVENUES					
Basic State Aid	338,744,661	351,744,825	351,744,825	368,197,235	4.7 %
Federal Revenues	104,794	150,000	150,000	100,000	-33.3 %
Foster Care/Miscellaneous	242,513	140,000	140,000	200,000	42.9 %
GCEI - Geographic Cost of Education Index	36,854,599	37,711,769	37,711,769	38,902,207	3.2 %
Students With Disabilities	56,526,981	58,955,879	58,955,879	60,956,743	3.4 %
Thornton Legislation	204,758,509	215,138,780	215,138,780	219,907,148	2.2 %
Transportation	42,090,090	43,244,528	43,244,528	46,449,499	7.4 %
Tuition-Other Sources	3,326,736	3,366,736	3,366,736	3,370,000	0.1 %
Current Fund MCPS Revenues	682,648,883	710,452,517	710,452,517	738,082,832	3.9 %

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	82,395,422	83,728,498	83,728,498	87,075,245	4.0 %
Grant Fund MCPS Expenditures	82,395,422	83,728,498	83,728,498	87,075,245	4.0 %

PERSONNEL

Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	558.37	557.59	557.59	570.94	2.4 %

REVENUES

Federal Grants	76,798,000	75,964,327	75,964,327	79,558,409	4.7 %
Private Grants	2,788,290	6,731,204	6,731,204	6,731,204	—
State Grants	2,809,132	1,032,967	1,032,967	785,632	-23.9 %
Grant Fund MCPS Revenues	82,395,422	83,728,498	83,728,498	87,075,245	4.0 %

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	57,733,700	56,219,199	56,219,199	58,107,965	3.4 %
Food Service Fund Expenditures	57,733,700	56,219,199	56,219,199	58,107,965	3.4 %

PERSONNEL

Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	593.32	598.32	598.32	604.32	1.0 %

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
REVENUES					
Federal Food	41,872,671	36,910,793	36,910,793	38,276,538	3.7 %
Miscellaneous: Investment Income	9,358	0	0	0	—
Sale of Meals	17,476,818	17,078,839	17,078,839	17,588,383	3.0 %
State Food	2,179,972	2,229,567	2,229,567	2,243,044	0.6 %
Food Service Fund Revenues	61,538,819	56,219,199	56,219,199	58,107,965	3.4 %

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	3,360,543	3,952,935	3,952,935	3,966,407	0.3 %
Real Estate Fund Expenditures	3,360,543	3,952,935	3,952,935	3,966,407	0.3 %

PERSONNEL

Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	12.00	12.00	12.00	12.00	—

REVENUES

Real Estate Fund	3,536,111	3,952,935	3,952,935	3,966,407	0.3 %
Real Estate Fund Revenues	3,536,111	3,952,935	3,952,935	3,966,407	0.3 %

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	2,196,677	2,530,246	2,530,246	2,736,949	8.2 %
Field Trip Fund Expenditures	2,196,677	2,530,246	2,530,246	2,736,949	8.2 %

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	2,148,783	2,530,246	2,530,246	2,736,949	8.2 %
Field Trip Fund Revenues	2,148,783	2,530,246	2,530,246	2,736,949	8.2 %

ENTREPRENEURIAL ACTIVITIES FUND

EXPENDITURES

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Entrepreneurial Activities Fund Personnel Costs	0	0	0	0	—
Operating Expenses	8,766,263	4,140,738	9,740,738	10,150,669	145.1 %
Entrepreneurial Activities Fund Expenditures	8,766,263	4,140,738	9,740,738	10,150,669	145.1 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	12.00	12.00	12.00	12.00	—
REVENUES					
Entrepreneurial Activities Fee	2,328,200	2,140,738	2,140,738	2,150,669	0.5 %
Entrepreneurial Activities Fund Revenues	2,328,200	2,140,738	2,140,738	2,150,669	0.5 %
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	1,680,588	1,789,941	1,789,941	1,799,775	0.6 %
Instructional Television Fund Expenditures	1,680,588	1,789,941	1,789,941	1,799,775	0.5 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	13.50	13.50	13.50	13.50	—
REVENUES					
DEPARTMENT TOTALS					
Total Expenditures	2,524,784,096	2,596,441,719	2,583,890,318	2,647,536,627	2.0 %
Total Full-Time Positions	0	0	0	0	—
Total Part-Time Positions	0	0	0	0	—
Total FTEs	22,284.33	22,452.26	22,452.26	22,867.11	1.8 %
Total Revenues	834,596,218	859,024,133	859,024,133	892,120,067	3.9 %

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

April 9, 2019

MEMORANDUM

To: Members of the Board of Education

From: Jack R. Smith, Superintendent of Schools

Subject: Monthly Financial Report

This financial report reflects the actual financial condition of Montgomery County Public Schools (MCPS) for Fiscal Year (FY) 2019 as of February 28, 2019, and projections through June 30, 2019, based on program requirements and estimates made by primary and secondary account managers. A summary of the financial condition is provided and the attached tables and charts include additional details as follows:

- Attachment 1 presents budgeted and projected revenues along with a brief explanation for change.
- Attachment 2 details expenditure information by state category and object of expense. The report displays authorized (budgeted) expenditures, actual year-to-date expenditures and encumbrances, and the projected year-end balance including a brief explanation.
- Attachment 3 details by state category, the cumulative expenditures and encumbrances, projected expenditures, and projected surplus or deficit.
- Attachment 4 compares financial monitoring projections by month for FY 2016 through FY 2019.
- Attachment 5 details by state category, expenditures and encumbrances by month, and the percentage of the category's budget.

Summary of MCPS Fiscal Condition and End-of-Year Projection

The MCPS Operating Budget appropriation approved by the Board of Education for FY 2019 totaled \$2,596,441,719. This was an increase of \$77,161,698 (3.1 percent) more than the FY 2018 Operating Budget. This includes \$25,000,000 of MCPS fund balance used for the FY 2019 Operating Budget. As a result of additional savings realized at the end of FY 2018, the beginning fund balance in FY 2019 is \$6,848,599. The start of the FY 2019 fund balance amount is more than typical because of the change in plans for the curriculum Request for Proposals No. 4478.1 that now will be implemented in FY 2019 rather than FY 2018. As indicated in previous financial reports, MCPS would request that the necessary funding for the contract award be reappropriated from MCPS fund balance in FY 2019. The request for reappropriation of MCPS fund balance was adopted by the Board of Education at its March 25, 2019, meeting (Resolution No. 229-19). The supplemental appropriation request of \$4,000,000 for the new curriculum contract from MCPS fund balance has been transmitted to the county executive and County Council.

At this time, budgeted revenues for FY 2019 are projected to have a surplus of \$1,059,878, an increase of \$828,100 from the previous month's projection. Expenses now are projected to have a surplus of \$25,575,000, or \$3,274,950 more than last month's projection. Based on revenue and expenditure projections as of February 28, 2019, along with the FY 2019 beginning fund balance, the FY 2019 fund balance at year-end would be \$33,483,477. Assuming approval of the supplemental appropriation of \$4,000,000 from MCPS fund balance for the new curriculum, the updated MCPS fund balance at the end of FY 2019 would be \$29,483,477, as reflected in the following chart. During its February 12, 2019, meeting, the Board tentatively adopted the FY 2020 Operating Budget as amended (Resolution No. 58-19) that used \$25,000,000 of fund balance for revenue, or the same amount that County Executive Marc Elrich had proposed as a target in his FY 2019 County savings plan. This revised financial monitoring projection indicates that there will be sufficient end-of-year fund balance from FY 2019 to meet the revised estimate in the FY 2020 Operating Budget.

	January 2019	March 2019
FY 2018 End-of-Year Fund Balance	\$31,848,599	\$31,848,599
Amount Used to Fund FY 2019 Budget	25,000,000	25,000,000
Start of FY 2019 Fund Balance	6,848,599	6,848,599
FY 2019 Revenue Surplus/Deficit	231,778	1,059,878
FY 2019 Projected Expenditure Surplus	18,250,050	25,575,000
Subtotal	25,330,427	33,483,477
FY 2019 Supplemental Appropriation for New Curriculum	-	4,000,000
FY 2019 Projected End-of-Year Fund Balance as of 6/30/19	\$25,330,427	\$29,483,477

MCPS Employees Group Insurance Trust Fund Balance Update

The MCPS Group Insurance Trust Fund for both active and retired employees began FY 2019 with a \$45.1 million surplus. This balance was a result of FY 2018 experiencing lower claims costs than expected, as trend increases were less than the five percent rate applied in the budget. In recognition of the large balance, MCPS took action in reducing the FY 2019 Operating Budget by an additional \$13.1 million, after budget amounts already had been included for increases in trend rate and growth. The reduction was made in the later stages of the budget development in order to reduce the end-of-year fund balance in the Trust Fund. The assumption that the balance would further reduce throughout FY 2019 has not materialized due to the continuation of lower than expected claims costs. As a result, MCPS recommends a plan to hold in reserve a portion of the Group Insurance Trust Fund budget appropriation at the end of FY 2019. This action is possible due to a high fund balance in the Trust Fund. The portion of funds held in reserve will be used as surplus this year and contribute to fund balance to help fund the FY 2020 Operating Budget. In addition to reserving funds for additional fund balance in FY 2019, the superintendent of schools has proposed a FY 2020 Operating Budget that does not include increases for trend impact and furthermore reduces the Employee Benefits Program budget by an additional \$10.0 million. This is a similar but more

aggressive cost savings measure compared to FY 2019, as no additional money has been factored in for trend rate increases. Even with the slowing trend increases, expenditures are projected to increase by \$31 million in FY 2020. MCPS will use additional fund balance accrued in the past two years to fund additional costs in FY 2020.

