



# The Superintendent's Recommended Operating Budget in Brief FY 2012

Montgomery County Public Schools  
Rockville, Maryland

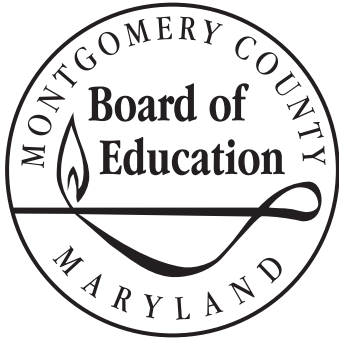
**Recommended to the  
Board of Education  
December 2010**

**Jerry D. Weast**  
*Superintendent  
of Schools*

**Fiscal and School  
Year Ending  
June 30, 2012**

MONTGOMERY  
COUNTY PUBLIC  
SCHOOLS





## VISION

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*A high-quality education is the fundamental right of every child. All children will receive the respect, encouragement, and opportunities they need to build the knowledge, skills, and attitudes to be successful, contributing members of a global society.*



**[montgomeryschoolsmd.org](http://montgomeryschoolsmd.org)**

Check out the MCPS Web site for more detailed information about the FY 2012 Recommended Operating Budget.

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December 15, 2010

The Montgomery County Board of Education  
850 Hungerford Drive  
Rockville, Maryland 20850

Dear Members of the Board of Education:

On behalf of the students and employees in Montgomery County Public Schools (MCPS), I am submitting for your consideration my Recommended Operating Budget for Fiscal Year (FY) 2012.

We are grateful that the Montgomery County community continues to place a high value on public education, even in difficult economic times. In exchange, we have been good stewards of taxpayer dollars and have achieved the stellar results that our community has come to expect and value. Over the past few months, MCPS has received external affirmation that we are getting an excellent return on the investment made in our schools.

In November, MCPS was named a recipient of the Malcolm Baldrige National Quality Award, the highest Presidential honor an American organization can receive. The award recognizes performance excellence through innovation, improvement, and visionary leadership. MCPS is just the sixth school system to receive the award and is the largest, by far.

Our school system also was honored when we were named a finalist for the Broad Prize for Urban Education, which recognizes large school systems that have improved student performance while narrowing racial, ethnic, and socioeconomic achievement gaps. We are the first district in Maryland and in the Washington Metropolitan area to be a finalist for this prestigious award. In fact, we are the only district in America to earn both honors, an extraordinary testimony to the exceptional workforce we have in MCPS.

These awards recognize, at a national level, that MCPS is conducting its business in an innovative, efficient, and effective manner, which is leading to record-setting achievement results for all students. Among the achievement highlights from the past year:

- The Class of 2010 posted a 1653 average combined SAT score, an all-time high for the district and significantly higher than the national and state averages.
- Nearly 30,000 Advanced Placement (AP) exams were taken by MCPS students in 2010, with approximately 72 percent receiving a college-ready score of 3 or higher. AP participation and performance increased for all student subgroups. For instance, our African American students represent 10 percent of the total African American public school population in Maryland, but nearly 40 percent of the MCPS African American students whose AP exams earned a 3 or higher.

**Office of the Superintendent of Schools**

- In 2010, 91.7 percent of kindergarten students were reading at text level 4 and more than 75 percent were reading at text level 6. All subgroups of students have shown substantial gains over the past four years and the achievement gap has closed dramatically.
- According to a report by Education Week, MCPS has the highest graduation rate among the nation's largest districts. Also, MCPS placed seven high schools on Newsweek's list of the 100 best high schools in the nation, the most of any school district in the United States. All 25 of our high schools placed among the top three percent in the nation.
- The Class of 2010 earned nearly \$235 million in college scholarships, generating an immediate 10 percent return on our budgetary investment.

It is a credit to our incredible staff that our students have reached these levels of achievement during a time of tremendous change for our district. Over the past three years, enrollment in MCPS has increased by about 6,300 students and the number of students who are living in poverty or have limited proficiency in English has continued to rise dramatically. This year, more than 31 percent of our students are receiving Free and Reduced-price Meals System (FARMS) services and more than 16 percent of our students are English Language Learners.

That our district has continued to perform at a high level amid such dramatic demographic shifts is a direct result of the commitment by the Board of Education and the staff of MCPS to the values outlined in our strategic plan, *Our Call to Action: Pursuit of Excellence*. We have never wavered in our firm commitment to provide all students with a world-class education, despite economic and political pressures. We must not waver now.

Given the fiscal realities facing the county and the state, my budget recommendation only seeks to maintain our focus on providing the people and services our students need. I am requesting an increase of 2.8 percent—approximately \$59 million—for the FY 2012 Operating Budget. The budget will fund a 2.3 percent increase in our student enrollment and make up for \$40 million of the \$54 million in federal stimulus funds that will be lost at the end of this fiscal year. The remaining \$14 million in federal stimulus expenditures, including some Title I funding, will be eliminated.

In accordance with state law, this budget recommendation meets “maintenance of effort,” meaning the county will, at a minimum, provide a local contribution at the same per student level—\$10,664—as it did two years ago. Meeting maintenance of effort will require an increase of \$82 million in local funding. Additional state aid is projected to be \$27 million and we anticipate carrying forward an additional \$4 million from this fiscal year into FY 2012. It is imperative that the county meets its maintenance of effort obligation this year or we risk a state fine that will result in the loss of the \$27 million in state aid.

It is important to note that MCPS already has reduced spending by more than \$300 million in the past three years, through a variety of budget cuts and savings. Among the reductions made:

- In FY 2011, we eliminated more than 400 positions and increased class size by an average of one student across the system.
- We have reduced our central office approximately 20 percent in the past three years, requiring us to realign several offices and eliminate others.
- Our employees have agreed to forego cost-of-living increases for the past two years, and voted to give up step increases last year, saving the district more than \$115 million, annually.

Even in this maintenance of effort recommendation, I am not seeking any cost-of-living increases for our deserving employees and I am recommending \$6 million in further cuts to our central office and support functions in order to fund future retiree benefits.

We have been able to maintain high levels of achievement even as we have made these difficult reductions because MCPS has the best staff in public education. But we are at a crucial point and I fear that further cuts to our people and our programs will begin to undo the progress we have made during the past 11 years.

As we begin the budget process, there are many unanswered questions: state and federal funding levels have not been set and may be impacted by the continuing economic downturn. The possibility of changes to the way that teacher pensions are funded also looms on the horizon. To that end, I ask that the Board move this budget recommendation forward. It is the right thing to do for the students of Montgomery County.

Finally, as we have in past years, we once again built this budget recommendation in collaborative partnership with our three employee associations—The Montgomery County Education Association (MCEA), the Montgomery County Association of Administrators and Principals (MCAAP), and SEIU Local 500, which represents our outstanding support and service staff—and the leadership of the Montgomery County Council of PTAs (MCCPTA). I would like to thank them for their role in putting forth a responsible budget for the children of Montgomery County.

Respectfully,

A handwritten signature in black ink, appearing to read "J. Weast", with a long horizontal flourish extending to the right.

Jerry D. Weast, Ed.D.  
Superintendent of Schools



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**TABLE 1**  
**SUMMARY OF RESOURCES**  
**BY OBJECT OF EXPENDITURE**

OBJECT OF EXPENDITURE	FY 2010 ACTUAL	FY 2011 BUDGET	FY 2011 CURRENT	FY 2012 BUDGET	FY 2012 CHANGE
<b>POSITIONS</b>					
Administrative	717,000	701,200	702,200	705,000	2,800
Business/Operations Admin.	94,000	94,000	94,000	94,000	
Professional	11,915,500	11,732,280	11,733,280	11,885,430	152,150
Supporting Services	8,224,415	8,216,203	8,221,203	8,227,736	6,533
<b>TOTAL POSITIONS</b>	<b>20,950,915</b>	<b>20,743,683</b>	<b>20,750,683</b>	<b>20,912,166</b>	<b>161,483</b>
<b>01 SALARIES &amp; WAGES</b>					
Administrative	\$89,770,560	\$88,738,366	\$88,828,173	\$89,246,953	\$418,780
Business/Operations Admin.	8,564,618	8,910,149	8,910,149	8,866,355	(43,794)
Professional	919,636,615	911,675,893	911,818,386	926,076,976	14,258,590
Supporting Services	337,492,615	339,231,929	339,458,721	343,491,953	4,033,232
<b>TOTAL POSITION DOLLARS</b>	<b>1,355,464,408</b>	<b>1,348,556,337</b>	<b>1,349,015,429</b>	<b>1,367,682,237</b>	<b>18,666,808</b>
<b>OTHER SALARIES</b>					
Administrative	754,186	497,576	497,576	697,576	200,000
Professional	50,692,543	57,029,835	56,914,231	53,249,489	(3,664,742)
Supporting Services	22,930,579	21,312,571	21,139,842	20,941,148	(198,694)
<b>TOTAL OTHER SALARIES</b>	<b>74,377,308</b>	<b>78,839,982</b>	<b>78,551,649</b>	<b>74,888,213</b>	<b>(3,663,436)</b>
<b>TOTAL SALARIES AND WAGES</b>	<b>1,429,841,716</b>	<b>1,427,396,319</b>	<b>1,427,567,078</b>	<b>1,442,570,450</b>	<b>15,003,372</b>
<b>02 CONTRACTUAL SERVICES</b>	<b>24,819,484</b>	<b>27,015,492</b>	<b>27,076,044</b>	<b>25,879,769</b>	<b>(1,196,275)</b>
<b>03 SUPPLIES &amp; MATERIALS</b>	<b>61,932,324</b>	<b>64,626,127</b>	<b>64,705,327</b>	<b>64,440,778</b>	<b>(264,549)</b>
<b>04 OTHER</b>					
Staff Dev & Travel	2,734,645	3,356,900	3,356,686	3,260,183	(96,503)
Insur & Fixed Charges	444,635,618	467,718,706	467,547,074	511,510,320	43,963,246
Utilities	44,348,956	43,097,838	43,029,338	44,964,178	1,934,840
Grants & Other	55,625,670	55,165,058	55,231,145	56,966,466	1,735,321
<b>TOTAL OTHER</b>	<b>547,344,889</b>	<b>569,338,502</b>	<b>569,164,243</b>	<b>616,701,147</b>	<b>47,536,904</b>
<b>05 EQUIPMENT</b>	<b>15,028,588</b>	<b>15,811,600</b>	<b>15,675,348</b>	<b>14,185,919</b>	<b>(1,489,429)</b>
<b>GRAND TOTAL AMOUNTS</b>	<b>\$2,078,967,001</b>	<b>\$2,104,188,040</b>	<b>\$2,104,188,040</b>	<b>\$2,163,778,063</b>	<b>\$59,590,023</b>

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>FY 2011 OPERATING BUDGET</b>	<b>\$2,104.2</b>	<b>REDUCTIONS</b>	
		<b>Central Services:</b>	
<b>ENROLLMENT CHANGES</b>		Office of School Performance	(0.2)
Elementary/Secondary	13.0	Office of the Deputy Superintendent of Schools	(0.1)
Special Education	3.3	Office of Curriculum and Instructional Programs	(0.7)
ESOL	0.9	Office of Special Education and Student Services	(0.3)
<b>Subtotal</b>	<b>\$17.2</b>	Office of the Chief Operating Officer	(1.2)
		Office of the Chief Technology Officer	(0.7)
		Office of Human Resources and Development	(0.5)
		Office of the Superintendent of Schools	(0.1)
<b>NEW SCHOOLS/SPACE</b>	<b>\$0.9</b>	<b>Support Operations:</b>	
		Utilities - Peak Load Management	(1.2)
		Transportation - Seek Waiver of 25 Buses; Route Efficiency	(0.9)
<b>EMPLOYEE SALARIES - CONTINUING SALARIES</b>		<b>Other:</b>	
<b>COSTS FOR CURRENT EMPLOYEES (including benefits)</b>	<b>\$14.6</b>	Elementary School Improvement Planning Funds	(0.1)
		<b>Subtotal</b>	<b>(\$6.0)</b>
<b>EMPLOYEE BENEFITS AND INSURANCE</b>		<b>OTHER - Prefunding of Retiree Health Benefits</b>	<b>6.0</b>
Employee Benefits Plan (active)	12.9		
Employee Benefits Plan (retired)	5.7	<b>FY 2012 BUDGET</b>	<b>\$2,163.8</b>
Retirement	11.5	<b>FY 2010- FY 2011 CHANGE</b>	<b>\$59.6</b>
FICA/Self-Insurance/Workers' Compensation	2.9	Less Enterprise funds	(56.7)
<b>Subtotal</b>	<b>\$33.0</b>	Less Grants	(75.0)
<b>INFLATION AND OTHER</b>		<b>SPENDING AFFORDABILITY BUDGET</b>	<b>\$2,032.1</b>
Textbooks, Instructional and Media Materials	0.6		
Utilities	2.8	<b>REVENUE INCREASE BY SOURCE</b>	
Special Education Including Non-public Tuition	2.1	Local	82.1
Transportation	1.5	State	27.5
Facilities/Plant Operations/Maintenance	0.7	Federal	(53.6)
Technology	0.5	Other	(1.4)
ARRA Grants	(13.7)	Fund Balance	4.4
Other Grant Projects - Revenue Changes	(0.7)	Enterprise	0.6
Other	0.1	<b>TOTAL REVENUE INCREASE</b>	<b>\$59.6</b>
<b>Subtotal</b>	<b>(\$6.1)</b>		

**TABLE 2  
BUDGET REVENUE BY SOURCE**

<b>SOURCE</b>	<b>FY 2010 ACTUAL</b>	<b>FY 2011 BUDGET</b>	<b>FY 2011 CURRENT</b>	<b>FY 2012 ESTIMATED</b>
<b>CURRENT FUND</b>				
<b>From the County:</b>	\$ 1,428,500,970	\$1,415,085,344	\$1,415,085,344	\$1,497,190,404
<b>From the State:</b>				
Bridge to Excellence				
Foundation Grant	223,603,678	264,653,233	264,653,233	286,060,830
Supplemental Grant				
Limited English Proficient	42,741,912	43,826,987	43,826,987	43,826,987
Compensatory Education	88,497,924	94,625,835	94,625,835	100,517,192
Students with Disabilities - Formula	32,534,697	33,485,077	33,485,077	33,485,077
Students with Disabilities - Reimbursement	10,704,742	10,704,742	10,704,742	10,842,176
Transportation	31,266,432	31,038,830	31,038,830	31,038,830
Miscellaneous	273,727	750,000	750,000	750,000
Geographic Cost of Education Index	9,841,663	9,538,130	9,538,130	9,538,130
Programs financed through State Grants	2,363,295			
Total from the State	441,828,070	488,622,834	488,622,834	516,059,222
<b>From the Federal Government:</b>				
Impact Aid	229,218	245,000	245,000	245,000
Programs financed through Federal Grants	120,775,845	118,802,528	118,812,183	65,313,362
Total from the Federal Government	121,005,063	119,047,528	119,057,183	65,558,362
<b>From Other Sources:</b>				
Tuition and Fees				
D.C. Welfare	337,468	250,000	250,000	270,000
Nonresident Pupils	422,884	925,000	925,000	750,000
Summer School	1,896,222	1,982,536	1,982,536	1,281,148
Outdoor Education	429,884	496,905	496,905	574,560
Student Activities Fee	702,841	795,000	795,000	690,000
Hospital Teaching	241,297	240,127	240,127	254,733
Miscellaneous	1,242,202	900,000	900,000	160,000
Programs financed through Private Grants	8,991,083	9,422,091	9,412,436	9,652,563
Total from Other Sources	14,263,881	15,011,659	15,002,004	13,633,004
Fund Balance	44,200,000	10,300,000	10,300,000	14,677,655
Total Current Fund	2,049,797,984	2,048,067,365	2,048,067,365	2,107,118,647
<b>ENTERPRISE &amp; SPECIAL FUNDS</b>				
<b>School Food Service Fund:</b>				
State	1,004,518	1,067,287	1,067,287	1,067,287
National School Lunch, Special Milk and Free Lunch Programs	20,354,898	18,746,883	18,746,883	18,746,883
Child Care Food Program	1,085,248	700,000	700,000	700,000
Sale of Meals and other	21,118,221	26,526,084	26,526,084	26,511,165
Total School Food Service Fund	43,562,885	47,040,254	47,040,254	47,025,335

**TABLE 2  
BUDGET REVENUE BY SOURCE**

<b>SOURCE</b>	<b>FY 2010 ACTUAL</b>	<b>FY 2011 BUDGET</b>	<b>FY 2011 CURRENT</b>	<b>FY 2012 ESTIMATED</b>
<b>Real Estate Management Fund:</b>				
Rental fees	2,667,604	3,071,095	3,071,095	3,266,430
Total Real Estate Management Fund	2,667,604	3,071,095	3,071,095	3,266,430
<b>Field Trip Fund:</b>				
Fees	1,543,871	2,354,716	2,354,716	2,122,819
Total Field Trip Fund	1,543,871	2,354,716	2,354,716	2,122,819
<b>Entrepreneurial Activities Fund:</b>				
Fees	1,849,158	2,164,100	2,164,100	2,694,158
Total Entrepreneurial Activities Fund	1,849,158	2,164,100	2,164,100	2,694,158
Total Enterprise Funds	49,623,518	54,630,165	54,630,165	55,108,742
<b>Instructional Television Special Revenue Fund:</b>				
Cable Television Plan	1,581,510	1,490,510	1,490,510	1,550,674
Total Instructional Special Revenue Fund	1,581,510	1,490,510	1,490,510	1,550,674
<b>GRAND TOTAL</b>	<b>\$2,101,003,012</b>	<b>\$2,104,188,040</b>	<b>\$2,104,188,040</b>	<b>\$2,163,778,063</b>

<b>Tax - Supported Budget</b>	<b>FY 2010 ACTUAL</b>	<b>FY 2011 BUDGET</b>	<b>FY 2011 CURRENT</b>	<b>FY 2012 ESTIMATED</b>
Grand Total	\$2,101,003,012	\$2,104,188,040	\$2,104,188,040	\$2,163,778,063
<b>Less:</b>				
Grants	(132,130,223)	(128,224,619)	(128,224,619)	(74,965,925)
Enterprise Funds	(49,623,518)	(54,630,165)	(54,630,165)	(55,108,742)
Special Revenue Fund	(1,581,510)	(1,490,510)	(1,490,510)	(1,550,674)
<b>Grand Total - Tax-Supported Budget</b>	<b>\$1,917,667,761</b>	<b>\$1,919,842,746</b>	<b>\$1,919,842,746</b>	<b>\$2,032,152,722</b>

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

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

<b>Program Name and Source of Funding</b>	<b>FY 2010 ACTUAL</b>	<b>FY 2011 BUDGET</b>	<b>FY 2011 CURRENT</b>	<b>FY 2012 ESTIMATED</b>
<u><b>Budgeted</b></u>				
<b>FEDERAL AID: NO CHILD LEFT BEHIND (NCLB)</b>				
<b>Title I - A (941/949)</b>	\$ 19,813,177	\$ 17,776,299	\$ 17,776,299	\$ 18,040,997
<b>Title I - A (ARRA) (941/949)</b>	5,915,321	5,906,005	5,906,005	
<b>Subtotal</b>	25,728,498	23,682,304	23,682,304	18,040,997
<b>Title I - D</b>				
Neglected and Delinquent Youth (937)	150,733	166,875	166,875	191,957
<b>Total Title I</b>	<b>25,879,231</b>	<b>23,849,179</b>	<b>23,849,179</b>	<b>18,232,954</b>
<b>Title II - A</b>				
Skillful Teacher Program (915)	521,940	604,923	604,923	604,923
Consulting Teachers (961)	3,596,158	3,524,474	3,530,698	3,448,908
Staff Development Team (960)		279,219	279,219	361,009
<b>Subtotal</b>	4,118,098	4,408,616	4,414,840	4,414,840
<b>Title II - D</b>				
Enhancing Education through Technology (918)	189,322	154,242	154,242	-
<b>Total Title II</b>	<b>4,307,420</b>	<b>4,562,858</b>	<b>4,569,082</b>	<b>4,414,840</b>
<b>Title III</b>				
Limited English Proficiency (927)	<b>3,208,282</b>	<b>3,388,305</b>	<b>3,388,305</b>	<b>3,388,305</b>
<b>Title IV</b>				
Safe & Drug Free Schools & Communities Act (926)	<b>568,636</b>	-	-	-
<b>Title V</b>				
Innovative Educational Programs (997)	<b>114,821</b>	-	-	-
<b>Title VII</b>				
American Indian Education (903)	<b>21,751</b>	<b>23,685</b>	<b>29,028</b>	<b>29,028</b>
<b>SUBTOTAL</b>	<b>34,100,141</b>	<b>31,824,027</b>	<b>31,835,594</b>	<b>26,065,127</b>
<b>OTHER FEDERAL, STATE, AND LOCAL AID</b>				
State Fiscal Stabilization Fund (SFSF) (901) Federal (ARRA)	<b>27,844,286</b>	<b>31,261,214</b>	<b>31,261,214</b>	-
Head Start Child Development (932) Federal	<b>3,374,329</b>	<b>3,435,318</b>	<b>3,433,406</b>	<b>3,433,406</b>
Individuals with Disabilities Education (907/913/963/964/ 965/966/967) Federal	29,063,581	29,673,104	29,673,104	29,160,564
Federal (ARRA)	14,301,894	16,488,837	16,488,837	-
<b>Subtotal</b>	<b>43,365,475</b>	<b>46,161,941</b>	<b>46,161,941</b>	<b>29,160,564</b>
Infants and Toddlers (930) Federal	<b>776,463</b>	<b>928,528</b>	<b>928,528</b>	<b>974,844</b>

