

Montgomery County Public Schools

Superintendent's Statement of Needs



Engage! Encourage! Empower!

Fiscal Year 2019-20

Presented to the Montgomery County School Board on January 15, 2019
750 Imperial Street, | Christiansburg, Virginia 24073 | www.mcps.org | 540-382-5100

Art on Cover: By Katelyn Tanaka a 12th Grade Student at Christiansburg High School
Other Art Work: By Students at Christiansburg High School

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750 Imperial Street SE, Christiansburg, VA 24073 (540)382-5100

Montgomery County Public Schools

(A Component Unit of the County of Montgomery, Virginia)

Superintendent's Statement of Needs

Fiscal Year 2019-2020



Montgomery County
Public Schools

Engage! Encourage! Empower!

Prepared by the Finance Department

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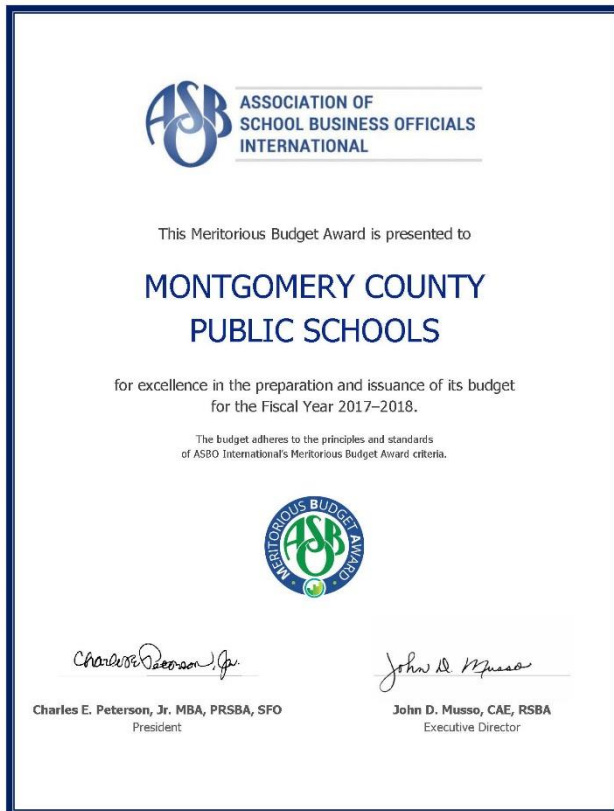
BUDGET AWARD

The Meritorious Budget Award through the Association of School Business Officials (ASBO) International recognizes school districts that demonstrate excellence in school budget presentation, setting a high standard for transparent budget development.

ASBO International awarded the Meritorious Budget Award (MBA) to the Montgomery County School Division for its annual budget for the fiscal year beginning July 1, 2017.

ASBO International developed the MBA program to recognize school systems for achieving excellence in their school system budget presentation. The foundation of the program is a set of criteria that was developed by ASBO International and school business officials throughout the United States and Canada. The criteria are designed to: provide clear budget presentation guidelines, define state-of-the-art budget practices, promote short and long range budget goals, encourage sound fiscal management practices, and promote effective use of school resources.

The award is valid for only one year. We believe our 2018-2019 budget continues to meet the MBA program requirements, and we have submitted it to ASBO International to determine its eligibility for another award.



