

MONTGOMERY COUNTY PUBLIC SCHOOLS, ROCKVILLE MARYLAND

THE SUPERINTENDENT'S RECOMMENDED

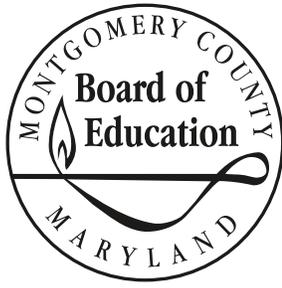
# FY 2016 OPERATING BUDGET in Brief

Recommended to the Board of Education  
December 2014

Fiscal and School Year Ending  
June 30, 2016

Dr. Joshua P. Starr  
Superintendent of Schools





## **VISION**

*We inspire learning by providing the greatest public education to each and every student.*

## **MISSION**

*Every student will have the academic, creative problem solving, and social emotional skills to be successful in college and career.*

## **CORE PURPOSE**

*Prepare all students to thrive in their future.*

## **CORE VALUES**

*Learning  
Relationships  
Respect  
Excellence  
Equity*



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Check out the MCPS website for more detailed information about the FY 2016 Recommended Operating Budget.

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December 9, 2014



Dear Members of the Board of Education:

I am pleased to submit for your consideration my Fiscal Year (FY) 2016 Operating Budget recommendation for Montgomery County Public Schools (MCPS). I am recommending an FY 2016 Operating Budget of \$2,403,640,945, which will allow us to continue our ongoing efforts to manage enrollment growth, narrow achievement and opportunity gaps, and prepare our students for the 21st century.

My recommendation includes an increase of \$103.6 million to fund the same level of services for a growing number of students, previously negotiated agreements, rising costs in operations, and strategic enhancements. Part of this increase is offset by savings generated by program efficiencies and reductions, and an increase in the amount that MCPS employees contribute to the cost of their health benefits. The \$103.6 million represents a 4.6 percent increase in the operating budget.

An additional \$23.3 million of funding will be needed to restore one-time funding that was used by the Montgomery County Council to fund the FY 2015 Operating Budget. Adding this funding, my budget recommendation represents an increase of \$126,876,961 over the approved FY 2015 Operating Budget.

In terms of revenue, my budget includes an increase of \$132.7 million in local funding and an increase of \$15.8 million is anticipated in state aid for FY 2016. Revenue from the federal government is anticipated to increase by approximately \$140,000. Finally, the portion of the budget funded by MCPS fund balance in FY 2016 decreases by \$22.2 million based on our latest financial report. This is the result of the County Council using \$38.0 million of MCPS fund balance from FY 2014 to fund the FY 2015 Operating Budget, and the latest financial report projecting \$16.0 million to be available at the end of this year to help fund the FY 2016 Operating Budget.

As we begin our discussions on the budget, it should be noted that our community receives a strong return on the investment they make in our students. For instance, consider the performance of the Class of 2014:

- » two-thirds of our graduates took at least one Advanced Placement (AP) exam while in high school, and more than half earned a college-ready score on at least one AP exam;
- » our graduates earned a combined average score of 1650 on the SAT, which is 153 points higher than the nation and 182 points higher than the state of Maryland; and
- » these students earned more than \$340 million in college scholarships, an all-time high for the district.

**Office of the Superintendent of Schools**

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While, overall, our students are performing at a high level, we must recognize that we have not served all students well. While we have made some progress in important areas, such as graduation rates, dropout rates, suspensions, AP access, and others, it is not enough. We must redouble our efforts to close the gap in all areas.

At the same time, we must continue to prepare our students for the future and a world that has very different expectations of students than in the past. The technology boom has dramatically changed how we access information, solve problems, and collaborate with others, and our teaching and learning must change to meet the new demands of a new world.

### **A Multiyear Budgeting Strategy**

When I introduced my FY 2014 Operating Budget to the Board in December 2012, I indicated that it was the first year of a multiyear budget strategy that would allow us to keep up with dramatic growth in student enrollment and strategically invest in areas that are aligned with our core purpose, values, and mission. The strategic planning framework, *Building Our Future Together: Students, Staff, and Community*, has guided the work of MCPS, including our budget, for the past two years. The Board's FY 2016 Operating Budget interests, approved on September 9, 2014, provided us with important guidance in the development of this recommendation.

It is important to note that this budget recommendation continues to fund investments that were a part of the FY 2014 and FY 2015 Operating Budgets, including 17.0 elementary mathematics teachers, 30.0 middle school focus teachers, and 21.2 high school English and mathematics focus teachers. My budget recommendation also continues to fund 10.5 English language development teachers to support our increasing student population of English language learners, and 22.8 middle school staff development teachers.

I also am recommending we continue the district's long-standing practice of providing additional funds to those schools that serve the highest number of students living at or near the poverty line. These 67 schools receive—on average—about \$1.9 million more than other schools to lower class size and provide more individualized instruction and support to bolster student achievement.

### **Managing Growth**

The official enrollment for the 2014–2015 school year is 153,852 students, an increase of 2,563 students from the last school year and approximately 13,500 students more from just six years ago. This is the seventh year in a row that our enrollment has increased by at least 2,000 students, and the trend is expected to continue. Enrollment for FY 2016 is projected to be 156,514, an increase of 2,662 students. While most of the growth during the past six years has occurred in elementary schools, we are anticipating dramatic increases in secondary school enrollment in the coming years as this current enrollment bubble moves into middle and high school. By the 2020–2021 school year, enrollment is expected to be more than 165,000, an increase of more than 11,000 students from the current fiscal year.

In order to manage our expected growth, my budget recommendation adds more than 275 positions, including 111.4 general elementary/secondary positions, 96.3 positions for special education services, and 41.5 positions to serve our growing population of students who receive English for Speakers of Other Languages (ESOL) services.

## **Strategic Priority Enhancements**

This budget recommendation includes \$8.2 million in strategic priority enhancements, including 77.7 new positions. These investments are broadly grouped in five areas—(1) improving the student services model; (2) supporting English language learners; (3) increasing support to students with disabilities; (4) focused efforts to improve student achievement and close the achievement gap; and (5) enhancing school leadership and administrative support.

### *Improving the Student Services Model*

In FY 2014, we began a multiyear improvement of the student services model so we could meet the social emotional needs of our students, identify and support the mental health needs of MCPS students, and reduce caseloads for school counselors, psychologists, and pupil personnel workers (PPWs). During the past two years, we have added 7.5 elementary school counselors, 10.0 psychologists, and 6.0 PPW positions. For FY 2016, I am recommending the addition of 3.5 elementary counselors, 5.0 psychologists, and 4.0 PPW positions. I also am recommending 5.5 additional counselors at high schools that are more impacted by poverty and need extra staff to meet the social/emotional needs of students, coordinate academic support, and provide assistance with college applications.

### *Supporting English Language Learners*

The number of students in MCPS who receive ESOL and English language learner services continues to grow. In 2013–2014, 20,316 students received ESOL services, a number that has essentially doubled since 2000. In that same time period, the number of elementary school students receiving ESOL services has grown by nearly 150 percent. As mentioned above, I am recommending an additional 41.5 positions simply to serve this growing enrollment in addition to the 30 positions we added in FY 2014 and FY 2015. In FY 2015, we also added 10.5 English language development teachers to better meet the needs of middle school students who are beginning to master the English language but are still struggling to demonstrate that mastery in their classwork. The FY 2016 Operating Budget adds \$36,032 to provide staff training in the use of the Sheltered Instruction Observation Protocol (SIOP) model in additional schools. SIOP is a proven, research-based model that helps meet the individual language attainment and academic needs of students.

I also am recommending the addition of two .5 translator communications specialist positions to assist in the translation of important documents and information to Amharic and Spanish. This will reduce the turnaround time required for translation services, allowing schools to better engage non-English speaking parents and communities.

### *Increasing Support for Students with Disabilities*

My recommended Operating Budget also includes strategic investments to better serve our students with Individualized Education Programs (IEPs). As mentioned earlier in this letter, I am recommending the addition of 96.2 special education positions that will meet the specific needs of students according to their IEPs. This builds on more than 176 positions that were added in FY 2014 and FY 2015. My recommended FY 2016 Operating Budget also includes approximately \$1.0 million in strategic investments to increase support for students with disabilities. This investment includes 4.5 positions to provide additional Learning and Academic Disabilities services at 18 elementary schools for students who receive specialized instruction in the general education environment and in small group settings. I also am recommending an additional 6.0 teachers and .4 paraeducator to begin a multiyear effort to implement the Home School Model using an hours-based staffing formula in all elementary schools. These positions—and those added in future budgets—will allow

for staff to be allocated in an equitable way that is aligned to the needs of students. We have fully implemented the hours-based staffing model in all middle schools, and this investment builds on that effort. Lastly, I am recommending the addition of 1.0 teacher position and \$72,478 for the High Incidence Accessible Team in the Office of Special Education and Student Services to direct support to schools, students, and parents regarding the implementation of Universal Design for Learning strategies and technology tools to promote access to the curriculum for students with disabilities.

*Focused Efforts to Improve Student Achievement and Close the Achievement Gap*

During the past two years (FY 2014 and FY 2015), we have made significant investments to address specific academic areas in order to improve student outcomes. My FY 2016 recommendation continues those investments in several areas. To help reduce the achievement gap in mathematics, I am recommending the placement of 5.0 math content coaches in elementary schools in order to build the mathematics skills of students as early as possible. I also am recommending 5.0 teachers and 1.0 instructional specialist to help implement the redesign of our Interim Instructional Services unit, which provides instruction to students who temporarily cannot attend school due to illness or other circumstances. Another enhancement is the addition of 2.0 instructional specialists for the Equity Initiatives Unit to increase support to schools in developing the cultural competence and awareness of teachers and staff. My budget recommendation also includes funds to provide more school-based support and professional development, including the addition of 5.0 staff development positions to be shared among the district's 25 high schools; 5.8 positions to allow middle school content specialists and team leaders more opportunities to serve staff; and 10.0 teaching positions for high school resource teachers to better fulfil their leadership responsibilities across the district. Other investments include:

- » The restoration of 8.0 positions at small and mid-sized elementary schools, including staff development teachers, reading specialists, media specialists, and counselors. This builds on 19 other positions that were restored as part of the FY 2014 and FY 2015 Operating Budgets;
- » \$250,000 to expand Achieving Collegiate Excellence and Success (ACES), a collaborative program with Montgomery College and The Universities at Shady Grove that supports students who come from backgrounds that are underrepresented in higher education and those who are the first in their family to attend college. These funds will be used to expand the 9th and 10th grade ACES program at five MCPS schools; and
- » \$329,000 to provide athletic trainer services to approximately 22,500 MCPS student athletes. This builds on an athletic trainer pilot that was initiated this school year.

*Enhancing School Leadership and Other Support*

To serve our students well, we must have the highest quality school leadership and teacher workforce in place that prepares our students to thrive in their future. In order for teachers and instructional staff members to grow professionally and improve their respective crafts, they must receive thoughtful and timely feedback on their practice and performance. Because assistant school administrators can observe but not evaluate the performance of teachers, I am recommending funding to convert 16 assistant school administrators at highly impacted schools to assistant principal positions. This will reduce staff to evaluator ratios and ensure a productive and thorough evaluation process. I also am recommending additional assistant school administrators for two Focus elementary schools that have an enrollment exceeding 800 students. The increased level of administrative staffing will provide these schools with the operational and management support needed for some of our largest elementary schools. In addition, I am recommending two additional assistant principals for two

moderate-sized elementary schools to increase the number of leadership positions in these schools. Finally, my budget adds a middle school coordinator position to continue the implementation of our middle school improvement strategy.

To ensure we have a highly qualified workforce that also is reflective of the diversity of our student enrollment, I am recommending \$225,000 to enhance teacher diversity through recruitment, selection, retention, and internal talent development.

### **A Budget Developed in Collaboration with our Partners**

As has become standard practice in MCPS, this budget recommendation was developed in partnership with our employees and parents. I want to thank the leadership of the Montgomery County Association of Administrators and Principals, the Montgomery County Education Association, and the Service Employees International Union Local 500 for their collaboration and commitment during the budget development process. I also am grateful to the leaders of the Montgomery County Council of Parent-Teacher Associations who were involved in the development of this budget recommendation since the beginning of the process. I also appreciate the dedication and cooperation of our executive leadership team and other MCPS staff in the development of this recommendation.

MCPS, once again, used a modified budget development process to facilitate a multiyear budgeting strategy. This process—which began with the FY 2015 Operating Budget—employed three teams that included principals, teachers, school-based and central office staff, parents, and students to examine the work of elementary, middle, and high schools. The three school-level teams met during the summer and were charged with proposing changes in the operating budget that are aligned with the three competencies in the strategic planning framework: *Building our Future Together*, and the Board's FY 2016 Operating Budget interests. The work of the school-level teams gave many individuals an opportunity to provide input into the development of my operating budget recommendation.

I look forward to working with the Board of Education on my recommended FY 2016 Operating Budget. I believe this budget reflects our values and our commitment to providing all students with an education that prepares them to thrive in their future.

Sincerely,



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

JPS:LAB:tpk



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

OBJECT OF EXPENDITURE	FY 2014 ACTUAL	FY 2015 BUDGET	FY 2015 CURRENT	FY 2016 BUDGET	FY 2016 CHANGE
<b>POSITIONS</b>					
Administrative	709,200	717,700	717,700	723,200	5,500
Business/Operations Admin.	91,650	90,650	90,650	89,650	(1,000)
Professional	12,257,970	12,527,482	12,517,482	12,765,256	247,774
Supporting Services	8,184,918	8,245,157	8,262,157	8,349,485	87,328
<b>TOTAL POSITIONS</b>	<b>21,243,738</b>	<b>21,580,989</b>	<b>21,587,989</b>	<b>21,927,591</b>	<b>339,602</b>
<b>01 SALARIES &amp; WAGES</b>					
Administrative	\$89,643,854	\$94,662,592	\$94,662,592	\$97,928,284	\$3,265,692
Business/Operations Admin.	8,299,791	8,949,889	8,949,889	8,963,713	13,824
Professional	944,916,270	995,657,421	995,148,957	1,043,548,163	48,399,206
Supporting Services	339,561,275	362,676,011	363,212,355	378,042,846	14,830,491
<b>TOTAL POSITION DOLLARS</b>	<b>1,382,421,190</b>	<b>1,461,945,913</b>	<b>1,461,973,793</b>	<b>1,528,483,006</b>	<b>66,509,213</b>
<b>OTHER SALARIES</b>					
Administrative	267,939	397,576	397,576	397,576	
Professional	56,678,548	59,484,174	59,456,294	59,869,071	412,777
Supporting Services	26,567,984	24,521,789	24,521,789	23,660,163	(861,626)
<b>TOTAL OTHER SALARIES</b>	<b>83,514,471</b>	<b>84,403,539</b>	<b>84,375,659</b>	<b>83,926,810</b>	<b>(448,849)</b>
<b>TOTAL SALARIES AND WAGES</b>	<b>1,465,935,661</b>	<b>1,546,349,452</b>	<b>1,546,349,452</b>	<b>1,612,409,816</b>	<b>66,060,364</b>
<b>02 CONTRACTUAL SERVICES</b>	<b>26,545,171</b>	<b>26,797,929</b>	<b>26,786,829</b>	<b>27,327,391</b>	<b>540,562</b>
<b>03 SUPPLIES &amp; MATERIALS</b>	<b>67,754,103</b>	<b>73,107,511</b>	<b>73,106,661</b>	<b>72,620,199</b>	<b>(486,462)</b>
<b>04 OTHER</b>					
Local/Other Travel	2,288,790	2,894,693	2,906,443	2,957,074	50,631
Insur & Employee Benefits	537,638,782	519,114,097	519,114,097	570,889,191	51,775,094
Utilities	42,513,450	38,633,435	38,633,435	41,755,216	3,121,781
Miscellaneous	54,753,787	54,088,777	54,088,977	57,713,053	3,624,076
<b>TOTAL OTHER</b>	<b>637,194,809</b>	<b>614,731,002</b>	<b>614,742,952</b>	<b>673,314,534</b>	<b>58,571,582</b>
<b>05 EQUIPMENT</b>	<b>14,779,804</b>	<b>15,778,090</b>	<b>15,778,090</b>	<b>17,969,005</b>	<b>2,190,915</b>
<b>GRAND TOTAL AMOUNTS</b>	<b>\$2,212,209,548</b>	<b>\$2,276,763,984</b>	<b>\$2,276,763,984</b>	<b>\$2,403,640,945</b>	<b>\$126,876,961</b>