In addition, employee participation in wellness incentives continues to increase, with fewer employees subject to the smoker surcharge based on their tobacco attestations. It is expected that with the continued wellness initiatives, there will be a positive effect on the plan's long-term cost growth rate as more employees actively participate in their own health and wellness and fewer than expected smoke. While it is too early to determine the long-term impact of the program, MCPS recognizes that the low trend increase of 1.4 percent during the past fiscal year may be a result of the wellness program's impact. The low trend increases have factored into decisions to make additional reductions to the budget, which already have occurred in FY 2019, and are proposed in the FY 2020 Operating Budget.

JRS:ND:tpk

Attachments

MONTGOMERY COUNTY PUBLIC SCHOOLS
FY 2019 Monthly Financial Report and Year-end Projections
As of February 28, 2019

ATTACHMENT 1

REVENUE

Source	FY 2019 Original Budget	Revised Budget (a)	Projection		Current Report Variance Over (Under) Revised Budget	Explanation for Change
			As of 2/28/2019	As of 1/31/2019		
County	\$ 1,708,627,645	\$ 1,708,627,645	\$ 1,708,627,645	\$ 1,708,627,645	\$ -	
State	706,935,781	706,935,781	706,533,881	706,035,781	(401,900)	Revenue from the state for non-public placements is projected to have a deficit of \$401,900, a reduction of \$498,100 from last month's deficit projection of \$900,000 primarily due to an increased cost per student for Residential students and more enrollment with MD Schools with Deaf and Blind.
Federal	150,000	150,000	169,778	169,778	19,778	Revenue from the Federal Impact Aid Program projects a surplus of \$19,778.
Other	3,366,736	3,366,736	4,808,736	4,478,736	1,442,000	Other Revenue reflect an increase in surplus of \$330,000 from \$1,112,000 to \$1,442,000, primarily due to a tuition revenue increased by \$105,000 and the CPD fee had a surplus of \$225,000.
Appropriated fund balance	25,000,000	39,765,257 (b)	39,765,257	39,765,257	-	
Subtotal	2,444,080,162	2,458,845,419	2,459,905,297	2,459,077,197	1,059,878	
Food Services	56,219,199	56,376,897	56,376,897	56,376,897	-	
Real Estate Management	3,952,935	3,952,681	3,952,681	3,952,681	-	
Field Trip	2,530,246	2,530,246	2,530,246	2,530,246	-	
Entrepreneurial Activities	4,140,738	4,142,904	4,142,904	4,142,904	-	
Instructional Television	1,789,941	1,820,841	1,820,841	1,820,841	-	
Supported Projects	83,728,498	102,003,063 (c)	102,003,063 (d)	100,818,934	-	
Total	\$ 2,596,441,719	\$ 2,629,672,051	\$ 2,630,731,929	\$ 2,628,719,700	\$ 1,059,878	

Notes:

- (a) Revised budget includes carryover of prior-year encumbrances.
- (b) Includes \$14,955,767 for prior-year encumbrances.
- (c) Includes \$17,090,436 carried forward from FY 2018 for the supported projects.
- (d) A supplemental appropriation of \$500,183 was approved for the Teacher Induction, Retention, and Advancement (TIRA) Pilot grant.
- (d) A supplemental appropriation of \$683,946 was approved by the Board for Comprehensive School Safety Initiative Program Grant.

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**MONTGOMERY COUNTY PUBLIC SCHOOLS
 FY 2019 Monthly Financial Report and Year-end Projections
 As of February 28, 2019**

EXPENDITURES

Category	Authorized Expenditures	Actual Year-to-Date Expenditures 2/28/2019	Expenditures and Encumbrances 2/28/2019	Projected Expenditures 6/30/2019	Current Report Projected Year-end Balance	Prior Report Projected Year-end Balance	Change Compared to Prior Month	Explanation
01 Administration	\$58,242,663	\$30,956,179	\$52,994,758	\$4,847,905	\$400,000	\$400,000	\$0	
Salaries and Wages	36,719,468	21,091,628	34,620,843					
Contractual Services	18,728,725	8,977,617	17,062,648					
Supplies and Materials	1,424,122	561,254	664,070					
Other	414,156	267,997	277,302					
Equipment	956,192	57,684	369,895					
02 Mid-level Administration	\$149,895,845	\$86,116,734	\$144,924,431	\$3,771,415	\$1,200,000	\$2,100,000	(\$900,000)	The projected surplus of \$2,100,000 has decreased from last month by \$900,000 to \$1,200,000. The decrease in projected surplus is due to additional projected spending to support security improvement efforts at schools.
Salaries and Wages	147,686,405	84,543,777	143,202,493					
Contractual Services	814,980	584,134	717,477					
Supplies and Materials	172,196	86,498	96,245					
Other	423,389	104,166	110,057					
Equipment	798,875	798,158	798,158					
03 Instructional Salaries	\$994,872,122	\$544,692,548	\$958,363,489	\$21,208,633	\$15,300,000	\$14,825,000	\$475,000	The projected surplus of \$15,300,000, which is an increase of \$475,000 from last month's projection, is attributed to additional vacancies, lapse and turnover, and an anticipated decrease in spending for non-position salaries.
Salaries and Wages	994,872,122	544,692,548	958,363,489					
04 Textbooks and Supplies	\$28,847,205	\$16,896,555	\$18,616,357	\$10,230,848	\$0	\$0	\$0	
Supplies and Materials	28,847,205	16,896,555	18,616,357					
05 Other Instructional Costs	\$16,252,386	\$8,077,568	\$9,936,798	\$6,315,587	\$0	\$0	\$0	
Contractual Services	8,509,245	4,311,753	5,684,679					
Other	4,861,072	2,141,397	2,249,474					
Equipment	2,882,069	1,624,418	2,002,645					

MONTGOMERY COUNTY PUBLIC SCHOOLS
FY 2019 Monthly Financial Report and Year-end Projections
As of February 28, 2019

EXPENDITURES

Category	Authorized Expenditures	Actual Year-to-Date Expenditures 2/28/2019	Expenditures and Encumbrances 2/28/2019	Projected Expenditures 6/30/2019	Current Report Projected Year-end Balance	Prior Report Projected Year-end Balance	Change Compared to Prior Month	Explanation
06 Special Education	\$317,875,863	\$171,822,380	\$301,112,401	\$14,613,462	\$2,150,000	\$2,150,000	\$0	
Salaries and Wages	267,600,082	145,147,207	258,338,361					
Contractual Services	966,918	404,318	602,531					
Supplies and Materials	1,019,177	619,595	677,404					
Other	48,173,868	25,535,902	41,378,719					
Equipment	115,817	115,358	115,386					
07 Student Personnel Services	\$12,222,997	\$6,977,136	\$11,750,891	\$122,106	\$350,000	\$400,000	(\$50,000)	The projected surplus of \$350,000 is a decrease of \$50,000 from last month's projection. This decrease is attributed to additional spending based upon greater than anticipated support for student and community services.
Salaries and Wages	12,055,611	6,859,221	11,627,750					
Contractual Services	41,563	76,385	80,097					
Supplies and Materials	27,753	14,631	16,145					
Other	98,070	26,899	26,899					
Equipment								
08 Health Services	\$1,590	\$843	\$843	\$747	\$0	\$50	(\$50)	There is a decrease of \$50 from the previous month due to higher than expected costs for health care supplies for Outdoor Environmental Education.
Salaries and Wages	-	-	-					
Supplies and Materials	1,590	843	843					
09 Student Transportation	\$109,583,177	\$56,796,980	\$99,499,556	\$10,083,621	\$0	\$0	\$0	
Salaries and Wages	78,658,127	44,682,193	76,457,419					
Contractual Services	1,433,566	1,138,998	1,138,998					
Supplies and Materials	10,939,327	7,292,592	7,385,398					
Other	2,845,851	1,307,446	1,307,446					
Equipment	15,706,306	2,375,751	13,210,294					

MONTGOMERY COUNTY PUBLIC SCHOOLS
FY 2019 Monthly Financial Report and Year-end Projections
As of February 28, 2019