Montgomery County Public Schools

Annual Budget



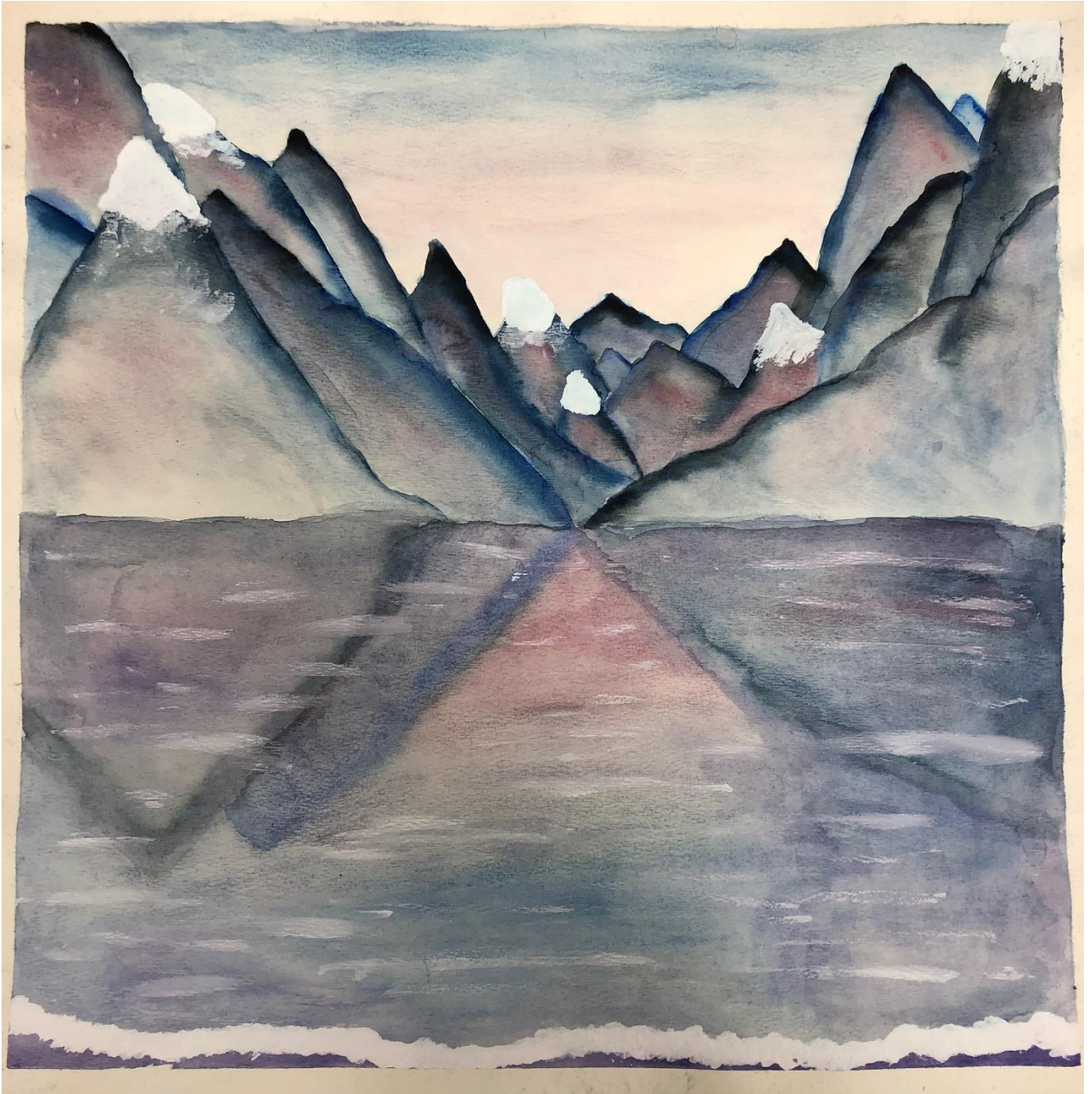
Engage! Encourage! Empower!

