



The Superintendent's Recommended **Operating Budget Summary** **FY 2009**

Montgomery County Public Schools
Rockville, Maryland

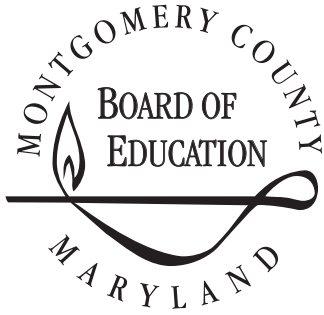
**Recommended to the
Board of Education
December 2007**

Jerry D. Weast
*Superintendent
of Schools*

**Fiscal and School
Year Ending
June 30, 2009**

MONTGOMERY
COUNTY PUBLIC
SCHOOLS

A large, faint, stylized leaf or flame graphic is positioned at the bottom of the page, partially overlapping the text "MONTGOMERY COUNTY PUBLIC SCHOOLS".



VISION

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



montgomeryschoolsmd.org

Check out the MCPS Web site for more detailed information about the FY 2009 Recommended Operating Budget.

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Deputy Superintendent of Schools

December 13, 2007

Members of the Board of Education
Montgomery County Public Schools
850 Hungerford Drive
Rockville, Maryland 20850

Dear Members of the Board of Education:

I am pleased to present you with my recommended FY 2009 operating budget for the Montgomery County Public Schools (MCPS). This budget was developed collaboratively with the three employee associations, and for the first time, with the leadership of the Montgomery County Council of PTAs. The community forums, online exchanges, and feedback we have received from parents, students, and staff across the county have played an important role in shaping this budget. It reflects the Board's commitment to continue the comprehensive reform we began eight years ago. And, it builds on the investments we have made that are preparing our students to meet the most rigorous standards so they can be productive members of society.

We are mindful of the very difficult fiscal environment confronting our community and we continue to take steps to spend in the most efficient manner. This includes zero-based budgeting that has saved taxpayers \$75 million since 2001, including savings and reductions of \$10.6 million in this year's budget. We have been careful to recommend funding for only a few targeted initiatives that are aligned with our strategic plan, *Our Call to Action: Pursuit of Excellence*, and that will keep our reform efforts moving forward. Consider the results so far:

- 93 percent of kindergartners can read simple text compared with 39 percent six years ago.
- 48 percent of fifth graders are taking sixth grade math or higher compared with just 2 percent in 2001.
- 68 percent of eighth graders are taking algebra compared with 36 percent in 1999. The national average is 42 percent.
- 72 percent of all high school students are enrolled in at least one Honors or Advanced Placement (AP) course and MCPS students significantly outperform the state and the nation on AP tests.
- African American students in MCPS passed more AP tests than in any other system in the country, except for New York City, which has nine times more African American students.

The total recommended budget for FY 2009 is \$2.1 billion, an increase of \$126.2 million over this year's budget. This includes an additional \$16 million to meet the health care needs of future retirees that we will ask the County Council to provide. With this cost excluded, the budget will increase by \$110.2 million, 5.6 percent above FY 2008.

This budget includes \$10.2 million in initiatives, focusing on the next phase of middle school reform, continuing support for the Middle School Magnet Consortium, enhancing support for special education, and assisting schools through the addition of counselors, elementary school assistant principals, and parent outreach specialists. State and county revenue shortfalls, unanticipated increases in enrollment, and continuing expenses, such as the skyrocketing cost of utilities and diesel fuel for school buses, have required us to scale back on some of our plans. However, we are adapting our budget to meet these demands.

We are fortunate to be a part of a community that places such a high value on education. I appreciate the steady leadership the Board has provided, as well as the support we have received from our county executive, County Council, and state legislators. The progress we have made would not be possible without your advocacy and commitment. This recommended operating budget will enable us to make the necessary economic adjustments without sacrificing the quality that our community expects and our children deserve.

Respectfully,



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

Preface

This new summary version of the Superintendent's Recommended FY 2009 Operating Budget contains financial tables and detailed information on major changes in the budget. Publication of the full management budget will follow and will include, as in prior years, detailed budget narratives, resource pages, the personnel complement, and financial tables. The FY 2009 Program Budget will be distributed in early January.

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Operating Budget Summary**

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TABLE 1
SUMMARY OF RESOURCES
BY OBJECT OF EXPENDITURE

| OBJECT OF EXPENDITURE | FY 2007 ACTUAL | FY 2008 BUDGET | FY 2008 CURRENT | FY 2009 BUDGET | FY 2009 CHANGE |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|
| POSITIONS | | | | | |
| Administrative | 724,000 | 747,000 | 746,000 | 756,000 | 10,000 |
| Professional | 11,802,140 | 11,831,140 | 11,833,140 | 11,957,200 | 124,060 |
| Supporting Services | 8,213,339 | 8,296,687 | 8,300,437 | 8,357,573 | 57,136 |
| TOTAL POSITIONS | 20,739,479 | 20,874,827 | 20,879,577 | 21,070,773 | 191,196 |
| 01 SALARIES & WAGES | | | | | |
| Administrative | \$80,268,075 | \$88,778,472 | \$88,662,417 | \$95,147,625 | \$6,485,208 |
| Professional | 795,870,821 | 858,887,318 | 858,963,790 | 916,436,972 | 57,473,182 |
| Supporting Services | 291,877,043 | 323,235,771 | 323,432,285 | 344,776,663 | 21,344,378 |
| TOTAL POSITION DOLLARS | 1,168,015,939 | 1,270,901,561 | 1,271,058,492 | 1,356,361,260 | 85,302,768 |
| OTHER SALARIES | | | | | |
| Administrative | 618,673 | 267,000 | 267,000 | 477,576 | 210,576 |
| Professional | 54,692,086 | 59,935,701 | 59,909,984 | 62,193,393 | 2,283,409 |
| Supporting Services | 27,461,913 | 21,691,482 | 21,593,301 | 22,743,162 | 1,149,861 |
| TOTAL OTHER SALARIES | 82,772,672 | 81,894,183 | 81,770,285 | 85,414,131 | 3,643,846 |
| TOTAL SALARIES AND WAGES | 1,250,788,611 | 1,352,795,744 | 1,352,828,777 | 1,441,775,391 | 88,946,614 |
| 02 CONTRACTUAL SERVICES | 29,287,915 | 26,509,529 | 26,473,609 | 26,422,840 | (50,769) |
| 03 SUPPLIES & MATERIALS | 71,107,044 | 75,247,500 | 75,207,500 | 73,719,300 | (1,488,200) |
| 04 OTHER | | | | | |
| Staff Dev & Travel | 2,823,936 | 3,121,480 | 3,178,258 | 3,353,391 | 175,133 |
| Insur & Fixed Charges | 374,643,096 | 393,699,182 | 393,705,477 | 412,298,034 | 18,592,557 |
| Utilities | 40,428,063 | 44,873,366 | 44,873,366 | 45,358,269 | 484,903 |
| Grants & Other | 56,996,670 | 72,264,763 | 72,244,577 | 92,518,262 | 20,273,685 |
| TOTAL OTHER | 474,891,765 | 513,958,791 | 514,001,678 | 553,527,956 | 39,526,278 |
| 05 EQUIPMENT | 17,224,399 | 16,506,055 | 16,506,055 | 15,791,637 | (714,418) |
| GRAND TOTAL AMOUNTS | \$1,843,299,734 | \$1,985,017,619 | \$1,985,017,619 | \$2,111,237,124 | \$126,219,505 |

TABLE 1a

FY 2009 SUPERINTENDENT'S RECOMMENDED OPERATING BUDGET

SUMMARY OF BUDGET CHANGES

(\$ in millions)

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|-------------------|--|-------------------|
| CURRENT FY 2008 OPERATING BUDGET (Nov. 2007) | \$ 1,985.0 | PROGRAM REDUCTIONS | |
| ENROLLMENT CHANGES | | Central Services Reductions | (4.4) |
| Elementary/Secondary | 1.6 | Support Operations Reductions | (2.0) |
| Special Education | 4.5 | School Based Reductions | (3.4) |
| ESOL | 1.4 | Inflation Adjustments | (0.8) |
| Transportation/Food Service/Facilities/Plant Ops | 1.0 | Subtotal | (10.6) |
| Benefits for Staff | 1.6 | | |
| Subtotal | 10.1 | INITIATIVES | |
| | | Elementary Assistant Principals | 1.1 |
| NEW SCHOOLS | | Elementary Guidance Counselors | 0.5 |
| Elementary/Secondary/Special Education | (2.5) | Least Restrictive Settings - Elementary Special Education Students | 0.6 |
| | | Elementary School Lunch Hour Aides | 0.4 |
| EMPLOYEE SALARIES | | Elementary Focus Schools | 0.6 |
| Negotiated Agreements | 67.0 | Middle School Reform | 3.0 |
| Benefits for Negotiated Agreements | 8.1 | Middle School Magnet Consortium Schools | 1.2 |
| Continuing Salary Costs | 12.6 | Expansion of Middle School Magnet Consortium | 0.8 |
| Benefits for Continuing Salary Costs | 1.6 | Special Education Hours-Based Staffing for Middle Schools | 0.9 |
| Subtotal | 89.3 | Poolesville High School Whole School Magnet & Extended Day | 0.1 |
| | | Other High School Improvements | 0.2 |
| EMPLOYEE BENEFITS AND INSURANCE | | Parent Community Coordinators | 0.4 |
| Employee Benefit Plan (active) | 6.7 | Other Improvements | 0.4 |
| Employee Benefit Plan (retired) | 1.0 | Subtotal | 10.2 |
| Retirement | (0.8) | | |
| Tuition Reimbursement | 0.9 | OTHER | |
| FICA/Self-insurance/Workers' Compensation | (0.5) | Retiree Health Trust Fund | 16.1 |
| Subtotal | 7.3 | | |
| | | RECOMMENDED FY 2009 BUDGET | \$ 2,111.2 |
| INFLATION AND OTHER | | Less enterprise funds | (54.7) |
| Utilities | 0.1 | Less grants | (78.8) |
| Special Education Including Non-public Tuition | 3.1 | SPENDING AFFORDABILITY BUDGET | \$ 1,977.7 |
| Transportation | 1.7 | | |
| Facilities/Plant Operations/Maintenance | 0.2 | REVENUE INCREASE BY SOURCE | |
| Inflation | 1.7 | Local | 98.4 |
| Technology | 0.4 | State | 27.4 |
| Food Service | (1.4) | Federal | (0.2) |
| Other | 0.6 | Enterprise | 0.4 |
| Subtotal | 6.4 | Other | 0.2 |
| | | TOTAL REVENUE INCREASE | \$ 126.2 |

**TABLE 2
BUDGET REVENUES BY SOURCE**

| SOURCE | FY 2007 ACTUAL | FY 2008 BUDGET | FY 2008 CURRENT | FY 2009 ESTIMATED |
|--|---------------------------|---------------------------|----------------------------|------------------------------|
| CURRENT FUND | | | | |
| From the County: | \$ 1,381,522,441 | \$ 1,449,614,129 | \$ 1,449,195,900 | \$ 1,554,852,953 |
| Fund Balance | 3,954,927 | 7,298,453 | 7,298,453 | |
| Total from the County | 1,385,477,368 | 1,456,912,582 | 1,456,494,353 | 1,554,852,953 |
| From the State: | | | | |
| Bridge to Excellence | | | | |
| Foundation Grant | 179,886,089 | 193,505,366 | 193,505,366 | 193,226,500 |
| Extended Elementary Education | 1,265,933 | | | |
| Limited English Proficient | 28,351,781 | 38,023,510 | 38,023,510 | 42,673,715 |
| Compensatory Education - Unrestricted | 58,125,421 | 82,533,545 | 82,533,545 | 85,772,752 |
| Students with Disabilities - Formula | 27,096,924 | 34,079,557 | 34,079,557 | 32,751,885 |
| Students with Disabilities - Reimbursement | 12,148,412 | 10,261,657 | 10,261,657 | 11,525,174 |
| Transportation | 28,298,236 | 30,678,135 | 30,678,135 | 31,567,801 |
| Miscellaneous | 870,956 | 250,000 | 250,000 | 750,000 |
| Geographic Cost of Education Index | | | | 18,428,000 |
| Programs financed through State Grants | 4,676,139 | 1,023,000 | 1,023,000 | 1,023,000 |
| Total from the State | 340,719,891 | 390,354,770 | 390,354,770 | 417,718,827 |
| From the Federal Government: | | | | |
| Impact Aid | 271,218 | 230,000 | 230,000 | 230,000 |
| Hurricane Katrina Aid | 268,625 | | | |
| Programs financed through Federal Grants | 74,637,946 | 68,296,735 | 68,862,100 | 68,689,352 |
| Total from the Federal Government | 75,177,789 | 68,526,735 | 69,092,100 | 68,919,352 |
| From Other Sources: | | | | |
| Tuition and Fees | | | | |
| D.C. Welfare | 177,141 | 200,000 | 200,000 | 200,000 |
| Nonresident Pupils | 1,024,574 | 1,000,000 | 1,000,000 | 1,000,000 |
| Summer School | 1,953,448 | 1,951,360 | 1,951,360 | 1,951,360 |
| RICA | 463,487 | | | |
| Evening High School | 296,079 | 271,724 | 271,724 | 271,724 |
| Outdoor Education | 468,619 | 585,656 | 585,656 | 541,120 |
| Student Activities Fee | 544,364 | 955,000 | 955,000 | 955,000 |
| Hospital Teaching | 193,931 | 227,864 | 227,864 | 224,441 |
| Miscellaneous | 1,054,180 | 495,000 | 495,000 | 800,000 |
| Programs financed through Private Grants | 2,116,042 | 9,231,709 | 9,084,573 | 9,084,573 |
| Total from Other Sources | 8,291,865 | 14,918,313 | 14,771,177 | 15,028,218 |
| Total Current Fund | 1,809,666,913 | 1,930,712,400 | 1,930,712,400 | 2,056,519,350 |
| ENTERPRISE & SPECIAL FUNDS | | | | |
| School Food Service Fund: | | | | |
| State | 1,017,320 | 870,917 | 870,917 | 870,917 |
| National School Lunch, Special Milk and Free Lunch Programs | 14,952,393 | 14,583,505 | 14,583,505 | 14,583,505 |
| Child Care Food Program | 765,300 | 775,000 | 775,000 | 775,000 |
| Sale of Meals and other | 22,912,037 | 30,487,732 | 30,487,732 | 30,611,722 |
| Total School Food Service Fund | 39,647,050 | 46,717,154 | 46,717,154 | 46,841,144 |

**TABLE 2
BUDGET REVENUES BY SOURCE**

| SOURCE | FY 2007 ACTUAL | FY 2008 BUDGET | FY 2008 CURRENT | FY 2009 ESTIMATED |
|---|---------------------------|---------------------------|----------------------------|------------------------------|
| Real Estate Management Fund: | | | | |
| Rental fees | 2,625,031 | 2,317,953 | 2,317,953 | 2,549,103 |
| Total Real Estate Management Fund | 2,625,031 | 2,317,953 | 2,317,953 | 2,549,103 |
| Field Trip Fund: | | | | |
| Fees | 1,543,101 | 2,079,338 | 2,079,338 | 2,199,661 |
| Total Field Trip Fund | 1,543,101 | 2,079,338 | 2,079,338 | 2,199,661 |
| Entrepreneurial Activities Fund: | | | | |
| Fees | 1,436,778 | 1,669,774 | 1,669,774 | 1,561,075 |
| Total Entrepreneurial Activities Fund | 1,436,778 | 1,669,774 | 1,669,774 | 1,561,075 |
| Total Enterprise Funds | 45,251,960 | 52,784,219 | 52,784,219 | 53,150,983 |
| Instructional Television Special Revenue Fund: | | | | |
| Cable Television Plan | 1,383,000 | 1,521,000 | 1,521,000 | 1,566,791 |
| Total Instructional Special Revenue Fund | 1,383,000 | 1,521,000 | 1,521,000 | 1,566,791 |
| GRAND TOTAL | \$ 1,856,301,873 | \$ 1,985,017,619 | \$ 1,985,017,619 | \$ 2,111,237,124 |

| Tax - Supported Budget | FY 2007 ACTUAL | FY 2008 BUDGET | FY 2008 CURRENT | FY 2009 ESTIMATED |
|---|---------------------------|---------------------------|----------------------------|------------------------------|
| Grand Total | \$ 1,856,301,873 | \$ 1,985,017,619 | \$ 1,985,017,619 | \$ 2,111,237,124 |
| Less: | | | | |
| Grants | (81,430,127) | (78,551,444) | (78,969,673) | (78,796,925) |
| Enterprise Funds | (45,251,960) | (52,784,219) | (52,784,219) | (53,150,983) |
| Special Revenue Fund | (1,383,000) | (1,521,000) | (1,521,000) | (1,566,791) |
| Grand Total - Tax-Supported Budget | \$ 1,728,236,786 | \$ 1,852,160,956 | \$ 1,851,742,727 | \$ 1,977,722,425 |

Notes:

The Adult Education Fund was created effective July 1, 1991, but is 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 effective 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 effective July 1, 2000.

