



**Committee:** E&C  
**Committee Review:** Completed  
**Staff:** Nicole Rodriguez-Hernandez, Legislative Analyst  
**Purpose:** To receive testimony/final action - vote expected  
**Keywords:** #MCPS

AGENDA ITEM #8(C)  
September 20, 2022  
**Action**

## SUBJECT

Resolution to Approve Categorical Transfers of \$1,170,000 for the Montgomery County Public Schools FY22 Operating Budget, and Categorical Transfers of \$2,545,000 for the FY22 Grant Funds in the Provision for Future Supported Projects

## EXPECTED ATTENDEES

None

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

The Education & Culture Committee recommendation will be posted at the conclusion of their September 19 meeting.

## DESCRIPTION/ISSUE

The County Council will receive testimony and consider action on a resolution to approve categorical transfers of \$1,170,000 for the Montgomery County Public Schools (MCPS) FY22 Operating Budget, and \$2,545,000 for the MCPS FY22 Grant Funds, Provision for Future Supported Projects.

## SUMMARY OF KEY DISCUSSION POINTS

- The Board of Education requested the operating budget categorical transfers on August 26, 2022 and the grant fund categorical transfers on June 30, 2022. A draft resolution for the Council's consideration is attached at ©1-3, and the Board's requests are attached at ©4-11.
- The Education & Culture Committee is scheduled to meet on September 19 to review the categorical transfer requests and make a recommendation. The Committee's recommendation will be shared by September 20.

### **This report contains:**

Draft Resolution	©1-3
Board of Education Request (June 30 and Aug 26, 2022)	©4-14
Sept. 19 E&C Staff Report	©15-20

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Resolution No.: \_\_\_\_\_  
 Introduced: \_\_\_\_\_  
 Adopted: \_\_\_\_\_

**COUNTY COUNCIL  
 FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

**SUBJECT:** Categorical Transfer, FY22 Operating Budget  
 Montgomery County Public Schools, \$1,170,000  
 and  
 Categorical Transfer, FY22 Operating Budget  
 Montgomery County Public Schools, Grant Funds, \$2,545,000

**Background**

1. Section 5-105 of the Education Article of the Annotated Code of Maryland provides for transfers among major categories of the Operating Budget of the Montgomery County Public Schools only with the approval of the County Council.
2. The County Council received the Board of Education’s action of August 26, 2022, requesting a transfer among state categories as follows:

Category	Description	To	From
3	Instructional Salaries		\$1,170,000
8	Health Services	\$70,000	
10	Operation of Plant and Equipment	\$1,100,000	
	Total	\$1,170,000	\$1,170,000

3. The County Council received the Board of Education’s action of June 30, 2022, requesting a transfer of grant funds among state categories as follows:

Category	Description	To	From
1	Administration	\$85,000	
2	Mid-Level Administration		\$240,000
3	Instructional Salaries		\$800,000
4	Textbooks and Instructional Supplies	\$345,000	
5	Other Instructional Costs		\$175,000
6	Special Education	\$1,170,000	
7	Student Personnel Services	\$410,000	
8	Student Health Services		\$330,000
9	Student Transportation		\$20,000
10	Operation of Plant		\$655,000
12	Fixed Charges	\$535,000	
14	Community Services		\$325,000
	Total	\$2,545,000	\$2,545,000

4. The Board of Education has requested authorization to make an FY22 categorical transfer to align budgeted appropriations with actual expenditures. This request would offset deficits in Category 8, Health Services and Category 10, Operation of Plant and Equipment, by transferring a surplus from Category 3, Instructional Salaries.
5. The deficit in Category 8, Health Services, is due to expenses related to COVID-19 pandemic vaccination clinics.
6. The deficit in Category 10, Operation of Plant and Equipment, is due to increased expenses in temporary part-time salaries and the higher cost of utilities.
7. The Board of Education has also requested authorization to make an FY22 categorical transfer of grant funds to align budgeted appropriations with actual expenditures in the categories as outlined above. The appropriate categories for grant expenditures must be anticipated in the budget, and transfers are necessary to reflect actual expenditure requirements of the grants projects when they differ from the budgeted projections.