**TABLE IA**  
**SUMMARY OF BUDGET CHANGES FY 2015 - FY 2016**  
(\$ in millions)

ITEM	FTE	AMOUNT	ITEM	FTE	AMOUNT
<b>FY 2015 CURRENT OPERATING BUDGET</b>	<b>21,580.989</b>	<b>\$2,276.8</b>	<b>STRATEGIC PRIORITY ENHANCEMENTS</b>		
<b>ENROLLMENT CHANGES</b>			Elementary Counselors, Psychologists, Pupil Personnel Workers	12.500	1.1
Elementary/Secondary	111.420	7.7	Middle School Improvement Strategy Implementation	1.000	0.5
Special Education	96.294	7.0	Teachers for Middle School Leadership	5.800	0.5
ESOL	41.500	2.7	High School Counselors for Higher Needs Schools	5.500	0.5
Transportation/Food Services/School Plant Operations	25.313	1.7	Teacher Positions to Provide Release Time For High School Resource Teachers for Leadership Responsibilities	10.000	0.7
<b>Subtotal</b>	<b>274.527</b>	<b>19.1</b>	High School Staff Development Teachers	5.000	0.4
<b>NEW SCHOOLS/ADDITIONAL SPACE</b>	<b>4.500</b>	<b>\$0.5</b>	High School Athletic Trainers		0.3
<b>EMPLOYEE SALARIES - CONTINUING AND NEGOTIATED SALARIES FOR CURRENT EMPLOYEES (including benefits)</b>		<b>\$59.5</b>	Restore Key Positions in Small Elementary Schools -Staff Development Teachers, Reading Specialists, Counselors, Media Specialists	8.000	0.6
<b>EMPLOYEE BENEFITS AND INSURANCE</b>			Elementary Program Specialist Positions for the Learning and Academic Disabilities Program	4.500	0.4
Employee Benefits Plan (active) - Including Negotiated Changes		15.1	Positions for the Home School Model for Elementary Schools	6.400	0.6
Employee Benefits Plan (retired)		18.9	Part-time Clerical Support for Elementary Schools		0.2
Retirement		0.1	Math Content Coaches for Elementary Schools	5.000	0.3
FICA/Self-Insurance/Workers' Compensation, Fire Insurance		(1.6)	Assistant Principals for Two Elementary Schools with Single Administrator	2.000	0.3
Pension Shift from State		6.5	Assistant School Administrators for Largest Elementary Schools	2.000	0.3
<b>Subtotal</b>		<b>39.0</b>	Conversion of Assistant School Administrators to Assistant Principals		0.3
<b>INFLATION AND OTHER</b>			Communication Specialist Positions to Enhance Language Assistance Services	1.000	0.1
Textbooks, Instructional Materials, Building/Maintenance Supplies		0.9	Enhance ESOL Instruction by Expanding SIOP Training		0.1
Utilities		2.9	Teacher for Special Education High Incidence Accessible Team	1.000	0.1
Special Education	4.000	0.7	Enhance Interim Instructional Services to Students	6.000	0.3
Transportation	0.500	1.8	Equity Support to Schools	2.000	0.2
Facilities Management	0.500	1.6	Align Secondary Reading Intervention with Common Core State Standards		0.1
Grants and Enterprise Funds	(13.275)	(2.0)	Achieving Collegiate Excellence and Success (ACES) Program		0.3
Other	1.900	0.3	Children's Trust		0.3
<b>Subtotal</b>	<b>(6.375)</b>	<b>6.2</b>	Enhance Teacher Diversity		0.2
<b>EFFICIENCIES &amp; REDUCTIONS</b>			<b>Subtotal</b>	<b>77.700</b>	<b>8.2</b>
Central Services	(7.000)	(2.5)	<b>FY 2016 OPERATING BUDGET</b>	<b>21,920.591</b>	<b>2,403.7</b>
Support Operations (Buses/Bus Operators, Bus Supplies)	(3.750)	(0.7)	<b>FY 2015 - FY 2016 CHANGE</b>	<b>339.602</b>	<b>126.9</b>
School-Based		(2.4)	Less Grants	(3.395)	(77.2)
<b>Subtotal</b>	<b>(10.750)</b>	<b>(5.6)</b>	Less Enterprise funds	-	(62.9)
			<b>SPENDING AFFORDABILITY BUDGET</b>	<b>21,917.196</b>	<b>\$2,263.6</b>
			<b>REVENUE INCREASE BY SOURCE</b>		
			Local		132.7
			State		15.8
			Federal		0.2
			Other		(1.5)
			Fund Balance		(22.2)
			Enterprise/Special Revenue Funds		1.9
			<b>TOTAL REVENUE INCREASE</b>		<b>\$126.9</b>

**TABLE 2  
BUDGET REVENUE BY SOURCE**

<b>SOURCE</b>	<b>FY 2014 ACTUALS</b>	<b>FY 2015 BUDGET</b>	<b>FY 2015 CURRENT</b>	<b>FY 2016 ESTIMATED</b>
<b>CURRENT FUND</b>				
<b>From the County:</b>	\$1,413,738,905	\$1,439,045,758	\$1,439,045,758	\$1,565,234,285
Local Contribution for State Retirement	\$34,511,689	37,809,551	37,809,551	\$44,356,785
Total from the County	1,448,250,594	1,476,855,309	1,476,855,309	1,609,591,070
<b>From the State:</b>				
Bridge to Excellence				
Foundation Grant	305,782,989	310,456,913	310,456,913	313,256,913
Geographic Cost of Education Index	33,636,554	34,394,095	34,394,095	34,394,095
Limited English Proficient	57,776,368	55,602,029	55,602,029	55,602,029
Compensatory Education	121,839,206	128,619,158	128,619,158	138,619,158
Students with Disabilities - Formula	35,164,209	35,854,834	35,854,834	38,244,876
Students with Disabilities - Reimbursement	17,088,724	15,347,937	15,347,937	15,347,937
Transportation	36,985,683	38,090,967	38,090,967	38,090,967
Miscellaneous	232,670	400,000	400,000	400,000
Programs financed through State Grants	2,910,271			644,000
Total from the State	611,416,674	618,765,933	618,765,933	634,599,975
<b>From the Federal Government:</b>				
Impact Aid	193,173	400,000	400,000	200,000
Programs financed through Federal Grants	73,795,010	69,455,580	69,455,580	69,795,287
Total from the Federal Government	73,988,183	69,855,580	69,855,580	69,995,287
<b>From Other Sources:</b>				
Tuition and Fees				
D.C. Welfare	183,688	200,000	200,000	200,000
Nonresident Pupils	657,955	780,000	780,000	680,000
Summer School	1,592,341	1,400,000	1,400,000	1,493,967
Outdoor Education	513,727	525,000	525,000	681,356
Student Activities Fee	706,216	725,000	725,000	756,500
Miscellaneous	338,627	245,708	245,708	250,000
Programs financed through Private Grants	1,014,389	8,448,354	8,448,354	6,731,204
Total from Other Sources	5,006,943	12,324,062	12,324,062	10,793,027
Fund Balance	26,972,451	38,172,451	38,172,451	15,972,451
Total Current Fund	2,165,634,845	2,215,973,335	2,215,973,335	2,340,951,810
<b>ENTERPRISE &amp; SPECIAL FUNDS</b>				
<b>School Food Service Fund:</b>				
State	1,614,566	2,236,607	2,236,607	2,259,860
National School Lunch, Special Milk and Free Lunch Programs	32,802,001	28,821,508	28,821,508	29,207,955
Sale of Meals and other	18,182,821	20,164,291	20,164,291	21,699,064
Total School Food Service Fund	52,599,388	51,222,406	51,222,406	53,166,879
<b>Real Estate Management Fund:</b>				
Rental fees	2,744,862	3,166,047	3,166,047	3,257,703
Total Real Estate Management Fund	2,744,862	3,166,047	3,166,047	3,257,703

**TABLE 2  
BUDGET REVENUE BY SOURCE**

<b>SOURCE</b>	<b>FY 2014 ACTUALS</b>	<b>FY 2015 BUDGET</b>	<b>FY 2015 CURRENT</b>	<b>FY 2016 ESTIMATED</b>
<b>Field Trip Fund:</b>				
Fees	1,786,478	1,895,960	1,895,960	1,991,533
Total Field Trip Fund	1,786,478	1,895,960	1,895,960	1,991,533
<b>Entrepreneurial Activities Fund:</b>				
Fees	1,974,638	2,910,612	2,910,612	2,618,811
Total Entrepreneurial Activities Fund	1,974,638	2,910,612	2,910,612	2,618,811
Total Enterprise Funds	59,105,366	59,195,025	59,195,025	61,034,926
<b>Instructional Television Special Revenue Fund:</b>				
Cable Television Plan	1,477,261	1,595,624	1,595,624	1,654,209
Total Instructional Special Revenue Fund	1,477,261	1,595,624	1,595,624	1,654,209
<b>GRAND TOTAL</b>	<b>\$2,226,217,472</b>	<b>\$2,276,763,984</b>	<b>\$2,276,763,984</b>	<b>\$2,403,640,945</b>

<b>Tax - Supported Budget</b>	<b>FY 2013 ACTUAL</b>	<b>FY 2015 ESTIMATED</b>	<b>FY 2015 ESTIMATED</b>	<b>FY 2015 ESTIMATED</b>
Grand Total	\$2,226,217,472	\$2,276,763,984	\$2,276,763,984	\$2,403,640,945
<b>Less:</b>				
Grants	(77,719,670)	(77,903,934)	(77,903,934)	(77,170,491)
Enterprise Funds	(59,105,366)	(59,195,025)	(59,195,025)	(61,034,926)
Special Revenue Fund	(1,477,261)	(1,595,624)	(1,595,624)	(1,654,209)
<b>Grand Total - Tax-Supported Budget</b>	<b>\$2,087,915,175</b>	<b>\$2,138,069,401</b>	<b>\$2,138,069,401</b>	<b>\$2,263,781,319</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 2014 ACTUAL</b>	<b>FY 2015 BUDGET</b>	<b>FY 2015 CURRENT</b>	<b>FY 2016 ESTIMATED</b>
<u>Budgeted</u>				
<b>FEDERAL AID: NO CHILD LEFT BEHIND (NCLB)</b>				
Title I - A (941/949)	\$ 24,200,094	\$ 22,355,254	\$ 22,355,254	\$ 21,256,537
Subtotal	24,200,094	22,355,254	22,355,254	21,256,537
Title I - D				
Neglected and Delinquent Youth (937)	94,715	131,896	131,896	131,896
Total Title I	24,294,809	22,487,150	22,487,150	21,388,433
Title II - A				
Skillful Teaching and Leading Program (915)	558,892	355,443	355,443	350,043
Teacher Mentoring (917)	87,126	249,480	249,480	254,880
Consulting Teachers (961)	2,910,100	2,910,100	2,910,100	2,902,171
Total Title II	3,556,118	3,515,023	3,515,023	3,507,094
Title III				
English Language Acquisition (927)	3,438,205	3,354,765	3,354,765	3,507,094
Title VII				
American Indian Education (903)	25,440	25,440	25,440	25,700
<b>SUBTOTAL</b>	<b>31,314,572</b>	<b>29,382,378</b>	<b>29,382,378</b>	<b>28,428,321</b>
<b>OTHER FEDERAL, STATE, AND LOCAL AID</b>				
Head Start Child Development (932)				
Federal	3,371,910	3,371,910	3,371,910	3,603,675
Individuals with Disabilities Education (907/913/963/964/ 965/966/967)				
Federal	29,921,191	29,634,218	29,634,218	30,455,423
Infants and Toddlers (930)				
Federal	714,590	797,345	797,345	797,345
Passthrough from Montgomery County Department of Health and Human Services	232,423	226,393	226,393	226,393
Judith P. Hoyer Child Care Centers State (904/905)				644,000
Medical Assistance Program (939)				
Federal	4,705,938	4,705,938	4,705,938	4,916,730
National Institutes of Health (NIH) (908)				
Federal	206,253	265,252	265,252	270,525
Provision for Future Supported Projects (999)				
Other	6,244,647	8,448,354	8,448,354	6,731,204
Carl D. Perkins Career & Technical Ed. Improvement (951)				
Federal	1,072,146	1,072,146	1,072,146	1,023,725
Mckinney Vento Homeless Children and Youth (910)				
Federal				73,150
<b>SUBTOTAL</b>	<b>46,469,098</b>	<b>48,521,556</b>	<b>48,521,556</b>	<b>48,025,020</b>
<b>TOTAL</b>	<b>\$ 77,783,670</b>	<b>\$ 77,903,934</b>	<b>\$ 77,903,934</b>	<b>\$ 76,453,341</b>

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

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

**FOR INFORMATION ONLY**

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

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

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

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

SOURCE: Division of Long-range Planning

NOTE: Grade enrollments include special education students

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

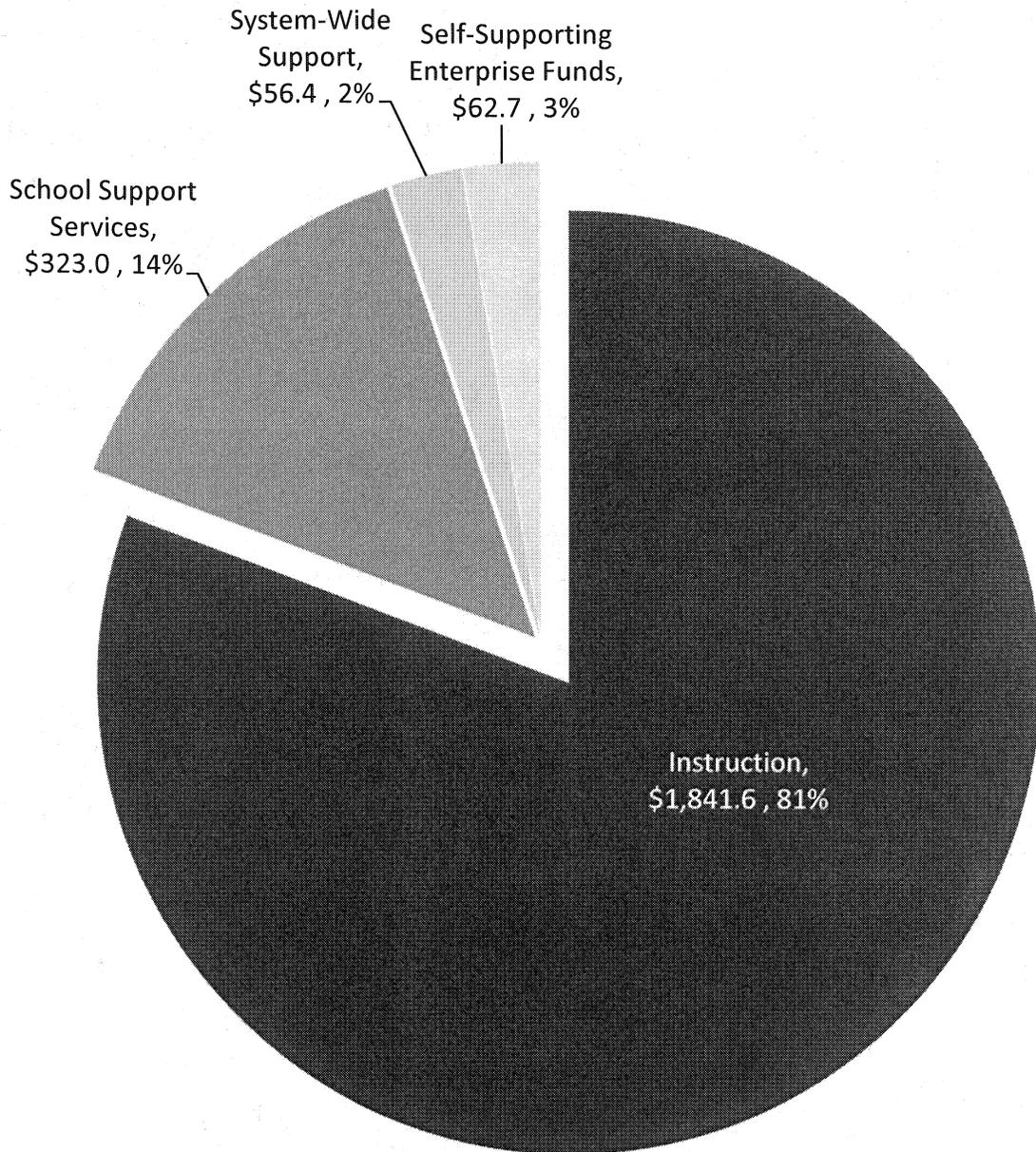
\*\* Excludes enrollment numbers for Chevy Chase and North Chevy Chase Grade 6 that are budgeted in the elementary schools' enrollment figures.