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

| Program Name and Source of Funding | FY 2007 ACTUAL | FY 2008 BUDGET | FY 2008 CURRENT | FY 2009 ESTIMATED |
|---|---------------------------|---------------------------|----------------------------|------------------------------|
| <u>Budgeted</u> | | | | |
| FEDERAL AID: NO CHILD LEFT BEHIND (NCLB) | | | | |
| Title I - A (941/949) | \$ 19,426,538 | \$ 22,611,349 | \$ 22,611,349 | \$ 22,519,509 |
| Title I - D | | | | |
| Neglected and Delinquent Youth (937) | 79,705 | 67,715 | 135,246 | 135,246 |
| | 19,506,243 | 22,679,064 | 22,746,595 | 22,654,755 |
| Title II - A | | | | |
| Skillful Teacher Program (915) | | 604,923 | 604,923 | 604,923 |
| Consulting Teachers (961) | 4,840,691 | 4,052,148 | 4,052,148 | 4,025,595 |
| Reduced Class Size (998) | 873,412 | | | |
| Title II - D | | | | |
| Enhancing Education through Technology (918) | 131,737 | 204,491 | 230,587 | 230,587 |
| | 5,845,840 | 4,861,562 | 4,887,658 | 4,861,105 |
| Title III | | | | |
| Limited English Proficiency (927) | 2,997,395 | 3,538,614 | 3,538,614 | 3,521,667 |
| Title IV | | | | |
| Safe & Drug Free Schools & Communities Act (926) | 444,881 | 426,337 | 426,337 | 458,025 |
| Title V | | | | |
| Innovative Educational Programs (997) | 136,194 | 171,678 | 225,187 | 225,187 |
| Title VII | | | | |
| American Indian Education (903) | 21,142 | 21,066 | 21,066 | 22,290 |
| SUBTOTAL | 28,951,695 | 31,698,321 | 31,845,457 | 31,743,029 |
| OTHER FEDERAL, STATE, AND LOCAL AID | | | | |
| Aging Schools (972) | | | | |
| State | 1,383,170 | 1,023,000 | 1,023,000 | 1,023,000 |
| Head Start Child Development (932) | | | | |
| Federal | 3,221,126 | 3,221,126 | 3,221,126 | 3,268,873 |
| Individuals with Disabilities Education (913/964/965/966/967) | | | | |
| Federal | 26,617,372 | 27,218,672 | 27,218,672 | 28,416,313 |
| Infants and Toddlers (930) | | | | |
| Federal | 749,416 | 749,416 | 749,416 | 749,416 |
| Medical Assistance Program (939) | | | | |
| Federal | 4,159,600 | 4,149,600 | 4,149,600 | 3,149,600 |
| Provision for Future Supported Projects (999) | | | | |
| Other | 15,618,131 | 9,231,709 | 9,084,573 | 9,084,573 |
| Carl D. Perkins Career & Technical Ed. Improvement (951) | | | | |
| Federal | 1,763,200 | 1,259,600 | 1,677,829 | 1,362,121 |
| County | 190,546 | 418,229 | 207,169 | 377,331 |
| | 1,953,746 | 1,677,829 | 1,884,998 | 1,739,452 |
| SUBTOTAL | 53,702,561 | 47,271,352 | 47,331,385 | 47,431,227 |

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

| Program Name and Source of Funding | FY 2007 ACTUAL | FY 2008 BUDGET | FY 2008 CURRENT | FY 2009 ESTIMATED |
|---|---------------------------|---------------------------|----------------------------|------------------------------|
| Budgeted | | | | |
| TOTAL | 82,654,256 | 78,969,673 | 79,176,842 | 79,174,256 |
| Summary of Funding Sources | | | | |
| Federal | 65,462,409 | 68,296,735 | 68,862,100 | 68,689,352 |
| State | 1,383,170 | 1,023,000 | 1,023,000 | 1,023,000 |
| County | 190,546 | 418,229 | 207,169 | 377,331 |
| Other | 15,618,131 | 9,231,709 | 9,084,573 | 9,084,573 |
| GRAND TOTAL | \$ 82,654,256 | \$ 78,969,673 | \$ 79,176,842 | \$ 79,174,256 |

| FOR INFORMATION ONLY | | - | |
|--|--|---|---------------------|
| Non-budgeted Grant Programs as of November 2007 (Continuation of programs dependent upon grantor funding) | | | |
| 21st Century Community Learning Centers | | | 281,250 |
| Perkins Reserve Fund Grant | | | 65,657 |
| Carol M. White Physical Education Program | | | 356,536 |
| Educating Homeless Children and Youth | | | 125,000 |
| Even Start Gaithersburg | | | 195,980 |
| IDEA - Disproportionality PBIS | | | 39,910 |
| IDEA - School-age Least Restrictive Environment (LRE) | | | 40,000 |
| IDEA - Ait/MSA | | | 15,000 |
| Maryland Model for School Readiness (MMSR) - IDEA | | | 44,170 |
| Reading First | | | 216,418 |
| International Research | | | 154,000 |
| Cyber Café | | | 240,400 |
| Ambassadors Invested in Mentorship | | | 154,667 |
| Least Restrictive Environment Training | | | 48,141 |
| Transition, Dropout, Graduation Gap | | | 40,000 |
| Subtotal Federal Funding | | | 2,017,129 |
| Judith Hoyer Childcare & Education-Silver Spring Center | | | 202,988 |
| Judith Hoyer Childcare & Education-Gaithersburg Center | | | 322,000 |
| Science, Technology, Engineering and Mathematics | | | 100,000 |
| Maryland K12 Digital Library | | | 164,821 |
| Chess Grants | | | 34,243 |
| Maryland Model for School Readiness (MMSR) Program | | | 116,698 |
| Head Start Extended Year | | | 124,000 |
| MEA - Energy Management Team | | | 2,000 |
| Fine Arts Initiative | | | 192,267 |
| Project NEXUS | | | 6,000 |
| Subtotal State Funding | | | 1,265,017 |
| Bridge Lawn Care | | | 15,000 |
| Emotional Disabilities Cluster Model | | | 185,000 |
| Model Learning Center | | | 330,778 |
| Subtotal County Funding | | | 530,778 |
| PERC | | | 10,000 |
| Subtotal Other Funding | | | 10,000 |
| TOTAL | | | \$ 3,822,924 |

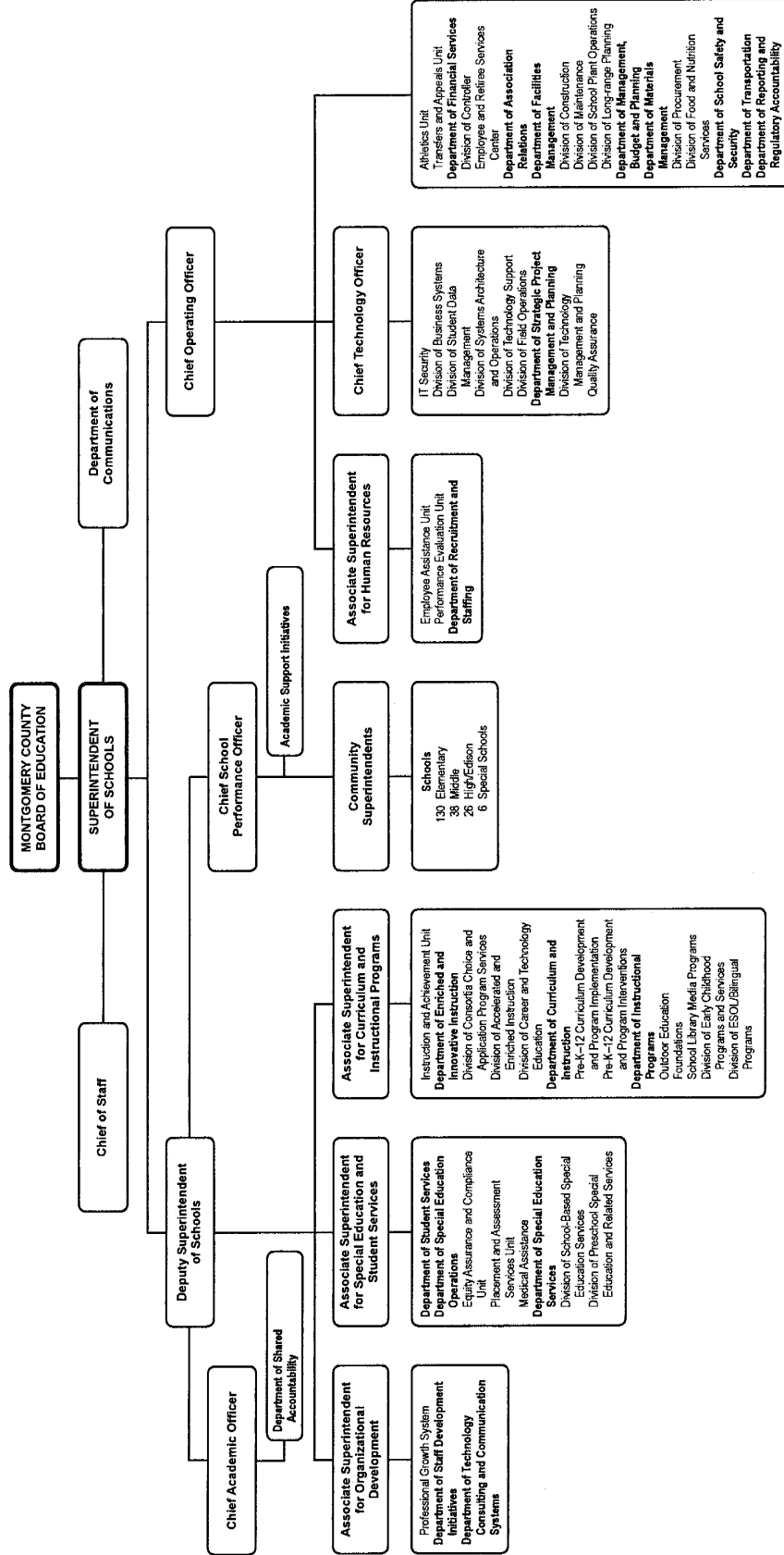
**TABLE 4
SUMMARY OF STUDENT ENROLLMENT - FY 2006 THROUGH FY 2009**

| DESCRIPTION | (1) | (2) | (3) | (4) | (5) | CHANGE | |
|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------|-----------------------------------|-------------------------------|--------------|
| | FY 2006 ACTUAL 9/30/2005 | FY 2007 ACTUAL 9/30/2006 | FY 2008 ACTUAL 9/30/2007 | FY 2008 PROJECTED 9/30/2007 | FY 2009 PROJECTED 9/30/2007 | COLUMN (5) LESS COLUMN (4) | |
| | | | | | | # | % |
| REGULAR INSTRUCTION | | | | | | | |
| PRE-KINDERGARTEN | 1,818 | 1,828 | 1,833 | 1,925 | 1,885 | (40) | (2.2) |
| HEAD START | 584 | 584 | 599 | 584 | 599 | 15 | 2.6 |
| KINDERGARTEN | 9,101 | 8,951 | 9,524 | 9,400 | 9,766 | 366 | 4.1 |
| GRADES 1-5 | 48,011 | 47,122 | 46,908 | 46,572 | 47,090 | 518 | 1.1 |
| SUBTOTAL ELEMENTARY | 59,514 | 58,485 | 58,864 | 58,481 | 59,340 | 859 | 1.5 |
| GRADES 6-8 | 29,080 | 28,556 | 28,498 | 28,220 | 27,812 | (408) | (1.4) |
| SUBTOTAL MIDDLE | 29,080 | 28,556 | 28,498 | 28,220 | 27,812 | (408) | (1.4) |
| GRADES 9-12 | 41,849 | 41,470 | 41,116 | 40,646 | 40,710 | 64 | 0.2 |
| SUBTOTAL HIGH | 41,838 | 41,470 | 41,116 | 40,646 | 40,710 | 64 | 0.2 |
| SUBTOTAL REGULAR | 130,432 | 128,511 | 128,478 | 127,347 | 127,862 | 515 | 0.4 |
| SPECIAL EDUCATION | | | | | | | |
| SPECIAL CLASSES: | | | | | | | |
| ELEMENTARY SCHOOLS | 2,681 | 2,742 | 2,750 | 2,739 | 2,862 | 123 | 4.5 |
| MIDDLE SCHOOLS | 2,452 | 2,493 | 2,413 | 2,037 | 2,026 | (11) | (0.4) |
| HIGH SCHOOLS | 2,854 | 3,069 | 3,179 | 3,586 | 3,713 | 127 | 4.1 |
| SPECIAL SCHOOLS | 670 | 584 | 511 | 733 | 705 | (28) | (4.8) |
| SUBTOTAL SPECIAL EDUCATION | 8,657 | 8,888 | 8,853 | 9,095 | 9,306 | 211 | 2.4 |
| ALTERNATIVE PROGRAMS | 175 | 203 | 195 | 300 | 300 | | |
| GATEWAY TO COLLEGE (a) | 123 | 196 | 219 | 265 | 295 | 30 | 15.3 |
| GRAND TOTAL | 139,387 | 137,798 | 137,745 | 137,007 | 137,763 | 756 | 0.5 |

SOURCE: Projected enrollment by the Department of Planning and Capital Programming.

(a) Gateway to College program began in school year 2005 - 06.

MONTGOMERY COUNTY PUBLIC SCHOOLS FY 2009 ORGANIZATION



SUMMARY OF NEGOTIATIONS

In March 2004, the Board of Education reached a three-year contract with the Montgomery County Education Association (MCEA) that expired on June 30, 2007. All aspects of the contract were open to negotiation during 2006-2007. Negotiations resulted in a successor agreement for three years, expiring June 30, 2010. The Agreement was ratified by the Board of Education and the Association membership and has been in effect since July 1, 2007.