**Action**

The County Council for Montgomery County, Maryland approves the following resolution:

The FY22 Operating Budget of the Montgomery County Public Schools is hereby amended, and a transfer of appropriation is approved as follows:

Category	Description	To	From
3	Instructional Salaries		\$1,170,000
8	Health Services	\$70,000	
10	Operation of Plant and Equipment	\$1,100,000	
	Total	\$1,170,000	\$1,170,000

A transfer of grant funds is approved as follows:

Category	Description	To	From
1	Administration	\$85,000	
2	Mid-Level Administration		\$240,000
3	Instructional Salaries		\$800,000
4	Textbooks and Instructional Supplies	\$345,000	
5	Other Instructional Costs		\$175,000
6	Special Education	\$1,170,000	
7	Student Personnel Services	\$410,000	
8	Student Health Services		\$330,000
9	Student Transportation		\$20,000
10	Operation of Plant		\$655,000
12	Fixed Charges	\$535,000	
14	Community Services		\$325,000
	Total	\$2,545,000	\$2,545,000

This is a correct copy of Council action.

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Judy Rupp  
Clerk of the Council

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

August 26, 2022

MEMORANDUM

To: The Honorable Marc Elrich, County Executive  
The Honorable Gabe Albornoz, President,  
Montgomery County Council

From: Monifa B. McKnight, Superintendent of Schools *MBM*

Subject: Transmittal of Board of Education Agenda Item #6.10

Fiscal Year 2022 Operating Budget End-of-Year Categorical Summary and Transfer

BOE Meeting Date: August 23, 2022

Amount: \$1,170,000

Type of Action: Approval

MBM:MBH:RR:jp

Attachment

Copy to:

Mr. Hull

Mr. Reilly

Montgomery County Office of Management and Budget

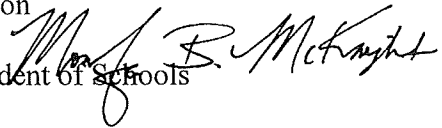


Office of the Superintendent of Schools  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

August 23, 2022

MEMORANDUM

To: Members of the Board of Education

From: Monifa B. McKnight, Superintendent of Schools 

Subject: Fiscal Year 2022 Operating Budget End-of-Year Categorical Summary and Transfer

Each year, Montgomery County Public Schools (MCPS) is required to request transfers among state categories, if necessary, to align the budgeted appropriation with actual expenditures. Categorical transfers are subject to approval by the Montgomery County Council. For Fiscal Year (FY) 2022, there are categorical transfers among three state categories for a total of \$1,170,000. This represents 0.04 percent of the authorized expenditures for the FY 2022 operating budget.

The current projection is that the FY 2022 MCPS Operating Budget will end the year with an expenditure surplus of \$40,534,657. This is an increase of \$7,441,011 since the April 30, 2022, report to the Board of Education. It is important to remember that this amount is preliminary and not final until the books are closed for the fiscal year. Currently, there are surpluses in Category 1, Administration; Category 2, Mid-level Administration; Category 3, Instructional Salaries; Category 4, Textbooks and Instructional Supplies; Category 5, Other Instructional Costs; Category 6, Special Education; Category 7, Student Personnel Services; Category 9, Student Transportation; Category 11, Maintenance of Plant; Category 12, Fixed Charges; and Category 14, Community Services. The following categories are projected to end the year with a deficit: Category 8, Health Services, and Category 10, Operation of Plant and Equipment.

As of June 30, 2022, total revenue was \$1,837,355 less than our revised budgeted amount for FY 2022. The revenue deficit decreased by \$1,122,645 compared to the amount reflected in the April 30, 2022, Monthly Financial Report.

The MCPS FY 2022 Operating Budget approved by the Board on June 10, 2021, totaled \$2,780,512,190 (Resolution No. 285-21). This was an increase of \$24,255,131 (0.9 percent) more than the final FY 2021 Operating Budget of \$2,756,257,059. The FY 2022 Operating Budget included \$25,000,000 of MCPS FY 2021 fund balance. As a result of savings realized at the end of FY 2021 along with the use of fund balance to fund the FY 2022 Operating Budget, the beginning fund balance in FY 2022 was \$6,281,287, or \$3,266,678 more than the beginning fund balance for FY 2021. Factors impacting the amount of carryforward in FY 2022 included savings from

lapse and turnover of positions in FY 2021 along with the effect of working in a virtual environment for much of the fiscal year.