# WHERE THE MONEY GOES

## FY 2016 OPERATING BUDGET

Total Expenditures = \$2,403,640,945

(Dollars in Millions on Chart)

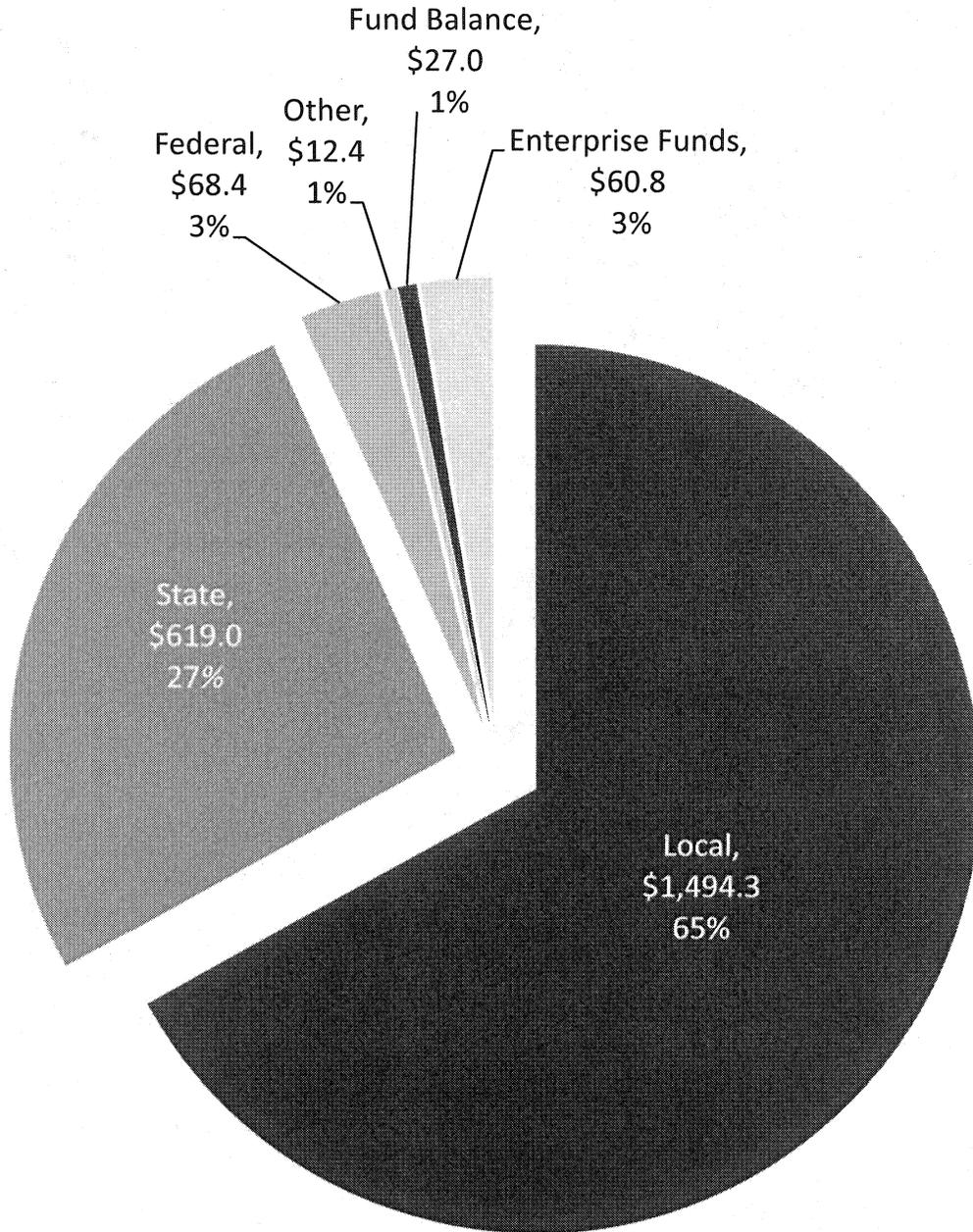


# WHERE THE MONEY COMES FROM

## FY 2016 OPERATING BUDGET

Total Revenue = \$2,403,640,945

(Dollars in Millions on Chart)

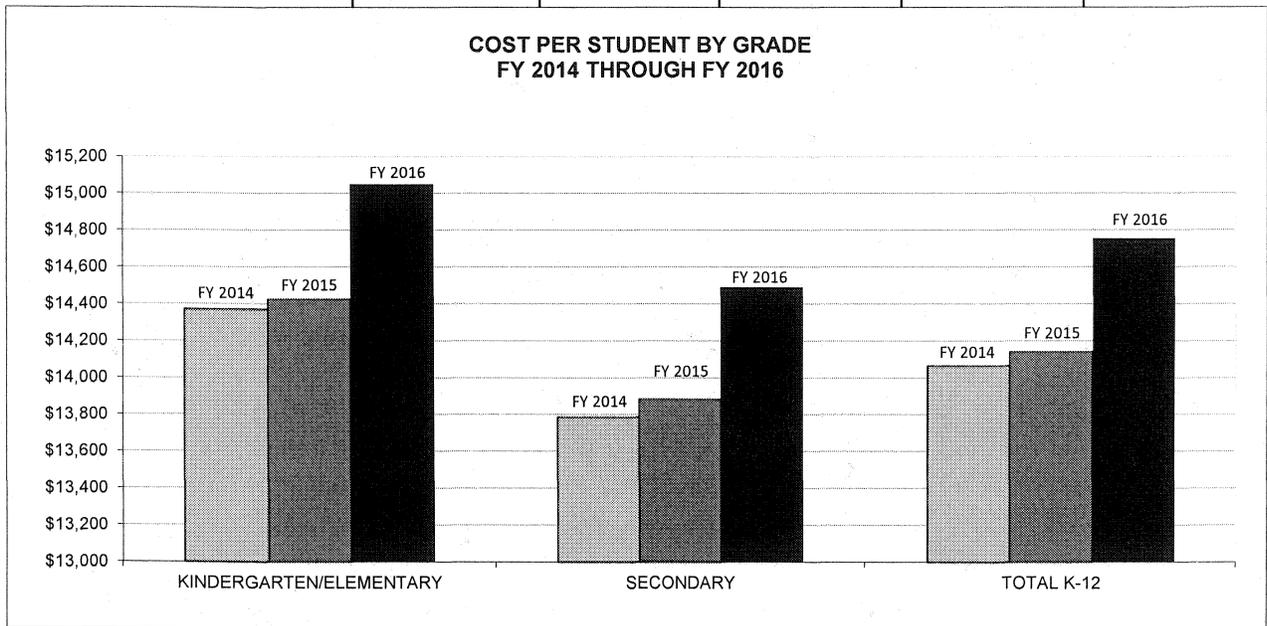


**TABLE 5  
ALLOCATION OF STAFFING**

	POSITIONS	BUDGET FY 2011	BUDGET FY 2012	BUDGET FY 2013	BUDGET FY 2014	CURRENT FY 2015	BUDGET FY 2016	FY 15 - FY 16 CHANGE
1	<b>Executive</b>	17.000	17.000	19.000	21.000	19.000	19.000	-
2	<b>Administrative</b> - (directors, supervisors, program coordinators, executive assistants)	200.200	199.000	195.000	196.700	204.700	191.700	(13.000)
3	<b>Business/Operations Administrator</b> - (leadership positions supervised by directors and supervisors)	94.000	92.000	92.000	91.650	90.650	89.650	(1.000)
4	<b>Other Professional</b> - (12-month instructional/ evaluation specialists)	198.500	186.900	182.300	183.500	189.500	193.000	3.500
5	<b>Principal/Assistant Principal</b>	484.000	484.000	486.000	491.500	494.000	512.500	18.500
6	<b>Teacher</b>	10,239.670	10,281.220	10,475.070	10,759.420	10,984.160	11,200.084	215.924
7	<b>Special Education Specialist</b> (speech pathologists, physical/occupational therapists)	479.600	482.400	495.200	506.750	508.958	516.308	7.350
8	<b>Media Specialist</b>	197.500	189.200	190.200	192.200	195.500	196.500	1.000
9	<b>Counselor</b>	461.000	451.300	453.300	456.300	467.500	478.500	11.000
10	<b>Psychologist</b>	96.205	94.805	94.905	100.000	106.034	111.034	5.000
11	<b>Social Worker</b>	14.805	13.905	14.405	14.800	14.830	14.830	-
12	<b>Pupil Personnel Worker</b>	45.000	45.000	45.000	45.000	51.000	55.000	4.000
13	<b>Instructional Aide and Assistant</b> (paraeducators, media assistants, lunch-hour aides, parent assistants, instructional data assistants)	2,627.980	2,519.048	2,560.253	2,596.605	2,660.994	2,719.509	58.515
14	<b>Secretarial/Clerical/Data Support</b> (secretarial, clerical, personnel/transportation/fiscal/other lower grade program/data assistants)	1,000.025	997.250	988.100	986.625	983.250	984.000	0.750
15	<b>IT Systems Specialist</b>	143.000	131.000	131.000	131.000	133.000	133.000	-
16	<b>Security</b> - (includes all positions except those in lines 2,3,14 above)	227.000	227.000	227.000	227.000	229.000	232.000	3.000
17	<b>Cafeteria</b> - (Includes all positions except those in lines 2,3,14,15 above)	557.488	556.448	557.948	558.948	561.448	561.448	-
18	<b>Building Services</b> - (includes all positions except those in lines 2,3,14 above)	1,319.200	1,335.200	1,342.700	1,365.075	1,376.700	1,380.200	3.500
19	<b>Facilities Management/Maintenance</b> - (includes all positions except those in lines 2,3,14,15 above)	347.000	344.500	345.000	354.000	354.000	354.500	0.500
20	<b>Supply/Property Management</b> - (includes all positions except those in lines 2, 3,14,15 above)	53.500	53.000	47.000	50.000	51.500	51.500	-
21	<b>Transportation</b> - (includes all positions except those in lines 2,3 14,15 above)	1,695.750	1,687.650	1,685.650	1,685.590	1,685.590	1,707.653	22.063
22	<b>Other Support Personnel</b> - (business, technology human resources,communications, printing, and other support staff)	245.260	224.400	234.575	230.075	226.675	225.675	(1.000)
	<b>TOTAL</b>	<b>20,743.683</b>	<b>20,612.226</b>	<b>20,861.606</b>	<b>21,243.738</b>	<b>21,587.989</b>	<b>21,927.591</b>	<b>339.602</b>

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

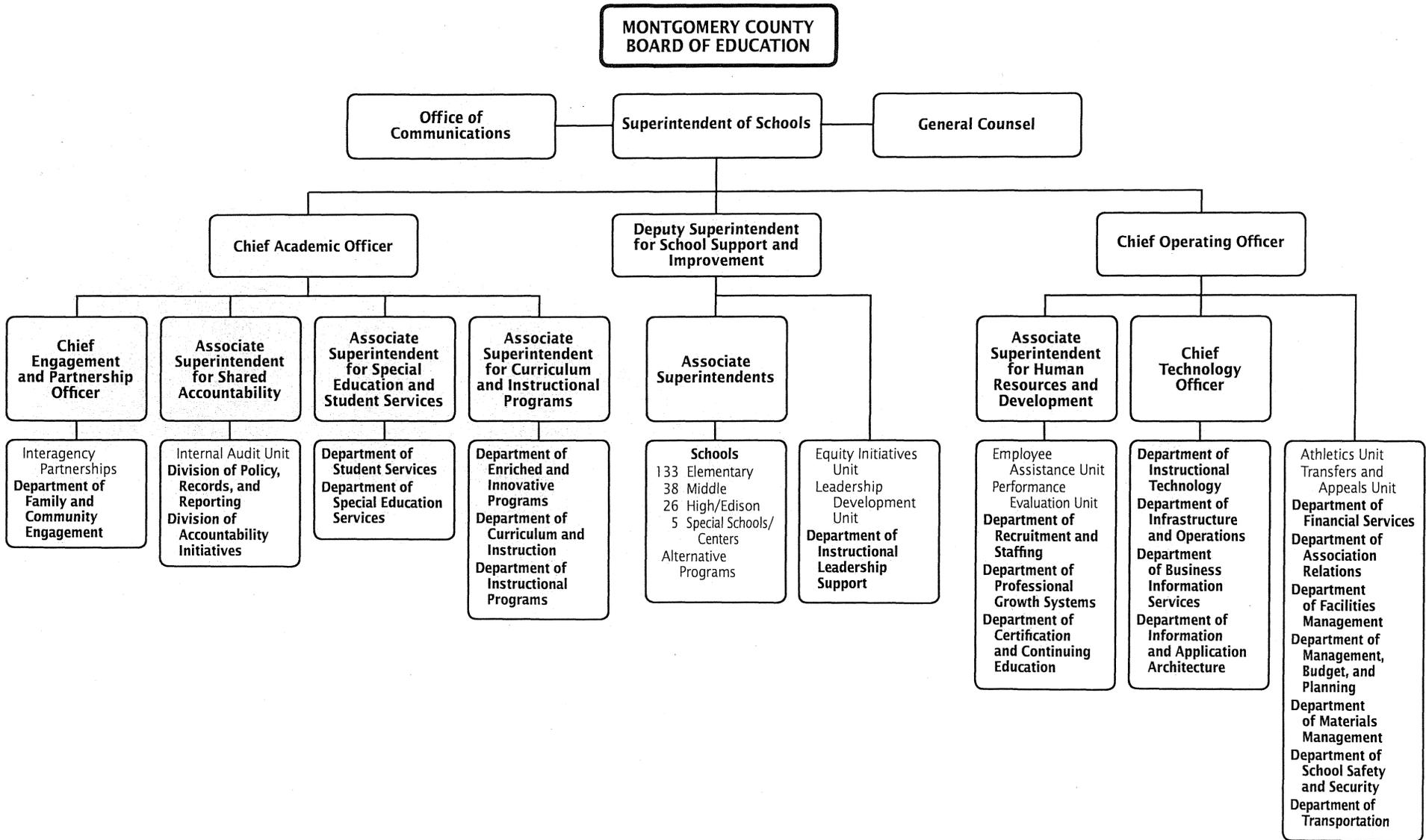
	KINDERGARTEN/ ELEMENTARY	SECONDARY	TOTAL K-12*	AMOUNT EXCLUDED*	TOTAL BUDGET**
<b>FY 2014 BUDGET</b>					
EXPENDITURES	\$1,008,872,900	\$1,062,018,494	\$2,070,891,394	\$154,529,658	\$2,225,421,052
STUDENTS 9/30/13	70,197	77,037	147,234		
COST PER STUDENT	\$14,372	\$13,786	\$14,065		
<b>FY 2015 BUDGET</b>					
EXPENDITURES	\$1,030,647,432	\$1,089,828,171	\$2,120,475,603	\$156,288,381	\$2,276,763,984
STUDENTS 9/30/14	71,451	78,491	149,942		
COST PER STUDENT	14,425	13,885	14,142		
<b>FY 2016 BUDGET</b>					
EXPENDITURES	1,080,522,476	1,165,008,653	2,245,531,129	158,109,816	2,403,640,945
STUDENTS 9/30/15	71,790	80,388	152,178		
COST PER STUDENT	15,051	14,492	14,756		



**Notes:**

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

# MONTGOMERY COUNTY PUBLIC SCHOOLS ORGANIZATION—FY 2016



## **Montgomery County Public Schools FY 2016 Operating Budget**

### **Summary of Negotiations**

During FY 2014, the Board of Education reached agreement on comprehensive three-year agreements covering economic and non-economic terms with all three employee associations. All groups are covered under separate three-year agreements, effective July 1, 2014 through June 30, 2017. The bargaining units are the Montgomery County Education Association (MCEA), representing certificated non-administrative employees; Service Employees International Union (SEIU) Local 500, representing supporting services employees; and the Montgomery County Association of Administrators and Principals/Montgomery County Business and Operations Administrators (MCAAP/MCBOA), representing certificated and non-certificated administrators and non-certificated supervisory employees in separate units. The two MCAAP units are covered in a single contract covering both units.

The Board of Education ratified these agreements on March 11, 2014. Based on the three agreements, employees received a general wage increase of 1.5 percent effective November 29, 2014, and employees will receive 2 percent general wage increases effective on October 3, 2015, and September 3, 2016. The agreements also provide annual step increases and longevity increases based on certain eligibility criteria. Additionally, effective March 4, 2017, all employees who missed a step increase in FY 2012 due to the negotiated deferral of step increases, or who had their hire in rate adjusted back one step in FY 2012, and who have an additional step available, shall advance one additional step on the salary schedule.

The agreements call for employees to pay a greater share of their health insurance premiums. Over the next two years, the amount each employee pays will increase by 7 percent. Beginning on January 1, 2016, employees will be able to lower their benefit costs if they participate in a voluntary health risk assessment and/or submit the results of a routine blood test. The contract calls for employees who smoke to pay 3 percent more for their health benefits beginning in FY 2016. The benefit changes are expected to save about \$5 million in FY 2015 and \$18.5 million in FY 2016 and each year thereafter.

Barring a financial exigency, no collective bargaining agreement negotiations are anticipated during FY 2015.

## **Montgomery County Public Schools FY 2016 Operating Budget**

### **Operating Budget Summary**

An increase of \$103.6 million is required for the Fiscal Year (FY) 2016 Operating Budget for Montgomery County Public Schools (MCPS) to fund the same level of services for an additional 2,466 students, previously negotiated agreements, rising costs in operations, and strategic enhancements, which are offset somewhat by savings from program efficiencies and reductions. This is a 4.6 percent increase in the operating budget. In addition, \$23.3 million is needed in FY 2016 to restore one-time funding that was used by the County Council to pay for retiree health benefits in FY 2015.

As a result, the superintendent's recommended FY 2016 Operating Budget for MCPS totals \$2,403,640,945, an increase of \$126,876,961 (5.6 percent) from the FY 2015 Operating Budget. This amount includes \$6,547,234 of additional funding required for the fourth and final year of the shift of a portion of teacher pensions from the state to the county.

The County Council reduced the MCPS FY 2015 Operating Budget by \$27.2 million by taking the same amount of funds from the MCPS Other Post-Employment Benefits (OPEB) Trust to fund retiree health benefits costs in FY 2015. The MCPS FY 2016 Operating Budget does not attempt to restore these funds, and it is assumed that a combination of the \$24 million remaining in the MCPS OPEB Trust along with \$3.2 million of funding from the county's OPEB Trust Fund will pay for these health benefits in FY 2016. In FY 2017, the county will need to provide the full \$27.2 million for retirees' health benefit costs.

Therefore, while the overall budget increase in FY 2016 is \$126.9 million, expenditures to maintain current operations, as well as funding \$8.2 million for enhancements as part of the multi-year budget strategy come to a total of \$103.6 million. There are several key components of this expenditure increase for FY 2016.

The Recommended FY 2016 Operating Budget includes \$1,609,591,070 in local funding. This includes \$22.2 million, or the difference between the \$38.2 million of MCPS fund balance the County Council used to fund the same amount of recurring expenditures in the FY 2015 Operating Budget, and the \$16 million in MCPS fund balance projected at the end of FY 2015.