In March 2005, MCPS completed negotiations with SEIU Local 500, representing supporting services employees, on a two-year contract that was effective July 1, 2005, and expired on June 30, 2007. All aspects of that agreement were open to negotiation during 2006-2007. Negotiations resulted in a successor agreement for three years, expiring June 30, 2010. The Agreement was ratified by the Board of Education and the Union membership and has been in effect since July 1, 2007.

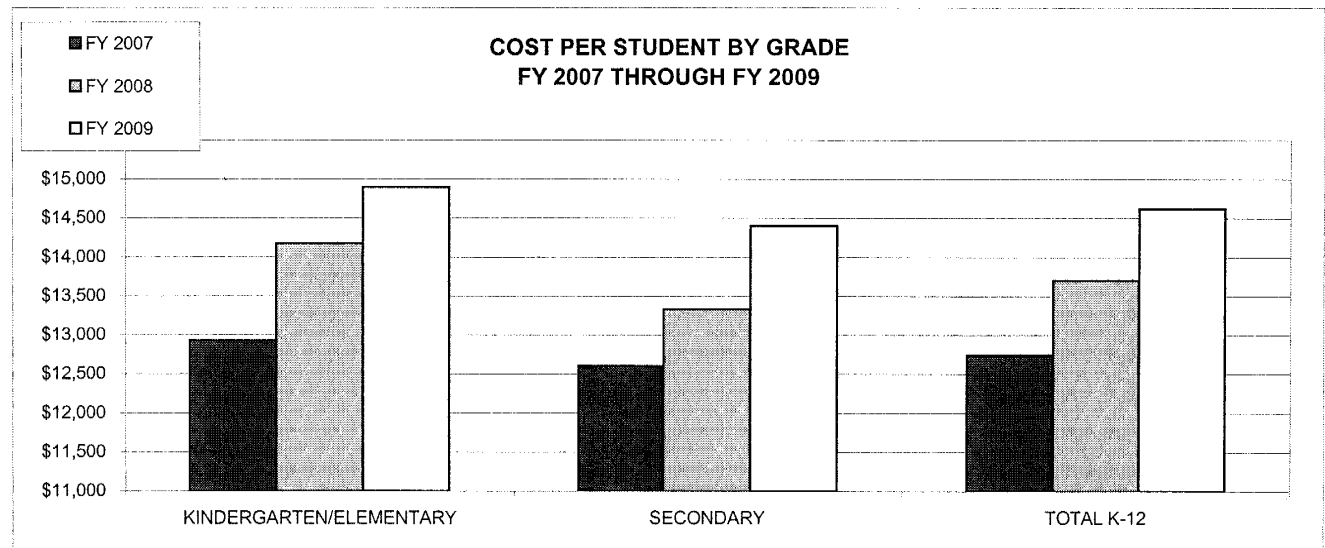
In June 2006, MCPS completed negotiations with the Montgomery County Association of Administrative and Supervisory Personnel (MCAASP) on a three-year contract that took effect July 1, 2006, and was scheduled to run through June 30, 2009. The agreement provided for reopened negotiations for salary and benefits for the second and third years of the agreement. As a result of those negotiations the Agreement has been extended by one year, now effective through June 30, 2010. The amendments to the Agreement were ratified by the Board of Education and the Association membership and are now in effect.

During the fall of 2006, the three bargaining groups participated in joint negotiations regarding salaries and benefits. Agreement was reached with the three groups on cost-of-living adjustments of 4.8 percent and with each union separately on other compensation changes equivalent to .2 percent for a total of 5 percent for FY 2008. The Agreement also includes negotiated salary increases of 5.0 percent for FY 2009 and 5.3 percent and other compensation changes equivalent to .3 percent, for a total of 5.6 percent for FY 2010. Board of Education approval and ratification have occurred and the Unions have all ratified the new Agreement. Funds to fulfill the terms of the agreements included in the budget for FY 2009.

During FY 2007, the Board of Education approved the formation of a fourth bargaining unit. The Montgomery County Business and Operations Administrators (MCBOA) unit is composed of noncertificated supervisory employees who were previously excluded from any bargaining unit. This unit has chosen MCAASP to be the exclusive representative of the unit. Negotiations on their initial contract are taking place during the fall and winter of 2007-2008.

COST PER STUDENT BY GRADE SPAN

| | KINDERGARTEN/ ELEMENTARY | SECONDARY | TOTAL K-12 | AMOUNT EXCLUDED* | TOTAL BUDGET** |
|-------------------------------|-----------------------------|-----------------|-----------------|---------------------|-------------------|
| FY 2007 Actual | | | | | |
| EXPENDITURES | \$760,328,494 | \$962,692,798 | \$1,723,021,292 | \$128,874,995 | \$1,851,896,287 |
| STUDENTS 9/30/07 (ACTUAL) | 58,815 | 76,375 | 135,190 | | |
| COST PER STUDENT | \$12,927 | \$12,605 | \$12,745 | | |
| FY 2008 BUDGET | | | | | |
| EXPENDITURES | \$839,057,132 | \$1,012,285,578 | \$1,851,342,710 | \$133,674,909 | \$1,985,017,619 |
| STUDENTS 11/30/07 (CURRENT) | 59,182 | 75,912 | 135,094 | | |
| COST PER STUDENT | \$14,178 | \$13,335 | \$13,704 | | |
| FY 2009 BUDGET | | | | | |
| EXPENDITURES | \$889,875,291 | \$1,084,168,151 | \$1,974,043,442 | \$137,193,682 | \$2,111,237,124 |
| STUDENTS 11/30/07 (PROJECTED) | 59,718 | 75,266 | 134,984 | | |
| COST PER STUDENT | \$14,901 | \$14,404 | \$14,624 | | |



Notes:

* SUMMER SCHOOL, COMMUNITY SERVICES, TUITION FOR STUDENTS WITH DISABILITIES IN PRIVATE PLACEMENT, AND ENTERPRISE FUND ACCOUNTS ARE EXCLUDED FROM COST OF REGULAR DAY SCHOOL OPERATIONS

** FY 2009 FIGURES REFLECT CURRENT APPROVED BUDGET.

2008–2009 Operational Calendar

2008

July 4 Holiday*, Independence Day
August 19–22, 25..... Professional days for teachers
August 26 First day of school for students
September 1 Holiday*, Labor Day
September 30 Rosh Hashanah, no school for students and teachers
October 9..... Yom Kippur, no school for students and teachers
October 17..... MSTA Convention/MCAASP Fall Conference, no school for students and teachers
November 3..... Professional day for teachers, no school for students
November 27–28 Holiday*, Thanksgiving
December 24–25 Holiday*, Christmas
December 26, 29–31 Winter Break, no school for students and teachers

2009

January 1 Holiday*, New Year's Day
January 2 Winter Break, no school for students and teachers
January 19 Holiday*, Martin Luther King, Jr. Birthday
January 26 Professional day for teachers/some 10-month employees, no school for students
February 16 Holiday*, Presidents' Day
March 30..... Professional day for teachers, no school for students
April 6–9..... Spring Break, no school for students and teachers
April 10, 13..... Holiday*, Good Friday and Easter Monday
May 25..... Holiday*, Memorial Day
June 16 Last day of school for students
June 17 Professional day for teachers

*All administrative offices and schools are closed.

EXPENDITURES BY STATE BUDGET CATEGORY
(000's omitted)

| State Budget Category | Actual FY 2007 | Budget FY 2008 | Budget FY 2009 | Percent Change | Percent of Total |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Instruction: | | | | | |
| 2 - Mid-Level Administration | \$ 119,136 | \$ 130,461 | \$ 138,431 | 6.1% | 6.6 |
| 3 - Instructional Salaries | 758,763 | 809,929 | 856,060 | 5.7% | 40.5 |
| 4 - Textbooks and Instructional Supplies | 36,837 | 35,513 | 33,332 | -6.1% | 1.6 |
| 5 - Other Instructional Costs | 19,595 | 19,712 | 19,481 | -1.2% | 0.9 |
| 6 - Special Education | 225,898 | 243,876 | 268,951 | 10.3% | 12.7 |
| Subtotal | 1,160,229 | 1,239,491 | 1,316,255 | 6.2% | 62.3% |
| School and Student Services: | | | | | |
| 7 - Student Personnel Services | 10,264 | 11,182 | 11,922 | 6.6% | 0.6 |
| 8 - Health Services | 45 | 46 | 58 | 26.1% | 0.0 |
| 9 - Student Transportation | 78,998 | 84,740 | 91,977 | 8.5% | 4.4 |
| 10 - Operational of Plant and Equipment | 104,464 | 112,333 | 114,961 | 2.3% | 5.4 |
| 11 - Maintenance of Plant | 30,823 | 33,040 | 34,849 | 5.5% | 1.7 |
| Subtotal | 224,594 | 241,341 | 253,767 | 5.1% | 12.0% |
| Other: | | | | | |
| 12 - Fixed Charges | 372,847 | 406,369 | 441,033 | 8.5% | 20.9 |
| 1 - Administration | 38,447 | 43,303 | 45,256 | 4.5% | 2.1 |
| 14 - Community Services | 435 | 209 | 208 | -0.5% | 0.0 |
| Subtotal | 411,729 | 449,881 | 486,497 | 8.1% | 22.9% |
| TOTAL GENERAL FUND | \$ 1,796,552 | \$ 1,930,713 | \$ 2,056,519 | 6.5% | 97.4% |
| Special and Enterprise Funds: | | | | | |
| 37 - Instructional Television Fund | 1,327 | 1,521 | 1,567 | 3.0% | 0.1 |
| 51 - Real Estate Fund | 2,897 | 2,318 | 2,549 | 10.0% | 0.1 |
| 61 - Food Services Operations | 39,613 | 46,717 | 46,841 | 0.3% | 2.2 |
| 71 - Field Trip Fund | 1,624 | 2,079 | 2,200 | 5.8% | 0.1 |
| 81 - Entrepreneurial Activities Fund | 1,287 | 1,670 | 1,561 | -6.5% | 0.1 |
| TOTAL SPECIAL & ENTERPRISE FUNDS | 46,748 | 54,305 | 54,718 | 0.8% | 2.6% |
| TOTAL EXPENDITURES | \$ 1,843,300 | \$ 1,985,018 | \$ 2,111,237 | 6.4% | 100.0% |

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Operating Budget Summary

The superintendent's FY 2009 Recommended Operating Budget for the Montgomery County Public Schools (MCPS) totals \$2,111,237,124. This is an increase of \$126,219,505 (6.4 percent) more than the current FY 2008 Operating Budget of \$1,985,017,619. Excluding grants and enterprise funds, the superintendent's budget recommendation for the purpose of spending affordability is \$1,977,722,425. This is \$125,979,698 (6.8 percent) more than the current FY 2008 Operating Budget of \$1,851,742,727.

Below are details of major elements that will change the MCPS operating budget in FY 2009.

Expenditures

The FY 2009 Operating Budget includes increases of a net \$7.7 million in operating costs for growth in student enrollment and the effect of new schools, \$96.5 million in compensation changes in salaries and employee benefits, and \$6.4 million for inflationary increases and other required expenditures.

It includes \$10,631,231 in reductions in the existing budget that will be available for higher priority needs. It also includes a recommendation of an increase of \$10,165,506 to support FY 2009 improvement initiatives for targeted strategies to improve student achievement.

In addition, \$16,060,000 is set aside for continued pre-funding of future retiree health and life insurance benefits. With the cost of pre-funding retiree benefits excluded, the budget will increase by \$110.1 million (5.6 percent).

Following are the major factors responsible for an increase in expenditures:

Enrollment Growth and New Schools – The cost of enrollment growth and the effect of new schools add a net of \$7.7 million to the FY 2009 Operating Budget.

Employee Salaries – Employee salaries increase by \$89.2 million, including \$14.1 million for the cost of continuing salaries and \$75.1 million for the cost of negotiated agreements with employee unions.

Employee Benefits and Insurance – There is an increase of \$7.3 million for benefits for existing and retired employees, including health and life insurance for active employees and retirees, retirement, social security, self-insurance costs, and tuition reimbursement.

Inflation and Other Changes – The effects of inflation and other cost increases required to maintain current service levels add \$6.4 million to the budget.

Retiree Health Benefits -- The operating budget includes an increase of \$16.1 million for the second year of a five-year phase-in of prefunding of Other Post Employment Benefits (OPEB) to safeguard future retiree health and life insurance benefits.

Reductions and Realignment

There is a total of \$10.6 million in reductions in the base budget, including savings and efficiencies as well as program reductions. In addition, there are administrative savings of \$4.8 million from rebidding employee health and life insurance contracts. Resources also are redirected to higher priorities through realignments, which includes a total of \$13.9 million realigned within and between units.

Initiatives

The program reductions identified above provide resources for \$10.2 million of new or expanded improvement initiatives, including \$5.9 million targeted at middle school programs, \$3.2 million for elementary schools, \$.4 million to enhance high school programs, and \$.7 million for programs serving all school levels.

Revenue

The FY 2009 Recommended Operating Budget will require 74 percent from local county contribution (an increase of \$98.4 million), 20 percent from the state of Maryland (an increase of \$27.4 million), 3 percent from the federal government (a decrease of \$.2 million), and 3 percent from enterprise fund activities and all other sources (an increase of \$.6 million).

- The recommended operating budget anticipates an increase of \$27.4 million in state aid, based on the recent actions of the General Assembly, including \$18.4 million related to the 60 percent phase-in of the Geographic Cost of Education Index (GCEI) adjustment of basic state aid. FY 2008 was the final year of implementation of the six-year Bridge to Excellence in Public Schools Act (BTE). The General Assembly postponed the BTE provision that requires an inflation adjustment in the per student foundation amount.
- Based on preliminary data, federal aid will decrease by \$0.2 million.
- Enterprise fund and other revenue is expected to increase by \$0.6 million.
- A local contribution increase of \$98.4 million is required. Montgomery County provides 74 percent of MCPS total resources, higher than the percentage paid by any other county in Maryland. This percentage has dropped for several years because state aid has increased.
- The County Council approved a preliminary spending affordability guideline (SAG) for MCPS of \$1.873 billion in tax-supported funds. This is \$104.4 million less than the amount needed by MCPS.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Initiatives for Academic Achievement

The Montgomery County Public Schools (MCPS) FY 2009 Operating Budget includes \$10,165,506, including 114.75 positions, for new or expanded program initiatives to improve academic achievement for all students. These initiatives implement goals and strategies of the MCPS strategic plan: *Our Call to Action: Pursuit of Excellence*, most recently approved by the Board of Education in July 2007. Each of the new or expanded initiatives will provide direct support for school improvement. Fiscal constraints make it impossible to begin other programs that could advance strategic plan goals at this time. Below are details of the FY 2009 initiatives.

Improving Middle Schools

The FY 2009 Operating Budget includes expansion of the middle school reform initiative that began in FY 2008 at a cost of \$2,988,126 for nine new schools. The budget also includes \$1,222,934 to continue programs in the Middle School Magnet Consortium, the three-year federal grant that will terminate in FY 2008 and needs to continue with local funding in FY 2009. In addition, the middle school reform initiative includes an additional \$744,871 to expand offerings in the Middle School Magnet Consortium to other middle schools. (See a separate fact sheet for further detail of Middle School Reform.)