On May 26, 2022, in approving the county’s FY 2023 operating budget, the County Council approved the use of \$35,000,000 from the MCPS fund balance to fund the FY 2023 MCPS Operating Budget. The current projected FY 2022 end-of-year balance of \$44,978,579 minus the use of \$35,000,000 to fund the FY 2023 Operating Budget results in a beginning FY 2023 fund balance of \$9,978,579 as reflected in the following table.

	<b>As of June 2022</b>
FY 2020 End-of-Year Fund Balance	\$31,281,287
Amount Used to Fund FY 2022 Operating Budget	(25,000,000)
Beginning FY 2022 Fund Balance	6,281,287
FY 2022 Revenue Deficit	(1,837,355)
FY 2022 Expenditure Surplus	40,534,647
FY 2022 End-of-Year Available Fund Balance as of 6/30/2022	44,978,579
Amount Used to Fund FY 2023 Operating Budget	(35,000,000)
Beginning FY 2023 Fund Balance	9,978,579

During the past fiscal year, staff closely monitored revenues and expenditures. This financial monitoring process is comprehensive and detailed. Primary and secondary account managers reviewed each of their accounts on a monthly basis and reported expenditure projections for the remainder of the fiscal year. Staff from the Office of Finance analyzes these projections using quantitative models and reviews previous expenditure patterns as related to changing circumstances. The MCPS financial system commonly known as “the Hub” provides data that enables staff to monitor, control, and report on expenditures.

The Board received detailed monthly financial status reports throughout FY 2022. Monthly, beginning in November 2021, these reports were a Board meeting consent agenda item. The reports subsequently were transmitted to the county executive, the county’s Office of Management and Budget, and the County Council. Overall, final FY 2022 expenditures are consistent with the trends indicated in the monthly reports. The following summary presents the end-of-year results for revenue and expenditures and how they differ from the appropriation and the last financial report submitted to the Board.

**Revenue**

In FY 2022, MCPS experienced an overall deficit of \$1,837,355 in revenue compared to the budgeted amount. The principal reason for the deficit is that we have received \$1,845,646 less from the state for non-public school placement of students due to a lower enrollment of students. This deficit increased by \$215,646 from the \$1,630,000 deficit projected in the April 30, 2022, financial report to the Board. In addition, since the last report to the Board, the amount of Impact Aid from the federal government increased by \$54,048. Finally, in the Other Revenue category, the amount of revenue deficit changed from \$1,330,000 to \$45,757 mostly due to receiving additional Out of County Living and other miscellaneous revenue.



### **Categorical Expenditures**

The current projection for the FY 2022 expenditure surplus is \$40,534,657, which is 1.5 percent of budgeted expenditures. Overall, the change in the expenditure surplus amount since the April 30, 2022, Monthly Financial Report is due to three primary reasons. First, MCPS received a reimbursement of \$3,582,070 from the Federal Emergency Management Agency (FEMA) on June 30, 2022. It was uncertain if MCPS would receive this reimbursement for response and recovery costs resulting from the pandemic prior to the end of FY 2022, therefore our last report to the Board did not reflect this reimbursement. Second, we received the final reimbursement of \$2,203,634 from the Interagency Coordinating Board for the Community Use of Public Facilities. Throughout most of the fiscal year, we were uncertain if we would receive this reimbursement due to the impact of the pandemic on public's use of MCPS facilities. However, a Memorandum of Understanding was signed by both parties late in the fiscal year for the amount still owed to MCPS. Finally, MCPS received unanticipated revenue receipts late in the fiscal year that further reduced our revenue deficit.

An explanation of the expenditure results by state category follows.

Category 1, Administration, reflects a projected surplus of \$1,387,364. This is \$412,636 less than the amount reported in the April 30, 2022, financial report. Most of this decrease is due to higher than projected contractual legal expenses. However, the projected overall surplus is a result of position salary savings. Savings in Category 1 are 2.1 percent of budgeted expenditures.