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

<b>Program Name and Source of Funding</b>	<b>FY 2010 ACTUAL</b>	<b>FY 2011 BUDGET</b>	<b>FY 2011 CURRENT</b>	<b>FY 2012 ESTIMATED</b>
Medical Assistance Program (939) Federal	4,519,801	3,881,982	3,881,982	4,364,436
National Institutes of Health (NIH) (908) Other				254,733
Provision for Future Supported Projects (999) Other	8,991,083	9,422,091	9,412,436	9,397,830
Carl D. Perkins Career & Technical Ed. Improvement (951) Federal	1,056,691	1,309,518	1,309,518	1,314,985
County	379,794	249,464	249,464	249,464
<b>Subtotal</b>	<b>1,436,485</b>	<b>1,558,982</b>	<b>1,558,982</b>	<b>1,564,449</b>
<b>SUBTOTAL</b>	<b>90,307,922</b>	<b>96,650,056</b>	<b>96,638,489</b>	<b>49,150,262</b>
<b>TOTAL</b>	<b>\$ 124,408,063</b>	<b>\$ 128,474,083</b>	<b>\$ 128,474,083</b>	<b>\$ 75,215,389</b>

<b>Summary of Funding Sources</b>				
Federal	\$ 115,037,186	\$ 118,802,528	\$ 118,812,183	\$ 65,313,362
State				
County	379,794	249,464	249,464	249,464
Other	8,991,083	9,422,091	9,412,436	9,652,563
<b>GRAND TOTAL</b>	<b>\$ 124,408,063</b>	<b>\$ 128,474,083</b>	<b>\$ 128,474,083</b>	<b>\$ 75,215,389</b>

<b>FOR INFORMATION ONLY</b>			
<b>Non-Budgeted Grants Received as of November 30, 2010 - Continuation is Dependent on Future Funding</b>			
Homeless Children and Youth			\$ 130,000
Youth in Natural Resources - Dept. of Interior			1,153
Perkins - Career and Technology Education			32,656
IDEA - Alternative Maryland School Assessment			29,954
IDEA - Adequate Yearly Progress (AYP)			91,250
IDEA - Transition			44,564
IDEA - Early Childhood Links (EC)			75,500
IDEA - Least Restrictive Environment (LRE)			98,572
IDEA - Emotionally Disabled (ED)			62,000
Education Cluster Model (thru DHHS)			172,050
ARRA - Infants and Toddlers			1,023,843
<b>SUBTOTAL FEDERAL FUNDING</b>			<b>1,761,542</b>
Science, Technology, Engineering, and Mathematics (STEM)			104,079
Maryland Model for School Readiness (MMSR) Program			88,082
Judith Hoyer Childcare & Education (Judy Centers)			524,988
Fine Arts			33,555
<b>SUBTOTAL STATE FUNDING</b>			<b>750,704</b>
Mid-Atlantic Dairy Association			200,000
National Institute of Standards and Technology Project			14,000
National Defense Education Program			30,000
Learn and Serve America			21,869
Howard Hughes Medical Institute			545,000
<b>SUBTOTAL OTHER</b>			<b>810,869</b>
<b>TOTAL</b>			<b>\$ 3,323,115</b>

**TABLE 4  
SUMMARY OF STUDENT ENROLLMENT - FY 2009 THROUGH FY 2012**

DESCRIPTION	(1) FY 2009 ACTUAL 9/30/2008	(2) FY 2010 ACTUAL 9/30/2009	(3) FY 2011 ACTUAL 10/30/2010	(4) FY 2011 BUDGET 10/30/2009	(5) FY 2012 BUDGET 10/30/2010	CHANGE COLUMN (5) LESS COLUMN (4)	
						#	%
<b>ENROLLMENT</b>							
PRE-KINDERGARTEN	1,878	1,973	1,965	2,025	2,025		
HEAD START	618	618	618	618	618		
KINDERGARTEN	10,250	10,605	10,917	10,575	11,075	500	4.7
GRADES 1-5	49,892	51,399	53,281	53,006	54,802	1,796	3.4
<b>SUBTOTAL ELEMENTARY</b>	<b>62,638</b>	<b>64,595</b>	<b>66,781</b>	<b>66,224</b>	<b>68,520</b>	<b>2,296</b>	<b>3.5</b>
GRADES 6-8	30,871	30,890	30,754	30,532	31,097	565	1.9
<b>SUBTOTAL MIDDLE</b>	<b>30,871</b>	<b>30,890</b>	<b>30,754</b>	<b>30,532</b>	<b>31,097</b>	<b>565</b>	<b>1.9</b>
GRADES 9-12	44,240	44,580	44,807	44,386	44,894	508	1.1
<b>SUBTOTAL HIGH</b>	<b>44,240</b>	<b>44,580</b>	<b>44,807</b>	<b>44,386</b>	<b>44,894</b>	<b>508</b>	<b>1.1</b>
<b>SUBTOTAL PRE-K - GRADE 12</b>	<b>137,749</b>	<b>140,065</b>	<b>142,342</b>	<b>141,142</b>	<b>144,511</b>	<b>3,369</b>	<b>2.4</b>
<b>SPECIAL EDUCATION</b>							
PRE-KINDERGARTEN	639	825	929	1,230	1,250	20	1.6
SPECIAL CENTERS	511	514	463	462	463	1	0.2
<b>SUBTOTAL SPECIAL EDUCATION</b>	<b>1,150</b>	<b>1,339</b>	<b>1,392</b>	<b>1,692</b>	<b>1,713</b>	<b>21</b>	<b>1.2</b>
<b>ALTERNATIVE PROGRAMS</b>	<b>179</b>	<b>219</b>	<b>213</b>	<b>225</b>	<b>225</b>		
<b>GATEWAY TO COLLEGE</b>	<b>198</b>	<b>154</b>	<b>117</b>	<b>250</b>	<b>200</b>	<b>(50)</b>	<b>(20.0)</b>
<b>GRAND TOTAL</b>	<b>139,276</b>	<b>141,777</b>	<b>144,064</b>	<b>143,309</b>	<b>146,649</b>	<b>3,340</b>	<b>2.3</b>

SOURCE: Projected enrollment by the Division of Long-range Planning

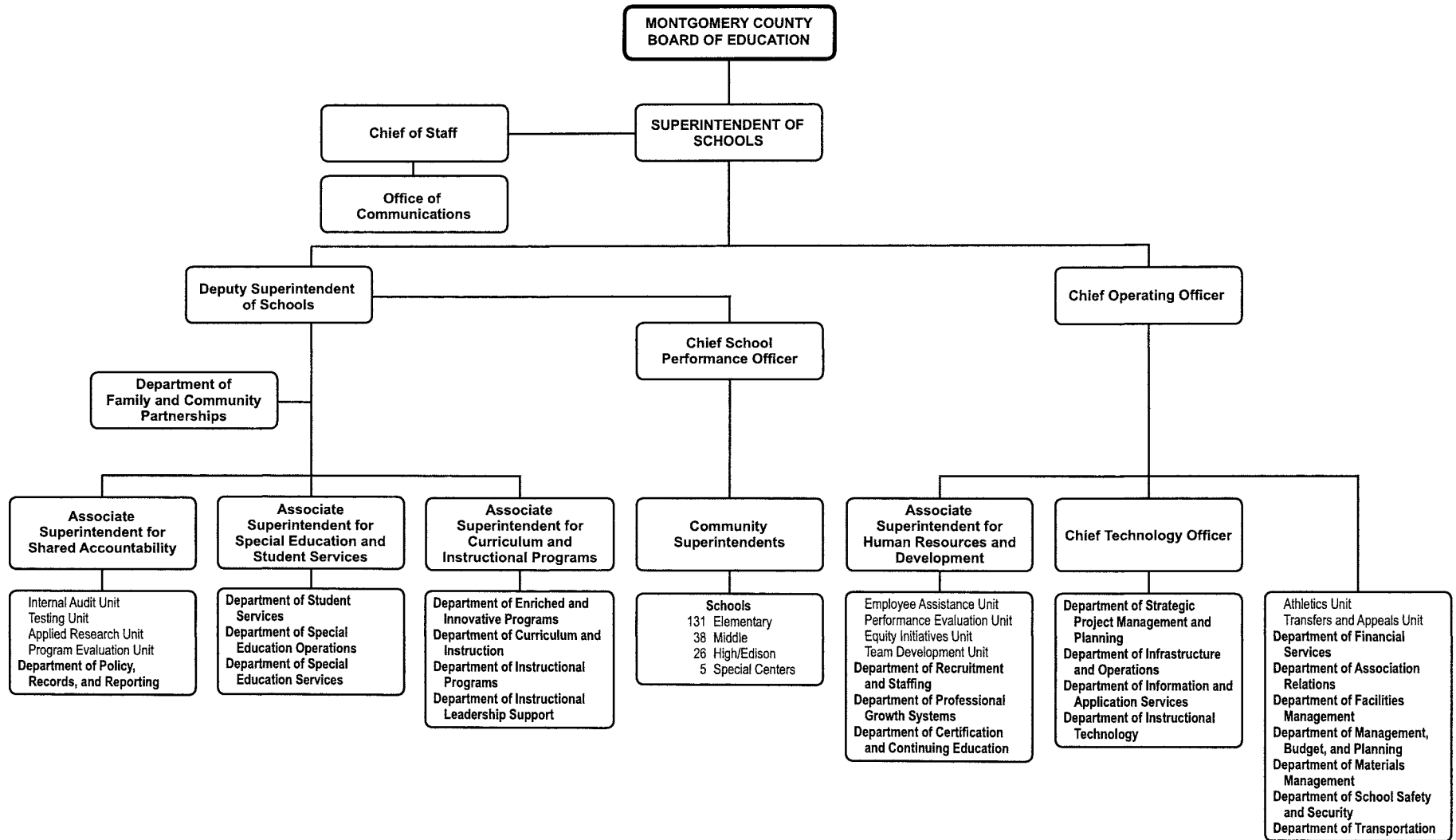
NOTE: Grade enrollments for FY 2009 - FY 2012 include special education students

**TABLE 5  
ALLOCATION OF STAFFING**

POSITIONS	CURRENT FY 2011	BUDGET FY 2012	CHANGE
Executive	17.000	17.000	-
Administrative	201.200	202.000	0.800
Business/Operations Administrator	94.000	94.000	-
Other Professional	198.500	194.200	(4.300)
Principal/Assistant Principal	484.000	486.000	2.000
Teacher	10,240.670	10,395.120	154.450
Special Education Specialist	479.600	483.100	3.500
Media Specialist	197.500	197.500	-
Counselor	461.000	460.000	(1.000)
Psychologist	96.205	95.705	(0.500)
Social Worker	14.805	14.805	-
Pupil Personnel Worker	45.000	45.000	-
Instructional Aide and Assistant	2,413.430	2,409.363	(4.067)
Secretarial/Clerical/Data Support	746.950	745.050	(1.900)
IT Systems Specialist	143.000	140.000	(3.000)
Security	224.000	224.000	-
Cafeteria	556.448	556.448	-
Building Services	1,318.200	1,335.200	17.000
Facilities Management/Maintenance	343.500	347.500	4.000
Supply/Property Management	52.500	51.500	(1.000)
Transportation	1,695.000	1,685.900	(9.100)
Other Support Personnel	728.175	732.770	4.595
<b>TOTAL</b>	<b>20,750.683</b>	<b>20,912.161</b>	<b>161.478</b>



# MONTGOMERY COUNTY PUBLIC SCHOOLS FY 2012 ORGANIZATION



## **SUMMARY OF NEGOTIATIONS**

During FY 2010, the Board of Education reached agreement on four-year contracts with all four bargaining units. All contracts will expire June 30, 2014. The bargaining units are the Montgomery County Education Association (MCEA), representing certificated non-administrative employees; SEIU Local 500, representing supporting services employees; and the Montgomery County Education Association of Administrators and Principals (MCAAP/MCBOA), representing certificated administrators and non-certificated supervisory employees in separate units. The two MCAAP unit contracts are contained in a single document covering both units.

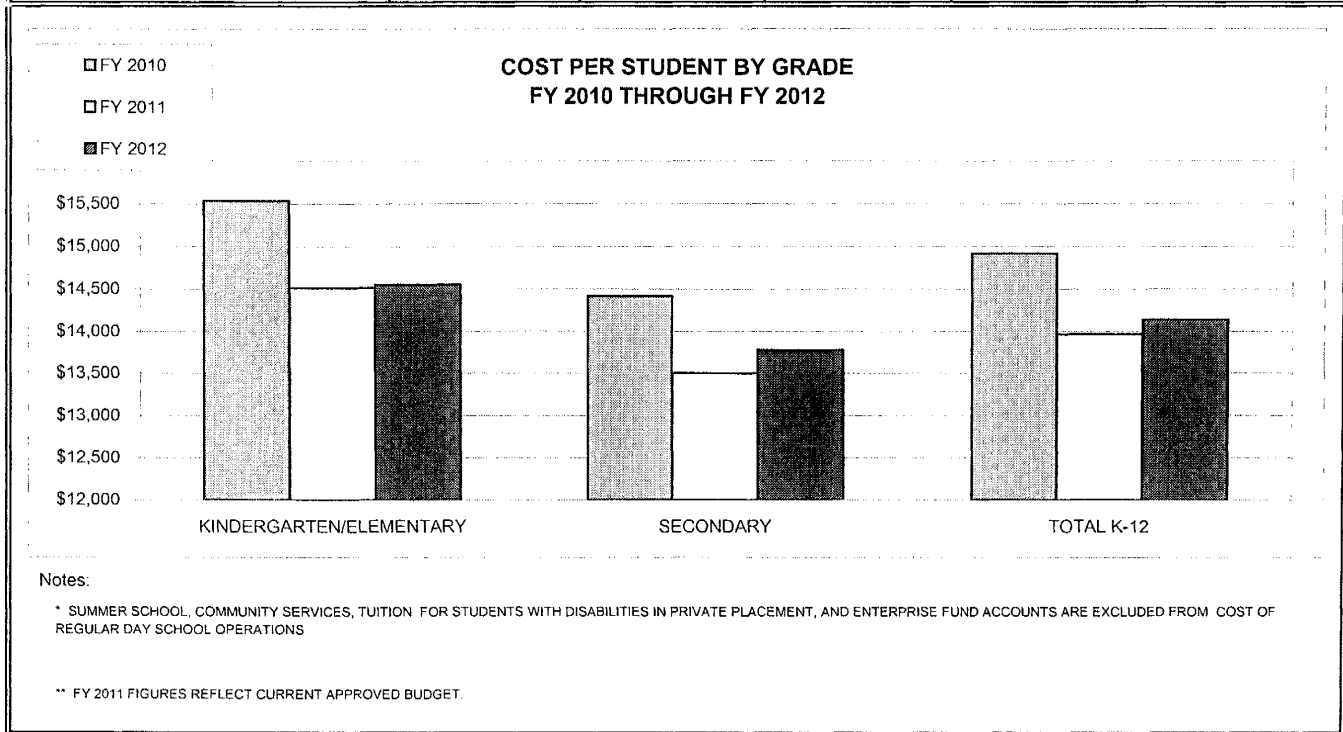
The contracts all provide for no step increases and no cost-of-living adjustments. All contracts provide for reopened negotiations on economic provisions during each of the next three years, and up to two additional Articles of the Agreement during the second year of the Agreements. In addition, all contracts provide for reopened negotiations if the County Government provides higher compensation or other economic benefits for any of its employee organizations during the term of the Agreements, unless the Board is able to match such increases for school system employees.

During FY 2010, the bargaining groups agreed to participate in joint negotiations regarding benefits for the term of the Agreements.

The District is in negotiations with all groups regarding wages effective July 1, 2011, and the District contributions for insurance benefit plans.

## COST PER STUDENT BY GRADE SPAN

	KINDERGARTEN/ ELEMENTARY	SECONDARY	TOTAL K-12	AMOUNT EXCLUDED*	TOTAL BUDGET**
<b>FY 2010 ACTUAL</b>					
EXPENDITURES	\$965,419,538	\$1,089,391,977	\$2,054,811,515	146,115,485	2,200,927,000
STUDENTS 9/30/09 (ACTUAL)	62,162	75,565	137,727		
COST PER STUDENT	\$15,531	\$14,417	\$14,919		
<b>FY 2011 BUDGET</b>					
EXPENDITURES	\$934,138,474	\$1,026,467,933	\$1,960,606,407	143,581,633	\$2,104,188,040
STUDENTS 9/30/10 (CURRENT)	64,355	76,040	140,395		
COST PER STUDENT	\$14,515	\$13,499	\$13,965		
<b>FY 2012 BUDGET</b>					
EXPENDITURES	\$960,653,520	\$1,054,520,429	\$2,015,173,949	148,604,114	\$2,163,778,063
STUDENTS 9/30/11 (PROJECTED)	66,017	76,539	142,556		
COST PER STUDENT	\$14,552	\$13,778	\$14,136		



**EXPENDITURES BY STATE BUDGET CATEGORY**

<b>State Budget Category</b>	<b>Actual FY 2010</b>	<b>Current FY 2011</b>	<b>Budget FY 2012</b>	<b>Percent Change</b>	<b>Percent of Total</b>
<b>Instruction:</b>					
2 - Mid-Level Administration	\$ 133,792,339	\$ 138,804,115	\$ 139,404,916	0.4%	6.4%
3 - Instructional Salaries	849,247,843	834,965,124	846,863,049	1.4%	39.1%
4 - Textbook and Instructional Supplies	26,677,307	24,901,955	25,278,498	1.5%	1.2%
5 - Other Instructional Costs	12,294,214	14,373,591	14,120,248	-1.8%	0.7%
6 - Special Education	273,314,204	279,348,138	280,336,383	0.4%	13.0%
<b>Subtotal</b>	<b>1,295,325,907</b>	<b>1,292,392,923</b>	<b>1,306,003,094</b>	<b>1.1%</b>	<b>60.4%</b>
<b>School and Student Services:</b>					
7 - Student Personnel Services	11,235,229	11,201,334	11,328,291	1.1%	0.5%
8 - Health Services	38,695	44,590	54,670	22.6%	0.0%
9 - Student Transportation	91,338,882	93,946,059	93,643,985	-0.3%	4.3%
10 - Operation of Plant and Equipment	115,670,928	115,000,527	116,587,792	1.4%	5.4%
11 - Maintenance of Plant	34,622,989	33,015,967	33,666,617	2.0%	1.6%
<b>Subtotal</b>	<b>252,906,723</b>	<b>253,208,477</b>	<b>255,281,355</b>	<b>0.8%</b>	<b>11.8%</b>
<b>Other:</b>					
12 - Fixed Charges	441,905,166	463,110,588	506,129,409	9.3%	23.4%
1 - Administration	40,185,494	39,146,882	39,496,294	0.9%	1.8%
14 - Community Services	194,727	208,495	208,495	0.0%	0.0%
<b>Subtotal</b>	<b>482,285,387</b>	<b>502,465,965</b>	<b>545,834,198</b>	<b>8.6%</b>	<b>25.2%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 2,030,518,017</b>	<b>\$ 2,048,067,365</b>	<b>\$ 2,107,118,647</b>	<b>2.9%</b>	<b>97.4%</b>
<b>Special and Enterprise Funds:</b>					
37 - Instructional Television Special Revenue Fund	1,236,738	1,490,510	1,550,674	4.0%	0.1%
51 - Real Estate Fund	2,578,753	3,071,095	3,266,430	6.4%	0.2%
61 - Food Services Fund	40,957,859	47,040,254	47,025,335	0.0%	2.2%
71 - Field Trip Fund	1,697,580	2,354,716	2,122,819	-9.8%	0.1%
81 - Entrepreneurial Fund	1,978,054	2,164,100	2,694,158	24.5%	0.1%
<b>TOTAL SPECIAL AND ENTERPRISE FUNDS</b>	<b>\$ 48,448,984</b>	<b>\$ 56,120,675</b>	<b>\$ 56,659,416</b>	<b>1.0%</b>	<b>2.6%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,078,967,001</b>	<b>\$ 2,104,188,040</b>	<b>\$ 2,163,778,063</b>	<b>2.8%</b>	<b>100.0%</b>

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Operating Budget Summary

The Superintendent's FY 2012 Recommended Operating Budget for the Montgomery County Public Schools (MCPS) totals \$2,163,778,063. This is an increase of \$59,590,023 (2.8 percent) more than the current FY 2011 Operating Budget of \$2,104,188,040. Excluding grants and enterprise funds, the superintendent's FY 2012 budget recommendation for the purpose of spending affordability is \$2,032,152,722. This is \$112,309,976 (5.8 percent) more than the current FY 2011 Operating Budget of \$1,919,842,746. The FY 2012 Recommended Operating Budget includes a local contribution at the minimum state Maintenance of Effort (MOE) level. The Board of Education is required by state law to request a local contribution of at least the MOE amount.