Middle School Reform

The FY 2009 budget will continue the expansion of a comprehensive middle school reform strategy to improve teaching and learning in middle schools. The goal is to engage all students in challenging and exciting academic programs taught by teachers expert in content fields and knowledgeable about how to engage middle school children.

- Eleven of the 38 middle schools did not make Adequate Yearly progress (AYP) in 2007.
- A significant number of middle school students are not performing at expected levels and a significant achievement gap remains for African American and Hispanic students.
- Comprehensive reform efforts have made a significant difference in raising the bar and reducing the achievement gap in elementary schools. The new program directs resources to achieve comparable gains in middle schools.
- This program was launched in five middle schools in FY 2008 and will expand to an additional nine schools in FY 2009.

- The initiative includes strengthening of leadership and professional development by adding literacy coaches, math content specialists, and team leaders, both through new resources and redirecting existing resources.
- The initiative includes training for leadership teams through the Professional Learning Communities Institute and additional time for training and collaboration among cohorts of teachers and support professionals during the initial years of the initiative in a school.
- The middle school initiative also adds targeted interventions to help students who need extra support, including Read 180, technology, extended-day and extended-year programs, and outreach to parents.
- The initiative adds \$2,988,126, including 23.4 positions, and realigns \$3.6 million of existing resources

Middle School Magnet Consortium

In FY 2004, MCPS received a major \$7.2 million federal grant to reduce socio-economic isolation and improve student achievement in three middle schools: Argyle, Parkland, and A. Mario Loiederman. This program has improved student achievement at the schools, and made possible development of an accelerated core curriculum around school themes: Information Technology at Argyle, Aerospace Technology at Parkland, and Creative and Performing Arts at A. Mario Loiederman. Initial evaluation data indicates significant improvement in student achievement and high satisfaction among students and parents.

- The grant comes to an end this year. Additional federal funds have been requested, but if that effort does not succeed, local support will be needed to continue these valuable programs.
- This initiative totals \$1,222,934. It would continue a magnet coordinator at each school (3.0 FTE), 0.25 secretarial support, and \$700,000 for 11.5 teacher positions to permit teachers being scheduled to teach five out of eight periods to provide additional time for training and cohort collaboration of teachers and other staff. This is not a permanent feature of the program and its continuation is dependent on federal funding.
- Students currently electing one of the consortium schools from three adjacent cluster areas will continue to receive transportation, but all new students electing to attend a consortium school from outside the school attendance area will provide their own transportation.

Expansion of MSMC to Other Middle Schools

The Middle School Magnet Consortium federal grant has provided an opportunity to develop new course offerings that are successfully engaging students in creative learning. These successful programs will be expanded to other middle schools beginning with schools in the middle school reform program. The initiative includes a 1.0 coordinator (\$144,871) and \$600,000, including new technology, materials, and other improvements.

Special Education

Middle school reform also addresses the needs of special education students in middle schools, which are discussed below.

Elementary Schools

The Early Success Performance Program has achieved remarkable success, with improved academic achievement at elementary schools. The achievement gap between groups has largely been eliminated in kindergarten, and considerable progress has been made in other elementary grades. The FY 2009 budget will continue to strengthen elementary school programs, with additional support targeted to students who need the most help.

Elementary School Assistant Principals

Over the past two years, 30 additional elementary schools have received assistant principals as part of a multiyear commitment by the Board of Education to have an assistant principal at each elementary school. An additional 20 assistant principals are needed to complete the initiative. Assistant principals enable the principal to focus on instructional leadership, have increased time with teachers and students, build relationships with parents, and contribute to a safe and secure educational environment for student success. The FY 2009 budget includes 10 additional elementary assistant principals at a cost of \$1,078,880 to advance this multiyear initiative.

Counselors

Elementary school students need more effective counseling, especially students impacted by poverty and family crisis. Elementary schools now have one guidance counselor each, and that is not enough support for students in large schools. This initiative adds 5.0 counselors at the seven largest elementary schools. The three largest schools with more than 800 students will have 2.0 counselors and four schools with more than 675 students will have 1.5 counselors. The initiative also adds a 1.0 ESOL counselor position. The total cost is \$529,092.

Special Education

As more special education students are successfully included in the general education classroom, there is a danger that class size will become too large, especially in the core curriculum areas. Although special education students who receive services in separate classes have not been counted in general education enrollment, staffing allocations have already changed to provide additional support to general education classes with large numbers of Least Restrictive Environment (LRE) A special education students. Special education teachers or paraeducators work closely with the special education students as they benefit from the content expertise of the general education teacher.

This initiative will count all LRE A special education students in elementary school general education classes and add 10.0 general education teacher positions at a cost of \$602,187 to ensure that class size guidelines in elementary school are not exceeded because of the number of LRE A special education students in general education classes. This change was strongly recommended by the Special Education Staffing Plan Committee.

Focus School Support

Focus schools are those elementary schools most impacted by poverty. Six years ago, specific schools were identified for special support, based on those that exceeded the district-wide median in students eligible for Free and Reduced-price Meals System (FARMS) assistance. There are now 62 focus schools that have lower class size in kindergarten and grades 1 and 2, and receive other special staffing support.

Since the program began, the demographic characteristics of some schools have changed significantly, with some schools having greater levels of poverty and other schools with lower levels of poverty. This initiative expands focus school support, including class size reduction, to three additional schools that have experienced the greatest increase in poverty. These schools now have more than 30 percent of their students eligible for FARMS. Four other schools that have had their FARMS eligibility drop well below the MCPS median FARMS rate for elementary schools will continue to enjoy lower class size, but will not have other focus support of a 0.5 teacher position and an average of 1.25 paraeducator positions that will be realigned to schools with greater needs. The initiative will add a net increase of 6.25 positions at a cost of \$573,789.

Lunch Hour Aides

A safe school environment requires that sufficient recess coverage is available on school playgrounds. Some schools do not have sufficient coverage, either because of the number of students at recess at a particular time or because of physical obstacles that make it more difficult to see parts of the playground area. Safety concerns require an increase in the number of lunch hour aides available for recess duty. This initiative would get to a 45:1 ratio of students to lunch hour aides. It would add 16.0 lunch hour aide positions at a cost of \$432,008.

Enhancing High Schools

For the fourth year in a row, Newsweek magazine has ranked each of MCPS' eligible high schools in the top 3 percent in the nation, with 5 schools in the top 100 nationally. MCPS students have earned millions of dollars in scholarships to nationally ranked colleges and universities. Nevertheless, many high school students need extra support to succeed, pass state-required HSA exams, and receive their diplomas. The FY 2009 budget includes initiatives targeted at students who need the most help.

Students Engaged in Pathways to Achievement (SEPA)

Some students entered MCPS with seriously limited or interrupted education in their homelands, torn by violence and poverty. Many of these students are English language learners, but not literate in their native language. The Montgomery County Latino Education Coalition recommended help for these students as their top priority. In FY 2008, a pilot program to assist these students was begun at Wheaton High School and the Thomas Edison High School of Technology. It is designed for 17-18 year-old students with limited or no formal education. The program serves 15 students, including innovative curriculum, instructional practices, and parent involvement. This initiative would add 2.6 teacher positions at a cost of \$163,711, to expand the program to an additional school for 15 additional students. Funds also would support curriculum development and professional development of staff. Additional resources will be made available through Title III, the Limited English Proficiency federal grant. Evaluation of the SEPA program has begun this year.

Poolesville High School Magnet

The FY 2009 budget expands the innovative Poolesville High School magnet program to grade 11. The program serves highly able students in the upcounty area and began with the creation of the Roberto Clemente Middle School program. The program includes special themes of Global Ecology, Humanities and Science, and Mathematics and Computer Science. The initiative adds \$120,960 in FY 2009 for part-time professional salaries and stipends for the extended-day model.

International Baccalaureate Program

The International Baccalaureate (IB) program has improved instructional acceleration in high schools by offering students the most rigorous curriculum. This initiative at a cost of \$79,310 allows John F. Kennedy and Seneca Valley high schools to transition from the alternative Cambridge program to the more widely supported IB program.

Addressing the Needs of Special Populations

Special Education

Two years ago, MCPS began the hours-based staffing initiative to improve staffing at secondary schools, with a priority for schools that were not making Adequate Yearly Progress (AYP) for special education students.

- Under this program, additional staffing is allocated to schools based on the hours of service provide to students with disabilities.

- After beginning the first year with two schools and expanding to 11 additional middle schools in FY 2008, the program will expand to another 3 middle schools in FY 2009.
- The initial two schools successfully reached their annual outcome targets in FY 2007 for the special education subgroup.
- This initiative will add 9.0 additional special education teachers and 8.75 paraeducators at a cost of \$923,102.

School Support

Other improvements support academic achievement at all schools.

Positive Behavior Interventions and Supports (PBIS)

PBIS is a framework for establishing a positive school climate through clearly taught and consistently implemented behavioral expectations that lead to a reduction in discipline referrals and suspensions,. It addresses the problem of disproportionate suspension rates of African American and Hispanic students and the disproportionate referrals for special education services. Training of school staffs is conducted by the Maryland State Department of Education. This initiative at a cost of \$173,862 supports training for staff at an additional 15 schools and follow-up training for staff at the existing 33 schools included in the program. Funding also will provide instructional materials and supplies, and required site license fees for data collection and analysis.

Parent Community Outreach Coordinators

School success requires active parent involvement in their child's education. Parent community coordinators engage families in supporting their children's education at home, provide parents with specific knowledge about the school system, promote positive relationships between teachers and parents, and coordinate volunteer and community programs directly linked to student learning. Currently, there are only 13.9 parent community coordinators, so many schools have limited access to these eservices. This initiative would add 6.0 centrally allocated school-based parent community coordinators at a cost of \$444,491. Each coordinator will serve 3 to 4 schools and be available at each school at least one day per week to maintain ongoing contact with staff and parents. School assignments will be coordinated with other parent community coordinators to reach schools with the greatest needs. Many of the new parent community coordinators are expected to be bilingual. The program will be carefully evaluated to identify strategies that have the greatest impact on student achievement results.

Professional Learning Communities Institute

The PLCI provides comprehensive professional development for leadership teams, including administrators, teachers, support professionals, and parents at 16 elementary schools and five middle schools. PLCI leadership teams gain knowledge and master skills that help them to create a professional learning community culture that can lead to improved student achievement. PLCI is an integral part of middle school reform. The demand for additional participation requires the addition of capacity through a 1.0 instructional specialist position at a cost of \$88,183.

FY 2009 OPERATING BUDGET INITIATIVES

| ITEM | FTE | AMOUNT |
|---|---------------|----------------------|
| Elementary Schools: | | |
| Count LRE A Special Education Students in General Education | | |
| Enrollment at the Elementary School Level | 10.00 | 602,187 |
| Lunch Hour Aides | 16.00 | 432,008 |
| Elementary Assistant Principals | 10.00 | 1,078,880 |
| Increase Number of Focus Schools | 6.25 | 573,789 |
| Guidance Counselors | 6.00 | 529,092 |
| Subtotal | 48.25 | \$ 3,215,956 |
| Middle Schools: | | |
| Middle School Magnet Consortium | 14.75 | 1,222,934 |
| Middle School Reform - Expand to 9 Additional Schools | 23.40 | 2,988,126 |
| Expansion of MSMC Courses to Other Middle Schools | 1.00 | 744,871 |
| Hours-Based Staffing for Special Education at 3 Additional Middle Schools | 17.75 | 923,102 |
| Subtotal | 56.90 | \$ 5,879,033 |
| High Schools: | | |
| Support for ESOL Students with Interrupted Education | 2.60 | 163,711 |
| Poolesville HS-Whole School Magnet & Extended Day - Phase in Grade 11 | | 120,960 |
| IB Diploma Program at Kennedy & Seneca Valley High Schools | | 79,310 |
| | 2.60 | \$ 363,981 |
| Other: | | |
| Positive Beh.Interventions & Supports (PBIS) - Expand to 15 more schools | | 173,862 |
| Parent Community Coordinators | 6.00 | 444,491 |
| Professional Learning Communities Institute | 1.00 | 88,183 |
| Subtotal | 7.00 | \$ 706,536 |
| TOTAL | 114.75 | \$ 10,165,506 |

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Middle School Reform

The FY 2009 Operating Budget includes expansion of the middle school reform initiative that began in FY 2008. In FY 2009, nine additional schools still to be identified will be added to the reform initiative, in addition to the five schools included in phase I (Benjamin Banneker, Roberto Clemente, Montgomery Village, Sligo, and Earle B. Wood middle schools). These nine schools will receive the same reform components as the original schools. The total cost of the reform initiative is \$2,988,126 for the nine new schools. An additional \$1,222,934 is required to continue programs in the Middle School Magnet Consortium, the three-year federal grant that will terminate in FY 2008 and needs to continue with local funding in FY 2009. In addition, \$744,871 is required to expand offerings in the Middle School Magnet Consortium to other middle schools.

Background

The *No Child Left Behind Act* and state laws have increased accountability for student performance in middle schools.

- In 2007, 11 of the 38 middle schools (29 percent) did not make Adequate Yearly Progress (AYP). Although this is an improvement from 2006, when 55 percent failed to make AYP, significant improvement is required in middle schools.
- In 2007, of the 16 middle schools identified for school improvement status, 9 made AYP and will exit school improvement status if they continue progress in 2008.
- The MCPS strategic plan *Our Call to Action: Pursuit of Excellence*, identified the needed steps to improve rigor and student achievement in middle school for all students.
- Middle schools have benefited from extended-day/extended-year programs in all middle schools and from new reading assessments and reading interventions. However, staff has lacked sufficient capacity to develop a comprehensive strategy to engage students in the middle years.

Reform Elements

The Middle School Reform Initiative has the goal of developing staff capacity to engage students creatively in the learning process to improve student achievement for all students. The strategy includes the following elements:

- Leadership and Professional Development
- Curriculum, Instruction, and Assessment
- Extended Learning Opportunities
- Technology

- Organizational Structure
- Human Resources
- Parent and Community Engagement

As with the successful Early Success Performance Plan, success in the middle school reform initiative depends on the combination of all these elements targeted to improve student achievement.

Continued Initiatives

The nine new schools will receive a total of 23.4 new positions and a total amount of \$2,988,126. There also are 34.2 positions realigned within middle schools for a total of 57.6 positions and \$7.3 million to support the reform initiatives. Components of the middle school reform initiative include the following:

- Curriculum development and staff development of leadership teams through the Professional Learning Communities Institute is included in the budget of the Office of Organizational Development (OOD) at a cost of \$1,016,112 and is not included in the above totals. The OOD budget also includes an initiative to expand the PLCI by a 1.0 instructional specialist position at a cost of \$88,183 to expand training capacity to include all the new middle schools in the reform program.
- Addition of 7.2 literacy coaches (\$488,425)
- Addition of 5.4 math content specialists (\$336,722)
- Realignment of 9.0 other content specialists (\$1,007,920)
- Addition of 9.0 grade level team leaders (\$591,478) and realignment of 3.6 other positions as grade level team leaders
- Additional time for training and collaboration among cohorts of teachers and support professionals (\$1,292,863), which is required to begin the initiative, but is not a permanent feature of the plan
- Materials for curriculum development and reading interventions (\$88,700)
- Study Circles training for parent involvement (\$26,503)
- Extended learning opportunities coordination, including 1.8 positions (\$107,318)
- Transportation costs for extended-day programs (\$56,117)

Middle School Magnet Consortium

The Middle School Magnet Consortium (MSMC) initiative totals \$1,222,934, including 14.75 positions. MCPS received a major three-year federal grant totaling \$7.2 million to launch the consortium, including innovative school themes. The MSMC includes Argyle Middle School (Information Technology), Parkland Middle School (Aerospace Technology), and A. Mario Loiederman Middle School (Creative and Performing Arts). Initial evaluation data shows significant improvement in student achievement and a high degree of satisfaction at each of the schools. Successful elements of the MSMC program will be expanded to other middle schools as part of middle school reform. Although the grant ends in FY 2008, additional federal funds have been requested. If these funds are

not received, certain elements of the program can continue at the three schools in FY 2009.