Fiscal Year 2017-18

Approved By the Montgomery County School Board on May 2, 2017
750 Imperial Street | Christiansburg, Virginia 24073 | www.mcps.org | 540-382-5100

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
MESSAGE FROM THE SUPERINTENDENT	3
ORGANIZATIONAL SECTION	7
<i>Mission</i>	7
<i>Vision</i>	7
<i>Goals</i>	7
<i>Core Values</i>	7
<i>Board Goals</i>	8
<i>Six Year Plan</i>	9
<i>Budget Process and Calendar</i>	10
<i>School Administration</i>	12
<i>School Board</i>	13
FINANCIAL SECTION	15
<i>Budget Comparison for All Funds</i>	15
<i>Summary of Revenues and Expenditures for All Funds</i>	16
<i>Significant Trends</i>	17
<i>Key Factors that Affected the Current Year Budget Development</i>	18
<i>School Operating Fund (General Operating Fund)</i>	20
School Operating Fund.....	20
School Operating Fund – Proposed Budget Revenue Summary.....	21
School Operating Fund Revenues.....	22
School Operating Fund – Expenditures by State Categories	27
School Operating Expenditure Highlights	29
School Operating Funds – Expenditures by Object.....	31
<i>School Nutrition Fund (Special Revenue Fund)</i>	33
School Nutrition Fund (Special Revenue Fund)	34
School Nutrition Fund Revenue.....	34
School Nutrition – Meal Rates	34
School Nutrition Services Expenditures by Object	35
School Nutrition – Staffing Information	36
<i>Debt Service</i>	37
<i>Capital Projects</i>	38
INFORMATIONAL SECTION	39
<i>Student Enrollment</i>	39
<i>Local Taxes</i>	39
<i>Allocation of Personnel Resources</i>	40
<i>Changes in Debt</i>	40
<i>Per Pupil Expenditures</i>	40
<i>School & Facility Information</i>	41
<i>Fast Facts</i>	42
<i>Statement of Inclusivity</i>	43
<i>Sharing our Successes</i>	44
<i>Overview and MCPS Accomplishments</i>	45
<i>Requests for Information</i>	46
<i>Glossary of Acronyms</i>	47
<i>Glossary of Terms</i>	49



EXECUTIVE SUMMARY



MESSAGE FROM THE SUPERINTENDENT

Dear Montgomery County School Board,

In these pages, I present to you my Statement of Needs for the 2019-2020 fiscal year in the amount of \$123,348,564. This represents an increase of 8.99% or \$9.79 million more than the fiscal year 2018-2019 Approved Budget.

This spending plan reflects the expenses necessary to continue the mission of Montgomery County Public Schools – for every student to graduate career and college ready and become a productive, responsible citizen. The plan was created using the Board goals, school improvement process, principal feedback, and director feedback to identify the areas where we should focus our limited financial resources.

When comparing per student spending to school divisions across the state Montgomery County ranks 62 out of 132 Virginia school districts. However, MPCPS reading scores are ranked in the top 21% statewide and mathematics scores are in the top 20%. Students in Montgomery County outperform the state averages in reading, writing, math and science, perform at the same level as the state average in history. Our SAT scores surpass the state and national averages. This is the result of effective professional development for our teachers and ongoing implementation of the Model for Effective Instruction. This combination has increased the levels of student engagement in our classrooms. We are leading the state in implementing the profile of a high school graduate by expanding our student internships and job shadowing opportunities. Students in grades 5-12 are issued one-to-one devices, allowing our teachers to expand their learning space into Google classrooms. Our school system is extremely successful, showing top results with bottom dollar expenditures.

We continue to utilize our Comprehensive Plan and Board goals to set the stage for MCPS to continue Leading the Learning.

The strategic intentions of our next steps in leading the learning are to continue the positive academic trajectory of MCPS. We want our test scores to continue to increase while we go beyond focusing on Standards of Learning. We want to encourage engagement, innovation and critical thinking for every child while we ensure they are career and college ready and are prepared to be good citizens. The Student Achievement Goals within the plan include:

- Students will graduate from Montgomery County Schools career and college ready
- Staff will plan and implement effective instructional practices using the MCPS Model for Effective Instruction
- Students will demonstrate increased academic performance

These goals align directly with the Board's Goal to support and promote academic and career planning with real life application skills.

The Board's goals also address Feasibility, Technology and Innovation, Budget and Recruitment and Retention. These goals support the Comprehensive Plan goal of maintaining and enhancing effective leadership, operations, and communication practices. The final goals of the plans are to implement supports and processes to ensure the physical safety and emotional well being of all individuals within the learning community.