EXPENDITURES

Category	Authorized Expenditures	Actual Year-to-Date Expenditures 2/28/2019	Expenditures and Encumbrances 2/28/2019	Projected Expenditures 6/30/2019	Current Report Projected Year-end Balance	Prior Report Projected Year-end Balance	Change Compared to Prior Month	Explanation
10 Operation of Plant & Equipment	\$143,546,853	\$86,497,954	\$122,776,305	\$20,770,548	\$0	\$0	\$0	
Salaries and Wages	85,282,918	51,004,372	83,856,405					
Contractual Services	5,635,924	4,251,898	5,290,165					
Supplies and Materials	4,013,562	2,391,514	3,127,668					
Other	47,175,202	28,437,142	29,099,520					
Equipment	1,439,247	413,029	1,402,548					
11 Maintenance of Plant	\$39,593,035	\$23,943,378	\$37,424,332	\$3,466,703	(\$1,300,000)	(\$1,250,000)	(\$50,000)	The projected deficit of \$1,300,000, an increase of \$50,000 from last month's projection, is due to continued increases in contractual services, maintenance supplies, and environmental compliance mandates.
Salaries and Wages	25,565,530	14,449,638	23,641,570					
Contractual Services	4,270,229	3,458,951	4,982,217					
Supplies and Materials	3,919,953	3,200,548	3,457,994					
Other	4,316,163	2,490,552	4,171,305					
Equipment	1,521,160	343,690	1,171,246					
12 Fixed Charges	\$587,736,682	\$349,291,330	\$349,313,222	\$231,023,460	\$7,400,000	\$3,600,000	\$3,800,000	The projected surplus of \$7,400,000, an increase of \$3,800,000 from last month's projection, is a result of a plan to hold in reserve a portion of the Employee Benefit Plan Trust Fund budget appropriation. This action is possible due to a higher than anticipated fund balance in the Trust Fund. The portion of funds held in reserve will be used as surplus this year and contribute to fund balance to support the FY 2020 Operating Budget.
Other	587,736,682	349,291,330	349,313,222					
14 Community Services	\$175,000	\$134,164	\$143,833	(\$43,833)	\$75,000	\$75,000	-	
Subtotal	\$2,458,845,419	\$1,382,203,749	\$2,106,857,215	\$326,413,204	\$25,575,000	\$22,300,050	\$3,274,950	
61 Food Services	56,376,897	37,283,923	47,158,950	9,217,947.92			-	
51 Real Estate Management	3,952,681	2,081,184	3,398,755	553,926.22			-	
71 Field Trip	2,530,246	953,181	1,093,753	1,436,492.77			-	
81 Entrepreneurial Activities	4,142,904	5,764,477	6,085,692	(1,942,788.01)			-	
37 Instructional Television Supported Projects	1,820,841	1,043,667	1,524,311	296,529.57			-	
	102,003,063	49,775,144	71,445,181	30,557,882			-	
Total	\$2,629,672,051	\$1,479,105,324	\$2,237,563,857	\$366,533,194	\$25,575,000	\$22,300,050	\$3,274,950	

Montgomery County Public Schools
FY 2019 Operating Budget Spent and Encumbered by State Category (CAT) by Month

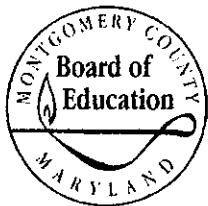
	September 25% of Year Completed	October 33.3% of Year Completed	November 41.7% of Year Completed	December 50% of Year Completed	January 58.3% of Year Completed	February 66.7% of Year Completed	March 75% of Year Completed	April 83.3% of Year Completed	May 91.7% of Year Completed
CAT 1, Administration - Budget	\$58,242,663	\$58,242,663	\$58,242,663	\$58,242,663	\$58,242,663	\$58,242,663	\$58,242,663	\$58,242,663	\$58,242,663
Spent for Month	\$14,180,411	\$15,836,269	\$20,130,658	\$22,963,249	\$27,052,377	\$30,956,179			
Spent/Encumbered for Month	\$45,396,452	\$47,057,585	\$51,560,904	\$51,504,218	\$53,195,464	\$52,994,758			
Month Spent % of Budget	24.3%	27.2%	34.6%	39.4%	46.4%	53.2%			
Cumulative Spent/Encumb. % of Budget	77.9%	80.8%	88.5%	88.4%	91.3%	91.0%			
CAT 2, Mid-level administration - Budget	\$149,895,845	\$149,895,845	\$149,895,845	\$149,895,845	\$149,895,845	\$149,895,845	\$149,895,845	\$149,895,845	\$149,895,845
Spent for Month	\$33,890,167	\$39,937,659	\$51,709,549	\$63,350,603	\$74,462,911	\$86,116,734			
Spent/Encumbered for Month	\$143,807,942	\$144,432,797	\$144,423,792	\$144,511,770	\$144,943,688	\$144,924,431			
Month Spent % of Budget	22.6%	26.6%	34.5%	42.3%	49.7%	57.5%			
Cumulative Spent/Encumb. % of Budget	95.9%	96.4%	96.3%	96.4%	96.7%	96.7%			
CAT 3, Instructional Salaries - Budget	\$994,872,122	\$994,872,122	\$994,872,122	\$994,872,122	\$994,872,122	\$994,872,122	\$994,872,122	\$994,872,122	\$994,872,122
Spent for Month	\$143,769,217	\$190,209,181	\$279,051,640	\$367,855,704	\$455,362,857	\$544,692,548			
Spent/Encumbered for Month	\$938,991,727	\$942,117,686	\$944,578,618	\$947,899,804	\$955,964,079	\$958,363,489			
Month Spent % of Budget	14.5%	19.1%	28.0%	37.0%	45.8%	54.8%			
Cumulative Spent/Encumb. % of Budget	94.4%	94.7%	94.9%	95.3%	96.1%	96.3%			
CAT 4, Textbooks and Supplies - Budget	\$28,847,205	\$28,847,205	\$28,847,205	\$28,847,205	\$28,847,205	\$28,847,205	\$28,847,205	\$28,847,205	\$28,847,205
Spent for Month	\$11,334,336	\$12,362,977	\$13,534,071	\$14,679,792	\$15,901,497	\$16,896,555			
Spent/Encumbered for Month	\$14,839,206	\$15,182,171	\$16,073,274	\$16,943,152	\$17,753,606	\$18,616,357			
Month Spent % of Budget	39.3%	42.9%	46.9%	50.9%	55.1%	58.6%			
Cumulative Spent/Encumb. % of Budget	51.4%	52.6%	55.7%	58.7%	61.5%	64.5%			
CAT 5, Other Instructional Costs - Budget	\$16,252,386	\$16,252,386	\$16,252,386	\$16,252,386	\$16,252,386	\$16,252,386	\$16,252,386	\$16,252,386	\$16,252,386
Spent for Month	\$5,306,093	\$5,578,345	\$5,919,044	\$6,578,254	\$7,258,173	\$8,077,568			
Spent/Encumbered for Month	\$8,312,744	\$8,395,156	\$8,693,976	\$9,190,748	\$9,757,740	\$9,936,798			
Month Spent % of Budget	32.6%	34.3%	36.4%	40.5%	44.7%	49.7%			
Cumulative Spent/Encumb. % of Budget	51.1%	51.7%	53.5%	56.6%	60.0%	61.1%			
CAT 6, Special Education - Budget	\$317,875,863	\$317,875,863	\$317,875,863	\$317,875,863	\$317,875,863	\$317,875,863	\$317,875,863	\$317,875,863	\$317,875,863
Spent for Month	\$43,104,289	\$55,977,050	\$85,663,738	\$117,124,052	\$145,544,757	\$171,822,380			
Spent/Encumbered for Month	\$294,676,365	\$295,815,957	\$297,363,417	\$298,088,908	\$300,133,900	\$301,112,401			
Month Spent % of Budget	13.6%	17.6%	26.9%	36.8%	45.8%	54.1%			
Cumulative Spent/Encumb. % of Budget	92.7%	93.1%	93.5%	93.8%	94.4%	94.7%			

Montgomery County Public Schools
 FY 2019 Operating Budget Spent and Encumbered by State Category (CAT) by Month