Below are details of major elements of the changes in the MCPS Recommended FY 2016 Operating Budget.

#### **Expenditures to Fund Same Services**

Overall, enrollment is projected to be 156,514 for FY 2016, an increase of 2,466 from the FY 2015 budget. FY 2016 will be the seventh year in a row that enrollment will increase by more than 2,000 students. Enrollment continues to grow dramatically and there are an increasing number of students needing special services.

- K-12—A total of \$7.6 million and 111.4 additional positions are needed for the Kindergarten through Grade 12 student enrollment of 151,522, or 2,433 more students than the 149,089 students budgeted in the FY 2015 Operating Budget. This FY 2016 enrollment growth includes an increase of 937 additional students in Grades 1-5 offset by a decrease of 544 kindergarten students for a net increase of 393 students in Grades K-5. This K-5 enrollment change requires \$319,928 and 5.750 positions including teachers, lunch hour aides, and paraeducators. In secondary schools, an additional 2,028 students are projected in FY 2016. These additional students require \$7.3 million and 105.670 positions including teacher and security assistant, media assistant, and paraeducator positions.
- Special Education—An additional \$7 million and 96.3 positions are needed for changes in special education enrollment and services including \$2.7 million for 38.0 additional teachers, \$1.5 million for 37.1 paraeducators, \$503,982 for 6.150 speech pathologists, and \$79,615 for a 1.0 bilingual assessment specialist position. There is \$756,250 and 15.875 positions budgeted for expanding the continuum of services for services within MCPS schools, \$1.3 million for students attending non-public schools, and \$292,628 for substitute teachers, critical staffing, paraeducators, and other growth-related requirements.
- English for Speakers of Other Languages (ESOL)—An additional \$2.7 million and 41.5 positions are required for an increase of 780 ESOL students, for a total of 21,080 students for FY 2016. While these students receive supplementary services, they are included in the overall enrollment numbers.
- New Schools/Additional Space—An increase of \$103,771 is required for a .5 principal and .5 secretary position for a half year in FY 2016 to prepare for the opening of a new middle school in the Clarksburg/Damascus area. In addition, \$408,622 and 3.5 building service worker positions are required for additional space at several schools in FY 2016.
- Continuing Salaries—A total of \$59.5 million is required to be added to the budget for continuing salaries and associated benefits. Based on the three-year contracts reached with the three employee associations on March 11, 2014, employees received a general wage adjustment of 1.5 percent on November 29, 2014, and will receive a 2 percent general wage adjustment effective on October 3, 2015. The agreements also provide step and longevity increases for eligible employees that will be effective on these same dates.
- Employee Benefits—The cost of employee benefits and insurance for current and retired employees will add \$39 million to the FY 2016 budget, including funding for the increased cost of health care and life insurance for current employees and retirees. This includes \$13.5 million of savings generated through negotiations by increasing the amount employees will pay for these health benefits. The amount also includes \$6.5 million for the fourth and final year of the plan to shift part of teacher pension payments made by the state on behalf of the local school districts to local school boards. A savings of \$1.6 million is included for the FY 2016 estimated cost of self-insurance.

In addition, funds are required in Category 12, Fixed Charges, as a result of the way the County Council funded the FY 2015 Operating Budget. A total of \$13.3 million was cut

from the FY 2015 Operating Budget, and health benefit claims for retirees were funded from reserves in the MCPS Employee Benefits Plan (EBP). The \$13.3 million needs to be restored in the FY 2016 Operating Budget to cover health benefits costs. Based on the County Council's action in funding the FY 2015 Operating Budget, as well as actual FY 2014 experience and current projections for FY 2015, the EBP fund balance for both active employees and retirees is projected to be below \$4.0 million by the end of FY 2015, or less than 1 percent of actual expenditures. In comparison, just three years ago, the EBP fund balance was about \$49.0 million. MCPS was in the process, through budget requests, of reducing that fund balance over time. As a result of the cut in the budget in FY 2015 and current projections for this fiscal year, an additional \$10.0 million is needed in FY 2016 to restore the EBP back to a three percent fund balance. The goal would be to attain a five percent balance in the EBP by FY 2017.

- Inflation and Other Expenses—The effects of inflation and other expenditures require a net increase of \$6.2 million and a decrease of 6.375 positions. Included in this increase is \$897,216 for a 3 percent inflation adjustment for supplies and materials, \$652,465 and 4.0 positions for special education including a 1.5 percent rate increase for tuition for non-public placements, \$2.9 million for increased utility costs, \$1.6 million for plant operations and maintenance, \$1.8 million for the cost of replacement buses, and \$366,312 for other expenses. There is a net decrease of \$2.0 million and 13.275 positions for grant programs due to the impact of previous federal sequestration and other cost adjustments.

### **Strategic Priority Enhancements**

- Strategic priority enhancements are included in the FY 2016 budget totaling \$8.2 million and 70.7 positions. These resources address new demands and longstanding issues that have been part of our multi-year enhancement plan through (1) improving the Student Services Support model, (2) supporting English language learners, (3) increasing support for students with disabilities, (4) focused efforts to improve student achievement and close the achievement gap, and (5) enhancing school leadership and administrative support.
- Noteworthy enhancements for FY 2016 include building on efforts to strengthen middle school leadership, continuing a multi-year plan to increase staffing for Coordinated Student Services Teams, and adding more high school resource teachers to fulfill leadership responsibilities. Another noteworthy enhancement is additional math content coaches in elementary schools in support of the superintendent's five point plan that includes starting math success early. There are additional professional learning resources budgeted including training to improve the academic success of English language learners, and staff for enhanced language assistance services. Other enhancements address MCPS' focus on equity to close the racial achievement gap and eliminate racial predictability in student achievement, and the implementation our Interim Instructional Services and Home School models. Finally, a new and important enhancement is included to increase the diversity of our teacher workforce.

## **Efficiencies and Reductions**

- Between FY 2009 and 2015, the MCPS Operating Budget has included reductions of nearly \$170 million and more than 1,400 positions. Employees also agreed to forgo a negotiated general wage increase in FY 2010, saving \$89.5 million, and seniority salary increments of \$54.0 million during FY 2011 and FY 2012.
- In FY 2016, budget efficiencies and reductions total \$5.6 million and 10.750 positions, including \$2.5 million and 7.0 positions from central services.

## **Revenues**

- Local—The Recommended FY 2016 Operating Budget includes an increase of \$132.7 million in the local contribution. This includes an additional \$6.5 million for the shift of part of teacher pension payments from the state to the county.
- State—Total revenue from the state is estimated to increase by \$15.8 million in the FY 2016 Operating Budget. Foundation aid is the largest component of state aid and the amount reflects changes in enrollment. The foundation aid formula is also driven by relative property and income wealth in the county. MCPS will receive state aid figures from the Maryland State Department of Education in January 2015.
- Federal—Federal revenue is estimated to total \$70 million for Impact aid and Federal grants. There is a reduction of \$200,000 in Impact aid due to the effect of previous Federal sequestration and an increase of \$339,707 for federal grants.
- Fund Balance—The County Council used \$38.2 million of MCPS fund balance to fund the same amount of recurring expenditures in the FY 2015 Operating Budget. This left \$1.2 million of MCPS fund balance at the start of FY 2015. Based on the financial report submitted to the Board of Education on December 9, 2014, the FY 2015 MCPS fund balance at the end of the year is projected to be \$16.0 million. This is the result of \$1.8 million of projected revenue surplus and \$13.0 million of expenditures surplus, in addition to the \$1.2 million of MCPS fund balance at the start of FY 2015. Therefore, the County Council will need to provide the difference between the \$38.2 million of fund balance used to fund the FY 2015 Operating Budget and the \$16.0 million of MCPS fund balance projected at the end of FY 2015, or \$22.2 million to support recurring MCPS expenditures.

## Montgomery County Public Schools FY 2016 Operating Budget

### Development of the Board of Education's FY 2016 Operating Budget Interests

The Recommended FY 2016 Operating Budget reflects the impact of several elements that led to priorities included in the formulation and development of the FY 2016 Operating Budget. These elements include the Strategic Planning Framework, the operating budget interests adopted by the Board of Education, engagement with staff, parents, and students through the use of school level teams, and continuous improvement processes.

The Strategic Planning Framework, *Building Our Future Together: Students, Staff, and Community*, incorporates the three competencies that students need for success in the 21st century—academic excellence, creative problem solving, and social emotional learning—as well as a continued commitment to operational excellence. The Strategic Planning Framework emphasizes the commitment to ensure that students graduate from MCPS ready for college and/or entry into the workforce. Created in collaboration with a variety of stakeholders including students, staff, parents, and the community, the Strategic Planning Framework addresses what students need to be successful. The framework outlines the expectations for staff, students, and the community, laying out a clear path to meet our goals. MCPS will continue to organize and optimize resources that align to the three competency areas and reflect the Board's core values to ensure that every student is well prepared for success beyond high school.

In addition, for the past four years the Board of Education has developed operating budget interests that have served as a guide in the formulation of the annual operating budget. These operating budget interests were developed to enhance transparency and lead to a richer discussion for the operating budget during the year. The development of the Board's FY 2016 Operating Budget interests was an important initial step in the MCPS budget formulation process.

As a starting point, the Board used the ten budget interests it had adopted in September 2013, for the FY 2015 Operating Budget. At its meeting on July 15, 2014, the Board reviewed each of the ten budget interests from the previous year and found that some needed modification. On September 9, 2014, the Board adopted the following budget interests for the FY 2016 Operating Budget.

1. Provide multiple pathways enabling graduates to be globally competitive and college and career-ready.
2. Meet the needs of each individual child, including their health and social and emotional well-being, ensuring no child “falls through the cracks.”
3. Provide a strong start for all students before kindergarten and provide support for students who enroll in MCPS after kindergarten and are not performing on grade level to help them catch up.

4. Continue to reduce variability of performance/address student performance issues, and differentiate the allocation of resources based on the needs of schools and students.
5. Recruit and retain staff who are reflective of our student population, and support them to create the conditions that support schools and students.
6. Expand and support community engagement in our schools. Expand and deepen work to ensure that communities and families know what they need to do to support their children.
7. Maintain and improve our programs and processes for special education students and English language learners.
8. Promote instructional strategies and curriculum that engage students through innovative teaching practices and 21st century physical spaces.
9. Focus on all students and ensure all students have equity of access to appropriate and higher level courses so that outcomes are not predictable by race, ethnicity, or socioeconomic status and all gaps in achievement are eliminated.
10. Ensure the budget is aligned and responsive to the Strategic Planning Framework and the five milestones.
11. Organize and optimize resources, including the implementation of the Strategic Technology Plan and the Environmental Sustainability Plan, while providing the highest quality business operations and support services that are essential to the educational success of all students.
12. Focus attention to improve teaching and learning in secondary schools, in particular middle schools, with special emphasis on mathematics and to facilitate implementation of the Maryland College and Career-Ready Standards.

Also, during the summer of 2014, MCPS continued a modified budget development process for the Recommended FY 2016 Operating Budget that brought together staff from schools, central services staff, parents, and students early in the budget process. Three school-level teams were formed including one team that looked at elementary schools, a second at middle schools, and the third team at high schools. The teams were charged with proposing changes to the MCPS operating budget that were aligned with the three competencies in the Strategic Planning Framework: *Building Our Future Together* and the Board's Operating Budget interests. Questions that the three groups were asked were (1) what strategies are helping to close the achievement gap in MCPS, (2) what additional strategic budget enhancements should be considered for the FY 2016 Operating Budget and beyond to close the achievement gap, and (3) what programs and services can be curtailed or realigned to help support strategic budget enhancements. The input submitted by the three school level groups was shared with the Budget Steering Committee made up of the deputy superintendents, the employee association leaders,

and the Montgomery County Council of Parent Teacher Associations leadership. The Budget Steering Committee reviews the budget requests from MCPS offices and assists the superintendent of schools in the formulation of the operating budget.

Another important factor in the development of the FY 2016 Operating Budget is the continuous improvement process embodied in the Malcolm Baldrige Education Criteria for Performance Excellence. This continuous improvement process has helped produce the school system's outstanding academic and operational results. MCPS has formalized key processes designed to produce high levels of performance from all staff members. These processes were created through collaboration, making employees integral players in the design of the systems they use every day to perform their jobs. Collecting, tracking, and analyzing data to monitor progress and make decisions about what happens inside and outside of the classroom is central to continuous improvement in MCPS.

## Montgomery County Public Schools FY 2016 Operating Budget

### MCPS Record of Success

- Eight MCPS high schools rank in the top 200 of *The Washington Post* 2014 High School Challenge and all 25 MCPS high schools appear on this list, which only includes the top 9 percent of high schools in the country.
- Eleven MCPS high schools made the *U.S. News & World Report* 2014 list of Best High Schools. MCPS had the top four high schools in the state of Maryland.
- Seventeen high schools made the annual list of America's Best High Schools, published by *Newsweek/The Daily Beast*. Two MCPS high schools made the top 100 nationally, and the district had the top six schools in the state of Maryland.
- MCPS has one of the highest graduation rates among the nation's largest school districts, according to an *Education Week* report.
- The Schott Foundation reports that MCPS has the highest graduation rate in the nation for African American males among the nation's largest districts.
- A historic high of 33,662 Advanced Placement (AP) exams were taken by MCPS students in 2014. Students earned a college-ready score (3 or higher) on 73.9 percent of those exams.
- In 2014, the percentage of AP exams taken by MCPS' African American students (49.8 percent) that earned college-ready scores of 3 or higher is significantly higher than the percentage of 32.9 percent in Maryland and 28.9 percent in the nation.
- In 2014, the percentage of AP exams taken by Hispanic students that earned college-ready scores of 3 or higher (57.7 percent) was greater than the percentage of Hispanic students earning college-ready scores in Maryland (52.9 percent) and the nation (41.8 percent).
- More than two-thirds (66 percent) of graduates from the Class of 2013 took at least one AP exam, compared with 47.4 percent in Maryland and 33.2 percent nationally.
- More than half (51.4) of the Class of 2013 scored a 3 or higher on at least one AP exam while in high school—significantly higher than the state average of 29.6 percent and the national average of 20.1 percent.
- In 2013, the percentage of MCPS African American and Hispanic graduates earning a 3 or higher on at least one AP exam surpassed the national average for *all* graduates.

- The Class of 2014 earned a 1650 average combined SAT score, surpassing both national and state averages. Sixty-nine percent of graduates took the SAT and MCPS' Hispanic and African American students outperformed their peers across the nation.
- Nearly \$340 million in scholarships was awarded to students in the Class of 2014.
- The Class of 2014 received a total of 193 Ivy League school acceptances.
- There were 70 National Merit Finalists in the Class of 2014.
- MCPS has 37 schools named National Blue Ribbon Schools.
- Across the district, 15 students were semifinalists in the 2014 Intel Science Talent Search. Nine semifinalists were from Montgomery Blair High School, among the most of any high school in the nation.

## Montgomery County Public Schools FY 2016 Operating Budget

### Program Realignments to Fund the Highest Priority Work

Each year, MCPS realigns millions of dollars for positions and other resources within and between units to ensure that the budget is aligned with the most important priorities. A zero-based budgeting process was used to identify realignments for FY 2016 to ensure that budgeted funds are used for the highest priority work. A summary of the major realignments is provided below.

#### K-12 Instruction

- Realignment of \$250,000 from the elementary schools substitute budget to the high schools budget to provide additional funding for alternative educational services for those students who are served by the Department of Juvenile Services.

#### Office of the Chief Academic Officer

- Realignment of \$100,000 from professional part-time salaries to supporting services part-time salaries.

#### Office of Curriculum and Instructional Programs

- Realignment of a 1.0 coordinator and \$109,539 from the Office of Curriculum and Instructional Programs to the Department of Accelerated and Enriched Instruction to reflect operational requirements.
- Realignment of \$644,000 from the Provision for Future Supported Projects to establish the Judith B. Hoyer Center Gaithersburg and the Judith B. Hoyer Center Silver Spring grants as budgeted grants. These grants are expected to be ongoing and have a stable funding level and therefore meet the criteria for budgeted grants.
- Realignment of 5.0 communications specialist/web producer positions and \$422,810 from the Division of ESOL and Bilingual Programs to the Office of Communications.

#### Office of Special Education and Student Services

- There are numerous budget neutral realignments within and between units in the Office of Special Education and Student Services to meet priority spending and operational requirements.

### Office of the Chief Operating Officer

- Realignment of \$487,427 budgeted for contractual legal services from the Office of the Chief Operating Officer to the Office of General Counsel to reflect where these legal funds are managed and utilized.
- Realignment of \$131,445 among various programs budgeted within the Entrepreneurial Activities Fund to reflect actual expenditures and projected requirements. Realignment of \$200,000 from the Entrepreneurial Activities Fund to the Division of Food and Nutrition Services for \$50,000, the Real Estate Management Fund for \$100,000, and the Field Trip Fund for \$50,000.
- In addition to the realignment of \$644,000 for the Judith B. Hoyer Centers grants from the Provision for Future Supported Projects mentioned earlier, there is a realignment of \$73,150 for the McKinney Vento Homeless Children and Youth grant to become a budgeted grant.