Below are details of major elements that will change the MCPS operating budget in FY 2012. The reasons that an operating budget at the recommended amount is needed are as follows:

#### Expenditures

- Enrollment Increase – A total of \$17.2 million is needed for projected student enrollment increases. Approximately 180 additional positions are required for 3,340 additional students projected for FY 2012, at a cost of \$13.0 million, compared with the FY 2011 approved operating budget. About 800 students of the 3,340 increase in enrollment reflect actual FY 2011 enrollment that exceeds budgeted projections.
- Special Education—An additional \$3.3 million is needed for changes in special education enrollment, including \$1.6 million for 23 additional school-based positions and other costs, and \$1.7 million for additional students projected to attend non-public schools. MCPS receives added state reimbursement for these students.
- ESOL—An additional \$901,000 is required for growth of 750 ESOL students, part of overall enrollment growth.
- New Schools/space—A net increase of \$861,000 is needed for 17.0 additional building service worker positions for 300,000 square feet of space to be added in FY 2012, offset by elimination of funds in the FY 2011 budget for the completion of the opening of the William B. Gibbs, Jr. Elementary School.
- Continuing Salaries—A total of \$14.6 million will be added to the budget for continuing salaries, including steps and longevity increases for current employees, other salary adjustments, and a net reduction for projected salary lapse and turnover savings. For the first time, no increments were included in the FY 2011 Operating Budget.
- Employee Benefits—The cost of employee benefits and insurance for current and retired employees will add \$33.0 million to the budget, including \$12.9 million for the increased cost of health and life insurance for current employees, \$5.7 million for the increased cost

of health insurance for retired employees, \$11.5 million for increased retirement contributions, \$0.5 million for social security payments, and \$2.4 million for the added cost of self-insurance, including worker's compensation, as part of the county's Risk Management Fund.

- **Inflation and Other Expenditures**—The effects of inflation and other required expenditures will add a total of \$8.3 million, including \$2.8 million for utilities costs, mainly resulting from an increase in the county Energy Tax; \$2.1 million in rate increases for special education, including tuition for special education students in non-public placement; \$1.5 million to replace 138 school buses that have reached the end of their allowed use; \$0.7 million for the higher costs of textbooks and instructional materials; \$0.7 million for higher building maintenance costs; and \$0.5 million to replace aging information technology systems for student course scheduling and library circulation.
- **Federal Aid**—Expenditures paid for in FY 2011 with temporary federal stimulus aid totaling \$40.0 million must be continued with local funding in FY 2012. This includes \$31.3 million in federal stabilization funds used for electricity and natural gas costs that avoided reductions in instructional positions, \$6.7 million in special education programs that must be continued to avoid damaging service cuts, and \$2.0 million used to support the Reading Recovery program and the Middle School Extended Day/Extended Year program. As a result, there is a net reduction of \$13.7 million in the budget, including \$5.9 million in Title I funds and \$7.4 million in temporary funding for the *Individuals with Disabilities Education Act* (IDEA) for special education and \$0.4 million in other ARRA funding.

## **Budget Reductions**

Over the last three years the operating budget has been reduced by more than \$135 million and one-time savings totaling more than \$52 million have been made through a hiring freeze and comprehensive expenditure restrictions. Employees also agreed to forego a negotiated general wage increase in FY 2010, saving \$89 million, general wage increases in FY 2011, and for the first time, salary increments (steps and longevity increases) savings of \$26 million. The three-year total of reductions is more than \$300 million. In FY 2012, budget reductions include 21.7 positions and \$6.0 million all from central and support services.

## **Revenue**

- **Local Contribution**—State law requires local contribution at the same amount per student as in previous years, the Maintenance of Effort (MOE) level. For FY 2012, this amount is \$10,664 per student, the same amount per student as the local contribution in FY 2010, not including debt service reimbursement. In order to reach this amount for FY 2012, an increase from the FY 2011 contribution of \$10,244 per student, the local contribution must increase by \$34.9 million.
- MOE also increases for FY 2012 because of the enrollment increase in FY 2011. Since FY 2010, full-time equivalent enrollment is estimated to have increased by 4,423 students, based on official September 30 enrollment. Based on the MOE level of \$10,664

per student, the county will have to increase the local contribution by an additional \$47.2 million, for a total MOE increase of \$82.1 million.

- **State Aid**—State aid is expected to increase by \$14 million just for increased enrollment for basic Foundation aid. The Foundation aid formula also is driven by relative property and income wealth. These figures are not yet available. Preliminary state aid estimates for FY 2012 may not be available until January 2011. Based on the experience of past years and preliminary information from the Department of Assessments and Taxation about local property tax assessments, it is expected that state aid will increase by a total of about \$27.4 million. If the county fails to make a local contribution at MOE and does not receive a waiver, it is possible that MCPS could face a penalty of up to \$27 million in the loss of increased state aid.
- **Federal Aid**—Federal stimulus aid totaling \$53.7 million included in the FY 2011 MCPS Operating Budget will end after FY 2011. This amount includes \$31.3 million in federal stabilization (unrestricted) funds, \$16.5 million for special education, and \$5.9 million for Title I. Some of this federal revenue was used for one-time expenditures, but \$40.0 million must be replaced by local funding within the MOE requirement to continue mission-critical activities. The other \$13.7 million will be cut from the FY 2012 Operating Budget. The details are described above.
- **Fund Balance**—The FY 2011 Operating Budget includes \$10.3 million of fund balance from FY 2010 savings. An additional \$19.7 million in FY 2010 savings was returned to the county to bolster the county's end-of-year fund balance. The \$10.3 million will be replaced from FY 2011 savings resulting from the hiring freeze and comprehensive expenditure restrictions implemented on October 12, 2010. In addition, MCPS expects to receive \$4.4 million in federal aid through the Education Jobs Fund (EJF). This FY 2011 revenue may be spent for school-based employee salaries or benefits through FY 2012. If these funds are used to increase the end-of-year fund balance in FY 2011, total fund balance available for FY 2012 will total \$14.7 million.

### **Other Budget Assumptions**

- **OPEB**—No contributions to the Retiree Health Trust Fund for Other Post-Employment Benefits (OPEB) have been made for the past two years. To return to the schedule for an eight-year phase-in of contributions results in an addition of approximately \$55 million for year five of the eight-year plan. This amount is subject to change based on the upcoming actuarial valuation of the Trust Fund. A final decision on funding will be made by the County Council for all county agencies. Pending that decision, \$6.0 million is included at this time in FY 2012 projections. If other revenue estimates are not realized, it may not be possible to afford OPEB contributions in FY 2012. The county fiscal plan assumes the phase-in of contributions, but it is considered as a separate item from agency budgets. The county fiscal plan also assumes the possibility of funding OPEB contributions from revenue windfalls or expenditure savings.
- **GCEI**—The Geographic Cost of Education Index (GCEI) provides MCPS with a 3.4 percent addition to state Foundation aid. It provides assistance to 13 Maryland districts as an integral part of the Bridge to Excellence (Thornton) funding formulas, but it is not

mandated and depends on the governor's budget recommendation. In FY 2010 and FY 2011 the GCEI was fully funded with a total of \$31 million, but \$22 million of this total was paid from federal stabilization funds that expire in FY 2011. The FY 2012 projections assume that the federal funds used for GCEI will not be available from state resources in FY 2012, but there is a danger that all of the GCEI revenue may be lost. This is a vital priority for the 2011 legislative session.

- Pensions—The 2010 General Assembly created a citizens commission to study the future of teacher pension funding. Maryland used federal stimulus aid to fund increases in teacher pension payments on behalf of school districts. These funds will terminate after FY 2011. The commission will make recommendations to the legislature for changes in the pension program and funding. These changes may impact the operating budget for FY 2012 or subsequent years.
- State Budget—Projections for the state budget for FY 2012 indicate the possibility of a \$1.6 billion shortfall, including state pension obligations. Because of available federal aid and other state decisions, the state has been able to avoid any reductions in K-12 aid to school districts so far. Unless economic growth increases projected state tax revenue or additional federal support becomes available, reductions in state aid to localities may be considered to help balance the state budget.
- MOE Penalty—If Montgomery County does not make a local contribution at the MOE level, it could face a penalty of the loss of increased state aid, estimated at up to \$27 million. This penalty would fall on MCPS because state law penalizes the school system, not the county that did not meet its MOE obligation. The law also reduces the amount per student required in local contribution in future years if the county fails to fund at the MOE level and does not receive a state waiver.
- County Fiscal Plan—On June 29, 2010, the County Council adopted a multiyear fiscal plan for FY 2012 and subsequent years. Based on available resources projected in the fiscal plan, an increase of \$4.0 million (0.1 percent) would be available for agency expenditures, excluding any OPEB contribution. For MCPS, this would be an increase of \$2.0 million and would violate the MOE requirement. The amount available to be appropriated to county agencies will change based on new revenue projections and other assumptions when the county executive presents his recommended operating budget on March 15, 2011.
- Fiscal Gap—Based on the approved fiscal plan, the county executive has estimated that there is a gap of nearly \$200 million for FY 2012 between available resources and major known commitments of each agency. This includes more than \$160 million of additional expenditures, and only \$4 million of available revenue. To help bridge this gap, potential resources totaling \$155.4 million identified in the fiscal plan are available, including CIP PAYGO (\$32.5 million), increases in CIP current revenue (\$17.1 million), OPEB contribution (\$83.6 million), and set asides for potential supplemental appropriations in FY 2011 (\$22.2 million). Using some or all of these resources to close the fiscal gap would not endanger other resources needed to increase county reserves.



# Montgomery County Public Schools

## FY 2012 Operating Budget

### **Operating Budget Alignment with the Strategic Plan and Fiscal Challenges**

The operating budget is aligned with the Montgomery County Public Schools strategic plan: *Our Call to Action: Pursuit of Excellence*. Budget resources are prioritized to advance major strategic initiatives to improve student performance and close the achievement gap. The plan emphasizes the Seven Keys to College Readiness, a trajectory of high standards that provides a clear pathway for school staff and parents to ensure that all students are held to high expectations and can achieve at high levels. MCPS continues to focus on the issue of equity, to move closer to the day that academic success is not predictable by race, ethnicity, gender, socioeconomic status, language proficiency, or disability. MCPS uses the Malcolm Baldrige Education Criteria for Performance Excellence as a management system to ensure alignment with the strategic plan, including the involvement of major stakeholders to set priorities and monitor progress based on identified measures. The Board of Education makes budget decisions based on its established academic priorities.

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

- Early childhood
- Staff development and training
- Class size reduction
- Middle school reform
- Curriculum and assessment
- Special education
- Technology

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

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

The Program Budget issued at the same time as the traditional “management” budget also addresses alignment with the strategic plan by showing links between strategic initiatives and individual programs. This enables the public to identify the total resources used for each

program regardless of what units in the school system manage resources dedicated to any program.

Alignment of the budget with the strategic plan was strengthened in FY 2011 with the introduction of community roundtables sponsored by the Board of Education to expand public involvement in the development of long-range planning issues.

### Fiscal Challenges

Unprecedented fiscal challenges have affected the pace of progress in implementing strategic initiatives. Fiscal constraints have delayed the roll-out or expansion of new initiatives until sufficient resources are available.

Available revenues have decreased because:

- State aid under the *Bridge to Excellence in Public Schools Act* (Thornton) was fully implemented in FY 2008 with only inflationary adjustments for future years. The state legislature suspended the inflationary adjustment until FY 2014.
- The severe national economic recession has sharply reduced estimates of local tax revenue available from income taxes, property taxes, and other local tax sources. Expectations of limited revenue have compelled county agencies to freeze hiring and limit other expenditures.
- A severe decrease in county tax revenue in 2010 contributed to the county's inability to make minimum required payments to MCPS. Current law requires local contribution to return to the FY 2010 amount per student in FY 2012.
- Additional federal aid provided through the *American Recovery and Reinvestment Act* (ARRA) made it possible for the state to maintain current aid to education formulas and fund the increase in teacher state retirement payments. However, this funding will expire after FY 2011, leaving a "funding cliff" for the FY 2012 state operating budget.

Although revenue has decreased, MCPS costs have continued to increase:

- Enrollment has increased by 2,287 students this year, with projections for another 2,585 students in FY 2012. The number of students eligible for Free and Reduced-price Meals System (FARMS) has increased by more than 7,600 in the last three years, and the number of ESOL students has increased by nearly 2,000.
- Other costs have increased more rapidly than general inflation, including textbooks and other instructional materials, employee benefits, and special education. These increases are described in detail elsewhere in this document.
- Federal and state mandates require additional expenditures without additional revenue. The mandates include testing requirements, environmental regulations, and transportation facilities.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Program Reductions and Efficiencies

Each year, the Montgomery County Public Schools (MCPS) undertakes a comprehensive effort to identify potential program reductions and efficiencies. This is called the Program Efficiency, Abandonment, and Redirection (PEAR) process. For FY 2012, the operating budget includes \$6,000,112 of reductions and efficiencies, including a reduction of 21.7 positions. Below are details of the FY 2012 reductions.

- Every office receives a target of potential reductions and realignments at the beginning of the budget development process. These proposals are carefully assessed to minimize the impact on the classroom.
- Zero-based budgeting is used to review and justify all expenditures and identify opportunities for reductions. This year, every account was thoroughly reviewed and reductions were made broadly throughout the budget.
- In the past three years, the budget has included reductions of \$135.6 million from the base budget, 20.4 percent of which has come from central services resources.
- MCPS has central administrative costs of 1.9 percent of the total budget, one of the lowest percentages in the state.
- FY 2012 reductions do not affect school-based services.

#### Central Services

For FY 2012, central services reductions total \$3,742,858, including 12.6 positions and related employee benefits. These reductions comprise 62 percent of the total reductions. They are equal to 3.2 percent of central services resources. In FY 2009 to FY 2011, MCPS reduced 174.2 central services positions and a total of \$24.2 million. Following is a summary of the central services reductions:

#### Office of School Performance

- There is a reduction of 1.5 positions in the Office of School Performance at a savings of \$226,837. The elimination of a 1.0 director II position and a 0.5 administrative secretary position will reduce support to schools. The director of school performance monitors student results, provides support to principals, and monitors the school improvement process. Currently, there are seven directors of school performance. Elimination of this position and the reduction of a 0.5 administrative secretary will require redistribution of their responsibilities to other staff. These responsibilities will be redistributed to provide maximum support to schools.

### Office of Curriculum and Instructional Programs

- There is a reduction of a 0.5 partnership manager position in the Department of Instructional Leadership Support at a savings of \$57,925. This position supports the Superintendent's Leadership program, an opportunity for leadership training for selected students, and works to provide volunteer, business, and community support. The Superintendent's Leadership program will be discontinued. Also, there is also a reduction of \$20,736 in professional part-time salaries used for summer support for students taking High School Assessment exams.
- There is a reduction of a 1.0 instructional specialist position in the Department of Curriculum and Instruction at a savings of \$166,913. This vacant position was directed at the grading and reporting project that has been fully implemented. Other reductions in this department include \$50,760 in professional part-time salaries used to support curriculum development, \$142,000 in program supplies to purchase Read 180 instructional materials, and \$8,000 for instructional materials for assessments.
- There is a reduction of 1.5 ESOL parent community coordinator positions and a 0.1 ESOL transition counselor position to at a savings of \$187,078. Services provided by these positions to ESOL students will continue unchanged through use of resources in the Title II Limited English Proficiency federal grant based on projections of revenue for this grant program.
- Other reductions in the Office of Curriculum and Instructional Programs include \$39,284 in a variety of accounts in the office of the Associate Superintendent and \$10,000 in instructional materials in the Division of Accelerated and Enriched Instruction.

### Office of Special Education and Student Services

- There is a reduction of a 0.5 psychologist position and a 0.5 speech pathologist position in the Developmental Evaluation Services for Children (DESC) unit at a savings of \$123,381. This reduction is possible by combining teams into two locations instead of three. Required student evaluations will be divided among the remaining 1.5 psychologist and 2.5 speech pathologist team members and completed within mandated timelines.
- There is a reduction of a 1.0 information technology systems specialist position in the Department of Special Education Operations at a savings of \$104,831. This position supports availability and distribution of assistive technology support to schools. The remaining 1.5 positions on this team will assume responsibility for this support with the assistance of personnel in the Office of the Chief Technology Officer, including the Help Desk.
- Other reductions in the Office of Special Education and Student Services include \$2,000 for contractual services and \$2,000 for instructional equipment repair in the Office of the Associate Superintendent, \$12,500 for consultant services, supplies, and registration fees in the Department of Special Education Services, \$19,480 in stipends, dues, and copier maintenance costs in the Department of Student Services, and \$22,550 for materials and contractual services in the Residency and International Admissions unit.

### Office of the Chief Operating Officer

- There is a transfer of a 1.0 communications specialist/web producer position I the Department of Financial Services to the Employee Benefit Plan Trust Fund at a savings of \$102,997. This position's responsibilities are directed to the work of the Trust Fund.
- There is a reduction of a 1.0 video services technician position in the Department of Materials Management at a savings of \$81,899. This eliminates support to schools for conversion of VHS materials to DVDs. Other reductions in this department for postage and materials total \$97,487.
- There is a reduction of a 1.0 grants assistant position in the Department of Management, Budget, and Planning. This position assists the grants specialist in the preparation of grant applications. Individual offices applying for grants will assume greater responsibility for this support.
- Other reductions in the Office of the Chief Operating Officer include \$20,000 in association relations expenses in the Department of Association Relations resulting from reduced program needs.

### Office of the Chief Technology Officer

- There is a reduction of a 1.0 information technology (IT) system specialist position in telecommunications systems in the Department of Infrastructure and Operations at a savings of \$103,609. This position provides support for telecommunications services. The duties will be assumed by other staff.
- There is a reduction of a 1.0 instructional specialist position in the Department of Instructional Technology Services at a savings of \$80,238. The work of this position on a variety of software applications will be reassigned to other staff.
- Other reductions in the Office of the Chief Technology Officer include \$72,335 for training substitutes and stipends, \$206,552 for subscription fees, and \$89,852 for equipment maintenance and \$142,159 for software maintenance contracts.

### Office of Human Resources and Development

- There is a reduction of a 1.0 instructional specialist position on the Skillful Teaching and Leading Team at a savings of \$141,356. The remaining members of this team will fulfill required responsibilities for training and support of teachers, principals, and paraeducators.
- Reductions in the Department of Professional Growth Systems include \$19,440 in professional part-time salaries, \$97,200 in supporting services part-time salaries, and \$25,000 in consultants for the Professional Growth System for Support Professionals and \$59,988 in professional part-time salaries and \$40,300 in consultants for the Professional Growth System for Administrative and Supervisory Staff.

- Other reductions in the Office of Human Resources and Development include \$10,680 for advertising, \$26,940 for recruitment expenses, and \$62,502 for consultants based on greater use of online recruitment and other program requirements.

#### Office of the Deputy Superintendent of Schools

- There is a reduction of \$61,200 in various stipend, contractual, and supplies accounts in the Department of Family and Community Partnerships.

#### Office of the Superintendent of Schools

- There is a reduction of \$19,492 in supporting services part-time salaries in the Office of Communications related to completion of implementation of the new web publishing system for schools and offices.

### **Support Operations**

#### Department of Facilities Management

- There is a reduction of \$893,307 in building rental costs related to reductions in lease rental rates.
- There is a reduction of \$1,251,500 in electricity costs as a result of improvements of efficiencies in summer peak load usage due to the success of the School Energy and Recycling Team (SERT) program activities in energy conservation.

#### Department of Transportation

- There is a reduction of 9.1 bus operator and attendant positions at a savings of \$325,104 and operating costs of \$216,154 as a result of improved efficiency in the routing of special education bus routes without any decrease in services to special education students.
- There is a reduction of \$405,245 by receiving a state waiver for continued use of 25 buses that otherwise would reach the end of their allowed services in FY 2012. State law requires each of the waived buses to pass safety inspections before they can continue in use.