	September 25% of Year Completed	October 33.3% of Year Completed	November 41.7% of Year Completed	December 50% of Year Completed	January 58.3% of Year Completed	February 66.7% of Year Completed	March 75% of Year Completed	April 83.3% of Year Completed	May 91.7% of Year Completed
CAT 7, Student Personnel Svcs. - Budget	\$12,222,997	\$12,222,997	\$12,222,997	\$12,222,997	\$12,222,997	\$12,222,997			
Spent for Month	\$2,673,752	\$3,157,867	\$4,097,984	\$5,146,823	\$6,066,833	\$6,977,136			
Spent/Encumbered for Month	\$11,088,824	\$11,132,356	\$11,629,786	\$11,729,916	\$11,759,322	\$11,750,891			
Month Spent % of Budget	21.9%	25.8%	33.5%	42.1%	49.6%	57.1%			
Cumulative Spent/Encumb. % of Budget	90.7%	91.1%	95.1%	96.0%	96.2%				
CAT 8, Health Services - Budget	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590			
Spent for Month	\$3,019	\$5,653	\$17,441	\$815	\$843	\$843			
Spent/Encumbered for Month	\$72,923	\$71,824	\$76,009	\$815	\$843	\$843			
Month Spent % of Budget	189.9%	355.6%	1096.9%	51.3%	53.0%	53.0%			
Cumulative Spent/Encumb. % of Budget	4586.4%	4517.3%	4780.4%	51.3%	53.0%	53.0%			
CAT 9, Student Transportation - Budget	\$109,583,177	\$109,583,177	\$109,583,177	\$109,583,177	\$109,583,177	\$109,583,177			
Spent for Month	\$17,085,193	\$21,185,733	\$30,496,747	\$38,853,613	\$46,370,243	\$56,796,980			
Spent/Encumbered for Month	\$88,067,798	\$89,613,293	\$94,084,783	\$95,953,673	\$97,856,606	\$99,499,556			
Month Spent % of Budget	15.6%	19.3%	27.8%	35.5%	42.3%	51.8%			
Cumulative Spent/Encumb. % of Budget	80.4%	81.8%	85.9%	87.6%	89.3%	90.8%			
CAT 10, Operation of Plant/Equip. - Budget	\$143,546,853	\$143,546,853	\$143,546,853	\$143,546,853	\$143,546,853	\$143,546,853			
Spent for Month	\$38,841,240	\$44,044,849	\$54,374,302	\$64,162,128	\$75,796,203	\$86,497,954			
Spent/Encumbered for Month	\$104,452,484	\$105,898,360	\$109,801,533	\$113,688,152	\$118,469,929	\$122,776,305			
Month Spent % of Budget	27.1%	30.7%	37.9%	44.7%	52.8%	60.3%			
Cumulative Spent/Encumb. % of Budget	72.8%	73.8%	76.5%	79.2%	82.5%	85.5%			
CAT 11, Maintenance of Plant - Budget	\$39,593,035	\$39,593,035	\$39,593,035	\$39,593,035	\$39,593,035	\$39,593,035			
Spent for Month	\$10,179,918	\$11,551,353	\$14,788,471	\$17,696,988	\$20,736,277	\$23,943,378			
Spent/Encumbered for Month	\$32,776,307	\$33,052,273	\$34,117,558	\$35,711,068	\$36,394,098	\$37,424,332			
Month Spent % of Budget	25.7%	29.2%	37.4%	44.7%	52.4%	60.5%			
Cumulative Spent/Encumb. % of Budget	82.8%	83.5%	86.2%	90.2%	91.9%	94.5%			
CAT 12, Fixed Charges - Budget	\$587,736,682	\$587,736,682	\$587,736,682	\$587,736,682	\$587,736,682	\$587,736,682			
Spent for Month	\$188,048,533	\$206,183,682	\$240,848,499	\$280,080,486	\$303,643,573	\$349,291,330			
Spent/Encumbered for Month	\$188,070,425	\$206,205,574	\$240,870,391	\$280,102,378	\$303,665,465	\$349,313,222			
Month Spent % of Budget	32.0%	35.1%	41.0%	47.7%	51.7%	59.4%			
Cumulative Spent/Encumb. % of Budget	32.0%	35.1%	41.0%	47.7%	51.7%	59.4%			

Montgomery County Public Schools
 FY 2019 Operating Budget Spent and Encumbered by State Category (CAT) by Month

	September 25% of Year Completed	October 33.3% of Year Completed	November 41.7% of Year Completed	December 50% of Year Completed	January 58.3% of Year Completed	February 66.7% of Year Completed	March 75% of Year Completed	April 83.3% of Year Completed	May 91.7% of Year Completed
CAT 14, Community Services - Budget	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000			
Spent for Month	\$119,568	\$122,611	\$128,652	\$133,185	\$133,215	\$134,164			
Spent/Encumbered for Month	\$178,196	\$178,232	\$132,861	\$133,185	\$133,215	\$143,833			
Month Spent % of Budget	68.3%	70.1%	73.5%	76.1%	76.1%	76.7%			
Cumulative Spent/Encumb. % of Budget	101.8%	101.8%	75.9%	76.1%	76.1%	82.2%			
Total Budget, without Enterprise Funds	\$2,458,845,419	\$2,458,845,419	\$2,458,845,419	\$2,458,845,419	\$2,458,845,419	\$2,458,845,419			
Spent for Month	\$508,535,735	\$606,153,228	\$800,760,794	\$998,625,693	\$1,178,329,760	\$1,382,203,749			
Spent/Encumbered for Month	\$1,870,731,393	\$1,899,153,263	\$1,953,406,902	\$2,005,457,786	\$2,050,027,954	\$2,106,857,214			
Month Spent % of Budget	20.7%	24.7%	32.6%	40.6%	47.9%	56.2%			
Cumulative Spent/Encumb. % of Budget	76.1%	77.2%	79.4%	81.6%	83.4%	85.7%			



MONTGOMERY COUNTY BOARD OF EDUCATION

850 Hungerford Drive ♦ Room 123 ♦ Rockville, Maryland 20850

March 28, 2019



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

Dear Ms. Navarro:

As requested in then-County Council President Roger Berliner's memorandum of January 18, 2012, this letter provides the information regarding State Expenditure Category 12 for Montgomery County Public Schools (MCPS). The Board of Education Fiscal Management Committee closely monitors the expenditures in this category as we do with all expenditures through our monthly financial monitoring process and financial reports to the Board. I look forward to working with you, councilmembers, Board members, and the superintendent of schools to continue to address the fiscal challenges we face.

- 1. A written summary of the Board's current strategy to achieve a desired pension funding level ("funded ratio") and the short- and long-term effects of this strategy on the Category 12 budget.**

On January 14, 2014, the Board of Education authorized maintaining the contribution rate to the pension fund at or exceeding the actuarial rate percentage until the funded ratio of the plan reached 80 percent of the actuarial value of assets. This action was prudent to improve the ability of the plan to satisfy its liabilities. It also was expected to have a positive impact on future contribution rates once the 80 percent funding level was attained. A series of difficult budget environments prevented implementation of the strategy beginning with Fiscal Year (FY) 2016.

Then, on December 13, 2016, the superintendent of schools recommended to the Board of Education that we resume the funding strategy of contribution levels that would increase the funding ratio even if future actuarial studies were to recommend reductions in contribution rates until the point in time where a 90 percent actuarial funding ratio was achieved. A higher funding ratio benefits the pension fund in two ways during capital markets downturns. One, a larger cushion protects the pension fund from slipping to a funding level that would be considered critical and/or endangered. Two, financial downturns typically place upward pressure on employer contributions and that pressure would be greater if the funding ratio were

to start at reduced levels. Essentially, the Board is attempting to protect Category 12 expenditures from future spikes in difficult economic periods. During the long term, contributed dollars should compound over time with investment gains in the portfolio. This will reduce future Category 12 expenditures by limiting pressure on the employer contribution level. The superintendent of schools is managing and building the MCPS budget with this strategy in mind as much as possible given the fiscal limitations of funding.

2. Estimates of the amount of the annual employer contributions to the MCPS Pension fund for the next five fiscal years.

The estimated annual required contributions are expected to be the following amounts:

<u>Amount</u>	
FY 2019	\$79.6 million
FY 2020	\$79.6 million
FY 2021	\$78.3 million
FY 2022	\$76.4 million
FY 2023	\$75.5 million
FY 2024	\$75.1 million

3. A description of the major factors (e.g., salary adjustments, changes in workforce size, investment performance, plan modifications, actuarial assumptions) that affect estimated pension fund contributions over the next five years.

The calculation of the annual employer contribution is based on actuarial work performed by the MCPS actuary, GRS Retirement Consulting. The actuary's estimate of the percentage of salary that is required to be contributed each year is applied to the anticipated salaries to be paid from the MCPS Operating Budget. The percentage contribution is based on a number of assumptions including:

- **Salary adjustments:** Aggregate salaries for continuing employees will increase two percent overall during the next three years. It is important to note that if salaries increase by a larger percentage that the pension costs will be impacted.
- **Changes in workforce size:** The number of employees increased by 276 members from those included in the actuarial valuation as of July 1, 2018 (23,010 to 23,286).
- **Investment Performance:** The assumed FY 2019 investment return for the pension fund will be 7.00 percent, which is the same rate as the prior valuation.
- **Plan Modifications:** The pension plan changes effective July 1, 2011, are amortized over a 30-year closed period, which is consistent with the method used to incorporate the impact of the July 1, 2006 changes.

- **Actuarial Assumptions:** MCPS' actuary completed an experience study during 2015. Experience studies typically are performed every five years. Findings from this experience study included retirees living longer, employees retiring later, and inflation that has been less than previous periods. MCPS adopted the revised assumptions for the FY 2015 actuarial valuation. Actuarial assumptions are the same as was used in the last actuarial valuation performed as of July 1, 2017. The actuarial firm (GRS) has recommended that a new experience study covering the period of July 1, 2014, through July 1, 2018, be performed prior to the next valuation.
- 4. A comparison of current fiscal year budgeted versus actual revenues and expenditures to date for the Active Employee and Retiree Group Insurance Funds.**

The comparison of current fiscal year budgeted versus actual revenue and expenditures as of February 28, 2019, is enclosed for active employees and retirees (Enclosures A and B, respectively).

- 5. The projected year-end balance for the Active Employee and Retiree Group Insurance Funds. This should include an accompanying explanation of the factors causing the variation (e.g., claims experience, plan enrollment) if the projected balance in either fund differs from what was assumed at the beginning of the fiscal year.**

These FY 2019 figures are based on revenues and expenses as of February 28, 2019.