Category 2, Mid-level Administration, reflects a projected surplus of \$2,000,306. This is an increase of \$800,306 from the amount reported in the April 30, 2022, financial report. Most of this increase is the result of savings in professional and clerical part-time accounts. Additionally, the overall surplus is a result of position salaries due to salary lapse from positions not filled during the year as well as savings in supplies and materials and equipment due to the early spending cut-off implemented in April 2022. Overall savings in Category 2 are 1.3 percent of budgeted expenditures.

Category 3, Instructional Salaries, reflects a projected surplus of \$15,880,095. This is an increase of \$4,080,095 from the amount reported in the April 30, 2022, financial report. There is additional savings in non-position accounts due to less than anticipated spending in part-time professional and supporting services from June 2022 training. However, most of the surplus is the result of savings in position salaries due to salary lapse from positions not filled during the year. Overall savings in Category 3 are 1.5 percent of the budgeted expenditures.

Category 4, Textbooks and Instructional Supplies, reflects a projected surplus of \$8,417,581, which is \$4,467,581 more than the amount projected in the April 30, 2022, financial report. Most of this increase is due to the additional \$3.5 million of reimbursement from FEMA for personal protective equipment supplies which was not expected to be received this fiscal year and the release of encumbrances on instructional materials. Additionally, the overall surplus is a result of the early spending cut-off implemented in April 2022. Overall savings in Category 4 are 19.7 percent of budgeted expenditures.

Category 5, Other Instructional Costs, reflects a projected surplus of \$5,505,023, which is \$1,705,023 more than the amount projected in the April 30, 2022, financial report. Much of the increase is a result of lower than projected spending in tuition for Maryland juvenile services and Early College Programs. However, the majority of the total projected surplus is the result of the release of carryforward encumbrances and savings due to the early spending cutoff. The surplus in Category 5 is 22.2 percent of budgeted expenditures.

Category 6, Special Education, reflects a projected surplus of \$5,541,023. This is a decrease of \$458,507 from the amount reported on the April 30, 2022, financial report. The decrease is due to higher than projected contractual legal services expenses. However, the overall surplus is a result of salary lapse and turnover, in addition to an increase in savings related to nonpublic placements. Savings in Category 6 are 1.6 percent of budgeted expenditures.

Category 7, Student Personnel Services, reflects a projected surplus of \$151,127. This is an increase of \$51,127 more than the surplus reflected in the April 30, 2022, financial report. The overall surplus is the result of position salary savings. The surplus in Category 7 is 1.1 percent of budgeted expenditures.

Category 8, Health Services, reflects a projected deficit of \$63,367. This is an increase of \$57,013 from the amount reported in the April 30, 2022, financial report. Most of this increase is due to the expenses related to COVID-19 vaccination clinics. The deficit in Category 8 is 102.9 percent of budgeted expenditures.

Category 9, Student Transportation, reflects a projected surplus of \$1,570,614. This is \$370,614 more than the surplus projected in the April 30, 2022, financial report. Much of the increase is a result of higher than projected reimbursements from other departments for transportation and materials supplies. However, the majority of the surplus is due to salary lapse, lease purchase for diesel buses, and student transportation. The overall surplus in Category 9 is 1.2 percent of budgeted expenditures.

Category 10, Operation of Plant and Equipment, reflects a projected deficit of \$1,013,774. This is an increase of \$113,774 more than the amount reported in the April 30, 2022, financial report. The deficit is a result of increased expenses in temporary part-time salaries and the higher cost of utilities. The overall deficit in Category 10 is 0.7 percent of budgeted expenditures.

Category 11, Maintenance of Plant and Equipment, reflects a projected surplus of \$1,112,944. This is \$762,944 more than the amount projected in the April 30, 2022, financial report. The increased surplus is a result of savings in temporary part-time salaries, contractual services for heating, ventilation, and air conditioning repairs, and equipment replacement. Additionally, the overall surplus reflects savings in position salaries as a result of lapse and turnover. The overall surplus in Category 11 is 2.6 percent of budgeted expenditures.