The following four budget priorities for 2019-2020 strategically align to the Comprehensive Plan and Board Goals:

1. **Continue implementation of the Model for Effective Instruction** - The implementation of the Model has proven to be powerful in transforming strategy into action while meeting each of our goals. We believe continued implementation will help us move beyond traditional academics, focusing on engagement, innovation and critical thinking, which we know will result in increased achievement for our students. We will continue to develop processes, implement procedures and offer professional development around higher order thinking, self-assessment, job embedded professional development and strategic planning as we moved deeper into implementing the instructional model. We are embedding the collaboration, critical thinking, creative thinking, communication and citizenship into our curriculum and professional development activities to ensure that we prepare students for success.

We must continue to refine our work as we develop successful practices and additional measures of student achievement that go beyond the Standards of Learning. Staff members will select professional development opportunities to best meet their professional goals as they work to effectively implement programs and embed technology into class routines so that students can best apply their knowledge. We will also continue to update learning spaces as we develop environments conducive to any-century learning. Our teachers will focus on real life application including work based learning opportunities to ensure that students are prepared to succeed.

2. **Recruit and Retain the Highest Caliber Employees** - In order for MCPS to recruit and retain the best and brightest employees, we must provide competitive salaries and continue to offer a benefits package that provides employees with affordable health care. In order to be competitive with surrounding districts, we need to increase salaries for beginning level teachers. Finally, we need to increase salaries of all employees to be competitive and to attract the highest caliber employees. Increasing teacher salaries by an average of 6.72% will continue the efforts to provide our employees a fair and competitive salary.
3. **Maintenance of Effort for Necessary Infrastructures** - Increased cost to maintain infrastructure are inevitable. Health insurance increases, compensation plan implementation and increase in energy and transportation costs are expected. These are necessary functions of the school district operations.
4. **Sustain Program Enhancement and Targeted Restoration** - Meeting the needs of our students requires more funds than are currently available to us. The previous restriction on resources has had a negative financial impact on the school improvement process. Lack of fund restoration limits the improvement process and programs throughout the district require additional funding to sustain adequate programs. As we look to the future, we hope to enhance programs while we focus on strategic restoration. Due to the lack of resources, we are focused on not losing the gains made from this past year's budget.

Adequate funding will always be a challenge, but we must continue to strive to give our children the best that we can – they deserve nothing less. We are preparing our children to face a world and career paths that we cannot envision. By dedicating resources to fully implementing the Model for Effective Instruction, we are teaching our children necessary critical thinking and collaboration skills. Resources dedicated to

integrated technology in the classroom will allow our students to apply their knowledge in real-world or simulated environments. They will become adept at using technology for more than entertainment purposes and they will learn more about future career paths in those areas. These goals require us to continue to hire the best teachers. In order to hire the best, we must provide fair and adequate compensation to our employees. It increases morale, increases retention and allows us to recognize employees who bring ideas, energy and skills into the classroom.

Thank you for your dedication to education in Montgomery County.

Sincerely

A handwritten signature in cursive script that reads "Mark Miear".

Mark Miear, Ed.D.
Division Superintendent



ORGANIZATIONAL SECTION

The following is a high-level summary of information contained in the Organizational Section of the Annual Budget.

MISSION

Every student will graduate career and college ready and become a productive, responsible citizen.

VISION

We inspire learning by providing a nurturing environment, positive relationships, high expectations, and continuous growth.