### Office of the Chief Technology Officer

- Realignment of \$72,600 from other units to the Department of Instructional Technology to fund stipends for Promethean ActivStudio training.
- Realignment of \$95,724 from supporting services part-time salaries to fund professional part-time salaries in the Division of Instructional and Information Services. Realignment of \$368,230 from contractual maintenance and \$76,446 from consultant services from the Department of Information and Application Architecture to the Office of the Chief Technology Officer where these funds are managed and utilized.

### Office of the Superintendent

- Realignment of \$354,355 and 3.0 positions from the budget of the Office of the Superintendent to the Office of the General Counsel.

## Montgomery County Public Schools FY 2016 Operating Budget

### Strategic Priority Enhancements

The FY 2016 Recommended Operating Budget includes 77.7 full-time equivalent (FTE) positions and \$8,173,427 for strategic priority enhancements. The enhancements are multi-year efforts that build on our ongoing work and address our long-standing challenges in new and innovative ways. The enhancements will help close the achievement gap, implement the Common Core State Standards, and ensure that students are college and career-ready and are described in detail below.

#### **Improving the Student Services Model**

##### ***3.5 Elementary Counselors, 5.0 School Psychologists and 4.0 Pupil Personnel Workers - \$1,064,242***

The role of Coordinated Student Services Teams (CSSTs) in MCPS is to align services and programs to enable students to acquire social and emotional competence, help educators promote social/emotional learning, identify mental health needs, and provide mental health support. Student services staff have the unique combination of training and experience to support the behavioral and emotional needs of MCPS students, and develop and monitor academic and behavioral interventions to improve student success.

To enhance the work of CSSTs through a multi-year effort that is consistent with the goals articulated in the memorandum from the Superintendent to the Board of Education on December 5, 2013, the FY 2016 Recommended Operating Budget includes \$289,411 for an additional 3.5 elementary school counselors, \$405,185 for 5.0 school psychologists, and \$369,646 for 4.0 pupil personnel workers. Adding positions over several years will provide for lower caseloads for these employees and improve services to our most vulnerable students. Deployment of new staff will be based on school enrollment and variables which are associated with high school drop-out rates and lack of school success, including Free and Reduced-price Meals System (FARMS) eligibility, attendance, mobility, and suspension rates. These variables will be weighted to identify schools with the most immediate needs.

##### ***5.5 Counselors to Increase/Differentiate Support for Higher Needs Schools - \$462,649***

Counselors at highly impacted high schools often have additional challenges to meet the social/emotional needs of students, provide academic support, and provide assistance with college applications for students who do not have support at home. Counselor caseloads are currently 250 to 1. This enhancement will change the allocation proves for high school counselors to a tiered approach where schools with higher FARMS rates will be staffed at a lower ratio. For FY 2016, 11 higher needs schools will receive an additional .5 FTE counselor to increase and differentiate counseling support for students.

## **Supporting English Language Learners**

### ***English for Speakers of Other Languages—Sheltered Instruction Observation Protocol Training - \$36,032***

The implementation of the Sheltered Instruction Observation Protocol (SIOP) model is a key strategy used to improve the academic success of English language learners. It has been shown that English language learners who have participated in classes taught by teachers trained in the SIOP model significantly improve their literacy and writing skills more than students in classes with non-SIOP trained teachers. To develop a strong foundation in SIOP, selected schools will send their principals and/or assistant principals, staff development teachers, resource teachers, reading specialists, special education and ESOL teachers, and grade-level team leaders to SIOP training. The criteria used to identify schools for participation in the SIOP training will be schools that missed their 2013 Annual Measurable Achievement Objectives (AMAO) III in reading or mathematics and AMAO I and/or II for students with limited English proficiency over the past three years. The FY 2016 budget provides funding for training 20 new schools and additional support to new staff in the 35 existing SIOP schools.

### ***1.0 Communications Specialist Position to Enhance Language Assistance Services - \$85,268***

This enhancement will add two .5 communications specialist positions to this office to allow MCPS to respond to an increased number of requests for translation of documents to Amharic and Spanish. Amharic is the fastest growing language in MCPS. Translation requests for Amharic have been handled on a contractual basis. Requests for Amharic-translated projects have increased from 30 in FY 2011 to 152 in FY 2014. In addition, Spanish is the most utilized language for translation services in MCPS. The Language Assistance Services Unit processed 309 requests for Spanish translations in FY 2014. One full-time translator is employed by MCPS, but contract services have been required to provide additional support. The cost of these two additional positions is offset by the savings from reduced reliance on contractual translation services. This enhancement also will reduce the turnaround time required for translation services.

## **Increasing Support to Students with Disabilities**

### ***4.5 Learning and Academic Disabilities Elementary Program Specialist Positions - \$356,490***

Learning and Academic Disabilities (LAD) services are provided in 18 MCPS elementary schools. Students in these programs receive specialized instruction in the general education environment and in small group settings. LAD programs in elementary schools serve, on average, 20 students. To provide additional support for LAD services, a .25 LAD elementary program specialist position is added per school for the 18 schools, resulting in a total of 4.5 positions. The role of the specialist positions is to ensure that specialized instructional activities, Individual Education Program (IEP) goals and objectives, and the use of evidence-based practices are implemented to address the needs of students.

### ***6.0 Teachers and .4 Paraeducator for Home School Model for Elementary Schools - \$570,654***

MCPS has had a longstanding goal of providing services to students with disabilities in their neighborhood school. This goal was originally driven by the *Individuals with Disabilities Education Act of 1997*, which required students with disabilities to have access to the general

education environment to the maximum extent appropriate. The U.S. Department of Education's Office of Special Education Programs continues to mandate that each state and local educational agency (LEA) achieve the target of 80 percent participation of students with disabilities in the general education environment. Although MCPS has consistently met the state's least restrictive environment target, MCPS is in the bottom quartile of LEAs in the state. In order to increase participation, the Recommended FY 2016 Operating Budget includes funding for the first year of a multi-year enhancement to implement the Home School Model (HSM) in all elementary schools by adding 6.0 teacher positions and a .4 paraeducator in FY 2016. A total of 68 schools have implemented the HSM with another 10 planned for FY 2016. The additional resources for the HSM will ensure access and equity for all elementary school-aged students with disabilities. HSM elementary schools are staffed using an hours-based staffing formula. The formula is designed to account for the total number of special education instructional hours for all students with an IEP who require services from general and special education teachers and paraeducators.

### ***1.0 Teacher for High Incidence Accessible Team - \$72,478***

The High Incidence Accessible Team in the Office of Special Education and Student Services provides direct support to schools, students, and parents on implementation of Universal Design for Learning strategies and technology tools to promote access to the curriculum for students with disabilities. Advances in the use of technology in classrooms, the implications for instruction and assessments, and the expectations with the Maryland College and Career-Readiness Standards require more support for administrators and teachers. Adding a 1.0 special education teacher position for FY 2016 will increase the timeliness in responding to the needs of schools and providing additional direct support to schools to provide guidance for these technology advances and effective implementation of Universal Design for Learning strategies.

## **Focused Efforts to Improve Student Achievement and Close the Achievement Gap**

### ***5.0 Math Content Coaches in Elementary Schools - \$338,787***

In a June 17, 2014, memorandum to the Board of Education regarding the report of the Math Semester Exam Work Group, the superintendent said the greatest concern highlighted by the work group was a consistent pattern of low grades by students who account for the majority of exam failures. Students struggling in mathematics are disproportionately Black or African American, Hispanic/Latino, or are receiving special services. To help address the concerns raised by the work group and to reduce the achievement gap in mathematics, the superintendent proposed a five-point plan including: (1) starting math success early; (2) breaking the cycle of failure; (3) targeting support for students struggling in math; (4) building staff capacity; and (5) leveraging the expertise of our best teachers. This FY 2016 enhancement addresses the first of the five points, starting math success early, by adding .5 math content coaches to ten additional elementary schools. Allocation decisions will be made using student achievement data. The key to reducing the number of students who fail courses is to build a strong foundation in number sense and an appreciation for math at the elementary level. Math content coaches, like reading specialists, have proven effective in developing teacher understanding and targeting support for students, particularly those who are struggling in math.

### ***2.0 Instructional Specialist Positions for the Equity Initiatives Unit - \$159,230***

This enhancement provides 2.0 instructional specialist positions and \$159,230 to the Equity Initiatives Unit. Currently, 6.2 instructional specialists and a 1.0 equity training specialist provide support for 202 schools as well as offices across MCPS. To provide consistent, pervasive, and intentional support to schools, the Equity Initiatives Unit has assigned each school an equity specialist. This results in one specialist having to support between 30-31 schools. With an increased focus on developing cultural competence and proficiency, there must be intentional support and inclusion of equity in school improvement. With additional staff, the Equity Initiatives Unit will be able to expand its collaboration with the Department of Instructional Leadership Support to support schools with the school improvement process and in the design, delivery, and monitoring of school improvement plans and professional learning.

### ***5.0 High School Staff Development Teachers - \$374,125***

Past budget reductions resulted in each high school losing a .6 staff development teacher position leaving each school with an allocation of .4. The FY 2015 Operating Budget included an enhancement of 5.0 high school staff development teacher positions to restore a .2 position to each of the 25 high schools, increasing each to a .6 position. The additional staff development support is needed to improve instruction, preparing students to be college and career-ready, and address changes related to the Common Core State Standards. The recommended FY 2016 Operating Budget adds another 5.0 high school staff development teachers and provides an additional .2 position to each of the 25 high schools, increasing the staff development teacher to a .8 FTE position. The additional .2 position per school will provide staff development teachers more time to provide teams and individual teachers with the support needed to build professional learning communities and focus on improving instruction and learning in all high schools.

### ***Aligning Secondary Reading intervention with the Common Core State Standards - \$61,100***

READ 180 is implemented in every secondary school as a research-based intervention for those students who struggle with reading. READ 180 is one of the most effective reading interventions available. The current edition of READ 180 used in MCPS is not aligned to the Common Core State Standards and has been in use for almost 10 years. This enhancement will provide for the upgraded version at two middle schools and two high schools. The new edition emphasizes writing much more than its earlier edition. This is part of a multi-year effort in which all middle schools will be upgraded in FY 2017 and all high schools upgraded in FY 2018. This funding also will support training for teachers as well as technology support plans.

### ***8.0 Teacher Positions for Elementary Schools that had Previous Reductions in Staff Development Teacher, Reading Specialist, Media Specialist, or Counselor Positions - \$598,601***

Reductions in the budget in previous years resulted in small and midsize elementary schools losing either a .5 of a 1.0 teacher position in one or two of their teacher-level support positions. These positions included staff development teachers, reading specialists, media specialists, and counselors. Small and midsize non-focus schools had a reduction of either a .5 or 1.0, while focus schools had a reduction of a .5 teacher position. Elementary schools determined which of the four positions to reduce based on their individual needs. Prior to these reductions, all elementary schools had a full-time allocation for each of these positions.

With increases in enrollment in recent years, some of these elementary schools have struggled to provide the support necessary with these reductions. A total of 19 positions were restored in the FY 2014 and 2015 Operating Budgets. The restoration of an additional eight teacher positions in FY 2016 will mean that .5 positions will be restored at 16 more schools. The restoration of these positions is based on enrollment in Kindergarten through Grade 5. In addition, the multi-year plan will restore another 8.5 positions in FY 2017.

#### ***5.0 Teachers and 1.0 Instructional Specialist for Interim Instructional Services - \$255,550***

To ensure that students receiving Interim Instructional Services (IIS) develop the three competencies of academic excellence, creative problem solving, and social emotional learning, the IIS model is redesigned to provide a coordinated instructional program aligned with MCPS curriculum requirements and individual student needs. The new IIS model provides students with personalized learning plans, blended learning opportunities, and social emotional supports to allow them to progress academically toward graduation and, when appropriate, transition seamlessly back to their home schools.

To perform these tasks effectively, and meet mandated state guidelines for service delivery, this enhancement includes 5.0 additional teacher positions and 1.0 instructional specialist and \$318,661 for salaries, a net decrease of \$173,937 for professional part-time salaries, \$25,000 for software for on-line courses, and \$85,826 for benefits for FY 2016 to support the IIS program. This is part of a multi-year plan to develop a comprehensive home study program aligned with MCPS curriculum and standards.

#### ***Middle School Improvement Strategy Implementation - \$500,555***

The Middle School Improvement Strategy is designed to align existing teachers (i.e., middle school focus teachers, staff development teachers, and staff development substitutes) to the middle school framework and optimize opportunities for adults and students to meet the three competency areas of academic excellence, creative problem solving, and social emotional learning identified in the MCPS' Strategic Planning Framework *Building Our Future Together*. The resources for positions, professional learning, and resource development support the creation of conditions for collaboration that will improve student achievement and contribute to equity for all students. The FY 2015 Operating Budget included \$102,835 to support a pilot group of five middle schools and leadership teams to study ways to incorporate the three competencies throughout the instructional program. Middle school schedules include time for collaborative planning for staff to incorporate these characteristics into their content areas. Leadership teams will participate in workshops to focus on understanding the middle school improvement strategy and explore ways to incorporate the strategy in school structure, curricula, and activities. Cohorts of staff are planning and designing innovative ways to apply the strategy. The FY 2016 budget includes a 1.0 middle school coordinator, funding for professional learning for secondary leadership teams, and collaborative cohort planning to extend this middle school improvement strategy to additional schools.

#### ***Achieving Collegiate Excellence and Success - \$250,000***

Achieving Collegiate Excellence and Success (ACES) is a collaborative program among MCPS, Montgomery College, and the Universities of Shady Grove that focuses on identifying and supporting students who come from backgrounds that are underrepresented in higher education and those who are the first in their family to attend college. Coaches meet individually with

students and provide help in test preparation, tutoring, assistance with college applications and financial aid/scholarship applications, and college visits.

The program began in the fall of 2013 in 10 high schools. Students apply to ACES in the spring of their sophomore year and, if accepted, are assigned an academic coach during the 11<sup>th</sup> and 12<sup>th</sup> grades. This coaching continues if these students attend either of these institutions after high school graduation. This additional funding will be used to expand the 9<sup>th</sup> and 10<sup>th</sup> grade ACES program at five MCPS schools.

***High School Athletic Trainers - \$329,000***

Concerns and attention have increased dramatically across the country regarding the safety of student athletes participating in interscholastic athletic programs. These concerns include the potentially catastrophic effects of concussions, inappropriate heat acclimatization, and Methicillin-resistant Staphylococcus Aureus or staph infections. More and more high schools across the country, in Maryland, and the Washington, D.C. metropolitan area are utilizing the services of athletic trainers to enhance the safety and welfare of students participating in interscholastic athletic programs. This enhancement builds on the athletic trainer pilot program started for MCPS high schools. This addresses the safety and welfare of approximately 22,500 MCPS high school student athletes participating on approximately 1,100 high school interscholastic teams. This funding will support additional contractual athletic trainer services and other associated athletic training expenses at each of the 25 MCPS high schools, with a separate athletic trainer assigned to each school.

***Children's Trust - \$250,000***

In collaboration with Montgomery County's departments of Health and Human Services and Recreation, funding of \$250,000 will support the establishment of the Children's Trust. The Children's Trust will support services to improve educational outcomes for children (from birth to age 18) and families by addressing social determinants that impact the educational achievement gap. The collaborative effort will be led by a governing board made up of the County Executive, County Council president, president of the Board of Education, superintendent of schools, and a business leader. The governing board will set policy and funding priorities.

The Children's Trust will have an operations committee that is housed at the Collaboration Council and made up of staff from the departments of Health and Human Services and Recreation, and as well as MCPS and the Collaboration Council. The Trust will have a funding arm housed at the Community Foundation and will leverage private sector funding along with funding from the county. The Children's Trust will be a vehicle to fund activities such as early child care and education, the Services Plus model in schools, after-school activities, additional Linkages to Learning or Kennedy Cluster-type programming, and the Explorers Program.

## **Enhancing School Leadership and Administrative Support**

### ***5.8 Teacher Positions for Middle School Leadership - \$504,477***

A multi-year enhancement commenced in the FY 2015 Operating Budget to implement a leadership model in middle schools where team leaders and content leaders for departments were allocated as separate positions. Prior to FY 2015, a total of 11 middle schools had implemented this leadership model. Starting in FY 2015, implementation continued for the remaining 27 schools over a three-year period. A total of 12 schools changed to the new model in FY 2015, with nine more schools in FY 2016, and the remaining six schools in FY 2017. The current model, where leaders sometime serve in both roles, is changed by adding leadership positions to middle schools. The model calls for a content leader for each major content area and team leaders for each grade level requiring an additional .6 or .8 FTE for a total of 5.8 FTE positions for the 9 schools in FY 2016. The middle school leadership model allows for more focused attention on each of the content areas so that the teacher leaders have more time to coach and work directly with other teachers in the department.

### ***10.0 Teacher Positions for Release Time for High School Resource Teachers to Fulfill Leadership Responsibilities - \$677,570***

High school resource teachers currently teach four classes, one less than classroom teachers. The additional release period provides time for the resource teachers to fulfill leadership responsibilities including observations, coaching, professional development, planning for meetings, and providing other supports. The FY 2015 Operating Budget included a multi-year enhancement to provide high school resource teachers additional time in critical content areas to perform this important work. The FY 2015 Operating Budget provided 10.0 teacher positions to allow 50 resource teachers one additional release period. The FY 2016 Operating Budget includes the second year of the enhancement for an additional 10.0 teacher positions to provide an additional release period to 50 more resource teachers in mathematics, English, social studies, and science.