Category 12, Fixed Charges, reflects a projected surplus of \$5,814. This is a decrease of \$3,794,186 less than the amount reported in the April 30, 2022, financial report. The decrease is due to higher than anticipated expenditures for tuition reimbursements and Montgomery County Association

of Administrators and Principals/Montgomery County Business and Operations Administrators annual leave conversion. The overall surplus in Category 12 is 0.001 percent of budgeted expenditures.

Finally, Category 14, Community Services, reflects a projected surplus of \$39,437. This is \$39,437 more than the amount projected in the April 30, 2022, financial report. The surplus is a result of savings in non-position salaries, and supplies and materials related to evening community events that were not held as a result of the pandemic. Savings in Category 14 are 10.1 percent of budgeted expenditures.

I recommend the Board of Education approve the following resolution regarding categorical transfers:

WHEREAS, Category 8, Health Services, reflected a deficit as of June 30, 2022, |due to the expenses related to COVID-19 pandemic vaccination clinics; and

WHEREAS, Category 10, Operation of Plant and Equipment, reflected a deficit as of June 30, 2022, as a result of increased expenses in temporary part-time salaries and the higher cost of utilities; and

WHEREAS, The required funds are available for transfer from Category 3, Instructional Salaries; now therefore be it

Resolved, That the superintendent of schools be authorized, subject to the approval of the County Council, to effect the following categorical transfer for Fiscal Year 2022:

<u>Category</u>	<u>Description</u>	<u>To</u>	<u>From</u>
3	Instructional Salaries		\$1,170,000
8	Health Services	70,000	
10	Operation of Plant and Equipment	<u>1,100,000</u>	<u>                    </u>
Total		<u>\$1,170,000</u>	<u>\$1,170,000</u>

and be it further

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

Resolved, That the county executive be requested to recommend approval of the categorical transfers to the County Council.

MBM:MBH:RR:tk

Attachment

**Montgomery County Public Schools**  
**Fiscal Year 2022 End of Year Financial Report**


No.	State Category Name	Authorized Expenditures	Projected Expenditure Balance in April 30, 2022 Report to the Board	Projected Expenditure Balance in August 23, 2022 Report to the Board	Change in Expenditure Balance	Percent August 23, 2022 Balance to Authorized Expenditures
1	Administration	\$ 65,721,287	\$ 1,800,000	\$ 1,387,364	\$ (412,636)	2.1%
2	Mid Level Administration	157,623,729	1,200,000	2,000,306	800,306	1.3%
3	Instructional Salaries	1,051,071,613	11,800,000	15,880,095	4,080,095	1.5%
4	Textbooks and Instructional Supplies	42,782,775	3,950,000	8,417,581	4,467,581	19.7%
5	Other Instructional Costs	24,826,084	3,800,000	5,505,023	1,705,023	22.2%
6	Special Education	347,502,337	6,000,000	5,541,493	(458,507)	1.6%
7	Student Personnel Services	14,084,750	100,000	151,127	51,127	1.1%
8	Health Services	61,600	(6,354)	(63,367)	(57,013)	-102.9%
9	Student Transportation	127,058,101	1,200,000	1,570,614	370,614	1.2%
10	Operation of Plant and Equipment	152,129,819	(900,000)	(1,013,774)	(113,774)	-0.7%
11	Maintenance of Plant	42,316,092	350,000	1,112,944	762,944	2.6%
12	Fixed Charges	589,703,574	3,800,000	5,814	(3,794,186)	0.0%
14	Community Services	388,665	-	39,437	39,437	10.1%
	<b>Total General Fund</b>	<b>\$ 2,615,270,426</b>	<b>\$ 33,093,646</b>	<b>\$ 40,534,657</b>	<b>\$ 7,441,011</b>	<b>1.5%</b>

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

June 30, 2022

MEMORANDUM

To: The Honorable Marc Elrich, County Executive  
The Honorable Gabe Albornoz, President,  
Montgomery County Council

From: Monifa B. McKnight, Interim Superintendent of Schools 

Subject: Transmittal of Board of Education Agenda Item #10.15

Recommended Fiscal Year 2022 Categorical Transfers for the Provision for Future Supported Projects

BOE Meeting Date: June 28, 2022

Amount: \$2,545,000

Type of Action: Approval

MBM:ESD:RR:mar

Attachment

Copy to:

Dr. Dawson

Mr. Reilly


Montgomery County Office of Management and Budget

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

June 28, 2022

MEMORANDUM

To: Members of the Board of Education

From: Monifa B. McKnight, Interim Superintendent of Schools 

Subject: Recommended Fiscal Year 2022 Categorical Transfers for the Provision for Future Supported Projects

**Recommendation in Brief**

Authorization is requested to effect categorical transfers totaling \$2,545,000 within the Provision for Future Supported Projects.