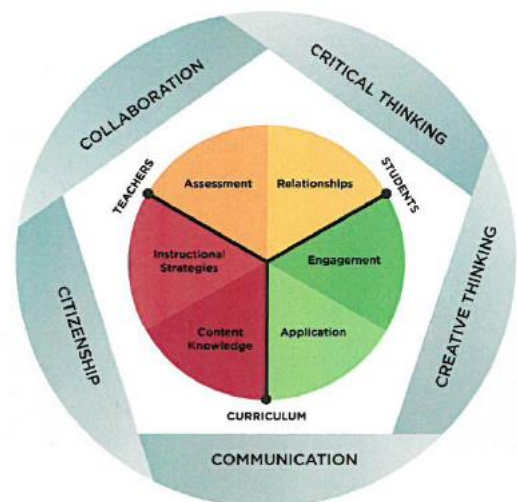
Montgomery County Public Schools accomplishes our mission and vision through the implementation of the Model for Effective Instruction.

GOALS

- Students will graduate from Montgomery County Schools college and career ready.
- MCPS staff will plan and implement effective instructional practices using the MCPS Model for Effective Instruction.
- Students will demonstrate increased academic performance.
- MCPS will maintain and enhance effective leadership, operations, and communication practices.
- MCPS will sustain a nurturing environment that ensures the physical safety and emotional well-being of all individuals within the learning community.

CORE VALUES

- ✓ Physical safety and emotional well being
- ✓ Mutual trust and respect
- ✓ Open communication
- ✓ Accountability
- ✓ Engagement and life-long learning
- ✓ Cultural diversity



BOARD GOALS

1. *Academic and Career Planning*

Support and promote academic and career planning with real life application skills. Provide all students the opportunity to develop skills specific to their interests, talents, and abilities to insure that elementary students are aware of possibilities and secondary students formulate viable career and academic plan.

2. *Feasibility*

Secure funds and execute the Christiansburg feasibility plan and also develop a plan to address the growth and county-wide needs of Montgomery County Public Schools.

3. *Technology Innovation and Implementation*

Effectively incorporate STEAM activities and innovative learning into the curriculum.

4. *Budget*

Incorporate a transparent and fiscally responsible budget process which will focus on strategic restoration as well as expansion to ensure that MCPS is progressive while continuing to meet the needs of the community, students, and staff.

5. *Recruitment and Retention*

Strengthen recruitment, retention, and promotion procedures to ensure that MCPS has a competent staff and continues to increase overall diversity.

6. *Supports for Students' Well Being and Behavior*

Implement supports and processes to ensure safety and provide positive approaches, appropriate consequences and alternatives that promote positive mental health and reinforce opportunities to learn for all students.

SIX YEAR PLAN

The Montgomery County Public Schools comprehensive continuous improvement process includes the following areas:

1. Student Achievement 2. Leadership, Operations, and Communication 3. Safety and Wellness

Student Achievement

- Goal: Students will graduate from Montgomery County Schools college and career ready.
 - Establish and implement a system for students to develop academic and career goals that support a commitment to graduate with a plan
 - Provide comprehensive curricular and extra-curricular opportunities, including fine arts
 - Establish and implement a system of division-wide tiered interventions for reading and math
 - Implement a division-wide Positive Behavior Interventions and Supports (PBIS) program
- Goal: MCPS staff will plan and implement effective instructional practices using the MCPS Model for Effective Instruction.
 - Deliver culturally relevant, engaging, and responsive instruction using best practices and 21st Century learning tools
 - Establish and implement a system for monitoring instructional practices and providing constructive feedback to teachers
- Goal: Students will demonstrate increased academic performance
 - Ensure equitable access to the curriculum, programs, and resources
 - Use data from multiple sources to inform instructional decision-making
 - Provide professional development in the areas of data collection and analysis to strengthen instructional practices

Leadership, Operations, and Communication

- Goal: MCPS will maintain and enhance effective leadership, operations, and communication practices.
 - Provide systematic, formal, and job specific professional development for division leaders and classified employees
 - Maintain and enhance communication with all stakeholders and provide opportunities for input
 - Sustain and expand community partnerships that support division programs.
 - Participate in proactive, long-range planning to support division goals for each department
 - Encourage diversity in staffing and the retention of highly qualified employees