Active employees

Beginning fund balance	\$20.9 million
Projected change to fund balance	<u>15.4 million</u>
Projected ending fund balance	\$36.3 million

Retirees

Beginning fund balance	\$24.2 million
Projected change to fund balance	<u>9.2 million</u>
Projected ending fund balance	\$33.4 million

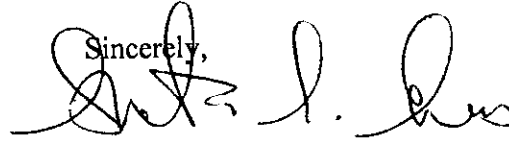
In recognition of the large fund balance at the end of FY 2018, MCPS took action in reducing the FY 2019 Operating Budget by an additional \$13.1 million, after budget amounts already had been included for increases in trend rate and growth. The reduction was made in the later stages of the budget process in order to reduce the end-of-year fund balance in the Trust Fund. The assumption that the balance would further reduce throughout FY 2019 has not materialized due to the continuation of significantly lower than expected claims costs. As a result, the active employee fund balance at the end of FY 2019 is projected to be \$36.3 million, an increase of \$15.4 million from the ending balance of FY 2018.

The retiree fund balance is projected to increase by \$9.2 million, leaving a positive balance of \$33.4 million at the end of FY 2019. During FY 2019, the retiree account is projected to receive \$3.6 million less in revenue than was previously anticipated. However, similar to the active employee fund, the claims costs are less than expectations.

There are several reasons contributing to reduced claims costs in the Active Employee and Retiree Group Insurance Funds. One reason is MCPS is experiencing better medical trends than the market industry trend. As a result, future projections calculated by our actuaries have been revised to reflect a more weighted MCPS trend and less weighted on the market industry trend. In addition, savings have been realized due to the consolidation of plans from three vendors to two, i.e., Kaiser Permanente and CareFirst Blue Choice. The cost savings achieved from the plan consolidation have ended during FY 2019. Another factor contributing to lower claims costs is the continuation of the MCPS wellness program. It is expected that with the continued wellness initiatives, there will be a positive effect on the plan's long-term cost growth rate as more employees actively participate in their own health and wellness and fewer than expected use tobacco products. While it is too early to determine the long-term impact of the program, MCPS recognizes that the low trend increase during the past fiscal year may be partially attributed to the wellness program's impact. Lastly, one of the primary reasons the claims costs have been lower over the past fiscal year is due to the rates charges by CareFirst Blue Choice to healthcare providers. In comparison to Cigna (a previous insurance carrier of MCPS), the allowable charges by CareFirst Blue Choice to health care providers for services performed have been lower. This has contributed significantly to claims costs being much lower over the past fiscal year.

The total Trust Fund is projected to have a balance of \$69.7 million at the end of FY 2019, which is 15.6 percent of expenditures. To address this fund balance, the Board of Education has proposed a FY 2020 Operating Budget that does not include increases for trend impact and, in addition, reduces the budget by an additional \$10.0 million. This is a similar, but more aggressive cost savings measure compared to FY 2019, as no additional money has been factored in for trend rate increases. The expenditure increases in FY 2020 are expected to be \$31.8 million. In addition, revenue projections are expected to be approximately \$12.0 million, primarily from employee contributions, EGWP subsidies, and Caremark rebates. When factoring in the \$10.0 million budget reduction, along with the net increase of \$19.8 million between expenses and revenues combined, it is expected that the fund balance will decrease during the next three years. At this point, MCPS will use additional fund balance accrued in the past two years to fund costs in FY 2020 through FY 2022. The goal is to have the fund balance progressively decrease toward the three to five percent reserve level MCPS has tried to maintain. Based on the current budget proposed by the county executive, MCPS is considering an additional reduction in the FY 2020 Operating Budget that will in turn reduce the fund balance of the Trust Fund at a greater rate. This will have a significant impact in the outyears. Depending on the additional FY 2020 reduction, a large increase may be necessary in future budgets.

The members of the Board of Education, the superintendent of schools, and MCPS staff are prepared to work with the County Council and Council staff to provide additional clarification as needed.

Sincerely,

Shebra L. Evans
President

SLE:JRS:ND:tpk

Enclosures

Copy to:

Members of the Montgomery County Council

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Ms. Diamond

Mr. Turner

Ms. Webb

MCPS Employee Benefit Trust Fund
 Schedule of FY 2019 Budgetary Expenditures for the Active Employee Trust Account
 As of June 30, 2019 (Actual Through February 28, 2019)

ENCLOSURE A

	FY19 Budget/Projection	YTD actual	Projected Remaining	Total	Variance Fav - (Unfav)
Revenue Receipts:					
County Appropriation	268,783,365	203,000,000	65,783,365	268,783,365	-
Enterprise Funds	8,992,000	4,034,130	3,978,833	8,012,963	(979,037)
Capital Projects	1,275,000	536,518	524,465	1,060,983	(214,017)
Supported Programs	8,575,000	3,653,858	4,154,611	7,808,470	(766,530)
Employee Payments	54,145,000	24,787,844	24,992,900	49,780,744	(4,364,257)
Optional Life	640,000	376,929	274,071	651,000	11,000
Investment Earnings	500,000	779,348	130,830	910,178	410,178
Rebates/ Recoveries/Other	11,574,000	5,018,521	6,216,328	11,234,849	(339,151)
Total Revenue	<u>354,484,365</u>	<u>242,187,147</u>	<u>106,055,404</u>	<u>348,242,551</u>	<u>(6,241,814)</u>
Expenditures:					
Premiums:					
Voya Life	3,700,000	2,214,777	1,250,500	3,465,277	234,723
Dental	1,526,585	908,079	623,673	1,531,752	(5,167)
Kaiser Permanente Health Plan	43,845,008	25,015,586	18,871,748	43,887,334	(42,326)
All Other	7,054,848	4,113,308.49	2,818,777.08	6,932,086	122,762
Claims:					
Dental	14,746,458	8,377,032	6,000,000	14,377,032	369,426
Health	185,393,426	99,056,096	74,000,000	173,056,096	12,337,330
Prescription	81,305,496	46,241,918	34,277,290	80,519,208	786,288
Vision	591,862	355,111	246,609	601,720	(9,858)
Administrative Expenses:	1,785,000	834,366	667,649	1,502,015	282,985
Total Expenditures	<u>339,948,683</u>	<u>187,116,273</u>	<u>138,756,246</u>	<u>325,872,519</u>	<u>14,076,163</u>
	<u>14,535,682</u>	<u>55,070,874</u>	<u>(32,700,842)</u>	<u>22,370,032</u>	<u>7,834,349</u>

MCPS Employee Benefit Trust Fund
Schedule of FY 2019 Budgetary Expenditures for the Retired Employee Trust Account
As of June 30, 2019 (Actual Through February 28, 2019)

Enclosure B

	FY19 Budget/Projection	YTD actual	Projected Remaining	Total	Variance Fav - (Unfav)
Revenue Receipts:					
County Appropriation	33,138,436	30,000,000	3,138,436	33,138,436	-
Retiree Payments	43,920,000	24,553,069	15,062,317	39,615,386	(4,304,614)
Investment Earnings	125,000	356,054	164,000	520,054	395,054
Rebates/ Recoveries/Other	7,466,000	3,323,560	4,022,891	7,346,451	(119,549)
Medicare Part D Reimbursements	21,197,806	12,964,141	8,680,000	21,644,141	446,335
OPEB Shift to Trust Fund	27,200,000	6,800,000	20,400,000	27,200,000	-
Total Revenue	<u>133,047,242</u>	<u>77,996,825</u>	<u>51,467,644</u>	<u>129,464,469</u>	<u>(3,582,773)</u>
Expenditures:					
Premiums:					
VOYA Life	4,132,197	2,283,076	1,675,000	3,958,076	174,121
Dental	491,421	294,806	197,500	492,306	(885)
Kaiser Permanente Health Plan	9,317,504	5,008,427	4,250,000	9,258,427	59,077
All Other	4,449,002	2,614,904	2,113,357	4,728,260	(279,258)
Claims:					
Dental	5,081,400	2,752,497	2,125,000	4,877,497	203,903
Health	41,538,300	20,492,927	15,975,072	36,467,999	5,070,301
Prescription	62,247,100	34,347,591	25,875,000	60,222,591	2,024,509
Vision	67,700	41,852	28,208	70,061	(2,361)
Administrative Expenses:					
	220,500	138,590	79,083	217,673	2,827
Total Expenditures	<u>127,545,124</u>	<u>67,974,669</u>	<u>52,318,220</u>	<u>120,292,889</u>	<u>7,252,235</u>
	<u>5,502,118</u>	<u>10,022,156</u>	<u>(850,576)</u>	<u>9,171,579</u>	<u>3,669,462</u>

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

March 12, 2019

MEMORANDUM

To: Members of the Board of Education
From: Jack R. Smith, Superintendent of Schools
Subject: Innovative Schools Program

Executive Summary

The purpose of this memorandum is to update the Board of Education on the implementation of the innovative schools program at Arcola and Roscoe R. Nix elementary schools.