### **Other Reductions**

- There is a reduction in the K-12 Instruction budget of \$59,251 in funds available to schools for school improvement planning activities. This reduction is based on historic patterns of usage. All schools will continue to have support to complete required school improvement plans.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Summary of Previous Budget Reductions

During the past three years, Montgomery County Public Schools has made more than \$300 million of budget savings, including reductions of more than \$150 million in base budget reductions. These reductions have been targeted to minimize disruptions to classroom instruction and to preserve as much as possible the highest priority improvement initiatives. Some of these reductions, such as textbooks and instructional materials, will need to be restored in future budgets. Central services reductions have included 186.8 full-time (FTE) positions and \$26.2 million (more than 20 percent of total central services expenditures). Following are excerpts from previous lists of reductions that show some of the major reductions from FY 2009 to FY 2011. Complete descriptions of all reductions are available in previous editions of the operating budget available on the MCPS web site.

#### Fiscal Year 2011

Budget Reductions	FTE	Dollars in Millions
Total	444.1	\$53.1
Central Services	51.4	\$8.2

#### Central Services Reductions—\$8,215,952

Reductions included \$8.2 million in central office reductions including major reorganizations to abolish 51.4 central office positions and concentrate responsibilities among remaining positions. The impact of the reductions by office follows:

##### Office of the Deputy Superintendent of Schools

The chief academic officer (CAO) position and \$221,081 was eliminated for FY 2011. The position was a key leadership position that coordinated the work of the offices of Curriculum and Instruction, Organizational Development, Special Education and Student Services, and School Performance.

##### Office of Curriculum and Instructional Programs

As a result of the FY 2011 budget crisis, the Office of Curriculum and Instructional Programs (OCIP) lost 7.5 positions and other resources totaling \$1,095,778. The elimination of 2.0 instructional specialist positions in DCI delayed the development, revision, and rollout of prekindergarten through Grade 12 curriculum and assessments to schools.

### Office of Special Education and Student Services

There was a reduction of 5.3 positions and \$831,870 in the Office of Special Education and Student Services (OSESS).

### Office of School Performance

For FY 2011, there was a cut of 3.0 positions and \$419,748 in the budget for the Office of School Performance. The elimination of the 1.0 director of Academic Support Initiatives position and a 1.0 secretary position reduced support and technical assistance to Title I and other focus schools as they work to implement a challenging academic program and improve student achievement. In addition, there was an impact on the ability of staff to effectively manage federal Title I grant funds and administer the intricate federal and state Title I guidelines. Cutting a 1.0 director of school performance position reduced direct support to 40 schools that have increasing numbers of students from diverse backgrounds and with complex needs.

### Office of Organizational Development

The Office of Organizational Development was originally created to bring all staff development and school system training activities under one office to maximize resources and assure coordination, and, ultimately, to assure the academic success of students. The fiscal crisis required that the Office of Organizational Development be eliminated for FY 2011, resulting in the elimination of 13.8 positions and \$1,191,431. The different functional units within the office were moved to the offices of Human Resources and Development, Curriculum and Instructional Programs, and the Chief Technology Officer. The reductions included the elimination of a 1.0 associate superintendent position, a 1.0 administrative assistant position, a .8 instructional specialist position, and 2.0 administrative secretary positions. Elimination of these administrative leadership and support positions diminished the gains made over the last several years in providing effective coordination and facilitation of staff development opportunities. There also was a reduction of \$1.0 million related to staff development training projects.

### Office of the Chief Technology Officer

The reduction of 7.0 positions and \$1,059,573 in the Office of the Chief Technology Officer impacted the provision of high-quality technology systems that ensure student success. The elimination of two supervisor positions reduced oversight and coordination of staff and operations in the Data Center and in the Student Systems Operations Unit, which, in turn, delayed the output of student data for use by schools and MCPS offices. There also were reductions in contractual maintenance totaling \$263,174.

### Office of the Chief Operating Officer

The reduction of 5.3 positions and \$602,668 in the Office of the Chief Operating Officer affected business operations and the provision of support services that are essential to the educational success of students.



### Office of Communications and Family Outreach

For FY 2011, 4.0 positions and \$519,511 were cut from the Office of Communications and Family Outreach. The elimination of a 1.0 director position impacted the leadership and coordination of functions provided by the departments of Family and Community Partnerships, Multimedia Services (television, graphic and publishing services), and Public Information (internal/external, including Web-based). A cut of a 1.0 supervisor position eliminated direct oversight of the work of five Web Team staff members that are responsible for coordinating the MCPS website and assisting schools and offices in migrating into a Web publishing system.

### Office of the Superintendent of Schools

A 1.0 administrative secretary position and equipment funds were cut in the Office of the Superintendent of Schools.

Other central services reductions distributed among various offices included \$256,000 for local travel, \$91,000 for instructional television, and \$94,879 for office supplies.

### **Continuing Salaries—\$25,993,386**

MCPS has always budgeted for contractually mandated salary schedule increments and longevity adjustments. These increments are provided to employees based on years of experience. Employees eligible for increments receive a salary increase of an average of approximately 3 percent annually. Continuing salaries also include longevity increases and other adjustments based on contractual obligations. The Board of Education and the three employee associations, the Montgomery County Education Association (MCEA), the Montgomery County Association of Administrators and Principals (MCAAP), and SEIU Local 500 (SEIU) reached agreement on contracts for FY 2011 and agreed that no employees would receive salary increments in FY 2011.

### **Class Size Increase—\$16,214,688**

The reduction of class size has been one of the most important academic improvement initiatives over the last 10 years. Class size reductions have been concentrated in primary grades and in schools with the highest proportion of low-income students. The operating budget reduced staffing by 252 positions at a savings of \$16.3 million. This resulted in an increase in class size by an average of one student at each grade level. This reduction removes nearly one half of all improvements in class size over the last 10 years.

### **Academic Intervention Teachers—\$1,544,256**

There was a reduction of 24.0 academic intervention teachers. Academic Intervention positions are school-based staffs who work with students who are in need of supplementary academic resources to support quality education. These positions are allocated based on a concentrated poverty formula and provide targeted support for achievement of students attending schools that are significantly impacted by poverty.

**Secondary School Counselors—\$673,636**

A reduction of 6.0 secondary school counselor positions diminished services available to students in need of counseling services.

**Staff Development Teachers—\$669,178**

The reduction of 10.4 Staff Development Teacher (SDT) positions means that secondary school staff development teachers in non-middle school reform schools now teach one period.

**Maintenance Positions—\$342,240**

This reduction eliminated 6.0 maintenance positions. This reduced the level of maintenance and repair services, threatening to increase the current backlog of emergency repair orders. In the last four years, the Division of Maintenance has lost 19 positions, contributing to delays in completing work despite significantly improved productivity. At the same time, square footage to be maintained has increased by 8 percent to 23 million square feet.

**Middle School Reform—\$1,716,701**

There was a reduction of \$424,670 and 6.6 teacher leader positions that provide direct support to teachers in building their knowledge and pedagogical skills in teaching literacy across the curriculum and mathematics using strategies designed for the adolescent learner. The elimination of \$1,292,031 in stipend funding for Middle School Reform cohort collaborative work limited the time classroom teachers and paraeducators have to work together to design, implement, and evaluate effective instruction.

**Other Post-Employment Benefits (OPEB)—\$42,862,250**

MCPS eliminated its planned contribution to the Retiree Health Trust Fund.

**Inflation and 30 Percent Cut for Textbooks and Instructional Materials—\$9,449,355**

There was a reduction of \$9.4 million in textbooks and instructional materials for FY 2011, including \$1.5 million that was added in FY 2011 to cover projected increases for inflation.

**Bus Fuel—\$400,000**

This reduction eliminated the substitution of more expensive B5 biodiesel fuel for ultra low sulfur diesel fuel (ULSD).

**Furniture and Equipment—\$878,650**

Furniture and equipment funds in the K-12 budget are used to purchase furniture for classroom and equipment required to implement the curriculum. Each year equipment needs are assessed and prioritized. Since the amount budgeted for equipment is already small, only the highest priority items are scheduled for purchase. A complete cut of the \$562,370 budgeted meant that

new and replacement equipment would not be available. There was a reduction of \$316,280 in furniture and equipment accounts throughout other MCPS offices.

**Fiscal Year 2010**

<b>Budget Reductions</b>	<b>FTE</b>	<b>Dollars in Millions</b>
Total	224.5	\$42.2
Central Services	70.5	\$12.0

- For FY 2010, the operating budget included \$42.2 million of reductions and efficiencies, including a reduction of 224.5 positions that make resources available for new programs and higher priority uses.
- More than 40 percent of the FY 2010 reductions came from central services and support functions (\$15.9 million).
- A total of \$19.6 million was reduced from school-based resources.

**Central Services**

For FY 2010, central services reductions totaled \$12,018,485, including 70.5 positions and related employee benefits. These reductions comprised 20 percent of the total reductions. They were equal to 7.1 percent of central services resources.

**Office of Curriculum and Instructional Programs**

- Reduction of 2.0 instructional specialists and a 1.0 coordinator in the Department of Curriculum and Instruction at a savings of \$326,015, resulting from streamlining curriculum products. Direct support to schools remains a high priority.

**Office of Special Education and Student Services**

- Reduction of 6.0 positions in the Department of Student Services at a savings of \$633,676. This reduction resulted from the reorganization of this department to serve schools more directly. The three existing field offices were eliminated and the pupil personnel workers and school psychologists currently housed in these offices assigned to available school locations. This has improved the visibility and connection of this staff to the schools.
- The reorganization reduced 3.0 field office director positions, 4.0 instructional specialist positions, 2.0 secretary positions, 1.0 administrative secretary, 1.0 psychological services supervisor, and 1.0 PPW services supervisor.
- Reduction of 1.5 positions and \$132,507 by relocating the Emory Grove and McKenney Hills alternative programs to the Mark Twain site. Closing the Mark Twain School in FY 2009 made this space available for other school programs.

## **Office of Organizational Development**

- Reduction of 6.7 instructional specialist positions and a 1.0 specialist position at a savings of \$797,483. These positions included a 1.0 instructional specialist and a 1.0 technology consultant on the Technology Consulting Team, 3.2 instructional specialist positions on the Skillful Teaching and Leading Team, 2.0 instructional specialist positions on the Curriculum Training and Development team, and a 0.5 instructional specialist position on the university partnerships project.
- Reduction of 6.0 consulting teacher positions at a savings of \$529,200. The 28.0 consulting teachers each serve at least 16 novice or underperforming teachers and make recommendations on teacher performance to the Peer Assistance Review (PAR) panel. Reduced hiring of novice teachers because of fiscal constraints reduced the need for consulting teachers in FY 2010.
- Reductions of \$1,105,000 in training stipends and instructional materials for a variety of projects delayed because of reductions in other system programs.

## **Office of School Performance**

- Reduction of 1.0 school performance director position at a savings of \$171,988. School performance directors support the community superintendents in providing support to schools and principals. Remaining school performance directors in quad/quint cluster units with more than one director position absorbed the duties of this position.

## **Office of the Chief Operating Officer**

- Savings in utility consumption due to restrictions on air conditioning usage during summer peak load periods and other efficiencies with a total savings of \$1,000,000.

## **K-12 Instruction**

- Reduction of 17 kindergarten teacher positions at a savings of \$1,070,898. Class size guidelines for kindergarten in focus schools increased by two from 15 to 17 resulting in 17 fewer kindergarten positions. Kindergarten allocations in focus schools are now the same as allocations for first and second grades. Non-focus school class size guidelines were not impacted by this change.
- Reduction of 8.7 elementary special programs teachers for a savings of \$548,048. In addition to classroom teachers, a total of 27.3 teacher-level positions were allocated to elementary schools to support special programs.
- A reduction of 15.8 academic intervention teachers at a savings of \$1,271,376
- A reduction of 16.0 alternative teachers at a savings of \$1,007,904.
- A reduction of 15 literacy positions for a savings of \$944,910.
- A savings of \$2,667,623 from decreasing the textbook and materials budget.

## Fiscal Year 2009

Budget Reductions	FTE	Dollars in Millions
Total	364.5	\$41.3
Central Services	52.3	\$7.7

### Office of Organizational Development

- Reduction of 7.0 instructional specialist positions at a savings of \$658,112 in the Staff Development Specialist Team. These positions provided support to staff development teachers. The reduction maintains 6.0 staff development specialists.
- Reduction of 5.0 other instructional specialist positions at a savings of \$470,080, including 1.0 position in the central Office of Organizational Development, 1.0 position in the New Teacher Induction team, a 1.0 position on the Curriculum Training and Development team, and 2.0 positions in the Department of Instructional Technology.
- Reductions of \$257,038 in stipends for elementary school curriculum training resulting from a simplification of the training model, \$133,132 in stipends from a change in the technology consulting training model, \$100,000 from reductions in the Studying Skillful Teaching program, \$200,000 in stipends for other curriculum training, and \$100,000 from elimination of the use of outside vendors to develop content for the Online Learning program.

### Office of the Chief Technology Officer

- Reorganization of the Office of the Chief Technology Officer compressed the management structure of the office flatter with more units reporting directly to the chief technology officer. This management change resulted in the elimination of a 1.0 executive director position at a savings of \$162,214, a 1.0 director II position in the Department of Information and Applications Services at a savings of \$161,672, and 2.0 other positions, including an administrative secretary and an administrative services manager at a savings of \$163,914, for a total savings of \$487,800.
- Migration of central applications from the mainframe to the client server system resulted in a reduction of \$159,596 from mainframe hardware and software maintenance and \$96,335 in contractual maintenance.

### Office of School Performance

There was a reduction of 2.0 central office positions, at a savings of \$282,807, including a 1.0 coordinator and a 1.0 instructional specialist. Their duties were absorbed by other office staff.

## **Support Services Reductions**

Efficiencies in the provision of support services, total \$1,983,468, including the following:

### **Office of the Chief Operating Officer**

- Savings of \$593,789 from not replacing 45 buses earlier than required by state law as part of the multiyear replacement plan. No state waivers were necessary to continue using these buses.
- Savings of \$301,229 through efficiencies in bus route assignments, including a reduction of special routes due to more special education students attending home schools.
- Savings in utility consumption due to systemwide lighting technology upgrades of \$750,000 and restrictions on air conditioning usage during peak load periods of \$250,000.

### **School-based Reductions**

School-based reductions included 156.0 positions (\$9.9 million), most of which were vacant, including teachers, elementary principal interns, assistant school administrators, media assistants, paraeducators, and building service worker positions. Other school-based reductions totaling \$4.3 million included cuts in professional part-time salaries, stipends, consultants, instructional materials, equipment, and related employee benefits.

Reductions also included closure of the Mark Twain special education program (\$1.2 million).

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Program Realignments

Each year, the Montgomery County Public Schools (MCPS) realigns millions of dollars of positions and other resources within and between units to implement the strategic plan by aligning resources with the most important priorities. Each unit reviews all expenditures through a zero-based budgeting process to identify expenditures that can be realigned to more important priorities. For FY 2012, with the exception of funding realigned for technical reasons and because of the termination of temporary Federal stimulus grants, \$2.3 million has been realigned to higher priority purposes. Some of the major realignments are described below.

#### Office of School Performance

- Realignment of substitute and professional part-time salaries in the High School Plus Program for professional part-time salaries to develop the Online Twilight Program (\$45,909)

#### Office of Curriculum and Instructional Programs

- Realignment of professional part-time salaries to allocate 3.0 teacher positions to schools for the Bridge Program for Academic Validation in the Office of Curriculum and Instructional Programs (\$278,486)
- Realignment of a 1.0 office assistant IV position and a 1.0 administrative secretary position from the Department of Instructional Leadership Support and the Division of Accelerated and Enriched Instruction to the Elementary Integrated Curriculum Team to support the elementary integrated curriculum (\$97,195)

#### Office of Special Education and Student Services

- Realignment of 3.65 positions in the Preschool Education Program (PEP) Beginnings program and contractual services funds for non-public tuition to the PEP Comprehensive (PEP-C) program to provide resources to support 36 additional students that will be served in MCPS pre-school classes instead of in non-public schools (\$791,032)
- Realignment of a 0.2 occupational therapist position to a 0.2 teacher position for the InterACT program in the Department of Special Education Services to reflect program needs (\$15,744)
- Realignment of 2.0 elementary program specialist positions in the Extensions program from elementary to secondary programs to reflect work assignments (\$148,910)

### **Office of the Chief Operating Officer**

- Realignment of relocatable classroom funds in the Department of Facilities Management to support Online safety training programs (\$79,639)
- Realignment of refuse tax funds in the Division of Maintenance to support compliance with new regulations of the Environmental Protection Administration and the state of Maryland regarding stormwater management and cleaning of fats, oils, and grease (FOG) in school facilities (\$100,000)
- Realignment of contractual services funds used for space rental and funds for bus tires and bus parts to bus lubricant, bus repairs, and fuel in the Department of Transportation (\$183,912)
- Realignment of program supplies and training support funds to the Child/Adult Care program in the Division of Food and Nutrition Services based on changing program needs (\$119,474)

### **Office of the Chief Technology Officer**

- Realignment of software maintenance fund to support acquisition of security software for in the Office of the Chief Technology Officer (\$798,046)
- Realignment of funding for development of the online curriculum and other applications to upgrade the Financial Management System, develop a program for monitoring student readiness for college, the web-based Transportation Management System, MyMCPS, and other applications in the Department of Information and Application Services (\$590,757)



# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Productivity and Resource Sharing

The Montgomery County Public Schools (MCPS) FY 2012 Operating Budget reflects continued efforts to improve productivity by reducing costs, working closely with other county agencies, and realigning existing resources to higher priorities. Below are details of some recent productivity improvements.

#### Strategic Plan

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

#### Baldrige Education Criteria for Performance Excellence

- Adoption of the Baldrige Quality Criteria provides a model for continuous improvement at all schools and offices. Every school has received Baldrige quality training. School improvement plans reflect a more focused approach using Baldrige principles.
- In 2005, MCPS won the U. S. Senate Productivity and Maryland Quality Award, the first large school system in the United States to win this award.
- In 2006, MCPS was a finalist for the Malcolm Baldrige National Quality Award, one of only 15 organizations in the nation—corporations, non-profits, or government agencies—to reach this stage of the competition.
- In 2010, MCPS won the national Malcolm Baldrige National Quality Award, one of only seven business and public organizations nationwide, and the only educational organization to be honored. MCPS is by far the largest K-12 school system ever to be a Baldrige winner.

## **Process Improvement**

- MCPS is a member of the Process Improvement and Innovation in Education project administered by the American Productivity and Quality Center (APQC). APQC in Houston, Texas, is a highly respected internationally known organization providing research, benchmarking, training, and process improvement strategies to private and public companies across the globe as well as school districts across the United States. A process centered organization is one in which everyone in the organization is focused on designing new processes to improve efficiency and effectiveness and evaluating and refining existing processes to eliminate waste.
- Based on this process centered approach, every MCPS office has developed and shared process maps and descriptions that define major processes and used these process maps as a tool to improve quality and efficiency.
- MCPS has initiated process improvement strategies through the Montgomery County Business Roundtable for Education (MCBRE).
- MCPS has used innovative approaches to process improvement, such as Six Sigma and Value Stream Mapping (VSM), tools used in industry to simplify work processes and eliminate waste.
- MCPS has adopted the Six Sigma approach for process improvement. Staff from United Health Care has trained 25 staff members in Six Sigma methodologies. Six Sigma is a rigorous methodology that uses statistical analysis to improve operational performance by identifying and removing process defects. Many leading corporations have made significant savings through this approach. MCPS has applied it to business processes for facilities management, food services, and transportation systems, as well as instructional program processes.

## **Resource Sharing**

Montgomery County Public Schools works actively in many areas with other county agencies to make productivity savings. Current activities include joint bidding of contracts, printing services, energy conservation, staff training, employee benefits, and technology services. In FY 2011, MCPS representatives are involved in the work of the Cross-Agency Resource Sharing (CARS) Committee and the County Council's Organizational Reform Commission (ORC) to identify new opportunities for savings through resource sharing among agencies.