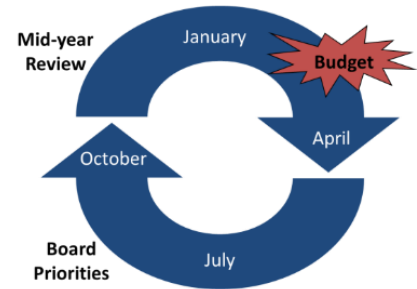
Safety and Wellness

- Goal: MCPS will sustain a nurturing environment that ensures the physical safety and emotional well-being of all individuals within the learning community.
 - Implement procedures and provide resources to ensure a safe and secure environment
 - Provide programs and resources to promote wellness among staff and students

BUDGET PROCESS AND CALENDAR

The budget process exists to meet state code requirements; provide a means to align School Board vision, strategic plans, and allocation of resources; and represents fiduciary responsibility as good stewards of public funds. Virginia State Code 22.1-92 requires school divisions to estimate moneys needed for public schools as well as public notice of costs to be distributed. Virginia State Code 22.1-91 sets limitation on expenditures equal to or less than funds available for school purposes within a fiscal year.

Budget planning is a year-round activity beginning with preparing, deliberating, and adopting then evolving to reporting, monitoring, and adjusting the financial plan. Virginia code requires the School Board to prepare and submit to the governing body, Montgomery County Board of Supervisors, an estimate of the amount of money needed during the ensuing fiscal year. By May 1st of each year the governing body must prepare and approve a budget for informative and fiscal planning purposes.



Superintendent's Statement of Needs

The budget planning process begins in the fall of the preceding year with the development of the budget calendar. The calendar identifies all deadlines for the annual budget process. The calendar includes important activities in the budget process and the dates on which important decisions are scheduled. The School Board includes at least one work session for reviewing the budget and at least one public hearing for comment on the budget. The public hearing time and location is published at least ten days in advance, in a newspaper having general circulation with the school division.

The superintendent, with assistance from staff, prepares a proposed budget. Many factors influence the Superintendent's statement of needs and include, but are not limited to: economic conditions, enrollment growth, staffing needs based on program enrollment, instructional and operational goals outlined in the Division Comprehensive Plan, technology and school bus replacement schedules, public input, and other initiatives that support MCPS' mission and goals. The Superintendent's Statement of Needs is presented to the School Board in January. It is supported by state revenue estimates as proposed by the Governor of Virginia and by the continuation of prior year funding levels as provided by the Montgomery County Board of Supervisors. All other sources of revenue (federal and other) are based on historical trends and current available information. The expenditure component of the Superintendent's Statement of Needs includes division-wide staffing, contracted services, materials, supplies, replacement equipment, utilities, vehicle fuel, and other operational expenses. Staffing costs are based on current staff actual salaries and benefits.

School Board's Funding Request

The School Board hears from employee groups through presentations at school board work sessions in January. Based on these work sessions, the School Board determines if modifications are needed to the Superintendent's Statement of Needs. The School Board's funding request is forwarded to the Montgomery County Board of Supervisors in February.