Research identifies increased and expanded learning time as an equity strategy that benefits all students, especially students who are traditionally served at Title I schools. During the 2017–2018 school year, Montgomery County Public Schools (MCPS) started the process to consider the extension of the school year for elementary students in two Title I schools, Arcola and Roscoe R. Nix elementary schools. This initiative takes a strategic approach to increasing learning time by creating an innovative school calendar that extends the school year by 30 days.

Creating, developing, and implementing an innovative schools program requires a committed workforce that is dedicated to the goals and mission of extending learning time for students. During the course of the past 18 months, meetings with various stakeholders have been held to consider options and discuss topics including the instructional program, professional development, higher education partnerships, and compensation. Central services leaders continuously have engaged staff and families in discussions about the impact that the innovative school calendar may have on teaching and learning. Feedback from these meetings also has been shared and discussed with the superintendent of schools, executive staff members, and leadership from the three employee associations. Details of the innovative school calendar continue to be discussed and finalized with a goal of implementing the extended year program in Fiscal Year (FY) 2020. This memorandum outlines and makes recommendations for the instructional program and professional development to be implemented with the innovative schools program.

Background

During the 2017–2018 school year, MCPS leaders engaged selected communities in discussions about the impact that this proposed school calendar will have on students, teachers, and families.

- Beginning in August 2017, and throughout the early fall, a work group of representatives from central services and the employee associations met to discuss possible innovative school calendar approaches.
- Discussions with employee association leadership continued throughout the fall and winter.
- Beginning in November 2017, meetings expanded to include leadership and staff from Arcola and Roscoe R. Nix elementary schools.

Meetings with parents/guardians from both schools were held in early 2018. The overall feedback from parents/guardians indicated that they believe that the additional time would provide an opportunity for their children to enhance their achievement through access to additional learning and enrichment experiences. Based on feedback and these discussions, an innovative 210-day school calendar has been developed and adopted.

- On July 19, 2018, the Policy Management Committee reviewed the framework and general outline of a proposed innovative school year calendar for the 2019–2020 school year and the required next steps to move forward the development of an innovative school year calendar for two schools.
- On July 30, 2018, the Board approved the submission of a waiver application to the Maryland State Board of Education (Resolution No. 384-18) for an innovative school year calendar to start earlier than the Tuesday after Labor Day for the 2019–2020 school year.
- On September 25, 2018, the Maryland State Board of Education (State Board) reviewed and approved the waiver request for the innovative school year calendar for Arcola and Roscoe R. Nix elementary schools.
- Dr. Maria V. Navarro, chief academic officer, and Dr. Deann M. Collins, director, Division of Title I and Early Childhood Programs and Services, Department of Elementary Curriculum and Districtwide Programs, Office of Curriculum and Instructional Programs (OCIP), Office of the Chief Academic Officer, attended the State Board meeting.
- On October 9, 2018, the Board held its initial discussion of the 2019–2020 School Year Calendar scenarios and received an update on the progress of developing the innovative school year calendar.
- On November 13, 2018, the Board adopted the 2019–2020 School Year Calendar (Resolution No. 493-18) and reviewed a potential scenario for the innovative school year calendar, which was shared with the participating school communities and on the MCPS website for feedback.
- On December 4, 2018, the Board took action on the 2019–2020 Innovative School Year Calendar (Resolution No. 549-18).
- On February 12, 2019, the Board tentatively adopted (Resolution No. 58-19) the FY 2020 Operating Budget, as amended, which includes funding for the innovative schools program.

Extended Learning Time

Research from the National Center on Time and Learning identifies increased/expanded learning time as an equity strategy that benefits all children, especially children whose families are identified as low-income. In his research, Dr. David Farbman, former senior researcher, National Center on Time and Learning, identified three distinct, though independent, benefits to both students and teachers when learning time is expanded—

- more time in academic content classes;
- greater time for teacher collaboration; and
- more time for students to access enriched content.

In alignment with the research from the National Center on Time and Learning, a report from the Center for American Progress recommends the addition of 300 hours of instructional time in order for students to have more time for learning and greater access to enrichment.

In a report for the State Board, published in May 2017, a list of 10 recommendations for innovative school schedules to enhance student achievement was issued.

1. Extend the school year instead of extending the school day or week.
2. Provide funding for school systems to plan, pilot, implement, and sustain innovative schedules.
3. Provide leadership, guidance, and technical assistance to local school system leaders on the implementation of innovative school schedules.
4. Define metrics and an accountability structure to assess the effectiveness of strategies implemented as part of innovative schedules.
5. Include a significant amount of high-quality, structured time beyond the traditional school schedule.
6. Focus innovative schedules on advancing academic studies in core content areas, enrichment, and health services for students.
7. Provide time for educators to enhance their professional practice.
8. Utilize certified educators to facilitate academic instruction when implementing additional time in core content areas.
9. Include digital learning as an option to engage students in learning experiences as a part of innovative school schedules.
10. Include opportunities for community partners and institutions of higher education to engage students in enrichment opportunities and health services.

The report states that “scheduling alone is not sufficient to raise student performance.” In previous memoranda, recommendations related to extending time were addressed. They resulted in the extension of the school year by 30 days with a calendar that begins on July 8, 2019, and continues through June 11, 2020. With the adoption of the 2019–2020 innovative school calendar, the remainder of this memorandum will focus on the instructional program and professional development to be implemented with the innovative school calendar.

Program Overview

Since last school year, leaders in OCIP have convened an Innovative School Calendar Planning and Implementation Team, which meets monthly to strategize, discuss, and recommend various parts of the project. Consisting of central services staff as well as staff and parents/guardians from Arcola and Roscoe R. Nix elementary schools, the team spent the past eight months deciding on what an innovative instructional program would look like within the schools.

- The team defined their vision as follows:
 - All students attending selected Title I prekindergarten (pre-K) through Grade 5 are participating in an extended school year calendar that extends the school year and provides them with access to 30 more days of learning and opportunity to additional innovative, enriched, and interdisciplinary learning experiences across content areas. Committed staff will continue to provide high-quality instruction that ensures learning continues throughout the year.
- The team went on to consider what innovation would look like in an elementary school environment. Using the National Education Association's (NEA) guide, *Preparing 21st Century Students for a Global Society: An Educator's Guide to the "Four Cs,"* the team considered what they would like to see in an innovative school that is aligned to their vision. NEA's guide was written to address the need to prepare students for the next generation of careers by outlining how educators can complement subject matter with critical thinking, communication, collaboration, and creativity, also known as the Four Cs. The planning and implementation team valued this document because it guided the team to look at innovation with a future thinking perspective.
 - The team developed guiding features that they wanted included in innovative programming. They agreed to explore the inclusion of the following innovative principles as they drafted a recommendation for programming: leadership, mindfulness, hands-on learning, open-ended experiences, and creativity. The team also wanted to ensure that field trips, play mentoring, peer tutoring, and team building activities were considered.
 - Starting with a much broader list of innovative programs, the team narrowed the list of recommended instructional programs to the following topics: physical education and arts integration; science, technology, engineering, and mathematics; technology; coding immersion; computer science; experiential learning; makerspace; social emotional support; primary talent development; and integrated curriculum.
- After discussion and reflection spanning several meetings, the team agreed to recommend innovative instructional programming that focused on project-based learning and social emotional development using mindfulness.

Project-based Learning

To learn more about project-based learning, members of the implementation team contacted Dr. Nell K. Duke, professor, University of Michigan, and Dr. Anne-Lise Halvorsen, associate professor, Michigan State University, to hear more about the essentials of project-based learning. In the last few years, Drs. Duke and Halvorsen have studied the effects of project-based learning on social studies and some aspects of literacy achievement in second grade classrooms. They call this initiative Project PLACE: Project-learning approach to Literacy and Civic Engagement. Through electronic and telephone discussions, the team heard that project-based approaches to learning are starting to show improvement in students' understanding of content. In their article entitled *New Study Shows the Impact of PBL on Student Achievement*, Drs. Duke and Halvorsen explain how they studied the impact of project-based learning after using the project-based approach to teach social studies and literacy to second graders. In this study they found "statistically significant differences overall favoring the PBL group over the control group in social studies and informational reading." Both Drs. Duke and Halvorsen directed MCPS' team to explore the Buck Institute for Education (BIE) to learn more about the best practices for project-based learning.

BIE defines project-based learning as "a teaching method in which students gain knowledge and skills by working for an extended period of time to investigate and respond to an authentic, engaging, and complex question, problem, or challenge." Because it is a method for teaching, it co-exists with various curricula. Put simply, the curriculum is what is taught; project-based learning is the approach to teaching or the how. Teachers can develop project-based learning units or use already developed project-based learning units to integrate content to deepen students' understanding. Students use the project-based learning approach to respond to real-world problems and demonstrate their knowledge of curriculum standards through public presentation or product.

While BIE recommends the creation of authentic project-based units as part of its gold standard for project-based learning implementation, it also recognized that not all schools will be able to develop projects. The implementation team also recognized the time and new learning needed to create project-based learning units. As a result, the team looked for a prepared set of projects that are aligned to Maryland's College and Career Readiness Standards. In the search, the team found Project Lead The Way (PLTW), which already is implemented at the secondary school level in MCPS. In high school, PLTW is implemented as a curriculum and is designed as a four-year high school sequence that is taught in conjunction with traditional mathematics and science courses. In the elementary school setting, schools will continue to teach existing mathematics, reading language arts, and science curricula. PLTW will be each school's approach to deepening students' understanding of mathematics, reading language arts, and science standards.