## **Productivity Improvements**

Many MCPS units have applied productivity tools to achieve significant improvements. MCPS has reduced its budget requests by more than \$133 million over the past three years, redirecting resources to improvement initiatives in the classroom and reducing the need for taxpayer resources. Savings enabled MCPS to return more than \$90 million to the county over the past six years. Examples of productivity improvements include the following:

- Centralized management of computers reduces technician service visits to schools. Migration away from the mainframe computer to client server systems saved \$255,000 in FY 2009.
- ConnectED provides parents with up-to-date information and supports a variety of languages.
- Reorganization of the Office of the Chief Technology Officer and the Department of Student Services flattened management structures and eliminated 10.0 positions and \$1.1 million in FY 2010.
- Reorganization of the organizational development function in FY 2011 saved 13 positions and \$1.1 million.
- The MCPS Call Center handles calls from the community in both English and Spanish, increases convenience for parents, and reduces staff time spent answering general questions.
- Copy-Plus centralizes copying of over 125 million copies annually, providing teachers with an additional 50,000 hours of instructional time for teachers.
- The TeamWorks copier replacement and maintenance program saved nearly \$900,000 by using economic and reliable in-house maintenance of refurbished copiers.
- Call tracking of over 50,000 issues annually in the Employee and Retiree Services Center improves customer service while saving staff time.
- On-line ordering has saved paper and postage while reducing the time to fill staff orders. Reduction of printing of many publications, including reducing printing of the operating budget, saved \$430,000 in FY 2010.
- Systematic Team Cleaning (STC) has improved efficiency of building cleaning, improving security and saving energy. STC substantially reduces substitute costs in building services
- Emergency maintenance orders were completed within one day for 90 percent of work orders.
- The School Energy and Recycling Team (SERT) improved energy conservation and recycling processes for all 200 schools to avoid \$2.5 million of energy costs in FY 2009.
- Cooperative inter-agency bidding of employee health care services has saved \$4.5 million in administrative costs over three years as part of an estimated \$20 million for all county agencies. These savings are keeping health care more affordable for county employees. Other cooperative purchasing projects include gasoline, printer cartridges, and rock salt.
- A comprehensive audit of dependent eligibility for employee benefits resulted in savings of \$1.2 million.
- New bids for electricity services have locked in favorable prices saving \$3 million and reducing the risk that high energy prices will result in sudden increases in utility costs. Energy conservation through computerized controls reduces electricity costs, saving up to \$1 million annually by minimizing use of electricity grid capacity.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Special Education

The Montgomery County Public Schools (MCPS) FY 2012 Operating Budget includes \$427.5 million for services for students with disabilities, an increase of \$4.4 million. The total is 19.8 percent of the MCPS operating budget. Total expenditures include \$280.3 million for special education instruction (Category 6), \$66.7 million for special education transportation, and \$80.5 million for employee benefits. Funding of special education instruction in FY 2012 is 85 percent local, 10 percent state, and 5 percent federal.

#### Major Functions

The Office of Special Education and Student Services (OSESS) is charged with oversight of the delivery of special education services to approximately 17,000 students with disabilities. OSESS provides a comprehensive, collaborative, and individualized support system that enables students with disabilities access to high-quality, rigorous instruction within the least restrictive environment (LRE); develops, coordinates, and enhances efforts to align general and special education; develops and monitors programs; and promotes and coordinates the use of technology necessary to meet the needs of every student.

OSESS provides ongoing monitoring of school-based, cluster, and countywide programs to increase the graduation rate of students in special education, reduce overrepresentation of minority students in special education, and ensure provision of a Free and Appropriate Public Education (FAPE) for students with disabilities as required by state and federal mandates.

#### Significant Strategic Initiatives

- The Home School Model – This model, established to provide services to students with disabilities in their neighborhood elementary school, is the foundation for inclusive educational practices. The service delivery model for Home School Model schools ensures access to consultation, resources, and small-group instruction to address the needs of students with disabilities.
- Hours-based Staffing – This model provides special education staffing based on the cumulative hours of special education instructional services recommended in all student's Individualized Education Programs (IEPs) for each school rather than on an individual child count.
- In FY 2011, MCPS implemented the OASIS/Special Services (OSS) online tool. It is a Web based special education management system that addresses the systemic goal of using technology to support the learning process.
- Middle School Special Education Institute – Through a partnership with Towson University, MCPS established the Middle School Special Education Institute (MSSEI).

The purpose of the MSSEI is to build the capacity of general and special education teachers, related service providers, and paraeducators to teach special education students in LRE by providing them with targeted professional development opportunities and observations. Beginning in the 2010–2011 school year, the MSSEI will demonstrate effective instructional practices for teaching students with disabilities in the LRE with an emphasis on coteaching, collaborative planning, differentiated instruction, Universal Design for Learning (UDL), social skills training, and the use of technology.

- Middle School Reform Efforts Aligned with Special Education – Middle School Reform efforts are aligned with the Department of Special Education Services (DSES) and the Department of Special Education Operations (DSEO) goal of improving student outcomes in mathematics. Based on national research and extensive work of project teams, Middle School Reform addresses four key areas to meet the academic and developmental needs of middle school students in MCPS, including collaborative and high quality leadership, teachers with strong content knowledge and teaching expertise; rigorous and challenging curriculum; instruction and assessments that require students to make connections across disciplines and apply information to real life; and strong parent and community engagement. Expectations for academic excellence at the highest level with appropriate supports are the common thread that is woven through the goals and actions of Middle School Reform. Students with disabilities benefit from all of the goals and actions of Middle School Reform, including the implementation of a comprehensive professional development plan for middle school general and special education teachers on topics such as differentiation, rigor, technology, and using data to drive instruction. Currently, 15 middle schools are participating in the Middle School Reform initiative.
- Prekindergarten Special Education – Providing prekindergarten special education services in regular early childhood settings has been challenging due to the limited number of regular prekindergarten programs and services available in MCPS. The Division of Prekindergarten, Special Programs, and Related Services and the Division of Early Childhood Education Programs and Services are collaborating to collocate general and special education prekindergarten classes to facilitate LRE options for prekindergarten students.

### **Recent Accomplishments**

DSES and DSEO are committed to providing opportunities for students with disabilities to receive instruction in the LRE. Practices have been developed to ensure that instructional accommodations and differentiated instructional strategies are provided so that students with disabilities are successful. The percentage of special education students in general education has increased by 25 percentage points since the 2000 baseline year, bringing the percentage of students in LRE A to 66.6 percent in FY 2010. The MCPS percentage for LRE C was 12.70 percent this represents significant progress for a school system as large as MCPS. It is important to note that MCPS has exceeded the state targets for LRE A and LRE C in FY 2010. The state target for LRE A was 61.61 percent (exceeding means percentage should be increasing) and the state target for LRE C was 15.86 percent (exceeding means percentage should be decreasing). It is assumed that as LRE C decreases, students will transition into less restrictive settings (LRE A will increase).

The achievement of students with disabilities in MCPS is improving while at the same time students with disabilities are gaining access to rigorous instruction in less restrictive settings. One-year changes from 2009-2010 are described below:

#### Mathematics:

- At the elementary level overall, students receiving special education services demonstrated a gain of 1.5 percentage points over 2009 levels.
- Performance of students receiving special education services in 2010 increased in Grades 3 and 5 (4.2 and 1.8 percentage points, respectively), but decreased 1.2 percentage points in Grade 4.
- At the middle school level overall, proficiency rates for the special education subgroup rose 1.5 percentage points.
- Special education students made large gains in Grade 6 (4.3 percentage points) and increased slightly in Grades 7 and 8 (0.4 and 0.1 percentage points, respectively).

#### Reading:

- In 2010, the reading proficiency rate for MCPS students receiving special education services in Grades 3 through 5 was 63.3 percent as compared to 37.4 percent in 2003, representing a gain of 32.3 percentage points.
- In 2010, the reading proficiency rate for MCPS students receiving special education services in Grades 6 through 8 was 66.8 percent as compared to 34.5 percent in 2003, representing a gain of 32.3 percentage points.

#### American Recovery and Reinvestment Act

The United States Department of Education provided Montgomery County Public Schools (MCPS), Office of Special Education and Student Services \$32,977,674 in *American Recovery and Reinvestment Act* (ARRA) funds to be spent in FY 2010 and FY 2011. In FY 2011, ARRA funds reinstated 20.5 special education teacher positions for the Home School Model program and created 24.8 special education teacher positions and 29.749 special education paraeducator positions for the Hours-Based Staffing program. Loss of ARRA funds will require local funding in order to continue same services

The Special Education Staffing Committee identified continued funding of Hours Based Staffing and Home School Model positions as a priority. Position reductions from these models have the potential to negatively impact academic improvements and individual student achievement. Continuation of these resources is essential for MCPS to provide a high-quality continuum of services for students with disabilities. The FY 2012 operating budget includes continued funding for 79.049 FTE positions and \$6,706,311 for the Home School Model and Hours-Based Staffing programs, 3.0 additional speech pathologist positions, \$442,120 for critical staffing, and \$1,000,000 for nonpublic placements.

# MONTGOMERY COUNTY PUBLIC SCHOOLS

## FY 2012 OPERATING BUDGET

### ESOL/Bilingual Programs

#### Mission

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

#### ESOL Enrollment Trends

Montgomery County Public Schools (MCPS) has the largest ESOL enrollment in the state of Maryland, providing services to 37 percent of the state's ESOL students. ESOL enrollment in MCPS continues to grow steadily each year, with an official Fiscal Year (FY) 2010 ESOL enrollment of 17,669 students. This represents 12 percent of the MCPS student population. The table below shows that the growth of the ESOL student population is at the elementary level, with middle and high school ESOL enrollment showing a declining trend over the past three years.

Official ESOL Enrollment Trends

	FY 2008	FY 2009	FY 2010
Elementary School	11,572	12,523	13,949
Middle School	1,754	1,605	1,388
High School	2,605	2,518	2,332
Total Enrollment	15,931	16,646	17,669

The figures above show the official enrollment submitted to Maryland State Department of Education (MSDE) for accountability purposes. The actual enrollment as of October 22, 2010, is 18,785 students.

A closer examination of the continued growth in elementary ESOL enrollment reveals that the increase is concentrated in Pre-K-2, which now comprises 73 percent of the total elementary ESOL enrollment and 57 percent of the overall Pre-K-12 ESOL enrollment.

#### Major Functions

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

## Curriculum and Instruction

- The development and implementation of a rigorous Pre-K–12 ESOL curriculum aligned to the language proficiency state curriculum ensures that ESOL students develop the academic English needed to achieve Adequate Yearly Progress (AYP) on the Maryland School Assessments (MSA) and to meet Annual Measureable Achievement Objectives (AMAO) in English language proficiency. Training sessions have been developed for and delivered to ESOL teachers and administrators on the effective implementation of the ESOL curriculum and all components of the ESOL instructional program. (\$37,064,314)

## Counseling

- Bilingual and cross-cultural counseling provides additional support to enable ESOL students to succeed academically by assisting students with the process of acculturation. Regular individual and group counseling sessions with ESOL students, as well as crisis intervention for ESOL students who are in the process of adjusting to a new school and community environment, assist them in bolstering their academic performance by easing sociocultural challenges. (\$1,682,552)

## Parent Outreach

- Efforts to support the academic success of ESOL students are enhanced by the division's multilingual parent outreach team. The ESOL parent outreach team works to provide direct services to ELL families at schools with significant ESOL populations. The team collaborates with the Department of Family and Community Partnerships to ensure a consistent and collaborative approach to parent and family issues. The parent outreach team minimizes linguistic and cultural barriers by using their multilingual skills to support ELL parents in navigating the school system in support of their children's education. (\$1,789,720)

## Language Assistance Services

- The Language Assistance Services Unit (LASU) provides professional translation and interpretation services in multiple languages using various media to address the need to communicate essential information to our rapidly growing linguistically diverse community. The LASU also offers interpretation services for large-scale events in schools and central offices, as well as school system-sponsored activities and community forums. (\$1,242,281)

## Recent Accomplishments

- In 2010, MCPS implemented the *Milestones* program to accelerate the development of academic English for beginning level ESOL students at the secondary level. Additionally, MCPS has written and implemented a newcomer English language development curriculum for ESOL students who are newly arrived to the United States.



- Professional development is provided to ESOL teachers and to content teachers to ensure they have the knowledge and skills to provide effective English language development instruction and to differentiate academic content to make it accessible to ESOL students. Professional development also is provided to leaders in the schools to build their capacity to support and monitor effective school-based ESOL instructional programs.
- Through collaborative efforts, the Division of ESOL/Bilingual Programs has continued to implement the Students Engaged in Pathways to Achievement (SEPA) program. This innovative program, now available to all eligible high school ESOL students, addresses the highly differentiated English language acquisition, literacy, social-emotional, and career education needs of older high school students with limited or no formal education.
- The ESOL parent outreach team provided parent training and support to more than 7,100 parents/guardians of ESOL students in MCPS through various detailed workshops and meetings in FY 2010.
- The ESOL counseling team provided individual and group counseling services to ESOL students in Pre-K–12, resulting in over 9,200 counseling service contacts provided to ESOL students and families.
- The MCPS LASU translated more than 1,041 documents consisting of 2,677 pages into 13 different languages to communicate essential systemwide information relating to curriculum, instruction, health, and safety in FY 2010. Additionally, LASU scheduled interpreters to provide services for 6,431 out of 7,316 requests in 63 languages to support schools and MCPS offices in their work with parents and to provide students with equal access to educational services. The LASU also provided simultaneous interpretation equipment for 150 MCPS events. The Language Line telephone interpretation service was used by schools and offices to obtain a total of 86,412 minutes of interpretation services in 41 languages for 11,233 interactions. Language Line usage was used primarily for telephone calls and ad hoc visits to schools by parents.

### Evidence of Student Achievement

- For the past two consecutive years (2009–2010), ESOL students have exceeded AMAO I targets (percent of students making progress toward proficiency in English) as shown in the table below. Although ESOL students missed the 2009 AMAO II target (percent of students attaining proficiency in English) by one-tenth of one percent, they exceeded the 2010 AMAO II target by nearly four percent.

Year	AMAO I MSDE Target %	AMAO I MCPS %	Difference	AMAO II MSDE Target %	AMAO II MCPS %	Difference
2009	56	67.1	11.1	15	14.9	-0.1
2010	58	75.9	17.9	16	19.8	3.8

- Overall reading Maryland School Assessment (MSA) scores for the Limited English Proficient (LEP) subgroup have shown consistent improvement in the percentage of

students performing at proficient and advanced levels in Grades 5–8 for the past three years (2008–2010). However, the percentage of LEP students performing at proficient and advanced levels on the reading MSA in Grades 3 and 4 has decreased slightly in 2010, with the gap between LEP and all students widening.

- Overall mathematics MSA scores for the LEP subgroup have shown consistent improvement in the percentage of students performing at proficient and advanced levels over two of the past three years (2008–2009). However, the percentage of LEP students performing at proficient and advanced levels on the mathematics MSA in Grades 4–8 has decreased in 2010, with the gap between LEP and all students widening over the past year.
- High School Assessment (HSA) data for the LEP subgroup in Algebra, Biology, and Government reveal sporadic improvement at each grade level in the percentage of students passing over the past two years (2009–2010). In Grade 10, the percent of students in the LEP subgroup passing the Biology and Government HSA increased, while the percent of students in the LEP subgroup passing the English and Algebra HSA decreased, with the gap between the LEP subgroup and all students widening. In Grade 11, the percent of students in the LEP subgroup passing the Biology and the Algebra HSA increased. However, the percent of LEP students passing the Government and English HSA has decreased, with the gap between LEP students and all students widening on the English HSA. Finally, Grade 12 results for the LEP subgroup indicate a decrease in the number of LEP students passing each HSA, a trend that mirrors the performance of all students.

# Montgomery County Public Schools

## FY 2012 Operating Budget

### Parent and Community Partnerships

The operating budget for Montgomery County Public Schools (MCPS) includes more than 90 positions dedicated to building parent and community partnerships. This work advances Goal 3 of *Our Call to Action: Pursuit of Excellence*, Strengthen Productive Partnerships for Education.

The Department of Family and Community Partnerships (DFCP) is responsible for a wide range of functions that support schools, students, parents, the community, and staff members. The work of DFPC provides support for schools, students, and staff; promotes family school-school partnerships; and promotes community school partnerships to develop and implement collaborative programs that support student learning and facilitate home-school communication which empowers families to become more active partners in their children's education.

- The Parent Academy offers free workshops that provide information for parents on topics such as the Seven Keys to College Readiness, the special education process, strengthening advocacy skills, helping children with homework, study skills, understanding teens. The presenters are DFPC staff, other MCPS staff volunteering their services, and community partners volunteering their services. Interpretation and child care services are provided.
- DFPC provides support to schools in planning and implementing parent involvement programs, such focus groups, Edline activation, and parent and staff workshops tailored to meet the needs of the school community. Individual family support is provided for the special education process, parent-teacher conferences, hearings, and other issues that affect students and their families. Additionally, staff shares information and community resources, helps parents build their advocacy skills, and also assists schools with targeted outreach efforts, including home visits and phone calls.
- The Study Circles program helps schools and central services offices address the challenges posed by cultural and racial differences by bringing together parents, teachers, and students from different backgrounds. Trained facilitators help participants build relationships and plan action steps which support school improvement and office strategic plan. Each study circle requires planning meetings to adapt the format to meet the different needs of the schools and offices.
- Volunteers are recruited and trained for a variety of programs, including the Ruth Rales Comcast Kids Reading Network, a tutoring program for second graders; ELO-SAIL, a summer instructional program in Title I schools; and the Connection Resource Bank, which identifies community members willing to share their expertise with students and staff.
- The Back-to-School Fair is held annually, the Saturday before the first day of school. With collaboration and support from government agencies, business and community organizations, and volunteers, students, and their families can find out information, get

questions answered about the school system, access community resources to support student learning and enjoy entertainment and family-fun activities. Additionally, 5,201 backpacks filled with school supplies were given away to families in need. All DFCP staff support this event.

- ASK MCPS events held in neighborhood and business locations provide opportunities for parents to ask questions and access information. DFCP hosts ASK MCPS drop-in coffees are held at the Carver Educational Services Center throughout the school year. All DFCP staff support these events.
- The ASK MCPS Call Center at 301-309-MCPS (6277) responds to calls each weekday from 7:30 a.m.–5:30 p.m. Information is provided in English and Spanish. Questions also can be emailed to [AskMCPS@mcpsmd.org](mailto:AskMCPS@mcpsmd.org). The ASK MCPS call center and email drop box are primarily handled by a communications assistant and office assistant who both perform other duties for DFCP such as web master, data entry, materials preparation, and other tasks to support the department. (\$102,323)
- DFCP coordinates three parent workshops for the George B. Thomas Sr. Learning Academy Saturday School for parents of students in Grades 1-12 at twelve high school sites. Workshop sessions are conducted in English and Spanish at all twelve sites. DFCP recruits and trains teachers to serve as trainers for the sessions. The teachers receive a stipend for the training of trainers session, planning, and conducting the workshop.
- Parent Advisory Council (PAC), facilitated by DFCP advises the school system on ways to improve two-way communication and parent engagement efforts and also provides feedback on materials developed by the MCPS to ensure that they are “parent-friendly” and easy to understand. The thirty members of the PAC represent the diversity of the student population and are selected through a nomination process. Through the Parent Academy and as requested by schools, the PAC conducts training in English and Spanish on parent advocacy. Each year PAC members serve on parent panels for training for assistant principals, principal interns, and at principal cluster meetings, to share experiences and best practices to improve parent engagement. This year the PAC is developing staff resources and tips that are focused on strengthening a welcoming school environment.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Accelerated and Enriched Instruction

The mission of the Division of Accelerated and Enriched Instruction (AEI) is to develop exemplary program models, instructional guidelines, curriculum components, and training in differentiated instruction to support students who are identified as gifted and talented (GT) or who have the motivation or potential to achieve at highest levels.

#### Trends in Accelerated and Enriched Instruction

While significant expansion of accelerated and enriched instruction marks the last decade, Montgomery County Public Schools (MCPS) continues to face the challenge of providing access to rigorous instruction for all students. More students are accessing challenging courses than ever before, but the need to improve courses and instruction that challenges advanced students remains. Ensuring that students who may benefit from advanced courses are enrolled in the correct level is a system priority. In 2009–2010, AEI led a collaborative effort among offices and schools to streamline existing processes to notify parents and ensure that students receive the most appropriately challenging level of instruction. This Student Instructional Program Planning and Implementation (SIPPI) process was piloted in 31 elementary schools and will expand to all elementary schools in 2010–2011. SIPPI provides a consistent process for student course/class placement and offers parents a written report specifying their child’s instructional placement recommendations in addition to the current letter identifying their child as gifted or not gifted. What is so hopeful about the SIPPI process is that it takes us closer to our system goal of providing equitable preparation and access to rigorous instructional programs for underrepresented and underserved populations. Staff members now have a far more robust data to make appropriate adjustments to school schedules early in the school year ensuring that the needs of students are being met. While further refinements will be incorporated, the preliminary results of the SIPPI process offer more encouraging and optimistic outcomes for children related to access, opportunities, equity and excellence.