### ***Assistant School Administrators to Assistant Principals - \$282,080***

This enhancement reflects the first year of a multi-year plan to convert assistant school administrator positions to assistant principals. Through this conversion starting with 16 highly impacted schools in FY 2016 (1 elementary school, 7 middle schools and 8 high schools), principals will have additional support to effectively implement the Professional Growth Systems. For teachers and instructional staff members to grow professionally and improve instruction, they must receive thoughtful and timely feedback on their practice and performance. Assistant school administrators are able to observe but cannot evaluate the performance of teachers. An increased number of assistant principals will reduce staff to evaluator ratios, and ensure a productive and thorough evaluation process that cites evidence that supports high quality instruction and clearly identifies and documents areas of growth. In addition, a greater number of assistant principals will increase the pool of administrators to serve in the roles of either regional summer school administrators or master schedule coordinators.

### ***2.0 Assistant Principals for Two Elementary Schools with Single Administrators - \$293,770***

There are 20 elementary schools that have only one administrator, the principal. More than a decade ago, the Board approved a budget initiative to add assistant principals to all elementary schools, but this initiative was never fully funded due to the economic downturn that began in

2008. Currently, all Focus elementary schools have an assistant principal, and the largest of the non-Focus schools with a single administrator have about 450 students, which is more than several other non-Focus schools that have an assistant principal. The principals at these two moderate-sized elementary schools do not have a collaborative leadership partner within the school to examine, discuss, analyze, and evaluate instruction. The two additional assistant principals will work in tandem with their principals to support growth in teaching and learning through observation, analysis, and evaluation. The addition of a second administrator also will ensure that there is at least one administrator in the school when the other is away from the school.

### ***2.0 Assistant School Administrators for the Largest Elementary Schools - \$258,510***

The FY 2014 Operating Budget added three assistant school administrators to the largest elementary schools that had enrollment of more than 950. These assistant school administrators address the administrative needs of these large elementary schools that prior to FY 2014, had only two administrators, a principal and assistant principal. Additional administrative staffing will provide these schools with support for the operations and management of large elementary schools as well as the instructional leadership required to implement Curriculum 2.0 and the Professional Growth Systems effectively. The Recommended FY 2016 Operating Budget includes two additional assistant school administrators for two Focus elementary schools with more than 800 students.

### ***Teacher Workforce Diversity – \$225,000***

MCPS recognizes that success today and in the future requires us to recruit, retain, and develop the most talented workforce in public education. Under our Strategic Planning Framework, *Building Our Future Together*, we have devoted substantial attention to enhancing the cultural proficiency of *all* staff to meet the needs of our increasing diverse student body. Equally important, we have been working to increase the diversity of our teaching corps to include the best teachers of all backgrounds, and especially to attract talented teachers of color and others with background and experiences that are underrepresented in our current workforce. However, to effect real gains and promote our core value of equity, we must develop a new, bolder vision for teacher workforce diversity. Therefore, we have made enhancing teacher diversity a priority area in the FY 2016 budget. To achieve the highest standards of merit in teacher selection and attract the most qualified teachers of all backgrounds, we must increase the diversity of the candidate pool for teaching positions across the district. We also must accelerate our staffing timeline so that we do not lose top talent to other school systems in the greater metropolitan area. Moreover, we must strengthen our retention practices and, perhaps most significantly, build new pipelines of diverse cohorts of teacher candidates through our own robust talent development programs that lead to certification in teaching. These four critical areas—recruitment, selection, retention, and internal talent development—comprise the four pillars of our plan to dramatically increase teacher workforce diversity in MCPS. When implemented, this plan will thoroughly revise and refocus our work in these four areas, and we will monitor our work to hold all of our stakeholders accountable for progress. We believe this is the path to an equitable and inclusive future in Montgomery County Public Schools.

### ***Part-time Clerical Support for Elementary Schools - \$167,259***

Based on the results of focus group discussions held with elementary school principals and administrative secretaries, additional clerical part-time hours will be provided to support the

administrative secretaries with some of their job responsibilities. The additional clerical part-time hours will provide more time for the secretaries to perform financial tasks and other duties. Additional hours will be added for FY 2016 for elementary schools based on student enrollment, with the 10 largest elementary schools receiving 2.5 hours of clerical part-time assistance per week, the next 103 schools receiving 2 additional hours per week, and the 20 smallest schools receiving 1 additional hour per week.

## Montgomery County Public Schools FY 2016 Operating Budget

### Program Efficiencies and Reductions

Every year, MCPS undertakes a comprehensive process to identify potential program reductions and efficiencies in the operating budget. This is called the Program Efficiency, Abandonment, and Redirection (PEAR) process. Zero-based budgeting is used to review and justify all expenditures in the base budget and identify opportunities for efficiencies, realignments, and reductions.

Between FY 2009 and FY 2015, MCPS has made base budget reductions of more than 1,400 full-time equivalent (FTE) positions and nearly \$170 million. Additionally, employees did not receive \$89.5 million of negotiated wage increases and \$54.0 million of seniority salary increments. Budget reductions have been targeted to minimize disruption to classroom instruction and to preserve, as much as possible, the highest priority improvement initiatives. Central services reductions during this time frame included \$49.6 million (more than 20 percent of total central services expenditures) and 319.8 positions. Details on the reductions for FY 2009 through 2015 can be found at the following link:

<http://www.montgomeryschoolsmd.org/uploadedFiles/departments/budget/fy2015/BudgetInBrief2015.pdf>

<b>Budget Reductions</b>	<b>FTE</b>	<b>Dollars in Millions</b>
<b>FY 2009</b>		
Total	(375.1)	(\$32.0)
Central Services	(79.4)	(11.5)
<b>FY 2010</b>		
Total	(194.3)	(40.5)
Central Services	(74.5)	(12.2)
<b>FY 2011</b>		
Total	(452.3)	(49.3)
Central Services	(74.9)	(6.5)
<b>FY 2012</b>		
Total	(322.3)	(30.1)
Central Services	(58.0)	(8.7)
<b>FY 2013</b>		
Total	(23.4)	(9.3)
Central Services	(17.8)	(6.4)
<b>FY 2014</b>		
Total	(27.5)	(4.3)
Central Services	(5.7)	(1.9)
<b>FY 2015</b>		
Total	(22.6)	(3.3)
Central Services	(9.5)	(2.4)
<b>FY 2016 Recommended</b>		
Total	(10.8)	(5.6)
Central Services	(7.0)	(\$2.5)

For FY 2016, the operating budget includes \$5,561,986 of efficiencies and reductions, including a reduction of 10.750 positions. Of these amounts, \$2,534,381 and 7.0 positions are from central services. The table below summarizes these reductions and is followed by details of the reductions.

<i>Central Services:</i>	<b>FTE</b>	<b>Amount</b>
<b><u>Office of School Support and Improvement:</u></b>		
Substitutes, Stipends; Instructional Materials; Program Supplies	-	\$ (193,591)
<b><u>Office of Curriculum and Instructional Programs:</u></b>		
1.0 Supervisor and 1.0 Administrative Secretary I; Professional Part-time Salaries; Stipends; Instructional Materials; Program Supplies; Local Travel; Contractual Services including Professional Library	(2.000)	(705,605)
<b><u>Office of Special Education and Student Services:</u></b>		
0.5 Secondary Program Specialist; Testing Materials; Teaching in Out of County Hospitals; Contractual Services; Local Travel	(0.500)	(134,349)
<b><u>Office of Shared Accountability:</u></b>		
1.0 Program Evaluation Specialist; External Study of Special Education Programs and Services	(0.500)	(195,675)
<b><u>Office of the Community Engagement and Partnerships:</u></b>		
Substitute Teachers; Contractual Services; Program Supplies; Local Travel	-	(23,075)
<b><u>Office of the Chief Operating Officer:</u></b>		
1.0 Applications Developer II; Supporting Service Part-time Salaries and Overtime; Instructional Materials; Program Supplies; Office Supplies; Contractual Services; Dues, Registration, and Fees; Association Relations Expenses	(1.000)	(401,587)
<b><u>Office of the Chief Technology Officer:</u></b>		
1.0 Supervisor, 1.0 Data Control Technician II, Administrative Secretary I; Supporting Services Part-time Salaries; Contractual Maintenance and Other Services; Stipends; Program Supplies; Local Travel; Contractual Services; Consultant Fees; Lease/Purchase of Equipment	(3.000)	(503,936)
<b><u>Office of Human Resources and Development:</u></b>		
Professional Part-time Salaries; Supporting Services Part-time Salaries; Substitutes; Program Supplies Building Rental	-	(176,563)
<b><u>K-12 Instruction:</u></b>		
External Study of Special, Choice, and Signature Programs	-	(200,000)
<b>Total Central Services</b>	<b>(7.000)</b>	<b>\$ (2,534,381)</b>

<b><i>School Support Operations:</i></b>	<b>FTE</b>	<b>Amount</b>
<b><u>Office of the Chief Operating Officer:</u></b>		
3.75 Bus Operators and Attendants; 4 Growth Buses; Substitute Bus Operators; Bus Fuel, Parts, Supplies, and Repairs; State Waiver Request for 6 Buses; Contractual Services, Refuse Tax, 3 Percent Inflation for Supplies	(3.750)	\$ (661,979)
<b>Total School Support Operations</b>	<b>(3.750)</b>	<b>(661,979)</b>
<b><i>School-based:</i></b>		
<b><u>Office of Curriculum and Instructional Programs</u></b>		
Professional Part-time Salaries; Substitutes; Instructional Materials; Textbooks; Dues, Registration, and Fees; Inflation for Instructional Materials; Food	-	(162,686)
<b><u>Office of Special Education and Student Services:</u></b>		
Contractual Services; Instructional Materials; Inflation for Instructional Materials; Assistive Technology; Extended School Year Services	-	(496,407)
<b><u>K-12 Instruction:</u></b>		
Inflation for Textbooks, Instructional Materials, and Media Center Materials; Textbooks and Instructional Materials for Startup of Wilson Wims Elementary School; Tier 1 Professional Development for New Kindergarten Assessment	-	(1,706,533)
<b>Total School-based</b>	<b>-</b>	<b>(2,365,626)</b>
<b>TOTAL PROGRAM EFFICIENCIES AND REDUCTIONS</b>	<b>(10.750)</b>	<b>\$ (5,561,986)</b>

### **Central Services Reductions**

For FY 2016, central services reductions total 7.0 positions and \$2,534,381. A summary of the central services efficiencies and reductions follows:

#### Office of School Support and Improvement

- Reductions include \$136,791 in substitutes, \$37,800 in stipends, \$10,000 in program supplies, and \$9,000 in instructional materials mostly in the Department of Instructional Leadership Support.

#### Office of Curriculum and Instructional Programs

- Reductions include a 1.0 supervisor that manages the middle school extended day and extended year programs, Advanced Via Individual Determination, and the George B. Thomas Learning Academy saving \$166,557. Program management responsibilities will be distributed to the Bridge project coordinator and coordinator of special initiatives. A reduction of a 1.0 administrative secretary I saving \$93,207 will be managed through a streamlining of internal document editing. A reduction of \$250,000 in contractual

services with the Universities of Shady Grove for the Professional Library is possible as staff uses more on-line resources and books.

- Other reductions include \$81,125 for professional part-time salaries based mostly on actual expenditures for teacher/staff scoring of Bridge Projects, \$24,000 for program supplies, and \$10,800 for stipends in the Department of Enriched and Innovative Instruction.
- Reductions of \$15,481 in the Department of Curriculum and Instruction for the conversion of a director position to supervisor, \$38,435 for instructional materials due to a negotiated reduction in the Scholastic agreement, \$22,000 for assessments contractual services and materials, and \$4,000 for local travel.

#### Office of Special Education and Student Services

- Reduction of a 1.0 secondary program specialist to 0.5 in the Transition Unit for \$71,148. Workload will be redistributed to other staff members in the unit.
- Reductions include \$40,000 for reimbursement for local travel in various units in the Office of the Associate Superintendent. Other reductions include \$6,479 for new testing materials as staff will rely on existing materials, \$5,000 for contractual services for residency verification as pupil personnel workers have addressed investigations, \$6,000 required for students receiving educational services outside of Montgomery County, and \$5,722 required to support the Online Administrative Student Information System.

#### Office of Shared Accountability

- Reduction of .5 program evaluation specialist and \$45,675, and \$150,000 for the external study of special education programs and services performed in FY 2015.

#### Office of Community Engagement and Partnerships

- Reductions include \$4,196 for substitutes, \$12,304 for contractual services, \$1,075 for program supplies, and \$5,500 for local travel.

#### Office of the Chief Operating Officer

- A reduction of 1.0 applications developer II and \$141,628 in the Department of Management, Budget and Planning as work functions will be assumed by other staff.
- Other reductions include \$7,354 in supporting services part-time salaries and \$32,452 for overtime in the Department of Materials Management, \$141,000 for instructional materials, \$28,689 for postage, \$14,000 for program and office supplies, \$21,433 for contractual services, and \$1,500 for dues, registration, and fees.

- Reduction of \$13,531 in the Department of Association Relations for contract administration expenses.

#### Office of the Chief Technology Officer

- A reduction of a 1.0 supervisor and \$157,282 in the Division of Technology Support as workload will be performed by other staff. Also, there is a reduction of \$18,497 for contractual services for Safari Books Online as other online services can be utilized.
- A reduction of a 1.0 data control technician II and \$62,667 in the Department of Business Information Services as security access and report distribution responsibilities have been redistributed to other staff.
- A reduction of a 1.0 administrative secretary I and \$97,312 in the Department of Instructional Technology as workload will be assumed by others in the department. Other reductions in the department include \$21,600 for stipends and \$2,000 for local travel.
- In the Department of Information and Application Architecture, a reduction of \$43,200 for contractual services related to the Blackboard Online Course Delivery System as other tool solutions can be utilized.
- A reduction of \$20,575 in the Office of the Chief Technology Officer for system security vulnerability software as greater use of the System Center Configuration Manager is utilized.
- Reductions for supporting services part-time salaries of \$7,317, \$9,840 for consultant fees, \$16,480 for contractual maintenance, \$3,000 for contractual services, \$21,000 for program supplies, \$22,266 for the lease/purchase of equipment, and \$900 for local travel can be made in the Department of Infrastructure and Operations.

#### Office of Human Resources and Development

- A reduction of \$17,169 for professional part-time salaries, \$108,086 for supporting services part-time salaries, and \$15,624 for substitutes in various units in the Office of Human Resources and Development.
- Other reductions include \$26,974 for program supplies \$8,710 in building rental and other costs.

#### K-12 Instruction

- A reduction of \$200,000 is included for the completion of the external study of Special, Choice, and Signature Programs in FY 2015.

## **School Support Operations Reductions**

For FY 2016, school support operations reductions total 3.750 positions and \$661,979. Following is a summary of these reductions:

### Department of Transportation

- There is a reduction of 3.750 bus operator positions and a savings of \$146,702, as well as savings of \$87,324 for 4 growth buses as four double back runs are utilized, \$7,623 for substitute bus operators, and \$61,284 for bus fuel, parts, supplies, and repairs. Seeking a state waiver request for six buses will save \$130,986 on bus replacement costs.
- Savings of \$45,425 for bus operator salaries and \$17,171 for bus fuel, parts, supplies, and repairs will occur as the Department of Transportation will no longer subsidize the costs for activity buses that are paid from schools' Independent Activity Funds.

### Department of Facilities Management

- Reduction of \$88,537 related to a cut of the three percent inflation for FY 2016 for building services and maintenance supplies. In addition, there is a reduction of \$30,516 related to the refuse tax and \$5,000 for contractual services.

## **School-based Reductions**

For FY 2016, school-based reductions total \$2,365,626. A description of these reductions follows:

### Office of Curriculum and Instructional Programs

- Reductions of \$59,400 for professional part-time salaries and \$5,000 for instructional materials in the Department of Enriched and Instructional Program based on actual expenditure trends.
- Reductions also include \$29,700 for substitutes, \$10,093 for instructional materials, \$10,000 for food, and \$1,000 for dues, registration, and fees in the Division of Early Childhood Programs and Services based on actual expenditures. Reductions of \$41,000 for textbooks and \$6,493 for inflation for instructional materials in the Division of ESOL and Bilingual Programs.

### Office of Special Education and Student Services

- Reduction of \$197,418 in the Infants and Toddlers Program for contractual occupational and physical therapy services. These services will be covered by existing staff or temporary part-time hours.

- Reductions also include \$142,000 for instructional materials based on actual expenditure trends and \$36,000 for inflation for instructional materials in the Department of Special Education Services.
- A reduction of \$46,956 for assistive technology in the Division of Early Childhood Programs Services as existing equipment is repurposed on an as needed basis.
- Reduction of \$74,033 for temporary part-time salaries in the Division of Business, Fiscal, and Information Services for extended school year services for students based on actual expenditures in recent years.

#### K-12 Instruction

- Reductions include \$724,775 for inflation for textbooks, instructional and media center materials, and \$675,087 for textbooks and instructional materials budgeted in FY 2015 for the startup of the Wilson Wims Elementary School.
- Reduction of \$306,671 for Tier One professional development for the new kindergarten assessment as grant funds can be utilized.

## Montgomery County Public Schools FY 2016 Operating Budget

### Budget Transparency and Publications

Montgomery County Public Schools publishes and posts on its website a variety of publications that allow 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, and all budget documents are available on the MCPS website at [www.montgomeryschoolsmd.org/departments/budget/](http://www.montgomeryschoolsmd.org/departments/budget/).