- The initiative includes continuation of 3.0 magnet coordinator positions to support the theme programs and provide curriculum and other instructional leadership support at each school and a 0.25 secretary for administrative support at a total cost of \$522,934.
- The initiative also includes 11.5 teacher positions at a cost of \$700,000 to allow the continuation of teachers being scheduled to teach five out of eight periods which provides additional time for training and cohort collaboration. This component is dependent on additional federal funding and will not be a permanent feature of the program.
- Transportation for students already in the program from the three adjacent clusters will continue, but new students who elect the consortium program will provide their own transportation from outside the attendance zones of the three consortium schools.

Expansion of MSMC Magnet to Other Middle Schools

Addition of a 1.0 coordinator (\$144,871) and \$600,000 to expand the innovative pathways programs for accelerated instruction originated as part of the Middle School Magnet Consortium into all middle school reform schools. This will include additional instructional technology resources and other improvements.

Other Middle School Improvements

In addition to the middle school reform initiative and the middle school magnet consortium, the FY 2009 operating budget includes other initiatives that will benefit middle schools:

- Hours-based Staffing for Special Education – Expansion of hours-based staffing to three additional middle schools facing a challenge to help special education students meet achievement expectations, for a total of 16 middle schools with hours-based staffing
- Positive Behavioral and Instructional Supports (PBIS) – Support for the state-operated training program to improve student behavior and achievement, which will include new middle schools
- Parent Community Coordinators – The addition of 6.0 parent community coordinators will benefit additional middle schools.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Program Reductions and Efficiencies

Each year, the Montgomery County Public Schools (MCPS) undertakes a comprehensive effort to identify potential program reductions and efficiencies. This is called the Program Efficiency, Abandonment, and Redirection (PEAR) process. For FY 2009, the Operating Budget includes \$10.6 million of reductions and efficiencies that make resources available for new programs and higher priority uses. Below are details of the FY 2009 reductions.

- Every office receives a target of potential reductions and realignments at the beginning of the budget development process. These proposals are carefully assessed to minimize the impact on the classroom.
- Zero-based budgeting is used to review and justify all expenditures and identify opportunities for reductions.
- Since FY 2001, the budget has included reductions of \$64.5 million from the base budget, making possible funding for higher priority initiatives.
- MCPS has central administrative costs of 2 percent of the total budget, one of the lowest percentages in the state. Based on the most recent state data, if MCPS were at the state average, central administrative costs would be at least \$9 million higher.
- More than 40 percent of these reductions come from central services functions (\$4.3 million).
- A total of \$2.0 million comes from support operations, \$3.5 million is reduced from school-based resources, and \$0.8 million comes from inflationary adjustments.
- In addition, there are administrative savings of \$4.8 million from rebidding employee health and life insurance contracts as part of a cooperative program with other county agencies.

Central Services

For FY 2009, central services reductions total \$4,367,462. Following is a summary of the central services reductions:

Office of Curriculum and Instructional Programs

- Reduction of 4.5 instructional specialist and supervisory positions at a savings of \$449,345, including a 1.0 instructional specialist in the High School, Instruction and Achievement Unit, a 1.0 instructional specialist position in the Division of Early Childhood Services, a 1.0 coordinator in the Department of Curriculum and

Instruction, a 1.0 supervisor of assessment coordination, and a 0.5 instructional specialist in the Division of Accelerated and Enriched Instruction. These reductions necessitate a restructuring of work assignments to permit completion of required curriculum and assessment projects.

- Reduction of a total of \$225,381 in a variety of central office units, including professional part-time salaries, instructional materials, office supplies, and contractual services

Office of Organizational Development

- Reduction of 7.0 instructional specialist positions at a savings of \$658,112 in the Staff Development Specialist Team. These positions provide support to staff development teachers. The reduction maintains 6.0 staff development specialists. The role of the staff development teacher is crucial to the job-embedded staff development program and it has become sufficiently mature to no longer need the same level of support as when the program was in its early stages.
- Reduction of 5.0 other instructional specialist positions at a savings of \$470,080, including 1.0 position in the central Office of Organizational Development, 1.0 position in the New Teacher Induction team, a 1.0 position on the Curriculum Training and Development team, and 2.0 positions on the Technology Consulting Team. There will be a restructuring of work assignments to ensure that planned professional development projects are completed on schedule.
- Reductions of \$257,038 in stipends for elementary school curriculum training resulting from a simplification of the training model, \$133,132 in stipends from a change in the technology consulting training model, \$100,000 from reductions in the Studying Skillful Teaching program, \$200,000 in stipends for other curriculum training, and \$100,000 from elimination of the use of outside vendors to develop content for the Online Learning program.

Office of the Chief Technology Officer

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

- There is a total of \$310,893 in savings and efficiencies due to a variety of reductions in contractual services, consultants, training costs, hardware, software, supplies, and local travel.

Office of Human Resources

- There is a savings of \$152,643 in tuition payments and administrative expenses for partnership programs with local universities to provide new teachers in shortage areas, including special education, mathematics, and science.
- There are other savings totaling \$36,000 in advertising, health services, part-time expenditures, and recruitment travel costs.

Office of School Performance

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

Department of Communications

There is a reduction of \$100,000, in a variety of office functions, including \$63,200 in printing supplies, \$20,800 in the use of temporary part-time employees, and \$16,000 in contractual services and other office expenditures.

Department of Shared Accountability

There is a reduction of \$6,300 in office supplies.

Support Services Reductions

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

Office of the Chief Operating Officer

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

- There is a reduction of a 1.0 security monitor position at the Carver Educational Services Center of \$78,450.

Office of Curriculum and Instructional Programs

- Reduction of \$10,000 of food services and rental costs for the Outdoor Education program

School-based Reductions

School-based reductions are minimized to avoid a negative impact on classroom instruction. The total of \$3,488,982 comprises only 0.2 percent of school-based services. Since school-based services comprise 75 percent of the MCPS operating budget, it is impossible to shelter schools completely from the need to make reductions. The reductions listed below were considered only after a thorough review of all non-school based expenditures.

K-12 Instruction

These reductions include 19.3 positions at a savings of \$1,042,337 that provide extra support to schools for special programs. They include the following:

Elementary Special Program Teachers – 2.7 FTE - \$164,457

A total of 30 teacher-level positions are allocated to schools to support special programs. These positions are allocated in addition to classroom teachers. They support a variety of programs including computer science and foreign language instruction and Baldrige implementation. Many of these positions were allocated to help initiate a program. Once programs are established and implementation is underway the amount of time needed to implement decreases. As a result the same level of support is not required. The decrease of a total of 2.7 out of 30 positions will not have an impact on the effectiveness of these programs.

Language Immersion Positions – 2.0 FTE - \$121,820

There are currently seven language immersion programs in elementary schools and five in middle schools. For each of these programs additional positions were allocated to provide support to the program. This support included coordination of the program, implementation of the program, as well as interpreting of materials. Over time central services has taken on the responsibility of interpreting materials for the programs. As a result, programs do not need the same school-based support. In addition, once programs are established and implementation is underway the amount of time needed to implement decreases. The decrease of a total of 2.0 positions for the 12 schools will not have an impact on the effectiveness of these programs.

Middle School Computer Lab Assistants – 5.0 FTE - \$210,000

Currently 7 of the 38 middle schools have computer lab assistants for a total of 5.0 FTE positions. The individual school allocations range from .25 (2 hours per day) to 1.0 (8

hours per day). All middle schools have computer labs. The computer lab assistant is a position that most schools have given up over time. The work of supporting students in computer labs can be performed by teachers and paraeducators as is done in 31 middle schools. In addition, when computer lab assistants were added, there were no full-time information technology systems specialists. Now all middle schools have full-time information technology system specialists. As a result of these changes, the elimination of these 5.0 FTEs will not impact school programs.

Reduce Additional Release Periods in Middle School Special Programs – 4.3 FTE - \$180,600

When the middle school magnet programs were established, there was a need to provide release periods to all teachers in the program to allow time for curriculum and program development. This meant that each of these teachers taught one less class than the other teachers in the school. Since the magnet curriculum is different from the county curriculum, it was necessary to provide teachers time to do the work of developing curriculum and other program materials. Now that programs are implemented and underway it is no longer necessary to provide every teacher with release periods. However, some release periods will still be needed as programs change and curriculum evolves. In addition, curriculum and program planning will occur after school and during the summer through stipends. As a result, the number of positions budgeted for release periods can be reduced by 4.3, from 8.6 to 4.3 positions. Guidelines will be developed by the Department of Enriched and Innovative Programs to identify when release periods should be allocated.

Reduce Additional Allocations for High School Special Programs – 6.0 FTE - \$365,460

When the high school magnet programs were established, there was a need to provide release periods to teachers in the program to allow time for curriculum and program planning. Also, each year Poolesville High School received five additional positions to allow for scheduling in a small school. In addition, supplementary staffing was provided to the IB magnet programs to allow for smaller classes in some areas. Because the program was in the building phase some classes that were required for the IB program needed to be offered even though there was low enrollment. Now that programs are implemented and underway it is no longer necessary to provide as many teachers with release periods and there is not a need to run as many small classes in the IB program. With the addition of its magnet program, Poolesville High School will no longer require five additional staff to allow for small-school scheduling. Release periods will still be needed as programs change and curriculum evolves. In addition, curriculum and program planning will occur after school and during the summer through stipends. As a result, the number of positions budgeted for the Montgomery Blair High School magnet program, the Richard Montgomery High School IB program, and Poolesville High School will be reduced by 6.0, from 12.0 to 6.0 positions. Some classes with low enrollment will continue to be supported to meet IB requirements.

Office of Curriculum and Instructional Programs

- Reduction of 7.7 ESOL teacher positions at a savings \$775,087. Schools with English for Speakers of Other Languages (ESOL) students receive a ratio-driven staffing allocation based on projected ESOL enrollment. The ratios used for budgetary purposes are 41:1, 35:1, and 30:1 at the elementary, middle, and high school levels respectively. Because ESOL teachers have several sections daily, ESOL class sizes are considerably smaller, usually 10-15 students each. Schools that also have Multidisciplinary Education Training and Support (METS) program for ESOL students with interrupted education received an additional 1.0 teacher for each METS class at the elementary and middle school levels, and a .5 teacher at the high school level. Program revisions made over the past four years to strengthen the rigorous standards-driven curriculum make this additional allocation unnecessary. Each METS student will be counted as an additional .4 for staffing purposes to provide equitable staffing based on need. This change maintains current budgeted staffing ratios for all ESOL classes. Reductions include 1.5 FTEs in elementary schools, 2.3 FTEs in middle schools, and 3.9 FTEs in high schools.
- Reduction in the Division of Early Childhood Services of a 0.5 paraeducator position at a savings of \$16,092 formerly required for a grant match and other savings in substitute and food costs totaling \$78,287, for a total savings of \$94,379.
- Reduction of \$350,000 for part-time salaries for the Middle School Extended Day/Extended Year program based on enrollment projections.
- Reduction of \$60,000 for instructional materials and equipment for the middle school and high school career and technology education program.
- Reduction of non-position salaries, instructional materials, equipment, and other costs totaling \$109,250 for the Northeast Consortium program.
- Reduction of \$17,750 in substitute costs and instructional materials for the Downcounty Consortium.
- Reduction of \$44,000 for supporting services part-time salaries for the Department of Accelerated and Enriched Instruction.

Office of Special Education and Student Services

Mark Twain phase out - 11.75 FTE - \$1,032,179

The original timeline for the phase out of the Mark Twain program has been accelerated so that all students will exit the program either through graduation or through placement in other programs by June 2009. The acceleration of the phase out is in response to the failure of the Mark Twain program to make Adequate Yearly Progress (AYP) for three sequential years, the failure to make AYP in the Corrective Action phase of school improvement, and its current identification for the Restructuring Planning phase of school improvement for the 2007–2008 school year. Anticipated enrollment will be reduced to approximately 24 students in FY 2009. This will result in a reduction of 11.75 FTEs and \$1,032,179.

Inflationary Adjustment

Reducing the assumption for inflation in textbooks and instructional materials from 6 to 3 percent - \$791,319

Employee Benefit Cost Savings

In addition, there are administrative savings of \$4.8 million from rebidding employee health and life insurance contracts as part of a cooperative program with other county agencies.

One-time Reductions

In addition to program changes noted above, the operating budget is reduced because of several one-time expenditures that end in FY 2008. There is a reduction of \$892,000 related to one-time start-up costs for the Financial Management System (FMS), and \$448,000 to reflect purchase of floor burnishers for the Division of School Plant Operations. There also is a reduction of \$98,000 out of a total of \$150,000 approved for FY 2008 for evaluation activities as part of the Kennedy Cluster project.

Realignments

In addition to these reductions, millions of dollars have been realigned to higher priorities. These realignments are discussed in detail in each relevant unit in the Operating Budget.