The strategic plan for AEI incorporates the goals identified by system priorities as well as recommendations of the Deputy Superintendent’s Advisory Committee on Gifted and Talented Education (DSAC). DSAC reported the need for improvement in the following four key areas:

- Strengthen accountability measures
- Improve and expand programs
- Implement systematic collection and analysis of data
- Provide all students with equal access to GT programs and services

## Recent Accomplishments

Through significant support from the Board of Education, MCPS has made much progress toward the goals detailed by DSAC as follows:

- The number of elementary school highly gifted centers has doubled since 2001, from four to the current eight sites. The Highly Gifted Centers integrated curriculum was fully implemented in the eight centers and units one and two were implemented at a non-center elementary school and at the GT/LD Centers.
- A second magnet—Humanities and Communication and Mathematics, Science, and Computer Science—opened at Roberto W. Clemente Middle School in 2004, providing the upcounty with services for the highly gifted.
- Three student-choice whole school magnets—Argyle, A. Mario Loiederman, and Parkland middle schools—opened in 2005.
- The whole-school magnet programs at Poolesville High School, including an expansion of the Montgomery Blair Science, Mathematics, and Computer Science Magnet Program and a new Humanities Magnet Program were expanded to Grade 12, thus completing the four-year sequence projected for 2010.
- Enrollment in IB programs expanded from 515 students in 1999 to 9,422 students in 2010.
- In 2010, John F. Kennedy and Seneca Valley high schools received authorization for International Baccalaureate Diploma Programs. MCPS now hosts a total of eight diploma programs and five International Baccalaureate Middle Years Programs.
- AEI continued to work with school principals to ensure the consistent implementation of the Junior Great Books reading language arts program and the William and Mary reading language arts program in all elementary.
- Five gifted and talented learning disabled (GT/LD) centers continue to provide a rigorous curriculum for students.
- Middle school advanced courses are now available to all middle schools.
- AEI staff provided professional development to principals, assistant principals, and principal interns at principals' update meetings and professional learning community meetings on strategies for leading rigorous instruction and using data to insure provision of advanced level services.
- As part of its school support efforts, AEI staff provided individual administrative, consultation, teacher collaborative planning leadership, and direct professional development on content and strategies that support advanced level instruction. AEI staff members supported 172 schools in 2009–2010.
- Staff members taught continuing education courses on reading and mathematics for the highly able learner, and led professional development opportunities on the William and Mary and Jacob's Ladder language arts programs, the Junior Great Books reading program, critical and creative thinking, and strategies for GT/LD learners.

- MCPS developed a partnership with Towson University to offer a Master’s concentration in Gifted and Talented instruction. A cohort of MCPS teachers began the program in the fall of 2008, and a second cohort began in January of 2010.
- Staff members in AEI and OCTO are collaborating to develop online learning resources related to meeting students’ differentiated instructional needs. Learning modules on the principles of differentiation, math labs that demonstrate differentiation in the mathematic setting, equitable teaching practices, and using 21<sup>st</sup> century technology as a tool for providing rigorous instruction are available to support teachers and can be found on the MCPS website at:  
<http://www.montgomeryschoolsmd.org/departments/development/resources/Differentiation%20Principles/player.html>
- The Elementary Integrated Curriculum that includes a Primary Talent Development component was implemented in 90 elementary schools in 2009-2010. Work continues to expand critical and creative thinking strategies of the Program of Assessment, Diagnosis, and Instruction (PADI) into the integrated curriculum model for Grades 1-5.

### **Evidence of Student Achievement**

The number of MCPS students enrolling and successfully completing advanced-level courses continues to rise. The following information is in accordance with the most current data available:

- The percentage of Grade 8 students successfully completing Algebra 1 or higher rose from 59.6 percent in 2008 to 65.5 in 2009, a rate that was more than 16 percentage points higher than in 2006.
- Students from all 25 high schools participate in dual enrollment with local colleges or universities.
- The MCPS Class of 2009 set new Advanced Placement (AP) examination participation and performance records. In 2009, 64.4 percent of MCPS graduates took one or more AP exams, a rate that was 24.4 and 37.9 percentage points higher, respectively, than the rate for public school graduates in Maryland (40.0 percent) and the nation (26.5 percent).
- Nearly two-thirds of the Montgomery County Public Schools (MCPS) Class of 2009 took one or more Advanced Placement (AP) exams while in high school—an accomplishment that helped the state of Maryland become the nation’s leader in AP participation and performance.
- Between 2000 and 2009, the percentage of MCPS graduates who took at least one AP exam increased 27.8 percentage points, compared with increases of 19.8 and 10.6 percentage points, respectively, for graduates in Maryland and the nation. The percentage of MCPS graduates who earned at least one AP exam score of 3 or higher increased 18.0 percentage points between 2000 and 2009, compared with increases of 10.7 and 5.7 percentage points, respectively, for graduates in Maryland and the nation.
- In that same time period, the percentage of graduates scoring a 3 or higher on at least one AP exam jumped from 30.7 percent to 48.7 percent, about twice the rate for public school

graduates in Maryland (24.8 percent) and more than three times the rate for public school graduates in the nation (15.9 percent). MCPS graduates' decisively contributed to Maryland's first place national ranking for AP exam performance.

- African American and Hispanic graduates from MCPS schools performed far better on AP exams than their peers across the state and the nation. Forty-one (41) percent of MCPS' African American graduates took one or more AP tests in high school, much higher than all graduates across the nation (26.5 percent). The rate of MCPS African American graduates scoring a 3 or higher on at least one exam was 20.9 percent, also higher than the national average for all students (15.9 percent). Similarly, more than half of MCPS' Hispanic graduates (51.4 percent) took one or more AP exams and more than a third (35.1 percent) scored a 3 or higher on at least one exam.
- The percentage of students earning a score of 3 on an AP examination or a 4 on an IB examination in 2008–2009 was 49.5 percent.



# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Human Resources and Development

The Montgomery County Public Schools (MCPS) strategic plan, *Our Call to Action: Pursuit of Excellence*, confirms the importance of hiring quality professionals and providing professional development for all staff. Goal 4 of the strategic plan is to “Create a Positive Work Environment in a Self-Renewing Organization.” Two milestones within this goal are “systems are in place to recruit, support, and retain highly qualified and diverse professional and support personnel” and “all employees will be provided with high-quality professional development opportunities to promote individual and organizational effectiveness.” Due to the reorganization in the FY 2011 Operating Budget, the Office of Human Resources (OHR) and the Office of Organizational Development (OOD) merged to form the Office of Human Resources and Development (OHRD). The Department of Technology Consulting formerly in OOD moved to the Office of the Chief Technology Officer (OCTO), and the Staff Development Teacher Project moved to the Office of Curriculum and Instructional Programs (OCIP). In addition, several members of the Curriculum Training and Development Team in OOD joined the new Elementary Integrated Curriculum Team also housed in OCIP. As a result of the merger, OHRD is charged with a large part of the professional development responsibilities as well as the responsibility to recruit and hire staff. The mission of OHRD is to “provide Montgomery County Public Schools with the most diverse and highly qualified personnel for every position and to train and to develop all staff with high-quality professional development opportunities.” OHRD is also committed to building the capacity of all staff to promote equity and excellence in schools, workplaces, and communities. This is reflected in the primary themes of the OHRD strategic plan.

#### Major Functions

The work of the Office of Human Resources and Development can be divided into eight critical areas that are all essential in the pursuit of student achievement:

- Recruiting and hiring staff for all positions within MCPS
- Maintaining compliance with all federal and state laws regarding employees
- Managing and monitoring the certification needs of all certificated employees and managing pre- and post- employment higher education partnerships
- Building the capacity of teachers
- Building the capacity of administrators
- Building the capacity of support professionals
- Building the capacity of teams, schools, and offices
- Promoting individual growth and advancement

## **Recruiting and Hiring Staff**

Recruiting a high quality staff is paramount to a self-renewing organization. The Department of Recruitment and Staffing recruits nationwide to ensure that teacher and supporting services positions are filled from a broad, diverse, and high-quality applicant pool. In collaboration with other OHRD staff, the department manages MCPS pre-employment and recruitment partnerships with local universities that increase the number of applicants from diverse ethnic backgrounds and in critical shortage fields, specifically in the most challenging schools. The department also interviews and evaluates the credentials of all candidates and works closely with school-based administrators and program managers to hire the most qualified applicants to work with students. They administer processes for voluntary and involuntary transfers, promotions, and reassignments, and interview and staff substitute teacher positions. Through the classification unit, the department supports directors and supervisors in updating job descriptions, maintaining position descriptions; and participating in the collective bargaining process.

## **Maintaining Compliance**

The Performance Evaluation Unit conducts pre-employment background checks, including processing fingerprints at the opening of school, and monitoring litigation, equal employment opportunity, human relations, and *Americans with Disabilities Act* issues that are raised by employees. This unit assists in adjudicating grievances; represents principals in matters of discipline, hearings, arbitrations, and grievances; participates in the collective bargaining process; handles all employee investigations; oversees the employee evaluation systems; provides counseling and consultation services through the Employee Assistance Unit to intervene in and prevent work performance issues and processes all employee dismissals and non-renewals.

## **Managing and Monitoring Certification and University Partnerships**

The Department of Certification and Continuing Education manages and monitors the certification needs of nearly 13,000 professional employees and also manages and monitors both pre- and post-employment higher education partnerships. In addition, the Department of Certification and Continuing Education provides oversight of Continuing Professional Development (CPD) courses that are available primarily to teaching staff seeking academic credit for salary advancement and certification renewal. The Department of Certification and Continuing Education is also responsible for the oversight and processing of tuition reimbursement requests for administrators, supporting services staff, and teachers.

## **Building the Capacity of Teachers**

The foundational element in the success of our school system is a highly effective teacher in every classroom. OHRD works to realize this foundation by providing high-quality job-embedded professional development for the 11,000 teachers who work directly with our students. This effort begins with the New Teacher Induction (NTI) program which serves approximately 500 teachers every year. The primary goal of the NTI program is to support and retain novice and experienced new-to-MCPS educators through a comprehensive induction

system that improves instructional practice. The Onboarding experience begins with a mandatory course that is delivered by a cross-functional team. The Onboarding course focuses on several themes including: the story of MCPS through the last six decades; the values of MCPS and our commitment to the community; the opportunities for employee growth within the organization; and our work with equity and excellence with a commitment to continuous improvement. MCPS also has a system to support teachers who are new to MCPS but who have experience teaching in other systems. These teachers are assigned an experienced MCPS teacher who serves as a mentor. The Consulting Teachers (CT) Team based in OHRD provides one-on-one coaching and support to all new teachers. During the past four years, consulting teachers have served 2,140 teachers, of which 302 were identified as underperforming teachers and 1,838 were novice teachers.

Studying Skillful Teaching classes that are taught by the members of the Skillful Teaching and Leading Team provide teachers with research-based strategies and instruction. Through successful completion of these 36-hour courses, teachers greatly enhance their instructional quality, motivation of students, and intervention for struggling children. During the 2009–2010 school year, 677 teachers completed Studying Skillful Teaching I and II. Over the past four years, 2,933 teachers have completed the courses.

The National Board for Professional Teaching Standards (NBPTS) advances the quality of teaching and learning by offering a voluntary job-embedded certification process for what highly accomplished educators should know and be able to do. With 500 National Board Certified teachers overall, Montgomery County far surpasses all other counties in Maryland with more than twice the number of NBCTs than the next closest district. Montgomery County ranks seventh nationwide for the number of National Board Certified teachers in 2009 and 12<sup>th</sup> nationwide for cumulative total of National Board Certified educators.

### **Building the Capacity of Administrators**

Research has shown that highly skilled administrators have a positive effect on student achievement. MCPS has constructed a nationally-recognized model for developing school leaders. During the 2009–2010 school year, 20 novice principals, including seven acting principals and three principals new to a school level, were supported by consulting principals. All met standard in their performance appraisals. In addition, 276 administrators and teacher leaders successfully completed coursework in Observing and Analyzing Teaching I and II. Over the past four years, more than 1,200 system leaders have completed these classes.

### **Building the Capacity of Support Professionals**

MCPS has over 8,000 supporting services employees who make a positive difference in student learning through a variety of roles. Professional Growth Consultants (PGCs) in OHRD provide coaching and guidance to supporting services staff that has been identified as not meeting the competencies outlined in the Supporting Services Professional Growth System. Recent efforts to build the capacity of support professionals include numerous technology trainings, professional development for 10-month employees, and the Workplace English project.

## **Building the Capacity of Schools, Offices, and Teams**

The Professional Learning Communities Institute (PLCI) provides ongoing training and support for school leadership teams including administrators, teachers, supporting services staff, and parents. As of December 2010, 31 elementary schools and 11 middle schools will have completed the PLCI program. Another 19 schools will participate in PLCI during 2010–2011. PLCI schools have seen increases in the numbers of students in all grade levels and in all racial groups who score advanced or proficient on the reading and math Maryland School Assessments.

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

## **Support for Individual Growth and Advancement**

MCPS supports individuals in their professional growth by providing tuition reimbursement for advanced coursework, Continuing Professional Development (CPD) courses to help staff build skills and certification, and multiple higher education partnerships that help staff members to pursue advanced degrees and certification in areas that are critical to the system, including special education, ESOL, mathematics, and science. Thirty-two partnerships with area universities and colleges produced more than 300 program graduates during the 2009–2010 school year.

## **Focus on Organizational Changes**

In order to meet the needs of MCPS staff and achieve strategic plan goals, OHRD continues to examine and adjust provision of resources and supports in order to be more targeted, efficient, and innovative in recruiting, in hiring, and in providing professional development to clients. OHRD plans to focus on job-embedded professional development and innovative approaches to building capacity of staff in order to increase effectiveness and reduce costs associated with Tier 1 training.

## **Focus on Budget Changes**

For FY 2012, OHRD is aggressively reducing the use of outside consultants to provide professional development to supporting services, teachers, and administrators. We are seeking to use the in-house talent and skills of current MCPS employees to provide this training. The adjustments to the delivery systems for professional development will create savings in the areas of training stipends and other costs. In addition, we are reducing the University Partnership costs by re-examining each partnership and the costs associated with them.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Technology

Under the leadership of the chief technology officer, the office is responsible for providing technology solutions to support teachers, engage students, and assist in the effective business operations of Montgomery County Public Schools (MCPS). The office provides the leadership for developing and implementing information technology initiatives that support the Board of Education's strategic plan, with emphasis on integrating technology-based teaching and learning in the classroom.

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

#### Major Functions

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

OCTO is comprised of four departments—the Department of Information and Application Services, the Department of Instructional Technology, the Department of Strategic Project Management and Planning, the Department of Infrastructure and Operations—and two divisions providing technology support and innovative project management, research and development, strategic planning for technology refreshment, coordination of state-wide educational technology efforts, and management of technology related federal programs.

The Department of Information and Application Services supports student and business technologies by providing leadership, collaboration, and coordination of OCTO initiatives through the development, implementation, and continuous improvement of MCPS technology solutions. These MCPS student, administrative, and operational services allow schools and offices to collect essential data; make decisions and plans based on data analysis; disseminate accurate, current, and timely information; and conduct efficient daily management and support operations.

The Department of Instructional Technology supports building the capacity of administrative, teacher, and support service professional staff by providing leadership and program management for the implementation of new technologies in schools and offices. Staff in this department supports the use of 21st century interactive classroom technologies to create and strengthen inclusive, diverse community-centered classrooms that foster a culture of inquiry, respect, and risk-taking so that all students are empowered to participate as full citizens in meaningful learning communities.

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

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

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

### **Recent Accomplishments**

- Focused on continued support of improved process management practices by improving collaboration and listening and learning from stakeholders.
- Focused on expanding the ability to meet increasing customer requests accurately and in a timely manner.
- Implemented innovative technology solutions for the 21st century interactive classroom, provided leadership for the design and implementation of online curriculum delivery, and

expanded project and process management practices in collaboration with MCPS-wide initiatives.

- Supported the use of 21st century interactive technologies to transform teaching and learning. Using the stimulus funding set aside for universal design for learning, interactive white boards, student response systems, and net book mobile carts were installed in all classrooms in four elementary schools. Also supported the administration of the Maryland Measures of Student, Teacher, and School Administrator Literacy Assessment to gather baseline data.
- Replaced four-year old computers in schools through the Technology Modernization Program, and refurbished and repaired 9,021 computers in the 64 schools, 3 alternative sites, and 1 special education school that had been anticipating the replacement of their four-year old computers in FY 2011. Also, supported the installation of technology for six schools with construction projects.
- Supported the federal application processes for e-Rate telecommunication rebates totaling approximately \$1.8 million for FY 2010.
- Improved network security by introducing dedicated and redundant firewall appliances to not only increase the security necessary to protect the critical data provided by MCPS network resources, but to increase the reliability of this function through the real-time redundancy.
- Streamlined the reporting platform and enhanced the Instruction Center in *myMCPS* to provide improved student achievement monitoring to reflect the ongoing development of the elementary integrated curriculum and standards-based grading and reporting, and to empower staff to create and share instructional content with the MCPS 21st century professional learning community.
- Added the Business Center to *myMCPS* to provide administrators with a consolidated repository for information vital to the day-to-day operations. It contains resources necessary for district operations including a document library, financial reports, calendar of important events, and staffing reports.
- Implemented the web-based Funding Accountability and Transparency application to allow public access to MCPS financial information about payments made, in compliance of the Maryland State House of Representatives, House Bill 841.
- Enhanced the Capital Improvements Program application to enable improved management and maintenance of enrollment projection data that impacts school boundaries. The application also was enhanced to improve projection of both general education and special education students in alignment with hours-based staffing.
- Enhanced the Human Resource Information System to provide event-driven e-mail notification, such as personnel changes and professional certification renewal notices.
- Implemented the web-based solution Human Resources Online (HRO) to automate and continuously improve the development and management of human resources processes and facilitate efficient transactional integration between personnel-based systems. Integration between HRO and *myMCPS* enables staff to manage their personnel data and automate former paper-based transactions.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Shared Accountability

Montgomery County Public Schools (MCPS) is committed to eight core values that guide our work, one of which is continuous improvement. The use of data to drive continuous improvement is deeply embedded into the culture and processes here in MCPS.

In 1999, the district set out to develop a system of shared accountability at all levels to promote equity and excellence and ensure college readiness. In establishing this system of shared accountability, district leadership focused on systemwide results, equity in student performance, and resource management. Principals focused on school performance and engagement, as well as the overall school climate. At the classroom level, teachers set out to accelerate the achievement of individual students. The Office of Shared Accountability, or OSA, was created to support these efforts.

OSA is responsible for seven functions within MCPS: applied research, internal audit, policy, program evaluation, records, reporting, and testing. The office is a strategic advantage for MCPS, allowing for timely, responsive, and useful information that promotes high expectations, equitable practices, and continuous improvement.

Internal research is a vital component of a self-renewing organization. The applied researchers, psychometricians, and program evaluators in OSA produce data that is used by schools, offices, and executive leadership to study and refine practices, programs, and initiatives.

The applied research conducted in OSA aims to explain factors that influence academic outcomes. Trend and gap analyses are used to measure the attainment of data points that monitor milestones of success. This internal research arm has laid the foundation for many of the structures and tools that guide improvement efforts, including the Seven Keys to College Readiness, the strategic targets, prediction models, and the Honors, Advanced Placement Identification Tool (HAPIT).

Any system of shared accountability relies on student performance data produced through a robust assessment program. The OSA psychometrician has a critical role in ensuring the fidelity of tools used to measure student performance. For example, the OSA psychometrician supports local assessments by conducting item and bias analyses, conducting reliability and validity studies, and setting benchmark standards. The psychometrician also conducts validity studies of vendor and state-mandated assessments. In a system of shared accountability, in which administrators and teachers must understand and use data to inform practices, the psychometrician also has a vital role as trainer. The OSA psychometrician provides consultation to curriculum and special education staff, M-Stat teams, principals, school test coordinators, teachers, and parents on a variety of assessment topics. Examples include score interpretation and the appropriate use of test results to inform decisions.



Also essential to a culture of continuous improvement is data about the efficacy of programs and initiatives. The program evaluators in OSA design and conduct comprehensive implementation and outcome studies of MCPS programs and initiatives aligned with the strategic plan to support the management of resources. Program evaluators also provide technical assistance and consultation to other MCPS offices, develop evaluation plans for major grant proposals sought by the school system, and collaborate with outside higher education institutions in the evaluation of grant-funded programs operating within the school system. These studies influence budget and staffing decisions and provide accountability for the effectiveness of programs and services. Findings from program evaluations and the resulting recommendations play a critical role in program refinement within MCPS. Some recent examples of programs studied include middle school reform, elementary and secondary ESOL programs, the professional growth systems, and the full-day prekindergarten program.

More than 220 publications by OSA are publicly available on the OSA Reports Navigator, accessible through the MCPS website at the following link: <http://sharedaccountability.mcpsmd.org/reports/list.php>. In addition to applied research and program evaluation reports, this website includes reports detailing stakeholder survey results and student performance on strategic data points.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Enrollment

The Montgomery County Public Schools (MCPS) FY 2012 Operating Budget will increase by \$17,217,442 because of enrollment changes. Enrollment growth impacts most aspects of the operating budget, such as requirements for instructional staffing, instructional materials (textbooks and supplies), other school-based supporting services, and new and expanded school facilities. Below are details of the reasons for the increase.