Approved Budget

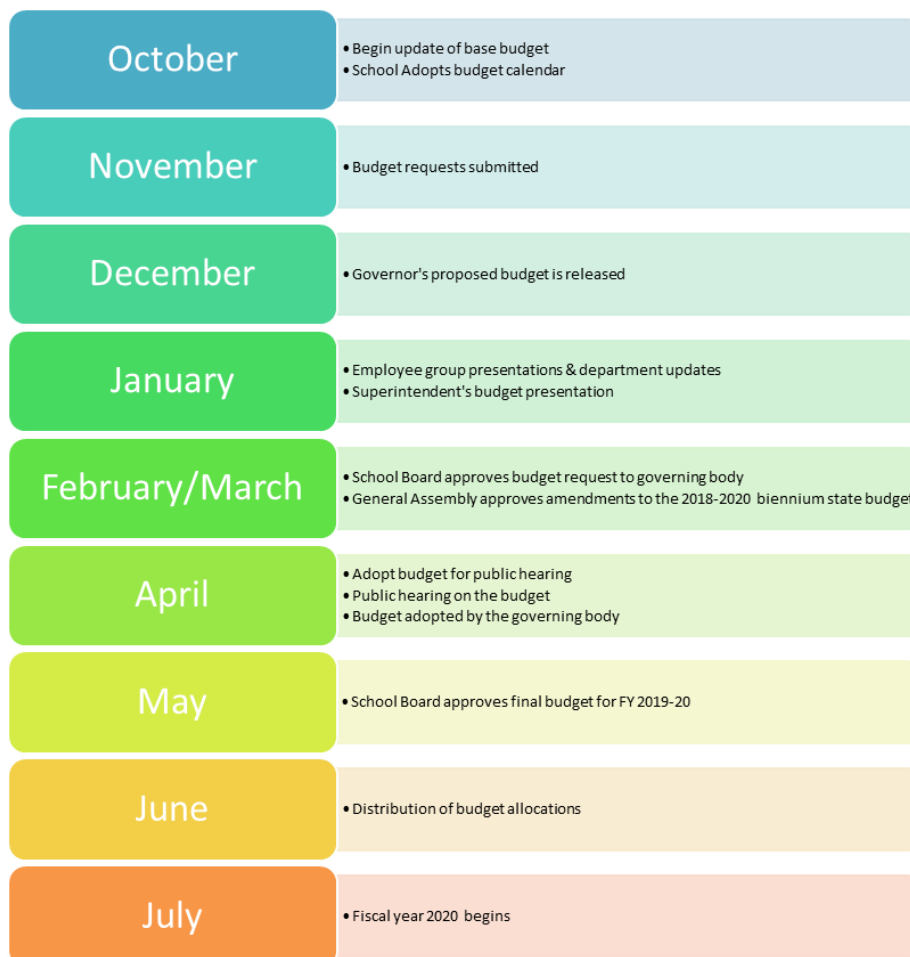
The Montgomery County Board of Supervisors holds budget work sessions and public hearings then appropriates funds for the school division by the middle of April. In Virginia, the governing body may appropriate funds by fund total or by state determined categories. In Montgomery County, the school division budget is approved by category totals. The School Board then amends its budget based on county funding levels. Funding levels are then allocated to schools and support departments. Teacher employment

contracts are produced and distributed based on approved funding levels. An approved School Board budget document for the fiscal year is then prepared, published, and distributed.

Budget Implementation

Once the budget is adopted by the School Board and the Montgomery County Board of Supervisors, it becomes the financial base for programs of each school and department during the fiscal year that begins on July 1. Fiscal accountability is by individual account code. Budget account holders may not expend or encumber more than the approved and appropriated budget amounts. Fiscal monitoring of department and school activities occurs throughout the year to ensure compliance. An amendment to the amount of any category requires approval of a resolution from the Montgomery County Board of Supervisors. Budget adjustments within category totals do not require a resolution.

This budget document is intended as a working reference document for administrators and other school personnel. The final budget document is organized with an executive summary, organizational, financial, and informational sections to describe the financial framework, division statistics and achievements, and organization detail of the day-to-day operations of Montgomery County Public Schools.



Significant Changes during the FY 2019-20 Budget Process

There were no significant changes to the budget process for FY 2019-20.

SCHOOL ADMINISTRATION



Superintendent

Mark Mear, Ed.D., began his tenure as the superintendent in MCPS on January 4, 2016.

Dr. Mear previously served as the assistant superintendent for Winchester Public Schools in Winchester, Virginia. He has also served as director of secondary education, a high school principal, a high school associate principal, an assistant director of personnel and a history teacher. Dr. Mear also served in the United States Marine Corps.

Dr. Mear earned a bachelor’s degree in economics from Liberty University, a master’s degree in educational leadership from Lynchburg College and a doctor of education in educational leadership from the University of Virginia.