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

- *Building Our Future Together: Students, Staff and Community* – The MCPS Strategic Planning Framework emphasizes MCPS’ commitment to ensuring that students are college and/or career ready while focusing on three key competency areas: academic excellence; creative problem solving; and social emotional learning.
- *Recommended Operating Budget* – The *Superintendent’s Recommended Operating Budget* shows budget resources in summary and by office, department, and other units. Various charts and displays provide staffing and other detailed information.
- *Budget in Brief* – The *Budget in Brief* describes major budget changes and other issues 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 actual and budgeted positions. Both the *Program Budget* and the *Recommended Operating Budget* include personnel complements.
- *Program Budget* – The *Program Budget* summarizes the operating budget for more than 80 major programs across departments and offices. The *Program Budget* was redesigned and issued in the fall of 2014. It is aligned with the Strategic Planning Framework *Building Our Future Together*. The programs are categorized in six areas: (1) programs that provide additional support to improve student achievement; (2) collaborative partnership programs to improve student achievement; (3) programs to support school improvement and ensure high quality instruction; (4) core instructional programs; (5) school operational support programs; and (6) systemwide support programs.

- *Schools at a Glance* – The *Schools at a Glance* annual publication provides a variety of information for each MCPS school, including demographic and staff personnel allocated to each school. A separate document, *Special Education at a Glance*, is published to show special education resources at each school.

## Montgomery County Public Schools FY 2016 Operating Budget

### Public Engagement and the Operating Budget

While the MCPS Strategic Planning Framework: *Building Our Future Together: Students, Staff, and Community* and the Board of Education's operating budget interests help guide budgetary planning and decision making, the superintendent and the Board reach out to stakeholders to strengthen public engagement in the development of the budget. A description of these efforts is described below.

- MCPS implemented a modified budget development process for the FY 2015 Operating Budget that carried over for the development of the FY 2016 budget. The refined budget process provides the means to develop a multiyear plan for the operating budget that is focused on implementation of the Common Core State Standards, closing the achievement gap, and ensuring students are college and career ready. During the summer of 2014, three teams were established made up of principals, teachers, other school-based staff, central office staff, parents, and students to examine the work of elementary, middle, and high schools. The teams met during the summer and were charged with proposing changes in the operating budget that are aligned with the three competencies in the Strategic Planning Framework: *Building our Future Together*, and the Board's Operating Budget interests approved on September 9, 2014. The teams provided input into the development of the operating budget and gave many individuals with an opportunity to be a part of the operating budget process.
- Each year, the Board of Education holds public hearings on the operating budget. Hearings for the FY 2016 Operating Budget are scheduled for January 9 and 16, 2015, when the Board will receive testimony from Montgomery County Council of Parent Teacher Associations cluster representatives and other interested citizens regarding the Superintendent's budget recommendations.
- The Board of Education convenes each month over the course of the year. Near the beginning of these meetings, the public is allotted time to make comments to the Board. This provides the Board and the superintendent an opportunity to hear the views and advice from the community about MCPS and its programs and policies.
- MCPS hosts a website where the public may ask questions about the MCPS Operating Budget. The address for the website is the following:  
<http://www.montgomeryschoolsmd.org/departments/budget/question.aspx>

## Montgomery County Public Schools FY 2016 Operating Budget

### Enrollment

The Recommended FY 2016 Operating Budget includes an increase by 274,527 positions and \$19,079,483 due to enrollment changes. Enrollment growth impacts most aspects of the operating budget, such as requirements for instructional staffing, textbooks and instructional materials, other school-based resources, and new and expanded school facilities. Additional information about enrollment is provided below.

#### Enrollment Projections

- Official actual enrollment for the 2014-2015 school year is 153,852 students. This is an increase of 2,563 students from the official enrollment for the 2013-2014 school year, and 196 students less than what was projected and budgeted in the FY 2015 Operating Budget.
- Enrollment is projected to be 156,494 students for FY 2016, 2,642 more than the FY 2015 official actual enrollment, and 2,446 more than the total of 154,048 budgeted for FY 2015.
- Elementary school enrollment is projected to increase next year. The projection for Grades K-5<sup>1</sup> enrollment in FY 2016 is 71,790, up 662 from this year's actual enrollment of 71,128, and up 393 from the number budgeted in the FY 2015 Operating Budget.
- Secondary school enrollment is projected to increase in FY 2016. Grades 6-8 enrollment is projected at 34,236, an increase of 1,069 from this year's actual enrollment of 33,167, and up 1,224 from the number budgeted in the FY 2015 Operating Budget. Grades 9-12 enrollment is projected at 45,496, an increase of 239 from this year's actual enrollment of 45,257, and an increase of 816 from the number budgeted in the FY 2015 Operating Budget.
- In addition to Grades K-12 enrollments described above, Pre-kindergarten enrollment is projected to be 2,145 in FY 2016, the same as budgeted for FY 2015. Head Start enrollment is projected to be 628 for FY 2016, the same as budgeted for FY 2015. Pre-kindergarten special education enrollment is projected to be 1,563 for FY 2016, 199 more than budgeted for FY 2015. Special education center enrollment is projected to be 431 for FY 2016, 91 less than budgeted for FY 2015.
- Alternative Programs are projected to enroll 225 students for FY 2016, the same as budgeted for FY 2015.
- In summary, the primary reasons for the overall higher projected enrollment in FY 2016 include:
  - Increases in resident births between 2000 and 2007

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<sup>1</sup> Includes enrollment numbers for Chevy Chase and North Chevy Chase Grade 6 that are budgeted in the elementary schools enrollment figures.

- A reduction of out-migration of households from Montgomery County
- Increased in-migration of households due to a relatively stronger local economy and housing market
- Net gains in enrollment due to students entering MCPS from county private schools

Over the next six years, the large cohorts of elementary school students will move up to middle schools and high schools. Significant total enrollment increases will occur over the six-year forecast period at all school levels. By FY 2021, MCPS is projected to have 165,358 students enrolled, 11,506 more than the official actual enrollment for FY 2015.

### **Costs Related to Enrollment Changes**

Budget calculations are based on changes in projected enrollment for FY 2016 compared to the enrollment projection used for the FY 2015 budget. Staffing allocations to schools based on enrollment projections are zero-based each year. For FY 2016, a total of 274,527 positions and \$19,079,483 is required for enrollment growth. The following is a summary of the changes.

- This fall, there are 269 fewer students in Grades K-5 than projected and budgeted in FY 2015. The FY 2016 projection is 393 additional Grades K-5 students compared to what was budgeted in the FY 2015 Operating Budget. Overall, this requires an increase of 29.1 classroom teachers for Grades 1-5 and a decrease of 30.6 kindergarten classroom teachers for a net change of 1.50 classroom teachers, 2.0 instrumental music teachers, 3.250 paraeducators, a 0.125 lunch hour aide position, 1.50 secretary I positions, and a 0.375 instructional data analyst position for a total net increase of \$319,928.
- This fall, there are 155 more students in Grades 6-8 than projected and budgeted for FY 2015. The projection for FY 2016 is 1,224 more middle school students than budgeted for FY 2015. These additional students require 59.3 additional classroom teachers, 1.0 assistant school administrator, 1.0 media assistant, a 0.625 paraeducator, 2.0 security assistants, and a decrease of a 0.375 instructional data analyst position for a total increase of \$4,500,271.
- This fall, there are 577 more students in Grades 9-12 than were projected and budgeted for FY 2015. The FY 2016 projection is 816 more high school students than budgeted for FY 2015. These additional students require 37.5 teachers, a 1.0 media assistant, a 0.995 paraeducator position, a 0.625 English composition assistant, and 2.0 security assistant positions, for a total increase of \$2,824,704.
- This fall, there are 255 fewer students in special education prekindergarten programs and special education centers than were projected and budgeted for FY 2015. The number of special education prekindergarten students grows during the year as more students reach their third birthday. The projection for FY 2016 compared to the budgeted number for FY 2015 reflects 108 additional students in special education prekindergarten programs and special program centers. There are 63 fewer students in the Gateway to College Program than were projected and budgeted for in FY 2015, as the program is phased out by FY 2016.

- For FY 2016, there is a projected increase of 780 ESOL students, for a total of 21,080. The additional students and services require 36.5 ESOL teacher positions and 5.0 paraeducator positions at a total cost of \$2,677,528.
- Growth in special education requires the addition of 96.294 positions including 37.924 classroom teacher positions, 6.150 speech pathologist positions, 37.145 paraeducator positions, and a decrease of 1.80 occupational therapy/physical therapy positions at a total cost of \$4,580,957. There is a net increase of \$1,261,453 for tuition for students in non-public programs for an additional 13 students. Next year, 28 students will be served in MCPS classes established at a cost of \$756,250 for 15.875 positions. If these classes were not established, the increase of tuition would be \$3,205,913 or \$1,994,460 higher. Other requirements total \$342,109 including \$130,374 for critical staffing, \$72,289 for substitute teachers, and \$54,000 for paraeducator substitutes. In addition, a 1.0 instructional assessment specialist position and \$79,615 is required for the Bilingual Assessment Team to help meet state timeline requirements for completing evaluations for the rapidly growing English language learner student enrollment. The total cost for enrollment growth in special education is \$7,020,384.
- There are other costs related to enrollment changes for transportation and food services. This includes 25.313 positions and \$1,736,668 for bus operators, bus attendants, the lease/purchase of buses, and bus parts and supplies.
- Employee benefits costs of \$4,174,238 related to enrollment changes are included in the detailed amounts above.

## **Montgomery County Public Schools FY 2016 Operating Budget**

### **Continuing Salaries**

Continuing salaries and related employee benefits increase the FY 2016 Operating Budget by \$59,484,863. The increase is the cost associated with the salary step and general wage adjustment (GWA) of 2 percent that eligible employees will received on October 3, 2015. The amount also includes the annualized cost of the FY 2015 salary step and 1.5 percent GWA employees received on November 29, 2014.

For FY 2016, the net cost of the annualization of the FY 2015 step and GWA is \$27.6 million. The cost for the step, longevity, and the 2 percent GWA that will be provided to eligible employees on October 3, 2015 is \$51.9 million. There is no change in the amount budgeted (\$30.3 million) for lapse and turnover. Finally, there is a reduction of \$20.0 million because this amount is already available in the base budget.

Changes in employee salaries are determined by three-year negotiated agreements with the three employee organizations approved by the Board of Education on March 11, 2014:

- Montgomery County Education Association (MCEA) representing teachers and other professional employees
- Service Employees International Union (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

## **Montgomery County Public Schools FY 2016 Operating Budget**

### **Employee Benefits and Insurance**

The MCPS FY 2016 Operating Budget includes an increase of \$39,027,160 to provide benefits and insurance for existing employees and retirees. The total budget for FY 2016 of \$534.8 million (including the amount required to maintain insurance coverage, primarily through the county's Self-Insurance Program) represents 22.2 percent of the total operating budget. An explanation of this increase follows.

#### **Retirement Benefits**

The retirement budget for FY 2016 is increased by \$6.6 million. The increase is due to the following items:

- The budget for retirement costs is increased by \$6.5 million as a result of the fourth and final year of the plan that shifts a portion of retirement costs from the state to local school districts.
- The cost for the current retirement program is based on Board of Education policy that provides for a constant annual contribution rate of 5.73 of salaries until the MCPS Retirement and Pension System achieves an 80 percent funding level. This rate is 72 basis points or \$10.1 million higher than the recommended actuarial rate for FY 2016.

#### **Health and Life Insurances**

Health and life insurance coverage for current active and retired employees and their families are provided through the MCPS Employees Group Insurance Fund. The health and life insurance budget for FY 2016 active and retired employees is increased by \$34.0 million. The increase is due to several factors regarding both active and retired employees:

- The budget includes the restoration of a one-time \$13.3 million reduction in appropriation from Category 12 for retiree health benefits. The County Council assumed that these benefits could be paid for with the fund balance in the MCPS Employees Group Insurance Fund. The \$13.3 million needs to be restored in the MCPS FY 2016 Operating Budget to cover health benefits costs.
- Based on the County Council's action in funding the FY 2015 Operating Budget, as well as actual FY 2014 experience and current projections for FY 2015, the MCPS Employees Group Insurance Fund balance for both active employees and retirees is projected to be below \$4 million by the end of FY 2015, or less than 1 percent of actual expenditures. In comparison, just three years ago, the balance was about \$49 million. MCPS was in the process (through the budget) of reducing that fund balance over time. As a result of the amount cut from our budget in FY 2015 and current projections for this fiscal year, an additional \$10 million is needed for FY 2016 to restore the MCPS Employees Group

Insurance Fund balance back to a three percent fund balance. The goal is to attain a five percent balance in the MCPS Employees Group Insurance Fund by FY 2017.

- There is a reduction of \$13.5 million from the budget as a result of savings due to increased employee contribution amounts for employee health benefits.
- There is an increase of \$24.2 million for projected increases in health benefit claims for the current active and retiree population. This increase is primarily due to 3.85 percent increase in claims expense projected for FY 2016 and to make up for higher than budgeted expenses in FY 2015. The rate increase is based on a blend of national, local, and MCPS claim trends which are significantly lower than national and other local trends.

### **Other Post-Employment Benefits**

In FY 2012, Montgomery County established a combined Retiree Health Trust Fund for Other Post-Employment Benefits (OPEB) to pre-fund retiree health benefits. In FY 2012, the Montgomery County Council made \$20 million in contributions on behalf of MCPS as part of an eight-year phase-in period on behalf of MCPS. Consequently, OPEB contributions are no longer included in the MCPS operating budget. However, the MCPS operating budget will continue to include “Paygo” contributions for current retiree health obligations. Most recently, the County Council budgeted \$85.5 million in FY 2015 in the Retiree Health Trust Fund for OPEB for pre-funding MCPS retiree health benefits. This amount was \$27.2 million greater than what the county executive had included in his recommended budget based on actuarial estimates.

In a related action, the County Council reduced the MCPS FY 2015 Operating Budget by \$27.2 million by taking the same amount of funds from the MCPS Other Post-Employment Benefits (OPEB) Trust to fund current retiree health benefits costs in FY 2015. The MCPS FY 2016 Operating Budget does not attempt to restore these funds, and it is assumed that a combination of the \$24 million remaining in the MCPS OPEB Trust along with \$3.2 million of funding from the county’s Retiree Health Trust Fund for OPEB will pay for these health benefits in FY 2016. In FY 2017, the county will need to provide the full \$27.2 million for retirees’ health benefit costs.

### **Other Employee Benefits**

MCPS participates in an inter-agency risk management fund that covers worker’s compensation and other types of insurance. Due to lower claims experience and the analysis of reserve targets, the share of costs allocated to MCPS is reduced by \$1,572,836 for FY 2016. Worker’s compensation is reduced by \$2,072,840 for FY 2016. In addition, there is an increase of \$237,485 for liability insurance and \$262,519 for fire and other insurance.

## Montgomery County Public Schools FY 2016 Operating Budget

### Inflation and Other Cost Changes

Cost increases resulting from inflation and other rate changes to maintain the same level of services change the MCPS FY 2016 Operating Budget by a net decrease of 6.375 positions and a net increase of \$6,161,621. Below are details of these changes.

- Increased costs due to inflation total \$897,216 for textbooks, instructional and media materials, and maintenance and building services supplies, is based on a 3 percent inflation rate.
- MCPS has achieved savings in utilities costs in recent years due to energy conservation measures and savings from lower electricity and natural gas costs. In FY 2011, utilities costs decreased by \$5.5 million. In FY 2012, increases in the county Energy Tax resulted in higher costs of electricity and other utilities that totaled \$2.3 million. In FY 2013, the cost of utilities decreased by \$3.4 million due to savings in electricity and natural gas costs. For FY 2014, costs increased by \$3.7 million due to higher consumption totals and higher costs for natural gas and electricity due to the extreme weather. For FY 2016, MCPS estimated costs for electricity, natural gas, and water/sewer results in an additional \$2,862,254, not including \$247,249 for increased utility costs related to growth (additional square feet of space).
- For facilities maintenance, a 0.5 position and \$1,626,819 is required for FY 2016. This includes \$150,000 for year two of a re-lamping effort across the district that is expected to take four years to complete. The re-lamping effort includes the replacement of existing lamps with high efficiency and longer life lamps. In addition, \$516,000 is needed for environmental compliance mandates related to storm water management, bioretention ponds, and green roofs and tree maintenance. The budget includes an additional \$140,000 for equipment to purchase four tanks for brine application and snow plow boxes to improve emergency weather response operations. A 0.5 data control technician and \$131,629 is needed to support mandatory safety compliance activities and to meet the requirements of state legislation concerning automated external defibrillators. Also, \$674,690 is required for the cost of relocatable classrooms, and \$14,500 is needed for recycling fees for the School Energy and Recycling Team.
- The cost of 112 replacement buses offset in part by the completion of lease payments for 43 buses results an increase of \$1,749,578. A 0.5 bus route supervisor and \$31,687 is required for administration of the county's bus camera violation program.
- A projected 1.5 percent rate increase for tuition for special education students in non-public placements adds \$651,950. This rate increase is preliminary at this time and must be approved by the Maryland State Department of Education. An increase for the Westlaw on-line service costs of \$515, brings the total increase to \$652,465.