**Background Information**

The current Fiscal Year (FY) 2022 Operating Budget, approved by the Board of Education, includes an appropriation of \$10,031,204 for the Provision for Future Supported Projects. The Provision for Future Supported Projects allows the Board of Education to approve grant projects that are identified subsequent to the adoption of the budget without having to request supplemental appropriations for each of the projects from the County Council. The County Council established this provision because it was considered to be the most effective way of handling eligible projects and avoiding the need for a public hearing. The Board of Education will receive additional grants during FY 2022 that are eligible for funding through the Provision for Future Supported Projects.

The categorical breakdown of the \$10,031,204 budgeted for the Provision for Future Supported Projects was based on staff's assessment of likely grant projects and amounts. Actual revenue and expenditure requirements of grant projects require that categorical transfers totaling \$2,545,000 be made in the Provision for Future Supported Projects.

**Support of Board of Education Policy**

The Provision for Future Supported Projects provides spending authorization and is not a program. Board of Education action complies with the requirements defined by the County Council for eligible grant projects received through the Provision.

**Relationship to Ongoing Program**

It is anticipated that categorical requirements of the grant projects will differ from what was anticipated when the FY 2022 budget was developed. The categorical transfers are necessary to accommodate additional eligible projects.

**Recommended Resolution**

WHEREAS, The current Fiscal Year 2022 Operating Budget adopted by the Board of Education includes \$10,031,204 for the Provision for Future Supported Projects; and

WHEREAS, The Board of Education will receive additional projects that are eligible for funding through the Provision for Future Supported Projects during Fiscal Year 2022; and

WHEREAS, Actual revenue and expenditure requirements of grant projects require that categorical transfers be made in the Provision for Future Supported Projects; now therefore be it

Resolved, That the interim superintendent of schools be authorized to effect categorical transfers totaling \$2,545,000 within the Provision for Future Supported Projects, in accordance with the County Council provision for transfers, as follows:

	<u>Category</u>	<u>From</u>	<u>To</u>
1	Administration	\$ 85,000	
2	Mid-level Administration		\$ 240,000
3	Instructional Salaries		800,000
4	Textbooks and Instructional Supplies	345,000	
5	Other Instructional Costs		175,000
6	Special Education	1,170,000	
7	Student Personnel Services	410,000	
8	Student Health Services		330,000
9	Student Transportation		20,000
10	Operations of Plant and Equipment		655,000
12	Fixed Charges	535,000	
14	Community Services		325,000
	<u>Total</u>	<u>\$ 2,545,000</u>	<u>\$ 2,545,000</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.

MBM:ESD:RR:jp

**M E M O R A N D U M**

September 14, 2022

TO: Education and Culture Committee

FROM: Nicole Rodríguez-Hernández, Legislative Analyst  
Essie McGuire, Senior Legislative Analyst

SUBJECT: **Worksession – FY22 MCPS Operating Budget and Grant Funds Categorical Transfer Requests**

PURPOSE: Review and make recommendation to full Council

**Expected Participants:**

Brian Hull, Chief Operating Officer, Montgomery County Public Schools (MCPS)  
Rob Reilly, Associate Superintendent of Finance, MCPS  
Thomas Klausing, Executive Director, Office of Finance, MCPS  
Ivón Alfonso-Windsor, Supervisor, Budget Unit, Office of Finance, MCPS

The Education and Culture Committee will consider a resolution (©1-3) to approve categorical transfers of \$1,170,000 for the MCPS FY22 Operating Budget and \$2,545,000 for FY22 Grant Funds as requested by the Board of Education. The FY22 Year-End Financial Report and categorical transfer request was approved by the Board of Education on August 23, 2022 (©4-11). The Board approved the categorical transfer of grant funds on June 28, 2022 (©12-14).