**FY 2009 OPERATING BUDGET
PROGRAM REDUCTIONS AND EFFICIENCIES**

| ITEM | FTE | AMOUNT |
|---|---------------|---------------------|
| Office of Curriculum and Instructional Programs: | | |
| Reduce Allocation of ESOL Teachers | 7.700 | \$ 775,087 |
| Reduce Inflation Rate for Textbooks and Materials from 6 to 3 Percent | | 51,351 |
| Reduce Vacant Early Childhood and Head Start Positions and Other Items | 0.540 | 94,379 |
| Reduce Contractual Food Service and Rental Fees for Outdoor Education | | 10,000 |
| Reduce Part-time Salaries - Middle School Extended Day/Extended Year Program | | 350,000 |
| Reduce Various Items - Accelerated and Enriched Instruction | | 44,000 |
| Reduce Materials and Equipment Funds - Career/Technology Education | | 60,000 |
| Reduce Various Items - Department of Enriched and Innovative Programs | | 135,000 |
| Reduce Part-time Salaries for School Library Media Program | | 44,000 |
| Reduce Budget for Curriculum Guides and Assessments | | 50,000 |
| Reduce Part-time Salaries, Supplies and Contractual Services | | 131,381 |
| Reduce Instructional Specialist, Supervisor, Coordinator Positions | 4.500 | 449,345 |
| Subtotal | 12.740 | \$ 2,194,543 |
| Office of Special Education and Student Services: | | |
| Phase In Closing of Mark Twain Program | 11.750 | \$ 1,032,179 |
| Reduce Inflation Rate for Textbooks and Materials from 6 to 3 Percent | | 68,061 |
| Subtotal | 11.750 | \$ 1,100,240 |
| Office of Organizational Development: | | |
| Eliminate Contractual Services for Online Learning Program | | \$ 100,000 |
| Reduce Skillful Teacher Project | | 100,000 |
| Change Department of Technology Consulting Training Model | | 133,132 |
| Change Elementary Curriculum Training Model | | 257,038 |
| Reduce Curriculum Training Project | | 200,000 |
| Reduce 7.0 Staff Development Specialists & 5.0 Instructional Specialists | 12.000 | 1,128,192 |
| Subtotal | 12.000 | \$ 1,918,362 |
| Office of the Chief Technology Officer: | | |
| Eliminate Director II & Reduce Other Costs - Dept. of Student & Business Technologies | 1.000 | \$ 226,059 |
| Reduce Contractual Svcs. for Discontinued Mainframe - Division of Student Data Mgt. | | 96,335 |
| Reduce Mainframe Hardware/Software Maintenance/Licensing Costs | | 159,596 |
| Reduce FMS & Fortis Consulting Services - Division of Business Systems | | 86,072 |
| Reduce Part-time Salaries - Division of Technology Management and Planning | | 14,700 |
| Reduce Supplies in Telecommunications Unit | | 71,266 |
| Reduce Contractual Services, Materials, Other Costs - Division of Technology Support | | 74,468 |
| Eliminate Other Positions From Office Restructuring | 3.000 | 326,128 |
| Subtotal | 4.000 | \$ 1,054,624 |

**FY 2009 OPERATING BUDGET
PROGRAM REDUCTIONS AND EFFICIENCIES**

| ITEM | FTE | AMOUNT |
|--|---------------|---------------------|
| Office of the Chief Operating Officer: | | |
| Reduce Transportation Costs by Modifying Bus Routes | 2.000 | 91,722 |
| Modify Bus Routes from Changes in Secondary Learning Centers Program | 4.820 | 209,507 |
| Defer Replacement of 45 Buses | | 593,789 |
| Save Energy from Systemwide Lighting Technology Upgrades | | 750,000 |
| Restrict Air-Conditioning During Peak Load Hours | | 250,000 |
| Eliminate CESC Security Monitor Position | 1.000 | 78,450 |
| Subtotal | 7.820 | \$ 1,973,468 |
| Office of Human Resources: | | |
| Reduce Budget for Advertising, Health Services, Part-time Salaries, Recruitment Travel | | \$ 36,000 |
| Reduce Tuition for Lower Enrollment - University Partnerships | | 152,643 |
| Subtotal | 0.000 | \$ 188,643 |
| K-12 Instruction/Office of School Performance: | | |
| Reduce Elementary Special Program Teachers | 2.7 | 164,457 |
| Reduce Positions for Immersion and Other Programs | 2.0 | 121,820 |
| Reduce Middle School Computer Lab Assistants | 5.0 | 210,000 |
| Reduce Additional Release Periods in Middle School Special Programs | 4.3 | 180,600 |
| Reduce Additional Allocations for High School Special Programs | 6.0 | 365,460 |
| Reduce Inflation Rate for Textbooks & Instructional Materials from 6 to 3 Percent | | 671,907 |
| Reduce Positions in the Office of School Performance | 2.0 | 282,807 |
| Subtotal | 22.000 | \$ 1,997,051 |
| Office of the Deputy Superintendent of Schools: | | |
| Reduce Supplies - Department of Shared Accountability | | \$ 6,300 |
| Reduce Funds for Kennedy Cluster Program Evaluation | | 98,000 |
| Subtotal | 0.000 | \$ 104,300 |
| Department of Communications: | | |
| Reduce Printing Supplies, Part-time Salaries, Contractual Services, Other Items | 0.000 | \$ 100,000 |
| TOTAL | 70.310 | \$10,631,231 |

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Realignments

Each year, the Montgomery County Public Schools (MCPS) realigns millions of dollars of positions and other resources within and between units to implement the strategic plan by aligning resources with the most important priorities. Each unit reviews all expenditures through a zero-based budgeting process to identify expenditures that can be realigned to more important priorities. For FY 2009, \$13.9 million has been realigned within and between major units. Some of the major realignments are described below:

Office of the Chief Operating Officer

Realignment of a total of \$3,166,000 in a variety of units, including the following:

- Addition of an account assistant III position in the Division of School Plant Operations offset by reductions in a variety of accounts in this division
- Addition of 2.0 transportation dispatchers (\$129,678), 20.0 bus route supervisors (\$586,620), and 5.0 transportation cluster managers (\$324,195), realigned from 7.0 transportation cluster supervisors (\$453,973), 10.0 bus operators (\$313,660), and 10.0 bus operator permanent substitutes (\$272,960), based on the new supervisory model
- An increase in bus equipment repairs, bus tires, and bus fuel (\$206,117) realigned from savings in bus parts
- An increase of a 1.0 coordinator in the Department of Association Relations realigned from professional part-time (\$25,000) and association relations expenses (\$50,000).
- An increase of 2.125 positions in the Department of Reporting and Regulatory Accountability realigned from part-time accounts (\$93,447)

Office of the Chief Technology Officer

A total of \$5,799,130 in realignments between units including a major reorganization to flatten the management structure of the office. The realignments include the following:

- Realignment of a 1.0 secretary and a 1.0 data systems operator from the Division of Technology Support to School Technology Support (\$47,266) and Technology Service and Support (\$49,480)

- Realignment of 8.0 IT systems specialists from the Technology Systems Maintenance unit (\$566,304) to Technology Service and Support
- Realignment of contractual maintenance to program supplies in Telecommunications Services (\$195,150)
- Realignment of a 1.0 systems engineer in Field Installation to School Technology Support (\$105,210)
- Realignment of consultants to contractual services in the Department of Student and Business Technologies (\$116,029)
- Realignment of contractual services to contractual maintenance in the Business Systems unit (\$294,342)
- Realignment of contractual maintenance to lease/purchase equipment in the Central Server unit (\$194,758)
- Realignment of consultants to other uses in the Directory Services unit (\$143,443)

Office of Special Education and Student Services

A total of \$2,015,182 in realignments between units including:

- Realignment of 16.0 teacher positions from secondary learning centers to facilitate the transition of students to other school-based programs (\$1,026,550)
- Realignment of 2.0 program specialists from secondary learning centers to the Bridge program to facilitate the transition of learning center students (\$141,092)
- Realignment of 20.0 paraeducator positions for Medical Assistance programs to school-based special education to reflect a projected decrease in Medicaid reimbursement (\$603,618)

Office of Organizational Development

A total of \$2,220,342 in realignments including the following:

- Realignment of a 1.0 supervisor from the OOD office to diversity training (\$119,360)
- Realignment of a 1.0 instructional specialist from Skillful Leader and Teacher unit to Diversity Training unit (\$101,474)
- Realignment of consultants to staff training in the Diversity Training unit (\$126,160)

- Realignment of consultants to staff training in Curriculum Training (\$238,200)
- Realignment of support services part-time salaries to consultants in Support Services Training (\$93,905)
- Realignment of staff training salaries to substitute salaries in the Diversity Training unit (\$55,917)

Office of Curriculum and Instructional Programs

A total of \$667,301 in realignments including the following:

- Realignment of instructional materials to assessment (\$150,195)
- Realignment of instructional materials to teacher training materials in the Department of Accelerated and Enriched Instruction (\$70,510)

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Productivity

The Montgomery County Public Schools (MCPS) FY 2009 Operating Budget reflects continued efforts to improve productivity by reducing costs and realigning existing resources to higher priorities. Below are details of some recent productivity improvements.

Strategic Plan

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

Baldrige Education Criteria for Performance Excellence

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

Maryland Tax Education Foundation Study

- In 2005, the Maryland Tax Education Foundation, an independent think tank, concluded that MCPS provides taxpayers “a relative bargain” compared with similar school districts throughout the northeast, delivering better SAT scores at a lower per student cost.

- Compared with other school districts studied, MTEF concluded that “Montgomery County spends less and performs better.”

Process Improvement

- MCPS has used innovative approaches to process improvement, such as Value Stream Mapping (VSM), a tool used in industry to eliminate waste.
- VSM projects include improving the maintenance work order system, routing special education buses, and ordering instructional materials.
- The Process Design and Improvement Process (PDIP) model for the design of improved business processes eliminates rework and errors. PDIP has been used to implement a 60 percent reduction in health violations in the food service area.
- MCPS has adopted the Six Sigma approach for process improvement. Six Sigma is a rigorous methodology that uses statistical analysis to improve operational performance by identifying and removing process defects. Many leading corporations have made significant savings through this approach. MCPS is applying it to business processes for facilities management, food services, and transportation systems, as well as instructional program processes.

Productivity Improvements

- Many MCPS units have applied productivity tools to achieve significant improvements. MCPS has reduced its base budget by \$64.5 million over the past eight years, redirecting those resources to improvement initiatives in the classroom. Savings also enabled MCPS to return nearly \$40 million to the county over the past 4 years.
- Centralized management of computers reduces technician service visits to schools.
- Increased publishing of accountability reports and evaluations on the MCPS Web site
- Electronic formative assessments using Technology for Curriculum Mastery (TCM) save teacher time.
- ConnectED provides parents with up-to-date information and supports a variety of languages.
- The MCPS Call Center handles calls from the community in both English and Spanish, increases convenience for parents, and reduces staff time spent answering general questions.
- Copy-Plus centralizes copying of up to 52 million copies annually, saving teachers time and reducing system costs.
- Call tracking of over 50,000 issues annually in the Employee and Retiree Services Center improves customer service while saving staff time.
- On-line ordering has saved paper and postage while reducing the time to fill staff orders.

- Systematic Team Cleaning has improved efficiency of building cleaning, improving security and saving energy. This approach substantially reduces substitute costs in building services.
- Energy conservation through computerized controls reduces electricity costs.
- Cooperative inter-agency bidding of employee health care services will save \$4 million in administrative costs in FY 2009 as part of an estimated \$20 million over three years for all county agencies. These savings are keeping health care affordable for county employees.
- New bids for electricity services have locked in favorable prices for the next year, reducing the risk that high energy prices will result in sudden increases in utility costs.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Enrollment

The Montgomery County Public Schools (MCPS) FY 2009 Operating Budget will increase by \$10.1 million because of enrollment changes. Below are details of the reasons for the increase.

- Enrollment growth impacts most aspects of the Operating Budget, such as requirements for instructional staffing, student transportation (operators, attendants, and buses), instructional materials (textbooks and supplies), other school-based supporting services, and new and expanded school facilities.

Enrollment Projections

- Official enrollment for the 2007-2008 school year is 137,745 students. This is a decrease of 53 students from FY 2007, but 738 more than what was projected for FY 2008.
- Enrollment is projected to be 137,763 students in FY 2009, which is 756 students higher than the budgeted projection for FY 2008 of 137,007.
- The main reasons for higher enrollment projections for FY 2009 include:
 - Completion last year of the four year phase-in of the new kindergarten entry age requirement, resulting in a full cohort of five year-olds enrolling this year.
 - Higher numbers of resident births since 2000, now arriving in elementary schools,
 - A reduction in out migration of households from Montgomery County
- Elementary school enrollment is projected to increase next year. The projection for Grades K-5 enrollment in FY 2009 is 56,856, up 424 from this year's actual enrollment, and an increase of 783 from FY 2007. Kindergarten enrollment is projected to be 9,766 next year, an increase of 242 compared to this year, and an increase of 815 compared to FY 2007 enrollment.
- Secondary school enrollment is projected to decline in FY 2009. Total middle and high school enrollment is projected at 68,522, a decline of 1,092 from this year, and a decline of 1,504 from FY 2007.
- Increases in elementary school enrollment will be offset by decreases in secondary enrollment in the coming years. By FY 2014, Montgomery County Public Schools is projected to have 138,527 students enrolled, 782 more than this year, and 729 more than in FY 2007 when 137,798 students were enrolled.

Costs Related to Enrollment Changes

Budget calculations are based on changes in projected enrollment. Since actual K-12 enrollment was 1,208 students above projection in FY 2008, additional resources will need to be requested in the FY 2009 budget for these students. Therefore, even though enrollment in K-12 will be lower next year than the actual enrollment this year, there are 540 more students projected in K-12 for FY 2009 than were projected for FY 2008.

- Total costs related to enrollment growth will increase by \$10,062,318.
- The increase of 884 students in elementary schools (from the FY 2008 projected enrollment) requires an additional 52.1 classroom teacher positions at a total cost of \$3,370,508.
- The decrease of 408 students in middle schools (from the FY 2008 projected enrollment) requires 20.8 fewer classroom teacher positions at a savings of \$1,304,950.
- High school enrollment is expected to increase by 64 students. Maintenance of existing staffing ratios requires an addition of 3.8 positions, but with a net savings of \$13,171.
- Costs related to projected increases of 1,650 ESOL students total \$1,748,763, including 27.7 classroom teacher positions.
- A projected increase of 211 special education students enrolled in special classes requires the addition of 51.9 positions, including 36.6 classroom teacher positions, at a total cost of \$3,073,255. An increase in the number of students expected to require non-public placement, including the implementation of new federal regulations regarding the completion of education services for such students, increases the budget for tuition payments by \$1,982,745. MCPS will receive increased state reimbursement for part of these additional costs.
- Other costs related to enrollment changes and additional square footage added to schools to accommodate enrollment growth, including food services, building services, and utilities, will increase by \$1,165,168. This includes \$161,392 for food services, \$541,143 for school plant operations, and \$462,643 for utilities.
- Employee benefits costs related to enrollment changes result in a net increase of \$1,552,543. These costs are included in the totals above as appropriate.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Special Education

The Montgomery County Public Schools (MCPS) FY 2009 Operating Budget includes \$394,663,299 for services for students with disabilities. This is an increase of \$35,141,287 (9.8 percent). This includes \$268,951,407 in special education instruction (Category 6) and a total of \$125,711,892 in expenditures for related employee benefits and special education transportation. In addition to salary and benefits increases for existing employees, the budget includes an increase of \$12,823,722. Below are details of the reasons for the increase and other changes.

- Enrollment in several special education programs is projected increase (e.g., programs for secondary students with learning disabilities, students with emotional disabilities, preschool education programs (PEP), and infants and toddlers services). In FY 2009 special education enrollment (in special classes) is projected at 9,306, an increase of 211 students over last year. This increase in special education enrollment necessitates an addition of 51.9 FTEs and a total of \$5,096,000 to the budget.
- MCPS will expand the hours-based staffing model to three more middle schools for a total of 16, focusing on schools that are not making Adequate Yearly Progress (AYP). This increase is for 17.75 FTEs and \$923,102 to support these schools.
- In order to increase the percentage of special education students receiving services in the Least Restrictive Environment (LRE), as required by federal and state regulations, MCPS will continue to realign resources to serve special education students in general education classrooms, in their home schools when appropriate. As a result, some students currently assigned to separate programs outside of their home schools will be able to attend their home schools and receive additional support with resources realigned from other programs with reduced enrollment.
- The overall budget for tuition for special education students who require nonpublic placement will increase by \$4,522,678. This is the result of several factors – a projected increase in enrollment of 12 students, an estimated 4 percent tuition rate increase, an additional five students who will remain in school through the year in which they turn 21, and to adjust for a projected deficit of \$2.2 million in the current year budget resulting from tuition payments for a higher than anticipated number of students.
- Students with disabilities who receive more than 15 hours of special education service in the general education environment are not included in the general

education enrollment count. As a result, general education class size is impacted, particularly in the core content subject areas. To ensure that elementary students with disabilities are accurately reflected in the general education enrollment, elementary schools will receive appropriate general education teacher allocations to serve both general education students and students with disabilities in LRE A (general education classes). This increase is for an additional 10.0 FTE elementary general education teachers at a cost of \$636,446. This initiative is being funded in the K-12 budget.