#### Enrollment Projections

- Official enrollment for the 2010-11 school year is 144,064 students. This is an increase of 2,287 students from FY 2010, and 813 more than what was projected and budgeted for in the FY 2011 Operating Budget.
- Enrollment is projected to be 146,649 students in FY 2012, which is 2,585 more than this year, and 3,340 more than what was budgeted for in the FY 2011 Operating Budget.
- The main reasons for higher enrollment in FY 2011 include:
  - Higher numbers of resident births since 2000, now arriving in elementary schools
  - A reduction in out migration of households from Montgomery County
  - Increased enrollment into MCPS from county private schools
- Elementary school enrollment is projected to increase next year. The projection for Grades K-5 enrollment in FY 2012 is 66,017, up 1,662 from this year's actual enrollment of 64,355. Kindergarten enrollment is projected to be 11,100 next year, the first year it has ever topped 11,000.
- Secondary school enrollment is projected to increase in FY 2012, but less dramatically than elementary enrollment. Grades 6-8 enrollment is projected at 31,212, an increase of 350 from this year's actual enrollment of 30,862. Grades 9-12 enrollment is projected at 45,527, an increase of 192 from this year's actual enrollment of 45,335.
- Increases in elementary school enrollments are now beginning to move up to middle schools, and will hit high schools several years from now. Significant total enrollment increases will occur over the six-year forecast period. By FY 2017, MCPS is projected to have 154,684 students enrolled, 10,620 more than this year.

#### Costs Related to Enrollment Changes

Budget calculations are based on changes in projected enrollment. Staffing allocations to schools based on enrollment projections are zero-based each year. Ratios of staff to students approved each year by the Board of Education as part of the Operating Budget Request are applied to projected enrollment at each school as the basis of initial staffing allocations. Individual school allocations may be modified by the Office of School Performance before classes begin if individual school needs suggest different staffing levels.

Since actual enrollment was 813 students above budget in FY 2011, additional resources will need to be requested in the FY 2012 budget for these students. In addition to these students, another increase of 2,527 students is projected for FY 2012, for a total 3,340 students above the budgeted level for FY 2011.

- Total costs related to enrollment growth will increase by \$17,217,442.
- This fall there are 557 more students in Grades K-5 than were projected. The projection of 1,739 additional Grades K-5 students in FY 2012, results in a cumulative increase of 2,296 students from what is budgeted for in FY 2011 to what is projected for FY 2012. This number of additional students requires an additional 117.2 classroom teacher positions, 4.5 media assistant positions, and 6.25 lunch hour aide positions at a total cost of \$8,441,546.
- This fall there are 222 more students in Grades 6-8 than were projected and budgeted for. The projection of 343 more middle school students in FY 2012 results in an increase of 565 students from what was budgeted for in FY 2011 to what is projected for FY 2012. This number of additional students requires 35.0 additional classroom teacher positions at a total cost of \$2,374,553.
- This fall there are 421 more students in Grades 9-12 than were projected and budgeted for. The projection of 87 more high school students in FY 2012 results in an increase of 508 students from what was budgeted for the FY 2011 to what is projected for FY 2012. This number of additional students requires an additional 29.4 classroom teacher positions, 3.0 assistant school administrator positions, and .875 additional supporting services positions for a total increase of \$2,184,474.
- This fall there are 21 more students in special education prekindergarten programs and special program centers. There are 50 fewer students in the Gateway to College program.
- This fall there is a projected increase of 750 ESOL students, for a total of 18,650. This number of projected additional students requires 15.5 additional classroom teacher positions and 3.5 fewer paraeducator positions at a total cost of \$900,994.
- Growth in special education requires the addition of 7.0 classroom teacher positions, 1.8 speech pathologists, and 15.5 paraeducator positions, partially offset by 0.9 fewer occupational and physical therapist positions, at a total cost of \$1,199,389. Special education students are now included in the total count of students by grade level. Costs for substitutes and instructional materials for additional special education students total \$407,834. An increase in the number of students expected to require non-public placement increases the budget for tuition payments by \$1,690,246.
- There are other costs related to enrollment changes such as \$263,219 for substitutes, \$61,053 for textbooks, \$32,005 for media centers, and \$339,827 for instructional materials.
- Employee benefits costs related to enrollment changes result in a net increase of \$3,480,987.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### New Schools

The Montgomery County Public Schools (MCPS) FY 2012 Operating Budget will increase by a net of \$861,128, reflecting the effects of opening new school space. Below are details of the reasons for the decrease.

- The budgetary impact of new schools is a result of the combination of positions added to a school because of the school building itself and one-time start-up costs.
- Costs associated with the opening of new schools rather than enrollment growth include building administrators, reading teachers, staff development teachers, building service workers, secretaries, and other positions. New school costs also include utilities, media and instructional materials, custodial supplies, equipment, food services, and other non-personnel costs.
- One-time costs come out of the budget in the year after the building opens or a grade is added. As a result, the incremental impact of new schools in any single year may be either an increase or decrease.
- In FY 2012, no new schools will open. One new elementary school will open in FY 2013, Downcounty Consortium Elementary School #29, the start-up costs for which add a 1.0 principal and a 1.0 administrative secretary position for half of the school year at a cost of \$82,940. This increase is offset by a decrease of the one-time costs relative to the opening of the William B. Gibbs, Jr. Elementary School of \$360,750, resulting in a net decrease for new schools costs of \$277,810.
- The increase of costs related to the addition of 299,000 square feet at several school buildings totals 17.0 building services positions and \$686,984. Additional costs for building services supplies related to the additional space are \$36,626 and utilities costs are \$415,328, for a total of \$1,138,938.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Continuing Salaries

Continuing salaries and related employee benefits will increase the FY 2012 Operating Budget by \$14,556,046. Continuing salary costs are tied to the negotiated agreements. They include annual salary increments for eligible employees, adjusted by savings for expected employee lapse and turnover. Employee pay is based on salary schedules, published as part of the operating budget, for each pay grade and step. As employees increase their experience, they reach higher steps on the salary schedule. In addition, teacher salaries depend on educational levels. Salaries for supporting services employees depend on the number of hours worked in addition to their years of service.

### Continuing Salaries

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

- Montgomery County Education Association (MCEA) representing teachers and other professional employees
  - SEIU Local 500 representing supporting services employees
  - Montgomery County Association of Administrators and Principals/Montgomery County Business and Operations Administrators (MCAAP/MCBOA) representing administrators and non-certificated supervisory employees
- Employees will receive continuing salary increases and related employee benefits totaling \$32.4 million related to seniority (steps and longevity). Increases include scheduled annual increments for employees with satisfactory service who are still progressing along salary schedules and for teachers who accumulate sufficient graduate credits to move to a higher salary schedule lane. Longevity increases are based on years of service.
  - Included in net continuing salary costs is lapse (savings resulting from short-term vacancies) and turnover (savings from replacing a senior employee with a lower-paid junior employee) savings based on historical experience.
  - The total budget increase for continuing salary costs and related benefits of \$14.6 million. Continuing salaries increase the total budget by 0.7 percent and the budget for salaries and wages by 1.0 percent.
  - Budgeted salary costs for FY 2012 assume that all new employees will be hired at the budgeted new-hire rate for their position, including BA4 for regular education teachers and BA6 for special education teachers.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Employee Benefits

The Montgomery County Public Schools (MCPS) FY 2012 Operating Budget includes \$517.8 million to provide employee benefits and insurance (24 percent of the total operating budget). This includes an increase of \$40.7 million (9.3 percent) for existing employees and retirees. Health and life insurance coverage for current active and retired employees and their families are provided through the Employee Benefit Plan (EBP). Other employee benefits include retirement, social security (FICA), worker's compensation and other self-insurance, and tuition reimbursement. The operating budget includes \$6.0 million for payments required for the Retiree Health Trust Fund for Other Post-Employment Benefits (OPEB) to pre-fund retiree health benefits. See a separate section on OPEB.

#### Health and Life Insurance

- MCPS works with a consultant firm, Aon Consulting, one of the leading firms in the nation with expertise in employee benefit plan administration. Aon studies both national trends and actual MCPS experience to develop projections of future costs. These projections have been very close to actual results for the last several years.
- Joint negotiations with employee unions have resulted in a series of health care plan design changes, including higher co-pays for some plans, changes in pharmaceutical access, and new plan administration.
- The projected budget increase assumes a 7.0 percent health care cost increase trend in FY 2012. This rate is much higher than the expected rate of inflation. The projection reflects the net of inflationary cost increases and the positive effects of cost containment initiatives and cooperation with other county agencies, including rebidding contracts with third party administrators.
- The budget for health and life insurance for active employees will increase by \$12,940,733. Active employees pay an average of 9 percent of plan expenses, although this varies by plan.
- The budget for retiree health care costs will increase by \$5,676,081. Retirees pay 36 percent of plan costs.

#### Other Employee Benefits

The cost of other employee benefits is expected to increase by \$14.4 million in FY 2012.

- The cost for current retirement programs will increase by \$11,544,328 based on 5.57 percent of salary. Investment gains and losses in the retirement fund are smoothed over

five years. Thus, some past losses have not yet been fully realized, and there will be a gradual recognition of significant losses and a consequent increase in the percentage of salary used to calculate retirement contributions. As a result of these anticipated actuarial losses, long-term concerns remain about the funded status of the retirement plan.

- Contributions to social security are projected to increase by \$465,435 in FY 2012 to reflect projected changes in the maximum wage base.
- Self-insurance costs for worker's compensation will increase by \$2,417,880 in FY 2012, an increase of 17.8 percent. MCPS participates in an inter-agency risk management fund. That fund has sustained significant investment and operating losses, although the volume of MCPS self-insurance claims has not changed significantly.

## **Montgomery County Public Schools**

### **FY 2012 OPERATING BUDGET**

#### **Funding Retiree Benefits - OPEB**

The Montgomery County Public Schools (MCPS) FY 2011 Operating Budget includes an increase of \$6.0 million to resume pre-funding of Other Post-Employment health and life insurance Benefits (OPEB) for retired employees, made necessary by the rulings of the Government Accounting Standards Board (GASB). The FY 2011 budget did not include any pre-funding for OPEB obligations. This pre-funding is necessary to assure retired and active employees that future retiree health insurance costs will be fully funded.

- GASB defines what are considered to be Generally Accepted Accounting Principles (GAAP) for governmental entities, including public school districts. GASB statements 43 and 45 related to disclosure of liabilities for Other Post-Employment Benefits (OPEB).
- OPEB include retiree medical, dental, life insurance, and other benefits not covered by a pension plan.
- MCPS has taken action to limit its liabilities under the new rulings. With the cooperation of retiree representatives, the Board of Education adjusted the share of health and life insurance benefit payments made by retirees to 36 percent of total costs with MCPS responsible for 64 percent.
- Plan sponsors such as MCPS, began to comply with the new rulings beginning in FY 2008. They must determine through an actuarial study and disclose in financial reports OPEB liabilities as they are incurred. MCPS commissioned its pension actuary, Mercer, to conduct the required actuarial analysis.
- The new approach differs from past practice that permitted employers to pay for such benefits on a “pay as you go” basis. Until 1978, MCPS pre-funded retiree insurance benefits. That fund was finally exhausted in FY 2003. After that, the operating budget paid the full cost of retiree benefits.
- Although GASB does not require government bodies to pre-fund OPEB obligations, bond rating agencies expect large governmental entities with favorable bond ratings to phase-in OPEB funding over a period of years, with a plan to achieve full funding of the liabilities. The County Council has requested all county agencies to phase-in required pre-funding over no more than eight years. By the end of the eight-year phase-in period, MCPS will be contributing approximately \$80 million annually. FY 2012 is the fifth year of the phase-in period.
- MCPS has established a trust fund to hold and invest employer contributions. Investment earnings of the trust fund will reduce the ultimate cost to the operating budget. MCPS deposited \$12 million in FY 2008 and \$18 million in FY 2009.



- The FY 2010 budget included \$12.0 million in contributions for the third year of the eight-year phase-in period. The adverse economic situation and budget shortfalls made it necessary to not make the OPEB contribution in the Trust Fund. Instead, the OPEB contribution was returned to the county to bolster year-end reserves. The County Government made no payments to its OPEB trust fund in FY 2010 or FY 2011. This has created a shortfall in the phase-in plan.
- The FY 2012 budget includes an increase of \$6.0 million to begin restoration of the payment schedule. The County Council fiscal plan, adopted in June, 2010, assumes a total of \$83.6 million for OPEB in FY 2012, including \$53.2 million for MCPS. This amount would tentatively restore payments to amounts specified in the eight-year phase-in plan. Because of the effects of the recession, the County Council may decide again to postpone required OPEB contributions. That may effectively delay completion of the phase-in period.
- As economic conditions improve, MCPS will make additional contributions to achieve the complete phase-in of required payments within eight years based on actuarial recommendations. This will enable MCPS to achieve full funding of anticipated OPEB obligations. Actuaries have warned that continued pre-funding delays may increase the long-term OPEB liability by forcing use of a lower projected rate for future earnings.

## **Montgomery County Public Schools**

### **FY 2012 OPERATING BUDGET**

#### **Inflation and Other Cost Changes**

Miscellaneous changes and cost increases resulting from inflation to maintain the same level of services increase the Montgomery County Public Schools (MCPS) FY 2012 Operating Budget by \$8,296,034 (0.4 percent of the approved budget). Below are details of the reasons for the increase.

- As the region's economy has begun to recover from the recession, inflation in the Washington metropolitan area has increased to about 1.3 percent in 2010 compared to 0.1 percent in 2009. Inflationary increases are calculated for most budgeted items other than salaries, and increases for major items that have specific rates different from general inflation rates are calculated separately. These include such items as utilities, diesel fuel, bus parts, tuition costs for students with disabilities who are in private placements, textbooks, and instructional materials.
- Inflationary increases total \$657,000, primarily related to inflation for textbooks and instructional materials, based on the 3 percent inflation rate for textbooks and other instructional materials. A total of \$6.3 million is budgeted for textbooks.
- MCPS has continued to make savings in utilities costs due to energy conservation measures and savings from rebidding electricity contracts. In FY 2011, utilities costs decreased by \$5.5 million. In FY 2012, increases in the county Energy Tax result in higher costs of electricity and other utilities that total \$2.3 million. In FY 2010, MCPS used \$2 million of savings to set aside funds to pay the Energy Tax increase in FY 2011. The budget must be increased in FY 2012 to continue tax payments. There also is an increase of \$500,000 related to increased water and sewer rates.
- Higher costs resulting from expected rate increases for non-public placement for special education students are \$866,000. Such rate increases must be approved by the Maryland State Department of Education. Other miscellaneous changes related to various program needs in special education are a net increase of \$1,190,000.
- Higher costs for replacement of 138 school buses that have reached the end of their permitted use (\$675,000) and higher costs estimated at \$2.87 per gallon for diesel bus fuel (\$784,000), totaling \$1,459,000
- Costs for building maintenance will increase by \$681,000 for maintenance supplies, vehicle operations, graduation of 4.0 maintenance apprentices to regular positions, and supplies and services to permit compliance with stormwater management and fats, oils, and grease (FOG) regulations of the Environmental Protection Administration.
- Costs to replace the School Library Circulation System and the School Scheduling System (\$472,000)
- Costs to implement the online safety system in the Department of Facilities Management (\$20,000)
- Costs to begin restoration of school furniture acquisition eliminated because of fiscal constraints in FY 2011 (\$172,000)

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Revenue

Montgomery County Public Schools (MCPS) currently receives 67 percent of its operating budget revenue from local county contribution, 23 percent from the state of Maryland, 6 percent from the federal government, and 4 percent from enterprise fund activities, fund balance, and all other sources. Below are details of major revenue issues facing MCPS in FY 2012.

#### County Revenue

- In FY 2011, Montgomery County provides 67.3 percent of MCPS total resources. This percentage has dropped for several years because state and federal aid have increased and because the county failed to meet minimum requirements for local contribution in FY 2011.
- In FY 2011, the County Council approved a local contribution to the MCPS budget that was \$138.9 million lower than the minimum required by the state for Local Maintenance of Effort (MOE). The Board of Education joined with Montgomery County to request a waiver of the requirement based on the county's fiscal inability to make the required local contribution without seriously reducing other county commitments. The Maryland State Board of Education agreed for the first time to grant a MOE waiver. This saved the county from a potential penalty that would have fallen on MCPS of up to \$41 million of increased state aid to which MCPS was entitled in FY 2011.
- The Maintenance of Effort requirement for FY 2012 is \$1.497 billion in local tax contribution, an increase over FY 2011 of \$82.1 million. This reflects the growth in enrollment since FY 2010 and the need to restore the FY 2010 amount per pupil (\$10,664) as required by state law.

#### State Revenue

- In FY 2011, MCPS received \$488.6 million in state revenue, an increase of \$48.5 million from FY 2010. This is 23.2 percent of the MCPS budget.
- FY 2008 was the final year of implementation of the six-year *Bridge to Excellence in Public Schools Act* (BTE). Through FY 2011, state aid has increased by \$275 million above the amount before the BTE Act.
- The General Assembly also provided full funding of the Geographic Cost of Education Index (GCEI), which recognizes the higher cost of education in some districts. The governor chose to provide most of this funding using federal aid under the *American Recovery and Reinvestment Act* (ARRA) of 2009. This federal aid is temporary and expires after FY 2011.

- The Maryland State Department of Education has not yet issued preliminary estimates of state aid for FY 2012. Based on preliminary information about enrollment and wealth, however, MCPS expects to receive an increase of \$27.4 million. However, the state of Maryland faces a potential \$1.6 billion shortfall in FY 2012. Closing this fiscal gap may result in changes to state aid formulas or transfer of state obligations for teacher pensions to local governments. A state commission appointed to study solutions to issues of benefits costs is expected to make preliminary recommendations by January 2011.

## **Federal Revenue**

- In FY 2011, MCPS received \$119.0 million in federal revenue. This is 5.7 percent of the MCPS budget. In FY 2012, MCPS expects to receive \$68.6 million in federal aid.
- In FY 2011, the MCPS operating budget includes \$53.7 million in federal aid through the *American Recovery and Reinvestment Act (ARRA)* of 2009, the federal economic stimulus legislation. These funds are provided for two years through September 30, 2011. Although appropriated as a single multi-year grant, the ARRA funds were designated by Maryland to be used primarily as formula grants in even amounts during FY 2010 and FY 2011. The FY 2012 Operating Budget assumes that ARRA funds will not be available next year.
- MCPS does expect to receive \$4.4 million in federal revenue through the Education Jobs Fund (EJF) approved by the U.S. Congress in 2010 to provide support to states for education. These funds need not be spent in FY 2011 so they will be available as end-of-year fund balance to be appropriated for the FY 2012 Operating Budget.
- The budget assumes that \$40.0 million of federal aid needed for ongoing program activities will be appropriated in FY 2012 as local contribution within the MOE requirement. As part of the ARRA funding, MCPS received \$31.3 million under the State Fiscal Stabilization Fund (SFSF) in FY 2011. These unrestricted grant funds were used for electricity and natural gas costs which must be continued with local funding in FY 2012. Another \$8.7 million funded through ARRA is needed for ongoing special education and Reading Recovery programs. The remaining \$13.7 million in ARRA funds will be reduced in the FY 2012 Operating Budget.

## **Montgomery County Public Schools**

### **FY 2012 OPERATING BUDGET**

#### **Local Maintenance of Effort**

The state Maintenance of Effort (MOE) law requires each county to appropriate local funds equal to the highest local appropriation per pupil for the previous fiscal year, that is, to provide sufficient local tax dollars at least equal to the same amount in the previous fiscal year for each student. The purposes of the requirement are to stimulate local support of education and prevent a county from reducing its own contribution when the state increases the amount of aid to a school district. This prevents a county from using the increased state aid for a different purpose than education, for example, a new county office building, which would defeat the purpose of increased state aid for education.