PLTW Launch is a set of interdisciplinary modules that engage students in hands-on activities in computer science, engineering, and biomedical science. PLTW Launch's goals are to build student collaboration and problem-solving skills through real-world challenges; engage students

in practices of scientists and engineers; and build a deeper understanding of science, mathematics, engineering, biomedical, and computer science concepts. It should be noted that PLTW's computer science pathway scaffolds student learning, empowering students to build and grow their skill set as they advance through the pre-K–12 continuum.

As PLTW was being considered, the MCPS Elementary Integrated Curriculum (EIC) team saw an opportunity to build a strong connection between PLTW learning and science and mathematics learning. Therefore, they reviewed MCPS science curricula to identify which PLTW modules most closely aligned to current science units. They also reviewed the mathematics standards within each PLTW module and ensured that the modules were aligned with the sequence of learning of MCPS mathematics. In doing so, the EIC team established a PLTW module sequence for implementation at Arcola and Roscoe R. Nix elementary schools. The module sequence ensures that all grade levels engage in at least two modules and provides multiple opportunities for students to engage in computer science exploration. To support teacher professional learning, the EIC team ensured that all grade levels begin PLTW implementation in Marking Period 2 or later. The EIC team developed three options for schools to select. Schools do not have to select the same option.

- In Option A, all grades (K–5) begin PLTW implementation in Marking Period 2, followed by a module in Marking Period 3, followed by an optional unit for Marking Period 4.
- In Option B, all grades (K–5) begin PLTW implementation in Marking Period 2, with an optional module in Marking Period 3, followed by a module for all in Marking Period 4.
- In Option C, the starting point is staggered by Grade level. Grades 1, 3, and 5 begin implementation in Marking Period 2; Grades K, 2, and 4 begin in Marking Period 3. Each grade implements a module in the next marking period, and Grades 1, 3, and 5 have an optional unit in Marking Period 4.

For pre-K and Head Start students, the implementation team considered PLTW, which currently is in beta testing. The team also explored Children Study their World (CSW), which is an early childhood curriculum for four-year-olds, based on principles of project-based inquiry and driven by evidence-based practices that build teacher capacity and support successful implementation. CSW was developed by the Center for Early Childhood Education and Intervention with funding from the Maryland State Department of Education (MSDE). CSW consists of eight interdisciplinary content-rich projects that build upon children's knowledge and increase in complexity. All eight projects are aligned with the seven domains in the Maryland Early Learning Assessment. CSW currently is being piloted in schools and child-care centers throughout the state of Maryland. Within MCPS, two schools currently are using CSW. Having explored both PLTW and CSW, the planning and implementation team recommends CSW because of its clear alignment to Maryland's Early Learning Standards and Assessment.

Mindfulness

MCPS recognizes that in order for students to reach high levels of academic performance, they must be afforded programs and activities that support their physical, social, and psychological well-being. There are six essentials to physical, social, and psychological well-being:

- Character Education and Empathy;
- Mental Health and Wellness;
- Trauma Sensitive Schools;
- Restorative Justice/Conflict Resolution;
- Physical Health and Wellness; and
- Building Positive Relationships Among and Between Staff and Students.

As Arcola and Roscoe R. Nix elementary schools discussed the importance of addressing students' social emotional needs, they were clear that they wanted to engage in a preventative approach to supporting their students. This approach enables and prepares students "to acquire and effectively apply the knowledge, attitudes, and skills necessary to understand and manage emotions; set and achieve goals; feel and show empathy for others; establish and maintain positive relationships; and make responsible decisions."

When the schools were considering different ways to support their students' emotional needs, they referenced mindfulness as something they already were addressing in their schools. Mindfulness, as defined by Jon Kabat-Zinn, Ph.D., professor of medicine emeritus, University of Massachusetts Medical School, is the self-regulation of attention with an attitude of curiosity, openness, and acceptance. The American Psychological Association has reported that "mindfulness meditation promotes metacognitive awareness, decreases rumination via disengagement from perseverative cognitive activities, and enhances attentional capacities through gains in working memory. These cognitive gains, in turn, contribute to effective emotion-regulation strategies." Students who engage in mindfulness activities exhibit improvement in their Attention, Emotional Regulation, Adaptability, Compassion, Calming, and Resilience.

To explain how they arrived at mindfulness, the school staff described some of the activities they completed during the Extended Learning Opportunities Summer Adventures in Learning program in 2018. As a result of those activities, both schools established mindfulness rooms and engaged in mindful practices throughout the school day. At this time, the schools are engaged in mindful activities. However, to transition to a full implementation, the team had to decide on a curriculum with a packaged set of lessons for teachers to use, regardless of prior use of mindfulness activities.

Implementation of a mindfulness curriculum will serve as a Tier I Physical-Social-Psychological (PSP) intervention for both schools. The goals for mindfulness implementation are to provide a way for students to manage personal, social, and academic stressors and to provide a proactive, systematic way to transform habitual negative responses into healthy coping strategies within the personal and academic settings.

After reviewing several options for mindfulness lessons/curriculum and consulting with staff in OCIP and the Office of Student and Family Support and Engagement, the Innovative School Calendar Work Group recommended the selection of the *Mindful Schools* curriculum. As an organization, *Mindful Schools* focuses on integrating mindfulness practices into the K–12 learning environments in order to help students and staff reduce stress and improve emotional coping skills, attention, and empathy. The *Mindful Schools* curriculum has 16 lessons. Consistent with the implementation of the PSP Framework, tenets of mindfulness will be embedded into daily practices in addition to the stand-alone lessons.

Professional Learning and Implementation Timeline

Learning Forward's *Standards for Professional Learning* emphasize the importance of prioritizing, monitoring, and coordinating resources for educator learning. In planning for the implementation of project-based learning and mindfulness, the team recommends ample time for staff to learn and implement the innovative programming. As a result, direct training will occur in spring and summer 2019. Throughout the school year, ongoing support and coaching will take place using existing professional learning structures, such as collaborative planning, staff meetings, and grade-level meetings.

Mindfulness

School staff agreed that implementing mindfulness would set a positive tone for the school year. Therefore, mindfulness will be the first professional learning. *Mindful Schools* offers two courses—Mindfulness Fundamentals and Mindful Educator Essentials—for educators to be able to implement the curriculum. The former introduces participants to the concept of mindfulness meditation and mindful practices. The latter instructs participants in how to integrate mindfulness into their work with youth using the K–12 *Mindful Schools* curriculum.

Mindfulness Fundamentals is a six-week online course that utilizes videos, readings, reflections, and guided mindfulness practices to teach the basics of mindfulness. This course also covers current scientific research on mindfulness and the brain, emotion regulation, and compassion. Mindful Educator Essentials is a six-week, self-paced resource. Participants learn how to integrate mindfulness into their work. Following a train-the-trainer model, a total of 20 staff members, consisting of school-based and central services staff, will complete two online models. Once completed, those trained would set up training schedules in the schools to assist school-based staff in learning how to implement the program. Central services staff would act as system-level consultants, assisting school-based trainers with setting up and implementing training with other school staff, and monitoring implementation. Ongoing support and coaching will be scheduled throughout the school year. Training dates and scheduling details are in the process of being finalized.

PLTW

In considering when to implement PLTW, the team recommends that implementation begin during the second marking period, which will allow teachers to become familiar with their students' needs as well as the PLTW modules. During late spring or early summer, classroom teachers from both schools along with central services staff will participate in two days of PLTW Launch Classroom Teacher Training. In order to access PLTW resources, teachers must attend training.

Similar to the implementation of mindfulness, central services staff would act as system-level consultants, assisting school-based trainers with setting up and implementing training with other school staff, and monitoring implementation. Specifically, central services staff will serve as program coordinators, who will be the primary point-of-contact and are responsible for site and classroom management. At the school level, a staff member will be identified to support the day-to-day implementation and management of PLTW. Ongoing support and coaching will be scheduled throughout the school year. Training dates and scheduling details are in the process of being finalized.

Conclusion

The extension of the school year at Arcola and Roscoe R. Nix elementary schools in MCPS represents a strategy for improving student performance. Research identifies increased and expanded learning time as an equity strategy that benefits all students, especially students who are traditionally served at Title I schools.

MSDE has reported that "scheduling alone is not sufficient to raise student performance." The Innovative School Calendar Planning and Implementation Team has worked to find programming to support the extension of time at Arcola and Roscoe R. Nix elementary schools. The team recommends the implementation of two types of programs. A mindfulness curriculum is recommended to support physical, social, and psychological needs. A project-based learning curriculum is recommended to deepen interdisciplinary content learning by engaging students in authentic and complex questions, problems, and challenges. Staff will engage in specific training during spring and summer. Throughout the school year, staff will receive ongoing support and coaching. Training dates and scheduling details are in the process of being finalized.