### **Other Changes and Grants**

- Other cost changes including grants reflect a net decrease of 11.375 positions and a decrease of \$1,658,398 for FY 2016. This includes the following:
- For the Office of Curriculum and Instructional Programs, \$72,057 is added mostly for costs related to outdoor education and fine arts.
- In the Division of Controller, \$50,000 is included to make up for less indirect costs from grants and \$8,110 to cover fees for credit card usage for payments for extracurricular activities fees.
- There is an increase of \$112,605 for the Department of School Safety and Security to support the visitor management and access control systems in schools including access control licenses, door readers, software updates, and badge identification cards.
- In the Office of Human Resources and Development there is an increase of a 1.0 consulting teacher position and \$105,040 to reduce caseload ratios.
- These increases are offset by a net decrease of 13.275 positions and net reduction of \$2,024,710 in grant expenditures for FY 2016. This includes a reduction of \$1 million in the Provision for Future Supported Projects.

## **Montgomery County Public Schools FY 2016 Operating Budget**

### **Local Revenue**

Montgomery County Public Schools receives nearly 67 percent of its total revenue from local county contribution. The Superintendent's Recommended FY 2016 Operating Budget is funded by \$1,609,591,070 in local revenue. This is \$132,735,761 more than the \$1,476,855,309 in local revenue provided by the county in FY 2015. Within the FY 2016 amount is \$44,356,785 related to the shift of a portion of teacher pension costs from the state to the county.

The county's contribution to MCPS as a percentage of total county revenue (excluding all debt service and Other Post-Employment Benefits funding that started in FY 2012, and including the state teacher pension shift in MCPS resources starting in FY 2013) has declined by 9.2 percent since FY 2003, from 57.9 percent to 48.7 percent in FY 2015.

## Montgomery County Public Schools FY 2016 Operating Budget

### State Revenue

To fund the Montgomery County Public Schools (MCPS) FY 2016 Operating Budget, \$633,955,975 million is budgeted for state revenue, an increase of \$15.2 million compared to the amount budgeted for FY 2015. For FY 2016, about 27 percent of the Operating Budget is from revenue from the state of Maryland. It is necessary to estimate state aid for the superintendent's recommended budget since the state will not provide allocations until January, 2015. A historical perspective and current issues related to state revenue are detailed below.

- State aid is distributed using a variety of formulas that provide relative comparisons of student enrollment and wealth with other Maryland school districts. MCPS continues to experience dramatic growth in enrollment which factors into the amount of state aid that is received. However, there is uncertainty as to whether MCPS will continue to benefit as much from the wealth-based components of the formula for counties as it has over the past several years. This uncertainty is reflected in the estimated amount of state aid included in the recommended FY 2016 Operating Budget.
- The Foundation Program, the primary component of aid from the state of Maryland is projected to total of \$313,256,913 for FY 2016, and there is no change from FY 2015. The Geographic Cost of Education Index (GCEI) in FY 2016 is projected to total \$34,394,095, which recognized the higher cost of education in some districts. GCEI funds are not mandated state aid and there is no guarantee that GCEI funding will be available for FY 2016, especially given the budget gap that the state of Maryland reportedly faces for FY 2016. When federal stimulus aid terminated after FY 2011, the GCEI was fully funded with state revenue.
- For FY 2016, \$138,619,158 is budgeted for compensatory education aid based on the number of eligible FARMS students, \$55,602,029 for Limited English Proficient (LEP) aid based on LEP enrollment, \$38,090,967 in transportation aid based on enrollment, and \$38,244,876 for students with disabilities aid based on our special education enrollment.
- Revenue from the state for tuition for students with disabilities in non-public programs is projected to be \$15,347,937. Miscellaneous revenue and revenue from state grants is projected to be \$1,044,000 for FY 2016.
- Beginning in FY 2014, the state requires that education aid formulas that are dependent on local wealth be calculated twice, using wealth figures that are based on a net taxable income amount for each county using tax return data filed by September 1, and again using returns filed by November 1. Each local school system will receive the greater total state aid amount of the results of the two calculations. The increased state aid related to this change is phased in over a five-year period, beginning in FY 2014.

## Montgomery County Public Schools FY 2016 Operating Budget

### Federal Revenue

The FY 2016 Operating Budget includes federal revenue of \$69,995,287, which is 2.9 percent of total revenue, and an increase of \$139,707 from the FY 2015 Operating Budget. Details about federal revenue are provided below.

- 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 2016, MCPS expects to receive \$200,000 in federal Impact Aid, which is \$200,000 less than the amount included in the FY 2015 Operating Budget.
- Major federal categorical grants include Title I to provide support for children living in poverty, Title II-A to improve teacher quality, Title III (Limited English Proficiency) for English language learners, Head Start, Vocational Education, the *Individuals with Disabilities Education Act* (IDEA), and the Infants and Toddlers program.
- *The Budget Control Act of 2011*, Public Law 112-25, included several provisions to reduce the Federal deficit including automatic across the board sequestration. Federal sequestration was triggered in the budget in federal FY 2013. While the federal budget has not been finalized for federal FY 2015, MCPS has based its budget estimates on prior year trends. Federal grant revenue is projected to increase by a net of \$339,707 from the amount budgeted for FY 2015.
- The largest reduction in federal revenue is anticipated in Title I funding from the federal *No Child Left Behind Act*, where a reduction of \$1,098,717 from the FY 2015 Operating Budget is anticipated. The amount budgeted for FY 2016 is the same as the amount received in FY 2015. Federal revenue for the *Individuals with Disabilities Education Act* is anticipated to increase by \$821,205 compared to the FY 2015 Operating Budget. Another increase in federal revenue of \$152,329 from the FY 2015 Operating Budget is anticipated for Title III of the *No Child Left Behind Act* for support for students with limited English proficiency. Also anticipated is an increase of \$231,765 for the Head Start program. Finally, an increase of \$210,792 is anticipated for the Medical Assistance Program for FY 2016.

## Montgomery County Public Schools FY 2016 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 Planning Framework, *Building Our Future Together*, 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 and timeline for the FY 2016 Operating Budget.

- **July 2014–August 2014 – *School Level Team Meetings*** – Three school level teams were formed to propose changes to the MCPS Operating Budget that were aligned with the three competencies of the Strategic Planning Framework, and the Board of Education's Operating Budget interests. The work of elementary, middle, and high schools teams included addressing the following questions: (1) what strategies are helping to close the achievement gap in MCPS; (2) what additional strategic enhancements should be considered for the FY 2016 Operating Budget and beyond, to close the achievement gap; and (3) what programs, services, and resources can be curtailed or realigned to help support strategic budget enhancements? The work of these school teams was shared with the Budget Steering Committee.
- **September 9, 2014 – *Board of Education Adopts its FY 2016 Operating Budget Interests*** – Following a discussion at its July 15, 2014, business meeting, the Board of Education adopted its budget interests for the FY 2016 Operating Budget.
- **September 12, 2014 – *MCPS Office Budget Submissions*** – The operating budget is developed through a “zero-based” process. The process also includes the application of staffing and other funding formulas approved by the Board of Education using updated enrollment forecasts and other school-based data. Offices have an opportunity to realign existing resources to higher priority needs based on system and unit strategic plans.
- **September 2014 – November 2014 – *Budget Steering Committee Meetings*** – The Budget Steering Committee, which is comprised of the three deputy superintendents, employee association leaders, and the Montgomery County Council of Parent Teacher Associations (MCCPTA) leadership met to review the budget requests from offices, departments, and divisions, and examine key components and programs of MCPS. The steering committee advises the superintendent of schools on his recommended operating budget.
- **December 9, 2014 – *Budget Presentation and Publication*** – In December, the superintendent of schools presents his budget recommendations to the Board of Education. The *Superintendent's Recommended Operating Budget* shows budget resources by office, department, and other units. The *Budget in Brief* describes highlights

of the recommended operating budget for the general public. All MCPS budget publications are all posted to the MCPS website.

- **January 8 and 15, 2015 – *Board of Education Public Hearings*** – In January, the Board of Education holds public hearings. Testimony is received from MCCPTA cluster representatives and other interested citizens regarding the superintendent’s operating budget recommendations.
- **January 20 and 22, 2015 – *Board of Education Worksessions*** – Following the hearings, the Board holds two worksessions to review and ask specific questions about the budget and explore potential amendments.
- **February 10, 2015 – *Budget Adoption*** – At the all-day meeting in February, the Board formally considers the superintendent’s operating budget, often as amended. Board members propose and vote on suggested amendments and adopt the Board’s Operating Budget Request.
- **February 2015 – *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 operating budget deliberations.
- **March 1, 2015 – *The Board of Education Budget Submission*** – On March 1, 2015, the Board of Education transmits its budget to the county executive and County Council.
- **March 15, 2015 – *County Executive Recommendation*** – The county executive issues his recommended budget on March 15, 2015, including a recommendation for Montgomery County Public Schools.
- **April-May 2015 – *County Council Public Hearings and Work Sessions*** – Beginning in April 2015, the County Council holds a series of public hearings that include considerable testimony on the MCPS budget. The County Council’s Education Committee reviews the MCPS request and the county executive’s recommendation during worksessions in April and May, and the full Council reviews the request in May.
- **May 2015 – *County Council Appropriation Action*** – In mid-May, 2015, the full County Council takes action on the FY 2016 Operating Budget.
- **June 16, 2015 – *Board of Education Approval*** – The Board of Education determines the details of the final approved MCPS Operating Budget using state category totals approved by the County Council. The Board of Education may make changes only within the category totals if approved by the Council. The budget for the next school and fiscal year takes effect on July 1, 2015, and concludes on June 30, 2016.
- **July 1, 2015 – *Fiscal Year 2016 begins*** on this date.

## Montgomery County Public Schools FY 2016 Operating Budget

### School Resource Allocations

Operating budget resources, including staffing, materials, and equipment, are allocated to all schools using formulas and guidelines. Budget staffing formulas are published in the annual operating budget documents. The equitable allocation of resources is crucial to ensure that each school has the staff and other resources that it needs to serve students.

- *Allocation Formulas* – Staffing and non-position resources including textbook, instructional materials, and media center material funds are allocated based on formulas. These formulas and guidelines are applied to enrollment projections provided by the staff in Division of Long-range Planning. For example, in elementary schools, teacher positions are allocated based on a class size guideline of 27 in grades 1-3 and 29 in grades 4-5. The goal is to minimize the number of classes over guideline each year. The allocation ratio is sometimes higher than the budgeted ratio to permit the creation of a staff reserve to handle allocation adjustments when the school year begins. In middle and high schools, staffing formulas consider the number of periods taken by each student divided by the number of periods taught by each teacher. Other enrollment-based formulas are listed for each allocated position in the Budget Staffing Guidelines (Appendix D of the operating budget). Some formulas, such as those for building service workers, are based on a school's square footage. For some staffing, schools receive a single position (principal, for example), or a fraction of a position, regardless of enrollment.
- *Special Program and Needs-based Support* – All schools at each school level receive similar standard allocations based on established ratios as described above. In addition, schools receive positions above the base allocation for special programs or to address needs. Special and needs-based programs include Title I for high poverty schools, reading initiative, ESOL, signature programs, and high school consortia. In addition, elementary schools impacted by poverty, also called Focus Schools, are allocated additional classroom teacher positions to lower class size in the primary grades. Additionally, higher poverty schools may be allocated academic intervention teachers to support students and programs. These positions are often used for intervention programs to help students. The special program support accounts for much of the difference in per pupil costs from one school to another.
- *Special Education* – Special education resources are allocated differently than general education K-12 resources. Special education positions, including teachers, paraeducators, and other staff, are allocated based on a formula tailored by disability program and type of service. Special education allocations may be based on enrollment, on the hours of service required to meet a student's needs, or on the number of teaching stations required to serve students across the entire county. Staffing for special education is another factor that explains why some schools have higher per pupil costs than other schools. Special education allocations also are published in the Superintendent's Recommended Operating Budget (Appendix E). Once approved by the Board of

Education, special education staffing guidelines must be submitted to the Maryland State Department of Education annually as part of the Special Education Staffing Plan. The staffing plan is developed with significant community input.

- *Initial Allocation Process* – Schools receive initial staffing allocations for the upcoming school year early in March. Although the operating budget has not yet been approved, initial allocations are necessary to enable principals to plan schedules, make hiring decisions, and communicate with staff members who will not have a position to allow them the opportunity to transfer to another school.
- *Allocation Adjustments* – There are a limited number of reserve positions used to support schools that experience significant enrollment increases during the spring and summer. Depending on needs, staffing may be allocated as a full-time position or in smaller increments. Schools also may have a reduction of positions if actual enrollment does not support the need for the positions. Data are reviewed weekly beginning in March to identify staffing needs at schools.
- *Scheduling Classes* – Schools prepare master schedules based on the allocated staffing. In secondary schools, principals must balance the breadth of course offerings with class size as they develop schedules. The goal is to decide how to use allocated staffing most effectively to support student learning. Once a school develops its schedule and identifies staffing needs, it can begin the hiring process to ensure that all required staff is on board for the start of school.

## Montgomery County Public Schools FY 2016 Operating Budget

### Audit

Audits of financial operations and programs of Montgomery County Public Schools ensure financial and operational accountability to the public. Below are details of some of the regular audits.

#### Board of Education Oversight

- 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 CliftonLarsonAllen (CLA). Neither CLA 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) for the previous fiscal year. This report has repeatedly received an Excellence in Financial Reporting Award from the Government Financial Officers Association of the United States and Canada (GFOA), and from the Association of School Business Officials International (ASBO).
- Board of Education Policy DAA, *Fiscal Responsibility and Control*, requires the superintendent of schools to ensure that adequate fiscal responsibility and control are maintained for funds entrusted to MCPS conform with the laws and regulations of Maryland and applicable provisions of the charter and laws of Montgomery County. In accordance with MCPS Regulation DAA-RB, *External Audits Requiring Board of Education Approval*, the Board of Education authorizes external agency performance audits that focus on processes and inherent efficiencies.
- 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.

#### County Audits

- The county Office of Legislative Oversight (OLO) has conducted comprehensive budget reviews of MCPS programs, including food services, student transportation, special education, school plant operations, compliance with environmental regulations, organizational development programs, recycling, Northeast and Downcounty high school consortia, demographic and performance changes of 25 MCPS high schools, and employee benefits administration.

- The county Office of Inspector General has conducted analyses of MCPS capital improvement program projects, the MCPS budget and related financial information, and acquisition of promethean interactive classroom technology systems.

#### State of Maryland Audits

- 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 grant programs. MSDE conducted an audit of MCPS in FY 2015 to determine compliance with the financial and other requirements that are applicable to each of its State Aid to Education Programs.
- Senate Bill 323 requires that the state Office of Legislative Audit (OLA) conduct a comprehensive financial and operational audit of each local school system to evaluate the effectiveness of the financial management practices at least once every six years. 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. OLA began another audit of MCPS in FY 2015 to evaluate the effectiveness of its financial management practices.
- 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 two to 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. No material findings were published in the May 15, 2012, report of MCPS. PSCP will conduct the next audit of MCPS in FY 2015 to evaluate its regulatory compliance.
- MSDE is conducting an audit in FY 2015 of the MCPS meal benefit process (Free and Reduced-price Meal System (FARMS) applications). This audit occurs every three years. It is an audit of the verification process, financial process, as well as site reviews in 18 schools. If one of the schools were to fail to demonstrate compliance with U.S. Department of Agriculture and MSDE regulations, then the auditors return and audit 18 more schools.

#### Federal Audits

- The federal government regularly provides mandated Office of Management and Budget Circular A-133 single audits of federal grant programs that have greatly increased in recent years. MCPS also receives a triennial review of its special education early childhood services programs for compliance with Individuals with Disabilities Education Act (IDEA) and Medicaid requirements. Federal audit results of MCPS grants have not identified any material adverse findings.

## Internal Audit

- The MCPS Internal Audit Unit (IAU) conducts financial and program audits of MCPS programs and school independent activity funds (IAF). The IAU also monitors the external audit contract and is responsible for ensuring implementation of external audit recommendations.

## Fiscal Year 2016 Operating Budget Timeline

Superintendent Presents Recommended FY 2016 Operating Budget to Board of Education	December 9, 2014
Sign-up begins for Board of Education Public Hearings	December 19 & 26, 2014
Board of Education Public Hearings-Auditorium	January 8 & 15, 2015
Board of Education Budget Worksessions	January 20 & 22, 2015
Board of Education Action	February 10, 2015
Board of Education Budget Transmittal to County Executive/Council (Required by March 1, 2015)	February 27, 2015
County Executive Releases FY 2016 Operating Budget	March 16, 2015
County Council Budget Public Hearings	April 2015
County Council Worksessions	April - May, 2015
County Council Budget Action	May 21, 2015
Final Board of Education Action to Approve FY 2016 Operating Budget	June 16, 2015

## Operating Budget Documents

The documents listed below enable citizens to understand the MCPS budget and how resources are used.

*Budget in Brief* – Provides detailed summary information on the budget and changes proposed in the Superintendent’s Recommended Operating Budget.

*Superintendent’s Recommended Operating Budget* (often called the management 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.

*The Operating Budget Adopted by the Board of Education* – Shows summary budget information, including changes to the Superintendent’s Recommended Operating Budget made by the Board of Education.

*The Operating Budget Summary* – Includes information based on the final budget appropriated by the County Council and approved by the Board of Education.

*The Program Budget* – Includes summaries of more than 80 programs across MCPS departments and offices. The programs are categorized to show how the budget is aligned with the Montgomery County Public Schools Strategic Planning Framework, *Building Our Future Together*.

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

*Budgeted Staffing Guidelines* – The Superintendent’s 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/)



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