- The Maintenance of Effort requirement for FY 2012 is \$1.497 billion in local tax contribution, an increase over FY 2010 of \$82.1 million.
- As enrollment changes, MOE may increase or decrease to maintain the same dollars per pupil in local funds. For FY 2012, the required local contribution is \$10,664 per pupil.
- Because Montgomery County received a waiver of the MOE requirement for FY 2011, state law bases the FY 2012 per pupil requirement on the higher FY 2010 amount per pupil of \$10,664. Because under the waiver, the county's local contribution in FY 2011 of \$1.415 billion was only \$10,244 per pupil, it must increase the local contribution by \$34.9 million to reach the FY 2010 amount per pupil. Further, it needs to increase the local contribution by \$47.2 million to reflect the increase of 4,423 students from FY 2010 to FY 2012.
- Because the formula covers only enrollment changes, the MOE amount is not sufficient to meet even basic inflationary cost increases. Those cost increases not covered by MOE include higher prices for textbooks and materials, changes in employee compensation, higher costs for health care and other employee benefits, cost increases for bus fuel, or higher costs for electricity and other utilities.
- In most years, Montgomery County has funded the MCPS budget at a much higher level than MOE, both to compensate for inflationary increases and for program improvements, offset by reductions based on greater efficiency or program reductions. Over the past decade, the cumulative funding above required MOE exceeds \$500 million.
- In FY 2011, Montgomery County provides 67.3 percent of MCPS total resources. This percentage has dropped for several years because state aid has increased.
- If state or federal aid increases, that does not change the required local contribution. In FY 2011, state aid exceeded the FY 2010 budget by \$48.5 million.
- Because of the availability of additional state and federal aid and because of the county's difficult fiscal situation resulting from the national economic recession, the Montgomery

County Board of Education supported the County request for a waiver of the MOE requirement in FY 2010 and FY 2011. But because of the termination of the one-time increase in state and federal aid, continuing inflationary pressures and enrollment increases require a greater local contribution within the MOE requirement.

- In May 2009, the Maryland State Board of Education denied the county's request for an MOE waiver. The county then decided to appropriate within the MCPS budget sufficient funds to meet the MOE requirement totaling \$79.5 million by requiring MCPS to reimburse the county for debt service on school construction bonds.
- In November 2009, the state attorney general ruled that this use of debt service does not meet the MOE requirement because it involves an artificial transfer of expenditure from the county to the Board of Education budget. The State Board found that Montgomery County had violated maintenance of local effort and penalized MCPS \$23.4 million in the loss of increased state aid to which it was entitled. The General Assembly eliminated the penalty.
- In April 2010, the Board of Education again joined the county in requesting a waiver. This time, the State Board granted the waiver, calling the possible penalty of \$41 million unfair to the school system.
- State law requires the Board of Education to request an operating budget including at least enough local contribution to meet the MOE requirement. The FY 2012 Operating Budget meets state requirements.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### State Revenue

Montgomery County Public Schools (MCPS) currently receives 23 percent of its Operating Budget revenue from the state of Maryland. Below are details of major state revenue issues facing MCPS in FY 2012.

- In FY 2011, MCPS received \$488.6 million in state revenue, an increase of \$48.5 million from the FY 2010 budget. This is 23.2 percent of total revenue.
- FY 2008 was the final year of implementation of the six-year *Bridge to Excellence in Public Schools Act* (BTE). The BTE recognized that the state has an obligation to provide adequate support to all students, to improve the equity of the distribution of state aid to districts with fewer local resources, and to assure accountability for the use of state funds through improved student achievement. After FY 2008, districts were scheduled to receive formula increases only for inflation and higher enrollment. Through FY 2011, state aid has increased by \$275 million above the amount before the BTE Act.
- The 2010 session of the General Assembly delayed the inflationary adjustment required by the BTE until FY 2013, and limited it to 1 percent in that year.
- The General Assembly provided full funding of the Geographic Cost of Education Index (GCEI), which recognizes the higher cost of education in some districts. However, the governor chose to provide \$22 million of the total of \$31 million through temporary federal aid under the federal State Fiscal Stabilization Fund (SFSF). GCEI funds are not mandated state aid and there is no guarantee that GCEI funding will be available in FY 2012. When the federal aid terminates after FY 2011, it is not clear how the GCEI will be funded.
- The Maryland State Department of Education has not yet issued preliminary estimates of state aid for FY 2012. Based on preliminary information about enrollment and wealth, however, MCPS expects to receive an increase of \$27.4 million. MCPS expects an increase of approximately \$14 million based on enrollment increases and \$13 million based on lower wealth and a greater number of low-income students eligible for Free and Reduced-price Meals (FARMS).
- However, the state of Maryland faces a potential \$1.6 billion shortfall in FY 2012. Closing this fiscal gap may result in changes to state aid formulas or transfer of state obligations for teacher pensions to local governments. A state commission appointed to study solutions to issues of benefits costs is expected to make preliminary recommendations by January 2011.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Federal Revenue

The Montgomery County Public Schools (MCPS) FY 2012 Operating Budget includes federal revenue of \$65.8 million (3.0 percent of the total), a reduction of \$53.2 million. Below are details of major federal revenue issues facing MCPS in FY 2012.

- In FY 2011, MCPS currently receives \$119.0 million (5.7 percent) of its budget from the federal government.
- MCPS receives federal aid mainly through categorical grants that must be used for specifically designated purposes. The only exception is Impact Aid received as a reimbursement for the extra expenditures resulting from the attendance of children of certain federal employees. In FY 2010, MCPS expects to receive \$245,000 in federal Impact Aid.
- Major federal categorical grants include Title I to provide support for poor children, Title II-A to improve teacher quality, Title III (Limited English Proficiency) for English language learners, Head Start, Vocational Education, and the *Individuals with Disabilities Education Act* (IDEA) for special education students.
- In FY 2010, MCPS received a major increase in federal aid through the *American Recovery and Reinvestment Act* (ARRA), the federal economic stimulus legislation. These funds are provided for two years through September 30, 2011. Although appropriated as a single multi-year grant, the ARRA funds were designated by Maryland to be used primarily as formula grants in nearly even amounts during FY 2010 and FY 2011. Under federal law ARRA grants will terminate in FY 2012. This is a significant fiscal problem for the county and for the state of Maryland.
- The FY 2011 Operating Budget includes \$53.7 million of ARRA funding. Much of the ARRA money is restricted in use. MCPS received \$5.9 million for Title I and \$16.5 million for IDEA in FY 2011. These funds must be used for the same purposes and according to the same regulations as other funds normally received for these grants. Smaller amounts also have been received for several other categorical grants.
- As part of the ARRA funding, MCPS also received \$31.3 million under the State Fiscal Stabilization Fund (SFSF). These funds are intended to be used to save and create jobs to boost the economy. The U.S. Congress designated approximately 81 percent of the funds for education purposes and 19 percent for general governmental purposes. The governor decided to use the education funds to avoid having to make reductions in certain state aid formulas, including the Geographic Cost of Education Index (GCEI), and to support needed increases in state retirement payments made on behalf of local school districts.



- The operating budget assumes that \$40.0 million of federal aid needed for ongoing program activities will be appropriated in FY 2012 as local contribution within the MOE requirement. The \$31.3 million of unrestricted grant funds used for electricity and natural gas costs must be continued with local funding in FY 2012. Another \$8.7 million funded through ARRA is needed in local funds within the MOE requirement for ongoing special education, Reading Recovery, and Middle School Extended Year/Extended Day programs. The remaining \$13.7 million in ARRA funds will be reduced in the FY 2012 Operating Budget.
- MCPS does expect to receive \$4.4 million in federal revenue through the Education Jobs Fund (EJF) approved by the U.S. Congress in 2010 to provide support to states for education. These funds need not be spent in FY 2011 so they will be available as end-of-year fund balance to be appropriated for the FY 2012 Operating Budget.
- MCPS also received additional ARRA funds through competitive grants, including \$5 million for the Investing in Innovation (I3) grant in conjunction with private and community partners to advance work on the Elementary Integrated Curriculum project.

# Montgomery County Public Schools

## FY 2012 Operating Budget

### Grants

The Montgomery County Public Schools staff works to garner outside government and private funding and resources that support the objectives of the district's strategic plan. In FY 2010, MCPS received \$2.6 million in new competitive grants. Grant-funded projects and donated resources often address critical unmet needs, whether they are used to supplement existing programs, to explore new ideas, or to implement model programs. Grant awards and donations of outside resources to MCPS represent savings to local taxpayers.

Discretionary grants awarded to MCPS have supported such initiatives as:

- the Middle School Magnet Consortium;
- the expansion of instruction in the least commonly taught languages of Japanese, Arabic, Chinese, and Russian;
- arts integration programs at three elementary schools;
- after-school and summer programs offered throughout the county;
- high school academies that prepare students for careers and higher education in the science, information technology, communication, arts, and other fields;
- professional development for teachers of art, music, history, science, and mathematics;
- reading programs for English language learners and their parents;
- programs that improve school climate and reduce behavior problems leading to suspension;
- curriculum writing; and
- Revamping of physical education programs throughout Montgomery County.

In some cases, MCPS has competed successfully on two or more occasions and been awarded more than one grant under the same program, including Teaching American History, Smaller Learning Communities, Readiness and Emergency Management for Schools, and Startalk.

Some of the more recent discretionary grants awarded to MCPS include:

- The Investing in Innovation (I3) grant, which will enable MCPS to design the nation's first curriculum that will develop critical and creative thinking skills in children. MCPS will collaborate with private sector experts on this project.

- MCPS also recently received a Teaching American History grant that will enable scores of teachers to train middle school students to use primary sources and other tools of historical research.
- MCPS also recently received a large grant that will enable it to produce state of the art safety and security training materials that will increase the efficiency of and coordination among first responder agencies in the event of a safety or security crisis in or near one of our schools.

To maximize the benefits it derives from grants, MCPS often collaborates with institutions of higher education, community-based nonprofit organizations, and other county agencies to secure this funding. Collaboration in these instances can entail helping to develop and write a proposal to be submitted by the partner organization that will implement its program in MCPS. In other collaborative arrangements, MCPS may serve as the lead applicant in submitting a proposal, but plan to use a substantial amount of the funds requested to procure from a partner organization services for MCPS students or staff, particularly services provided outside of the normal school day. Collaborative grant seeking has provided the means by which MCPS has increased the number of teachers qualified to provide for the needs of children with disabilities; brought conflict resolution training and programs to schools; improved the quality of early childhood education programs; improved both teaching of, and learning by, students with varying degrees of English language proficiency and a wide range of other learning challenges; provided specialized support to homeless students who want to attend college; and created post-graduate level educational opportunities for teachers of math, science, reading, and foreign languages.

# Montgomery County Public Schools

## FY 2012 Operating Budget

### Operating Budget Process

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

- *Community Roundtables* – The Board of Education convenes community roundtable forums annually in October to review implementation of the MCPS strategic plan, assess progress on detailed multi-year strategies and initiatives implemented through the operating budget, and gather public input at the forums or through the MCPS website. Community roundtable forums this year have enabled hundreds of parents and community leaders to exchange ideas for improving the school system. Individual offices and departments also gather community input, for example, the Special Education Staffing Plan Committee.
- *Same Services Budget Development* – The operating budget is developed through a “zero-based” process that applies staffing and other funding formulas approved by the Board of Education using updated enrollment forecasts and other school-based data. Departments have an opportunity to realign existing resources to higher priority needs based on the system and unit strategic plans. The budget development process also accounts for inflationary increases in the cost of goods and services required by the school system.
- *Program Initiatives and Reductions* – Improvements in new or expanded programs may be proposed by individual offices or by other stakeholders. These changes are tied to the goals of the strategic plan. In November, with the advice and counsel of other decision makers, formally and informally, the superintendent of schools determines which programs he will recommend and how much he will request for each new or expanded program initiatives. In FY 2012, fiscal constraints will prevent implementation of new or expanded program initiatives. Based on targets provided to individual offices, the superintendent also recommends reductions in base budget programs. Stakeholders including representatives of parents and employee unions participate fully in the development of budget recommendations and a thorough review of the base budget.
- *Budget Presentation and Publication* – In December, the superintendent of schools presents his recommendations to the Board of Education. The *Superintendent's Recommended Operating Budget*, often called the management budget, shows budget resources by office, department and other units. The *Program Budget* includes references to the units that carry out each program. The management budget describes in detail the work of each unit, shows all budget changes, and includes performance measures for each operating unit. The management budget also includes a glossary of budget terms, an index of all items, and a section describing how to understand the budget. The *Budget in*

*Brief* describes highlights of the recommended operating budget for the general public. Budget publications are all posted to the MCPS website.

- *Board of Education Public Hearings and Worksessions* – In January, the Board of Education holds two public hearings. Testimony is received from MCCPTA cluster representatives and other interested citizens regarding the superintendent's recommendations. Following the hearings, the Board holds two worksessions to ask specific questions about the budget and explore potential amendments. Recently, the Board has reviewed the budget programmatically. The Board has identified budget issues related to its seven academic priorities and reviewed the budget according to those priorities rather than chapter by chapter. The Board may increasingly use the Program Budget to organize its work sessions on the operating budget.
- *Budget Amendment and Adoption* – At the all-day meeting in February, the Board formally considers the superintendent's operating budget, often as amended to take into account updated enrollment and other information. Board members propose and dispose of suggested amendments and adopt the Operating Budget Request as amended. On March 1, the budget is formally transmitted to the county executive and the County Council.
- *Spending Affordability Guidelines Process* – In February, the County Council adopts spending affordability guidelines (SAG) for the county, including possible property tax rates and allocations of resources to each agency. If an agency's budget request exceeds its SAG allocation, it must submit a list of possible reductions to meet the SAG guideline no later than March 31. In June 2010, for the first time, the County Council adopted a fiscal plan to serve as the basis for its FY 2012 Operating Budget deliberations.
- *County Executive and Council Review* – The county executive issues his recommended budget on March 15. In April, the County Council holds a series of public hearings that include considerable testimony on the MCPS budget. The County Council Education Committee reviews the MCPS request and the county executive's recommendation during worksessions in April and May. The full Council approves a budget for MCPS including totals for each state category by the end of May. The Board of Education determines the final approved budget using state category totals approved by the Council at its June day meeting. The budget takes effect on July 1.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Public Engagement and the Operating Budget

The Montgomery County Board of Education has strengthened public engagement in the development of the Montgomery County Public Schools (MCPS) Operating Budget. MCPS has implemented new methods this fall to expand public participation. Feedback received from this process has influenced the proposals included in the FY 2012 Operating Budget. Below are details of the public engagement process.

- For the past seven years, the Board of Education has held public community forums in the fall to provide feedback on the progress of the MCPS strategic plan and how the budget can be better aligned with the strategic goals of the school system.
- On October 13, 2010, and October 28, 2010, the Board held Community Roundtable discussions at the Carver Educational Services Center in Rockville and Wheaton High School in Wheaton respectively. The Board's goal was to hear from the community ideas on how to improve the school system and incorporate these ideas in the strategic planning process. The Board felt that using a new roundtable format this year would allow community members to engage in deeper conversations about key issues.
- In addition, MCPS is receiving ongoing feedback online and through feedback cards in multiple languages that have been distributed to parents and community organizations.
- The Board asked three key questions:
  1. What do you value about Montgomery County Public Schools?
  2. We can't do it all. So, what should our top priorities be, and what are the things that MCPS cannot do without?
  3. What do we need to do to continue improving education over the next five to ten years, and beyond, in Montgomery County?
- Community members who participated thought that the roundtable discussions were an innovative approach that fostered sharing of ideas.
- Main themes identified in the comments include:
  - Value of variety of special programs (including magnets, Immersion, and GT);
  - Highly qualified teachers and other staff;
  - Diversity of students and staff;
  - Small class size, rigorous curriculum and high expectations;
  - Safe, well-maintained schools;
  - Parent/school communications and involvement; and
  - ESOL and special education programs.

# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Budget Transparency

The Montgomery County Public Schools publishes and posts on its website a variety of publications that involve different ways of looking at the operating budget. Together, these documents enable citizens to understand how MCPS resources are used and what is recommended in the operating budget. MCPS is continually trying to improve the transparency of these budget documents. To save printing and postage costs, the publication of paper documents has been considerably reduced, but all budget documents are conveniently available in electronic formats.

Following are details of the information available on the MCPS operating budget.

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

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

All of these publications are available on the MCPS website.



# Montgomery County Public Schools

## FY 2012 OPERATING BUDGET

### Audits

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

- State of Maryland law, Section 5-109 of the Education Article, requires all school districts to commission an annual external audit of financial transactions by an independent certified public accountant. MCPS uses the firm of Clifton and Gunderson (CG). Neither CG nor its predecessors have identified any material weaknesses or noncompliance with internal controls.
- MCPS issues an annual financial report, the Comprehensive Annual Financial Report (CAFR). This report has received an Excellence in Financial Reporting Award from the Government Financial Officers Association (GFOA) and from the Association of School Business Officials (ASBO).
- Board of Education Policy DAA, *Fiscal Responsibility and Control*, requires the superintendent of schools to maintain strict financial controls consistent with state law and the county charter.
- The Board of Education Fiscal Management Committee meets regularly with staff to review audit findings and provide financial oversight. The Fiscal Management Committee reviews the reports of the system's actuary and external auditor.
- The Maryland State Department of Education (MSDE) reviews MCPS activities and financial reports every two years. MSDE audits a variety of issues, including enrollment, program administration, special education, teacher certification, criminal background checks of teachers, and grants monitoring for the two-year period.
- Senate Bill 894 required the state Office of Legislative Audit (OLA) to initially conduct a comprehensive financial and operational audit of all state school systems according to a six-year schedule. The audit report published January 15, 2009, found that MCPS has "procedures and controls in place to ensure the safeguarding of assets and the efficient use of financial resources." The report made useful recommendations for process improvements in business operations, including accounting, internal controls, technology, and facilities operations. Effective July 1, 2010, Senate Bill 323 requires that OLA conduct an audit of each local school system to evaluate the effectiveness of the financial management practices at least once every six years, rather than once during the six-year period ending June 30, 2010.
- The federal government regularly provides mandated A-133 single audits of federal grant programs. The frequency of these audits has greatly increased in recent years. Federal audit results of MCPS grants have not included any material adverse findings.

- The Public School Construction Program (PSCP) Office of the Interagency Committee on School Construction (IAC) audits the use of state construction funds provided to all Maryland school systems every three years. The examination is made in accordance with the Public School Laws of Maryland and the regulations for the administration of the PSCP, and includes tests of accounting and construction procedures. There were no material findings published in the May 18, 2010, report of MCPS.
- The county Office of Legislative Oversight (OLO) has conducted comprehensive budget reviews of MCPS programs, including student transportation, special education, school plant operations, and compliance with environmental regulations, organizational development programs, recycling, high school consortia, and employee compensation. In FY 2007, OLO added an analyst dedicated to MCPS issues and conducted a review of fiscal performance indicators. These indicators serve as the basis for review of the MCPS budget by the County Council.
- The MCPS Internal Audit Unit (IAU) conducts financial and program audits of MCPS program as well as school independent activity funds (IAF). This unit also monitors the external audit contract and is responsible for ensuring implementation of external audit recommendations.

# Budget in Brief

## Fiscal Year 2012 Operating Budget Timeline

Board of Education Strategic Planning and Budget Community Roundtable	October 13, 2010 October 28, 2010
Superintendent's Operating Budget	December 15, 2010
Sign-up begins for Board of Education public hearings	December 22/29, 2010
Board of Education public hearings	January 12 & 19, 2011
Board of Education budget work sessions	January 26 & 27, 2011
Board of Education action	February 8, 2011
Board of Education budget transmittal to County Executive/County Council	March 1, 2011
County Executive recommendations presented to County Council	March 15, 2011
County Council budget hearings	April 2011
County Council budget action	May 19, 2011
Final Board of Education action to approve FY 2010 Operating Budget	June 16, 2011

## Operating Budget Documents

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

**Call to Action: Pursuit of Excellence** – The MCPS strategic plan, approved by the Board of Education, includes detailed multiyear strategies and initiatives implemented through the operating budget.

**Program Budget** – Summarizes the operating budget in more than 100 major programs across departments and offices. This year, the Program Budget references strategies and initiatives in the strategic plan and ensures that all strategies and initiatives are identified by program.

**Recommended Operating Budget** – Shows budget resources by office, department, and other units. It includes references to the units that carry out each program, describes in detail the work of each unit, shows all budget changes, and includes performance measures for each operating unit, a glossary of budget terms, an index of all items, and a section describing how to understand the budget. Often called the management budget.

**Budget in Brief** – Provides detailed summary information on budget totals and changes proposed in the Operating Budget.

**Personnel Complement** – Provides a detailed listing of all positions requested in the budget. Both the Program Budget and the Recommended Operating Budget include personnel complements organized by program and unit, respectively.

**Budgeted Staffing Guidelines** – The Recommended Operating Budget includes budgeted staffing guidelines for regular education and special education. These guidelines govern the allocation of personnel resources by school and special education disability.

**Schools at a Glance** – Provides a variety of information for each school, including programs from the Program Budget that are implemented at each school and personnel expenditures budgeted for each school. A separate document, Special Education at a Glance, is published to show special education resources at each school.

All of these publications are available on the MCPS website at [www.montgomeryschoolsmd.org/departments/budget/](http://www.montgomeryschoolsmd.org/departments/budget/)



**Published by the Department of Materials Management  
for the Department of Management, Budget, and Planning**

**0749.11 • Editorial, Graphics & Publishing Services • 12/10 • 1,100**