- The original timeline for the phase out of the Mark Twain program has been accelerated so that all students will exit the program either through graduation or through placement in other programs by June 2009. The acceleration of the phase out is in response to the failure of the Mark Twain program to make Adequate Yearly Progress (AYP) for three sequential years, the failure to make AYP in the Corrective Action phase of school improvement, and its current identification for the Restructuring Planning phase of school improvement for the 2007–2008 school year. Anticipated enrollment will be reduced to approximately 24 students in FY 2009. This will result in a reduction of 11.75 FTEs and \$1,039,179.
- Legal costs in special education have been reduced from more than \$3 million in 1998 to \$1.0 million in FY 2007. Improvements in services within MCPS, the increased use of mediation to address parent concerns, and an improved process for helping schools and parents to resolve issues at the school level reduce the amount of litigation significantly and allow resources to be directed to the classroom.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Technology

In May 2007, technology units in the former Office of Information and Organizational Systems were reorganized under the newly formed Office of the Chief Technology Officer (OCTO). Under the leadership of the chief technology officer, OCTO is responsible for all aspects of MCPS information technology systems and provides the leadership for developing and implementing information technology initiatives that support the Board of Education's strategic plan, with emphasis on integrating technology-based teaching and learning in the classroom.

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

Major Functions

OCTO is comprised of one department and five divisions—the Department of Strategic Project Management and Planning leads the strategic visioning and planning for the use of technology in MCPS, coordinates statewide educational technology efforts, and manages technology-related federal programs; two divisions providing technology support and modernization, Field Operations and Technology Support; and three divisions supporting student and business technologies, Student Data Management, Business Systems, and Systems Architecture and Operations. The office supports instruction and student achievement by designing and developing innovative approaches and strategic technologies in support of *Our Call to Action: Pursuit of Excellence*, the *Maryland Educational Technology Plan for the New Millennium: 2007-2012*, and *No Child Left Behind Act of 2001* (NCLB). These technology systems are developed with commitment to customer satisfaction, delivery of high-quality products and services, and support that is responsive to the needs of the MCPS user community.

The Department of Strategic Project Management and Planning oversees program and project management processes for OCTO. Through its leadership, coaching, and coordination the department ensures that information technology projects and systems are developed and implemented based on MCPS user and reporting requirements and are consistent with industry-standard project management, quality assurance, and information technology security processes and practices.

The two divisions providing technology support and modernization facilitate the effective use of

technology as an everyday tool within MCPS for the benefit of all users, including students, parents, and staff. The responsibilities of these divisions are closely aligned with the Technology Modernization (Tech Mod) project funded through the Capital Improvements Program that refreshes technology in schools and offices. They provide telecommunications systems, field installation and project management, research and development, on-site technical support to schools and offices, Help Desk services, and customer relationship management. These divisions support instruction and student learning by designing, developing, delivering, supporting, and evaluating technology in schools and offices.

The three divisions that support student and business technologies lead the collaboration and coordination necessary to ensure that information technology systems are developed and implemented based on MCPS end user and reporting requirements consistent with systems engineering best practices. These divisions provide services through two organizational areas—applications development and systems architecture and operations management.

Focus on Organizational Changes

The OCTO has reformed and realigned structures and resources to effectively support the school system's priorities and efficiently address the needs of our customers. Furthermore, the organizational changes reduce management reporting layers and are supported by the ongoing efforts to—

- Transform the organizational culture.
- Redefine and adopt a customer engagement and relationship model and process.
- Provide strategic leadership for all technology initiatives being implemented throughout the school system.
- Develop a next generation information technology workforce by building staff capacity.
- Strengthen operational coherence and risk management through active stakeholder governance.
- Provide technology solutions that facilitate the development of collaborative teaching and learning communities (Web 2.0 framework).

Focus on Budget Changes

The OCTO FY 2009 budget realignments correspond with the office's organizational changes. These realignments:

- Reduce management and reporting layers by eliminating four director and supporting positions, and transferring an additional director position to the Office of School Performance (\$1,119,450)
- Increase telecommunication cost for equipment and services (\$150,000)
- Enhance computing infrastructure and system availability (\$48,000)

- Realign cost from the Office of Special Education and Student Services for the maintenance of Encore, the new special education software (\$235,000)
- Strengthen information assurance and computing security by increasing protection measures (\$300,000)

Recent Accomplishments

- Implemented new interactive technology tools (Promethean whiteboards and student response systems, mobile wireless laptop carts), which are being integrated into instruction to more effectively engage students in the learning process, deliver curriculum and instruction, and also assess understanding.
- Completed migration of its 30-year-old legacy systems to a state-of-the-art environment consistent with industry standards. Plans continued for a modernized central computer facility designed to meet industry standards and provide for robust and reliable operations of technology systems.
- Developed and implemented a new, Web-based student information system.
- Co-led the implementation of the new comprehensive special education system, Encore.
- Expanded data warehouse system functionality to include self-service reporting for identified users in the schools and central office.
- Enhanced the Professional Development Online (PDO) system to increase system functionality for managing professional development for all staff.
- Improved the quality of services by streamlining and automating financial systems through the implementation of the comprehensive Financial Management System (FMS).
- Completed implementation of an electronic grade book (Pinnacle) and integrated parent outreach and communication system (Edline) in all secondary schools to strengthen reporting on student achievement.
- Expanded the business continuity and disaster recovery plan (that ensures the continuous operation of mission-critical systems in the event of a lengthy interruption of services due to storms, fires, or other disasters) to include additional mission-critical enterprise systems. Disaster recovery plans for school-level technology systems were finalized.
- Refreshed more than 9,000 computers and related instructional software in 11 high schools, 11 middle schools, 22 elementary schools, and three special centers as part of the Technology Modernization (Tech Mod) program.
- Led two competitive NCLB grants under *Title II-D—Enhancing Education Through Technology*. One of the grants funds a statewide consortium for developing high school technology proficiency standards and the second is a partnership with all 24 school districts in the state to establish a consistent statewide measure for determining technology literacy by the end of Grade 8.
- Created a multiyear technology road map identifying strategic plans for school-based software and hardware technologies, telecommunications, network operating systems, and support system firmly based in industry standards and instructional research.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

New Schools

The Montgomery County Public Schools (MCPS) FY 2009 Operating Budget is reduced by a net of \$2,451,401, reflecting the effects of opening new schools. Below are details of the reasons for the decrease.

- The budgetary impact of new schools is a result of the combination of positions added to a school because of the school building itself and one-time start-up costs.
- Costs associated with the opening of new schools rather than enrollment growth include building administrators, reading teachers, staff development teachers, building service workers, secretaries, and other positions. New school costs also include utilities, media and instructional materials, custodial supplies, equipment, food services, and other non-personnel costs.
- One-time costs come out of the budget in the year after the building opens or a grade is added. As a result, the incremental impact of new schools in any single year may be either an increase or decrease.
- In FY 2009, no new schools will open. There are part-year costs of \$85,320 related to the addition of a principal and a 1.0 secretary position for the opening of Clarksburg Elementary School #8 in FY 2010.
- The net decrease of costs related to prior year opening of an additional grade at Northwood and Clarksburg high schools and reductions related to prior year one-time costs for materials at Arcola, Great Seneca Creek, Little Bennett, Roscoe R. Nix, and Sargent Shriver elementary schools totals \$2,536,721.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Continuing Salaries

Continuing salaries will increase the FY 2009 Operating Budget by \$14,169,424. Continuing salary costs are tied to the negotiated agreements. They include annual salary increments for eligible employees, adjusted by savings for expected employee lapse and turnover. Employee pay is based on salary schedules, published as part of the operating budget, for each pay grade and step. As employees increase their experience, they reach higher steps on the salary schedule. In addition, teacher salaries depend on educational levels. Salaries for supporting services employees depend on the number of hours worked in addition to their years of service.

Continuing Salaries

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

- Montgomery County Education Association (MCEA) representing teachers and other professional employees
- SEIU Local 500 representing supporting services employees
- Montgomery County Association of Administrative and Supervisory Personnel (MCAASP) representing administrators and supervisory employees
- Montgomery County Business and Operations Administrators (MCBOA) representing non-certificated supervisory employees

- Employees receive continuing salary increases related to seniority (steps and longevity). This increase includes \$42.2 million for scheduled annual increments for employees with satisfactory service who are still progressing along salary schedules and for teachers who accumulate sufficient graduate credits to move to a higher salary schedule lane.
- Included in net continuing salary costs is approximately \$29.5 million in lapse (savings resulting from short-term vacancies) and turnover (savings from replacing a senior employee with a lower-paid junior employee) savings based on historical experience. This amount will be \$1.5 million higher in FY 2009 to reflect the higher level of total salaries.
- An additional \$1.5 million is required for associated social security and retirement payments related to continuing salary costs.

- The total budget increase for continuing salary costs and related benefits is \$14.2 million. The total includes \$9.4 million for MCEA, \$3.6 million for SEIU Local 500, and \$1.2 million for MCAASP.
- Continuing salaries increase the total budget by 0.7 percent and the budget for salaries and wages by 1.1 percent.
- Budgeted salary costs for FY 2009 assume that all new employees will be hired at the budgeted new-hire rate for their position, including BA4 for regular education teachers and BA6 for special education teachers.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Negotiated Agreements

The Montgomery County Public Schools (MCPS) FY 2009 Operating Budget includes an increase of \$75.1 million based on ratified negotiated agreements with the three employee unions. (Negotiations with the Montgomery County Business and Operations Administrators are under way, and increases are based on salaries negotiated with other unions.) The agreements were approved by the Board of Education and signed on February 13, 2007. Funds to fulfill the terms of the agreements on negotiated salary increases are included in the Recommended Operating Budget for FY 2009. Below are details of the agreements.

Increases in employee salaries are determined by negotiated agreements with four employee organizations:

- Montgomery County Education Association (MCEA) representing teachers
 - SEIU Local 500 representing supporting services employees
 - Montgomery County Association of Administrative and Supervisory Personnel (MCAASP) representing administrative and supervisory employees
 - Montgomery County Business and Operations Administrators (MCBOA) now representing noncertificated supervisors paid on the SEIU salary scale
- The negotiated salary adjustments include 5.0 percent for all bargaining unit members for FY 2009. It also includes 4.8 percent plus other compensation changes totaling 0.2 percent for FY 2008, and includes 5.3 percent for FY 2010, and other compensation changes equivalent to .3 percent, for a total of 5.6 percent.
 - The total cost in FY 2009 of the negotiated salary increases (including related benefits) is \$75,064,980. It includes \$50.5 million for MCEA members, \$18.9 million for SEIU Local 500 members, 5.1 million for MCAASP members, and \$0.5 million for MCBOA members.
 - Funding to implement the negotiated agreement includes related employee benefits costs of \$8.1 million for social security and retirement contributions based on salary.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Employee Benefits

The Montgomery County Public Schools (MCPS) FY 2009 Operating Budget includes \$416.4 million to provide employee benefits (20 percent of the total operating budget). This is an increase of \$19.3 million (4.9 percent). Health and life insurance coverage for current active and retired employees and their families are provided through the Employee Benefit Plan (EBP). Other employee benefits include retirement, social security (FICA), worker's compensation and other self-insurance, and tuition reimbursement. Additionally, the budget increases by \$16.1 million to pre-fund Other Post Employment Benefits (OPEB). See a separate fact sheet on OPEB.

Health and Life Insurance

- MCPS works with a consultant firm, Aon Consulting, one of the leading firms in the nation with expertise in employee benefit plan administration. Aon studies both national trends and actual MCPS experience to develop projections of future costs. These projections have been very close to actual results for the last several years.
- Joint negotiations with employee unions have resulted in a series of health care plan design changes, including higher co-pays for some plans, changes in pharmaceutical access, and new plan administration. It is estimated that changes in plan administration resulting from rebidding EBP contracts will save \$4.8 million in FY 2009.
- The projected budget increase assumes a 5.5 percent cost increase trend in FY 2009. This rate is higher than the expected rate of inflation, but significantly lower than in previous years. The projection reflects the net of inflationary cost increases and the positive effects of cost containment initiatives and cooperation with other county agencies, including rebidding contracts with third party administrators.
- The cost of health and life insurance for active employees will rise by \$7,998,884. Active employees pay an average of 10 percent of plan expenses, although this varies by plan.
- Retiree health care costs will increase by \$1,048,531. Inflationary cost increases will be partially offset by expected reimbursement increases for Medicare Part D prescription drug costs by \$300,000 in FY 2009.

- Retirees now pay 36 percent of plan costs. The number of retirees is anticipated to increase by 6 percent in FY 2009, consistent with recent trends.

Other Employee Benefits

The cost of other employee benefits is expected to increase by a net of \$10.3 million in FY 2009.

- The cost for current retirement programs will increase by \$3.3 million based on 4.53 percent of salary. Increases in retirement costs have been partially offset by improved investment returns in the retirement fund. A policy of five-year smoothing of investment gains and losses has necessitated significant increases in retirement costs during the past several years to make up for actuarial losses in previous years. Although payments for past investment losses are completed, long-term concerns remain about the funded status of the retirement plan.
- Due to increases in salary costs, contributions to social security are projected to increase by \$6.7 million. Other budget changes related to employee benefits include a reduction of \$253,493 in self-insurance costs for worker's compensation and other insurance, an increase of \$900,000 for tuition reimbursement as more employees take courses to maintain certification and increase job skills, a decrease of \$395,000 in tuition for university partnership programs, and a net increase of \$58,856 for other benefits.
- The operating budget also includes an increase of \$16,060,000 for the second year of a five-year phase-in of payments required for the retiree health trust fund for Other Post-Employment Benefits (OPEB).

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Funding Retiree Benefits - OPEB

The Montgomery County Public Schools (MCPS) FY 2009 Operating Budget includes an increase of \$16.1 million to continue pre-funding of Other Post-Employment health and life insurance Benefits (OPEB) for retired employees made necessary by the rulings of the Government Accounting Standards Board (GASB). This pre-funding is necessary to assure retired and active employees that future retiree health insurance costs will be fully funded, and to protect the County's AAA bond rating.

- GASB defines what are considered to be Generally Accepted Accounting Principles (GAAP) for governmental entities, including public school districts. GASB statements 43 and 45 relate to disclosure of liabilities for Other Post-Employment Benefits (OPEB).
- OPEB include retiree medical, dental, life insurance, and other benefits not covered by a pension plan.
- MCPS has taken action to limit its liabilities under the new rulings. With the cooperation of retiree representatives, the Board of Education adjusted the share of health and life insurance benefit payments made by retirees to 36 percent of total costs with MCPS responsible for 64 percent.
- Plan sponsors such as MCPS, began to comply with the new rulings beginning in FY 2008. They must determine through an actuarial study and disclose in financial reports OPEB liabilities as they are incurred. MCPS commissioned its pension actuary, Mercer, to conduct the required actuarial analysis.
- The new approach differs from current practice that permits employers to pay for such benefits on a "pay as you go" basis. Until 1978, MCPS pre-funded retiree insurance benefits. This fund was finally exhausted in FY 2003. Since then, the Operating Budget has paid the full cost of retiree benefits.
- Although GASB does not require government bodies to pre-fund OPEB obligations, bond rating agencies expected large governmental entities with favorable bond ratings to begin a phase-in of OPEB funding in FY 2008, with a clear plan to achieve full funding of the liabilities. As a result, all County funded agencies have decided to phase-in required pre-funding over five years. MCPS has established a trust fund to hold and invest employer contributions. Investment earnings of the trust fund will reduce the ultimate cost to the Operating Budget.