**Categorical Transfers**

**Operating Fund. ©4**

The table below shows the year-end balance for each category and each category's surplus/deficit amount as a percent of the total surplus. Every category ended the year in surplus except for Category 8, Health Services and Category 10, Operation of Plant and Equipment. The Board's categorical transfer request a shift of \$1,170,000 from Category 3, Instructional Salaries to fill the deficits in Categories 8 and 10.



**MCPS FY22 Budget Appropriation and Year-End Balance by State Category**

State Budget Category	BOE FY22 Budget Action 6/2022	FY22 Year-End Balance	
		\$'s	% of Total Surplus
		Surplus or Deficit	
1, Administration	\$65,721,287	\$1,387,365	3.42%
2, Mid-Level Administration	\$157,623,729	\$2,000,306	4.93%
3, Instructional Salaries	\$1,051,071,613	\$15,880,095	39.18%
4, Textbooks and Instructional Supplies	\$42,782,775	\$8,417,581	20.77%
5, Other Instructional Supplies	\$24,826,084	\$5,505,023	13.58%
6, Special Education	\$347,502,337	\$5,541,023	13.67%
7, Student Personnel Services	\$14,084,750	\$151,127	0.37%
8, Health Services	\$61,600	(\$63,367)	-0.16%
9, Student Transportation	\$127,058,101	\$1,570,614	3.87%
10, Operation of Plant and Equipment	\$151,129,819	(\$1,013,774)	-2.50%
11, Maintenance of Plant and Equipment	\$42,316,092	\$1,112,944	2.75%
12, Fixed Charges	\$589,703,574	\$5,814	0.01%
14, Community Services	\$388,665	\$39,437	0.10%
Total	\$2,615,270,426	\$40,534,188	

**COVID-19 Impact.** The MCPS operating budget continues to adapt to the needs of the COVID-19 pandemic. Subsequently, MCPS’ finances will reflect related expenditures and revenues including new services and State/Federal aid.

**Deficits.** As mentioned previously, two categories resulted in an end-of-year deficit.

The deficit in Category 8, Health Services, is due to increases in expenses related to COVID-19 vaccination clinics.

The deficit in Category 10, Operation of Plant and Equipment, is the result of increases in temporary and part-time salaries and the higher cost of utilities.

**Surpluses.** The majority of surpluses are primarily the result of position, non-position, and lapse and turnover savings from salaries. Below is a summary of non-salary related end-of-year surpluses.

- Category 2, Mid-level Administration: Increased savings in supplies, materials, and equipment due to the early spending cut-off implemented in April 2022.
- Category 4, Textbooks and Instructional Supplies: Savings from the early spending cut-off implemented in April 2022.

- Category 5, Other Instructional Costs: The release of carryforward encumbrances and savings due to the early spending cut-off in April 2022.
- Category 6, Special Education: Increased savings related to nonpublic placements.
- Category 9, Student Transportation: Lower expenses in lease purchases for diesel buses and student transportation.
- Category 11, Maintenance of Plant: Decreased operations and facility usage resulted in a decrease in spending for contractual services and maintenance supplies.
- Category 14, Community Services: Savings related to evening community events that were not held.

**Fund Balance.** As of June 2022, MCPS projects that the beginning FY23 fund balance is \$9,978,579. This is a result of a projected ending FY22 fund balance of \$44,978,579 minus the use of \$35,000,000 to fund the FY23 Operating Budget.

The E&C Committee is tentatively scheduled to hold a future meeting this fall to further review MCPS' finances including ESSER (Elementary and Secondary School Emergency Relief) allocations and the FY22 end-of-year and FY23 start-of-year fund balance components.

**Grant Fund. ©12**

The Provision for Future Supported Projects allows MCPS to access Federal and State grant funds throughout the year that meet certain conditions. No County funds may be required for any grant funded through this provision. The budgeted categorical allocation of anticipated Federal and State grants is an estimate based on available information. This transfer is necessary to align the year's actual budget expenditures with the actual requirements of grant projects. On June 28, the Board approved a categorical transfer in Provision for Future Supported Projects of \$2,545,000 million.