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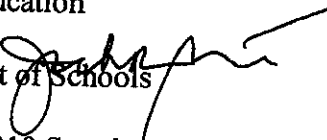
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Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

March 25, 2019

MEMORANDUM

To: Members of the Board of Education

From: Jack R. Smith, Superintendent of Schools 

Subject: Recommended Fiscal Year 2019 Supplemental Appropriation from MCPS Fund Balance for New Curriculum

Recommendation in Brief

Authorization is requested to receive and expend, subject to County Council approval, a Fiscal Year (FY) 2019 supplemental appropriation of \$4,000,000 from fund balance for Montgomery County Public Schools (MCPS) for award of contracts for the purchase of textbooks and instructional materials for the new curriculum.

Background

As a result of additional savings realized at the end of FY 2018, the beginning fund balance in FY 2019 was \$6,848,599. The beginning FY 2019 fund balance amount is more than typical because of the change in plans for the curriculum Request for Proposals (RFP) 4478.1 that now will be implemented in FY 2019 rather than FY 2018. The monthly financial reports to the Board for FY 2019 indicated that MCPS will request the necessary funding for the contract awards be appropriated in FY 2019 from the MCPS fund balance. MCPS cannot utilize its fund balance until it is reappropriated by the County Council. A supplemental appropriation request approved by the Board is necessary for this reappropriation of fund balance.

At its September 11, 2018, meeting, the Board was provided with an update on the MCPS process that had been initiated to evaluate and select externally developed curriculum and instructional materials for kindergarten through Grade 8 in English language arts and mathematics. MCPS issued a RFP and received numerous responses, and then conducted a rigorous evaluation and selection process that included multiple levels of teacher and content specialist reviews, stakeholder input, external ratings, presentations, interviews, references, and additional analysis.

At its January 8, 2019, meeting, the Board approved the purchase of curriculum and instructional materials and professional development for prekindergarten through Grade 5 Mathematics, Grades 6, 7, and 8 English Language Arts, and Grades 6, 7, and 8 Mathematics, and authorized the Board president and the superintendent of schools to negotiate and execute agreements with selected vendors (Resolution No. 9-19). Subsequently, at its February 12, 2019, meeting, the Board approved the purchase of English Language Arts curriculum and instructional materials for prekindergarten through Grade 5 (Resolution 114-19).

As implementation plans are being developed and finalized, teacher access to instructional materials and professional learning will begin immediately in spring 2019. The FY 2019 supplemental appropriation request for \$4,000,000 from MCPS fund balance will be used for the purchase of textbooks and instructional materials related to the new curriculum.

All schools will be implementing the new curricular materials in some manner by the 2020–2021 school year. The plan also calls for all teachers—regardless of the cohort of implementation—to immediately have access to the materials.

As a result, expenditures for curriculum materials are not evenly split throughout the first three years of initial implementation and result in greater upfront costs. There are upfront costs for instructional materials that need to be incurred now, utilizing this supplemental appropriation for the initial phase of the three-year rollout plan. In time, the annual expenditures will decrease as internal capacity and expertise takes hold to lead the professional development and school support.

Use of Funds

Funds will be used in the following state budget category:

- Textbooks and Instructional Materials

Recommended Resolution

WHEREAS, Montgomery County Public Schools had a fund balance of \$6,848,599 at the beginning of Fiscal Year 2019; and

WHEREAS, The amount of fund balance at the start of Fiscal Year 2019 was more than typical because of the change in plans for the new curriculum Request for Proposals 4478.1 that now will be awarded in Fiscal Year 2019 rather than Fiscal Year 2018, and

WHEREAS, In order for Montgomery County Public Schools to spend any portion of its fund balance, it must be reappropriated by the Montgomery County Council, and

WHEREAS, During separate meetings on January 8, 2019, and February 12, 2019, the Board of Education approved a multi-year plan for the purchase of prekindergarten through Grade 8 curricular, instructional materials, and professional development; now therefore be it

Resolved, That the superintendent of schools be authorized to receive and expend, subject to County Council approval, a supplemental appropriation of \$4,000,000 for the award of contracts for new curriculum and instructional materials in the following category:

<u>Category</u>	<u>Amount</u>
04 Textbooks and Instructional Materials	\$4,000,000
<u>Total</u>	<u>\$4,000,000</u>

and be it further

Resolved, That a copy of this resolution be forwarded to the county executive and County Council; and be it further

Resolved, That the county executive be requested to recommend approval of this resolution to the County Council.

JRS:ND:tkp

CE Recommended



**Technology Modernization
(P036510)**

Category	Montgomery County Public Schools	Date Last Modified	03/14/19
SubCategory	Countywide	Administering Agency	Public Schools
Planning Area	Countywide	Status	Ongoing

Total	Thru FY18	Rem FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	423,016	267,780	7,427	147,809	21,406	25,366	25,484	25,143	25,246	25,164	-
TOTAL EXPENDITURES	423,016	267,780	7,427	147,809	21,406	25,366	25,484	25,143	25,246	25,164	-

FUNDING SCHEDULE (\$000s)

Current Revenue: General	188,929	52,818	36,860	99,251	11,110	10,685	16,855	14,542	23,557	22,502	-
Federal Aid	19,503	21,210	(1,707)	-	-	-	-	-	-	-	-
Recordation Tax	214,584	193,752	(27,726)	48,558	10,296	14,681	8,629	10,601	1,689	2,662	-
TOTAL FUNDING SOURCES	423,016	267,780	7,427	147,809	21,406	25,366	25,484	25,143	25,246	25,164	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 20 Approp. Request	25,366	Year First Appropriation	FY03
Cumulative Appropriation	295,307	Last FY's Cost Estimate	423,016
Expenditure / Encumbrances	267,780		
Unencumbered Balance	27,527		

PROJECT DESCRIPTION

The Technology Modernization (Tech Mod) project is a key component of the MCPS strategic technology plan, Educational Technology for 21st Century Learning. This plan builds upon the following four goals: students will use technology to become actively engaged in learning, schools will address the digital divide through equitable access to technology, staff will improve technology skills through professional development, and staff will use technology to improve productivity and results. An FY 2015 appropriation was approved to continue the technology modernization program which will enable MCPS to provide mobile (laptop and tablet) devices in the classrooms. The County Council adopted FY 2015-2020 CIP is approximately \$21 million less than the Board's request over the six year period. However, e-rate funding anticipated for FY 2015 and FY 2016 will bring expenditures in those two years up to the Board's request to begin the new initiative to provide mobile devices for students and teachers in the classroom. The County Council, during the review of the amended FY 2015-2020 CIP, programmed an additional \$2 million in FY 2016 for this project. A supplemental appropriation was approved to have the \$2 million appropriated to MCPS. An FY 2016 appropriation was approved to continue the technology modernization program. An FY 2017 appropriation was approved to continue the technology modernization program as well as fund 16 information technology system specialist positions being reallocated from the operating budget to the capital budget. An FY 2018 appropriation was approved to continue this project. An FY 2019 appropriation was approved to continue this project and the technology modernization program to our schools throughout the system. However, due to fiscal constraints, the County Council approved a reduction of \$3.622 million in FY 2019 from the Board of Education's request. An FY 2020 appropriation is requested to continue this project.

FISCAL NOTE

FY19 and FY20 funding switch between Recordation Tax and Current Revenue General for \$10,296,000 and 6,280,000 respectively.

COORDINATION

FY 2019 – Salaries and Wages: \$4.819M, Fringe Benefits: \$893K, Workyears: 36.5 FY 2020-2024 – Salaries and Wages \$24.1M, Fringe Benefits \$4.5M, Workyears: 182.5

BOE Request

**Technology Modernization
(P036510)**

Category Montgomery County Public Schools **Date Last Modified** 03/14/19
SubCategory Countywide **Administering Agency** Public Schools
Planning Area Countywide **Status** Ongoing

Total	Thru FY18	Rem FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	423,016	267,780	7,427	147,809	21,406	25,366	25,484	25,143	25,246	25,164	-
TOTAL EXPENDITURES	423,016	267,780	7,427	147,809	21,406	25,366	25,484	25,143	25,246	25,164	-

FUNDING SCHEDULE (\$000s)

Current Revenue: General	176,072	52,818	7,427	115,827	21,406	16,965	16,855	14,542	23,557	22,502	-
Federal Aid	21,210	21,210	-	-	-	-	-	-	-	-	-
Recordation Tax	225,734	193,752	-	31,982	-	8,401	8,629	10,601	1,689	2,662	-
TOTAL FUNDING SOURCES	423,016	267,780	7,427	147,809	21,406	25,366	25,484	25,143	25,246	25,164	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 20 Approp. Request	25,366	Year First Appropriation	FY03
Cumulative Appropriation	295,307	Last FY's Cost Estimate	423,016
Expenditure / Encumbrances	-		
Unencumbered Balance	295,307		

PROJECT DESCRIPTION

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COST CHANGE

Reflects FY18 Savings Plan 330K Current Revenue: General reduction

COORDINATION

FY 2019 – Salaries and Wages: \$4.819M, Fringe Benefits: \$893K, Workyears: 36.5 FY 2020-2024 – Salaries and Wages \$24.1M, Fringe Benefits \$4.5M, Workyears: 182.5