- The superintendent is recommending a second installment of the five-year phase-in of added payments totaling \$80.3 million, with \$16.1 million in new contributions added to the budget in FY 2009. Based on actuarial recommendations, this will enable MCPS to achieve full funding of anticipated OPEB obligations.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Inflation and Other Cost Changes

Miscellaneous changes and cost increases resulting from inflation to maintain the same level of services increase the Montgomery County Public Schools (MCPS) FY 2009 Operating Budget by \$6.4 million (0.3 percent). Below are details of the reasons for the increase.

- Cost increases resulting from inflation and miscellaneous factors total \$6,437,860.
- After a period of price stability, inflation in the Washington metropolitan area is at 3.3 percent, lower than the past two years. Inflationary increases are calculated for most budgeted items other than salaries, and increases for major items that have specific rates different from general inflation rates are calculated separately. These include such items as utilities, diesel fuel, bus parts, tuition costs for students with disabilities who are in private placements, textbooks, and instructional materials.
- Sharp increases in the price of crude oil and other sources of energy will result in major increases in the costs of operating school buses, schools and other facilities.
- Higher costs for diesel fuel for school uses and other vehicles and bus replacement total \$1,737,667. This results primarily from an expected increase in average diesel fuel costs from \$2.50 to \$2.75 per gallon.
- Inflation for instructional and other supplies and materials is \$1,698,657, based on the 6 percent inflation rate for textbooks and other instructional materials. However, the budget includes a reduction of \$671,907 to limit the inflationary adjustment to 3 percent.
- A total of \$10.2 million is budgeted for textbooks.
- Utilities increases resulting from higher costs of natural gas and electricity total a net of \$93,835. Estimated savings from rebidding electricity contracts and energy conservation measures of \$1.5 million limit the increase in utilities costs.
- Higher costs resulting from expected 4 percent rate increases and catching up for past increases for non-public placement for special education students are \$2,539,923. Other inflationary and miscellaneous increases in special education total approximately \$594,000, including \$350,000 to pay for increased costs of interpreters for students included in regular education classes who are deaf or hard of hearing, \$188,000 for required employee training, and \$56,000 for local travel costs, assistive technology materials, and other expenditures.

- Although food and consumables costs of the Division of Food and Nutrition Services continue to increase with inflation, net reductions in the annual appropriation for food services of \$1,390,923 are possible without endangering a satisfactory fund balance in this self-supporting fund based on prior year results.
- Costs for plant operations, maintenance, and facilities will decrease by a net of \$198,000. Decreases of \$448,000 because of one-time expenses for floor burnishers are partially offset by increases of \$250,000 for contractual maintenance (\$50,000), vehicle operations (\$20,000), custodial and maintenance supplies (\$150,000), and other costs (\$30,000).
- Higher costs for technology services of \$1,275,102, including computer security systems maintenance (\$570,547), software and hardware maintenance (\$396,855), and other software expenditures (\$307,700) are offset by a decrease of \$892,000 related to completion of development of the new Financial Management System.
- Other cost increases total \$350,039, including additional support for academic initiatives programs (\$188,979), improvements in the Copy-Plus program to reduce copying of materials at schools (\$89,060), and expenses for the High School Plus program as it expands to additional grades (\$72,000).

Montgomery County Public Schools

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Public Engagement and the Operating Budget

The Montgomery County Board of Education has strengthened public engagement in the development of the MCPS Operating Budget. MCPS has implemented new methods this fall to expand public participation. Feedback received from this process has influenced the proposals included in the FY 2009 Operating Budget. Below are details of the public engagement process.

- For the past four years, the Board of Education has held public community forums in the fall to provide feedback on the progress of the MCPS strategic plan and how the budget can be better aligned with the strategic goals of the school system.
- On September 20 and October 11, 2007, the Board held “open mike” public community forums at Quince Orchard High School and Wheaton High School respectively at which a total of 79 individuals testified.
- In addition, MCPS is receiving ongoing feedback online and through feedback cards in multiple languages that have been distributed to parents and community organizations. More than 40,000 cards in six languages have been distributed. Nearly 300 comments have been received from more than 125 respondents.
- Main themes identified in the comments include:
 - curriculum, assessment, and instruction;
 - teacher/staff quality, diversity, and compensation;
 - operations/services;
 - communications; and
 - accountability, testing, and scores.
- Recommendations in the FY 2009 Operating Budget reflecting community feedback include:
 - Addition of 6.0 parent community coordinator positions centrally assigned to specific schools with the greatest needs (\$444,491)
 - Expansion of middle school reform to 9 additional schools (\$2,988,126) and continuation of the programs of the Middle School Magnet Consortium after expiration of the federal grant (\$1,222,934),
 - Hours-based staffing for special education at 3 more middle schools, for a total of 16 (\$923,102)
 - Addition of 6.0 school counselors, in elementary schools and for ESOL students (\$529,092)
 - Expansion of accelerated programs (\$200,270).

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Budget Transparency

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

- *Call to Action: Pursuit of Excellence* – The MCPS strategic plan, approved by the Board of Education, includes detailed multi-year strategies and initiatives implemented through the operating budget.
- *Program Budget* – The Program Budget summarizes the operating budget in more than 100 major programs across departments and offices. This year, the Program Budget references strategies and initiatives in the strategic plan and ensures that all strategies and initiatives are identified by program. The Program Budget should increasingly become a principal vehicle for making resource allocation decisions.
- *Recommended Operating Budget* – The *Superintendent's Recommended Operating Budget*, often called the management budget, shows budget resources by office, department and other units. The *Program Budget* includes references to the units that carry out each program. The management budget describes in detail the work of each unit, shows all budget changes, and includes performance measures for each operating unit. The management budget also includes a glossary of budget terms, an index of all items, and a section describing how to understand the budget.
- *Citizens Budget*—The Citizens Budget describes major budget issues in brief as an introduction to the operating budget. It includes details of major proposals included in the recommended budget. It also includes important summary statistical information about the operating budget.
- *Budget Fact Sheets and Summary Charts* – Budget publications include fact sheets summarizing budget actions on particular issues and summary charts showing revenue and expenditure trends that are published as part of the Citizens Budget and the management budget and posted to the MCPS Web site.

- *Personnel Complement* – The Personnel Complement includes a detailed listing of all positions requested in the budget. Both the *Program Budget* and the *Recommended Operating Budget* include personnel complements organized by program and unit respectively.
- *Budgeted Staffing Guidelines* – The *Program Budget* and the *Recommended Operating Budget* include budgeted staffing guidelines for regular education and special education. These guidelines govern the allocation of personnel resources by school and special education disability.
- *Schools at a Glance* – The *Schools at a Glance* annual publication shows a variety of information for each school, including programs from the Program Budget that are implemented at each school and personnel and expenditures budgeted for each school. A separate document, *Special Education at a Glance*, is published to show special education resources at each school.

All these publications are available on the MCPS Web site.

Montgomery County Public Schools

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Audits

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

- State of Maryland law, Section 5-109 of the Education Article, requires all school districts to commission an annual external audit of financial transactions by an independent certified public accountant. MCPS uses the firm of Clifton and Gunderson (CG). Neither CG nor its predecessors have identified any material weaknesses or noncompliance with internal controls.
- MCPS issues an annual financial report, the Comprehensive Annual Financial Report (CAFR). This report has received an Excellence in Financial Reporting Award from the Government Financial Officers Association (GFOA).
- Board of Education Policy DAA, Fiscal Responsibility and Control, requires the superintendent of schools to maintain strict financial controls consistent with state law and the county charter.
- The Board of Education Audit Committee meets regularly with staff to review audit findings and /provide financial oversight. The Audit Committee reviews the reports of the system's actuary and external auditor.
- The Maryland State Department of Education (MSDE) and the state Office of Legislative Audit (OLA) review MCPS activities and financial reports. MSDE audits a variety of issues, including enrollment, program administration, special education, teacher certification, criminal background checks of teachers, and grants monitoring.
- Under Senate Bill 894, OLA will conduct a comprehensive financial and operational audit of all state school systems according to a six-year schedule. The MCPS audit has begun and will continue during FY 2008.
- The federal government regularly provides mandated A-133 single audits of federal grant programs. The frequency of these audits has greatly increased in recent years. Federal audit results of MCPS grants have not included any material adverse findings.
- The State Interagency Committee on School Construction (IAC) audits the use of state construction funds. None of their audit notes contained any material findings.

- The county Office of Legislative Oversight (OLO) has conducted comprehensive budget reviews of MCPS programs, including student transportation, special education, school plant operations, compliance with environmental regulations, and organizational development programs. In FY 2007, OLO added an analyst dedicated to MCPS issues and conducted a review of fiscal performance indicators. These indicators will serve as the basis for review of the MCPS budget by the County Council.
- The MCPS Internal Audit Unit conducts financial and program audits of MCPS program as well as school independent activity funds (IAF). This unit also monitors the external audit contract and is responsible for ensuring implementation of external audit recommendations.

Montgomery County Public Schools

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Revenue

Montgomery County Public Schools (MCPS) currently receives 74 percent of its Operating Budget revenue from local county contribution, 20 percent from the state of Maryland, 3 percent from the federal government, and 3 percent from enterprise fund activities and all other sources. Below are details of major revenue issues facing MCPS in FY 2009.

State Revenue

- In FY 2008, MCPS received \$390.4 million in state revenue, an increase of \$55.0 million.
- FY 2008 is the final year of implementation of the six-year Bridge to Excellence in Public Schools Act (BTE). The BTE recognized that the state has an obligation to provide adequate support to all students, to improve the equity of the distribution of state aid to districts with fewer local resources, and to assure accountability for the use of state funds through improved student achievement. After FY 2008, districts were scheduled to receive formula increases only for inflation and higher enrollment.
- Through FY 2008, state aid has increased by \$178 million above the amount before the BTE Act.
- The special session of the General Assembly held in November 2007 changed education aid formulas to delay the inflationary adjustment required by the BTE for two years. This costs MCPS approximately \$19 million in state aid for FY 2009.
- The General Assembly also decided to phase-in funding of the Geographic Cost of Education Index (GCEI), which recognizes the higher cost of education in some districts. The 60 percent phase-in for FY 2009 will increase state aid to MCPS by \$18.4 million.
- The GCEI is an integral part of the Bridge to Excellence law. The GCEI adjusts the amount of foundation state aid to local school districts to reflect the higher cost of education in some districts. The Thornton Commission report recommended that the GCEI was a fundamental aspect of achieving funding equity. The General Assembly expected that the GCEI funding would be included in the additional state aid provided in the Bridge to Excellence law. Had the state funded the GCEI in FY 2008, MCPS would have received approximately \$22 million. For FY 2009, full funding of the GCEI would add \$30.7 million in state aid for MCPS.

- Based on preliminary information, MCPS expects to receive an increase of \$27.4 million (7.0 percent) in state aid in FY 2009, including phase-in of the GCEI formula.

County Revenue

- In FY 2008, Montgomery County provides 73.4 percent of MCPS total resources, higher than the percentage paid by any other county in Maryland. This percentage has dropped for several years because state aid has increased.
- In FY 2009, the expectation is that the county contribution will begin to increase as a percentage to 73.7 percent because of the completion of the phase in of the Thornton state aid formula.
- In FY 2008, the County Council approved a local contribution to the MCPS budget that was \$83.2 million higher than the minimum required by the state requirement for Local Maintenance of Effort (MOE).
- Under this state law, each county must provide at least the same amount per student as in the previous year. Because MCPS enrollment has been relatively stable in recent years, the MOE amount is not sufficient to meet even basic inflationary cost increases, much less any improvements in services.
- The Maintenance of Effort requirement for FY 2009 is \$1.453 billion in local tax contribution.
- This amount would mean a reduction in county contribution of \$4 million.
- For FY 2009, an increase of \$98.4 million (6.8 percent) in local funding will be needed. This is \$26.9 million more than the FY 2008 increase in local contribution.
- The County Council approved a preliminary spending affordability guideline (SAG) for MCPS of \$1.873 billion in tax-supported funds. This is an increase of \$21.2 million over FY 2008. It is \$104.4 million less than the amount of tax-supported funding recommended for the FY 2009 operating budget.

Montgomery County Public Schools

FY 2009 OPERATING BUDGET

Spending Affordability Guidelines

The Montgomery County Council adopted preliminary spending affordability guidelines (SAG) for the FY 2009 Operating Budget on December 11, 2007. Spending affordability affects Council budget decisions, but the preliminary guidelines may be amended in April 2008, after completion of the regular legislative session, based on new revenue forecasts or expenditure projections. Below are details of the main issues and concerns facing the Council.

- **Property Tax Revenue** - The county executive has assumed that property tax revenue will remain at the Charter limit. This will permit a 3.0 percent (\$36.4 million) increase in revenue based on the projected rate of inflation and the value of new construction. Allowing revenue to be based on current rates instead of the Charter limit would increase property tax revenue by \$237 million. This reduces rates by an average of \$.14 cents per \$100 of value. If the Council adopts the spending affordability guidelines and confirms them in April 2007, it would take 7 votes to overturn the Charter limit on property tax revenue.
- **Maintenance of Effort** - The SAG budget assumes that MCPS will receive \$1,873,300,000 in tax-supported funding, an increase of \$21.2 million (1.1 percent), which is the minimum required by the state maintenance of effort requirement.
- **County Contribution** - Under the SAG budget at maintenance of effort, the county contribution would be reduced by \$4.4 million because of lower student enrollment in FY 2008.
- **State Aid** - MCPS will receive any increase in the SAG allocation only because of an expected \$27.4 million in additional state aid, including \$18.4 million for 60 percent phase-in funding the Geographic Cost of Education Index (GCEI).
- **Supplemental Appropriations for FY 2008** – The Council also assumed that \$23.5 million of available resources is for already approved or projected FY 2008 supplemental appropriations for County Government.
- **Capital Budget Current Revenue** - The proposed budget also plans to use an additional \$31.9 million for increases in PAYGO and current revenue for the capital budget, with \$21.6 million also needed for higher debt service in FY 2009.
- **Fiscal Gap** - There is a gap of \$104.4 million between the MCPS FY 2009 Recommended Operating Budget and the preliminary SAG allocation.

Fiscal Year 2009 Operating Budget Timeline

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| Board of Education Community Forums | September 20, 2007 October 11, 2007 |
| Superintendent's Operating Budget presentation | December 13, 2007 |
| Sign-up begins for Board of Education public hearings | December 20, 2007 |
| Board of Education public hearings | January 9 & 16, 2008 |
| Board of Education budget work sessions | January 23 & 24, 2008 |
| Board of Education action | February 5, 2008 |
| Board of Education budget transmittal to County Executive/County Council | March 1, 2008 |
| County Executive recommendations presented to County Council | March 15, 2008 |
| County Council budget hearings | April-May 2008 |
| County Council budget action | May 22, 2008 |
| Final Board of Education action to approve FY 2009 Operating Budget | June 10, 2008 |

Operating Budget Documents

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

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

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

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

Citizens Budget – Provides a brief introduction to the operating budget and includes details of major proposals included in the recommended budget, as well as summary statistical information about the operating budget.

Budget Fact Sheets and Summary Charts – Provide budget information on particular issues and charts showing revenue and expenditure trends.

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

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

Schools at a Glance – Provides a variety of information for each school, including programs from the Program Budget that are implemented at each school and personnel and 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 Web site at www.montgomeryschoolsmd.org/departments/budget/



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