**Council staff recommends approval of \$1,170,000 in requested categorical transfers for the FY22 operating budget and \$2,545,000 in requested categorical transfers for the FY22 grant funding in the Provision for Future Supported Projects as requested by the Board of Education.**

This report contains:

Draft Resolution  
 End-of-Year Categorical Transfer Memorandum  
 Grant Fund Transfer Memorandum

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 ©4-11  
 ©12-14

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

June 30, 2022

MEMORANDUM

To: The Honorable Marc Elrich, County Executive  
The Honorable Gabe Albornoz, President,  
Montgomery County Council

From: Monifa B. McKnight, Interim Superintendent of Schools 

Subject: Transmittal of Board of Education Agenda Item #10.15

Recommended Fiscal Year 2022 Categorical Transfers for the Provision for Future Supported Projects

BOE Meeting Date: June 28, 2022

Amount: \$2,545,000

Type of Action: Approval

MBM:ESD:RR:mar

Attachment


Copy to:  
Dr. Dawson  
Mr. Reilly  
Montgomery County Office of Management and Budget

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

June 28, 2022

MEMORANDUM

To: Members of the Board of Education

From: Monifa B. McKnight, Interim Superintendent of Schools 

Subject: Recommended Fiscal Year 2022 Categorical Transfers for the Provision for Future Supported Projects

**Recommendation in Brief**

Authorization is requested to effect categorical transfers totaling \$2,545,000 within the Provision for Future Supported Projects.

**Background Information**

The current Fiscal Year (FY) 2022 Operating Budget, approved by the Board of Education, includes an appropriation of \$10,031,204 for the Provision for Future Supported Projects. The Provision for Future Supported Projects allows the Board of Education to approve grant projects that are identified subsequent to the adoption of the budget without having to request supplemental appropriations for each of the projects from the County Council. The County Council established this provision because it was considered to be the most effective way of handling eligible projects and avoiding the need for a public hearing. The Board of Education will receive additional grants during FY 2022 that are eligible for funding through the Provision for Future Supported Projects.

The categorical breakdown of the \$10,031,204 budgeted for the Provision for Future Supported Projects was based on staff's assessment of likely grant projects and amounts. Actual revenue and expenditure requirements of grant projects require that categorical transfers totaling \$2,545,000 be made in the Provision for Future Supported Projects.

**Support of Board of Education Policy**

The Provision for Future Supported Projects provides spending authorization and is not a program. Board of Education action complies with the requirements defined by the County Council for eligible grant projects received through the Provision.

**Relationship to Ongoing Program**

It is anticipated that categorical requirements of the grant projects will differ from what was anticipated when the FY 2022 budget was developed. The categorical transfers are necessary to accommodate additional eligible projects.

**Recommended Resolution**

WHEREAS, The current Fiscal Year 2022 Operating Budget adopted by the Board of Education includes \$10,031,204 for the Provision for Future Supported Projects; and

WHEREAS, The Board of Education will receive additional projects that are eligible for funding through the Provision for Future Supported Projects during Fiscal Year 2022; and

WHEREAS, Actual revenue and expenditure requirements of grant projects require that categorical transfers be made in the Provision for Future Supported Projects; now therefore be it

Resolved, That the interim superintendent of schools be authorized to effect categorical transfers totaling \$2,545,000 within the Provision for Future Supported Projects, in accordance with the County Council provision for transfers, as follows:

	<u>Category</u>	<u>From</u>	<u>To</u>
1	Administration	\$ 85,000	
2	Mid-level Administration		\$ 240,000
3	Instructional Salaries		800,000
4	Textbooks and Instructional Supplies	345,000	
5	Other Instructional Costs		175,000
6	Special Education	1,170,000	
7	Student Personnel Services	410,000	
8	Student Health Services		330,000
9	Student Transportation		20,000
10	Operations of Plant and Equipment		655,000
12	Fixed Charges	535,000	
14	Community Services		325,000
	<u>Total</u>	<u>\$ 2,545,000</u>	<u>\$ 2,545,000</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.

MBM:ESD:RR:jp