Instructional Leadership Team

- Deputy Superintendent..... Dr. Lois Graham
- Director of Elementary Instruction..... Barbara Wickham
- Director of Human Resources Annie Whitaker
- Director of Secondary Instruction Carl Pauli
- Director of Student Services..... Judy Diggs
- Director of Special Education Patricia Nelson
- Director of Career and Technology Mark Husband
- Budget Analyst/Finance Manager Marc Evans
- Supervisor of Technology Julie Craft
- Clerk of the Board/ Public Information Officer..... Brenda Drake

Operational Leadership Team

- Assistant Superintendent for Operations..... Thomas E. Kranz, CPA, CGMA
- Director of Facilities and Planning Daniel A. Berenato
- Director of Finance..... Katherine C. Miano, CPA, SFO
- Director of School Nutrition Programs..... Michael R. Marcenelle
- Director of Technology..... Harvey C. Goodwin
- Director of Transportation Edward Walters
- Supervisor of Personnel..... Dawn LaPuasa
- Supervisor of Payroll..... Roger Hartless
- Supervisor of Purchasing Angela Bland

SCHOOL BOARD

Gunin Kiran, District A



Penny Franklin, District B



Dana Partin, District C



Jamie M. Bond, District D



Marti Graham, District E



Connie L. Froggatt, District F



Mark F. Cherbaka, District G





FINANCIAL SECTION

The following is a high-level summary of information contained in the Financial Section of the Annual Budget.

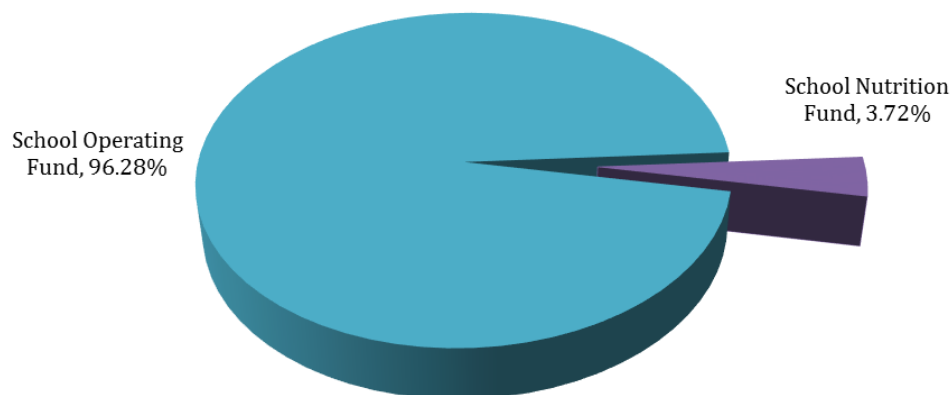
A balanced budget is a budget with total expenditures not exceeding total revenues and all monies available in the fund balance within an individual fund. This definition is applied over the long-term, not just during the current period. As required by law, all fund budgets presented in the budget document are balanced.

Please note: The financial and statistical tables within this budget document use rounding, which may result in what appear to be insignificant mathematical inconsistencies.

BUDGET COMPARISON FOR ALL FUNDS

The following budgets are included in the Superintendent's Statement of Needs: School Operating Fund and School Nutrition Fund. The School Operating fund is intended to finance instructional programs and day-to-day operations of the school division and includes the division's primary revenue sources from the Commonwealth of Virginia and the County of Montgomery. The School Nutrition fund accounts for the cafeteria operations and administrative costs, primarily from breakfast and lunch sales and federal revenue. The School Division budgets for two funds, one general fund and one special revenue fund. The general fund consists of the School Operating Fund and the special revenue fund consists of the School Nutrition Program Fund. A summary of the revenues and expenditure budgets for each fund follows.

Funds as a Percentage of Total Budget



The following schedule presents a summary comparison of the funds included in this budget. The Superintendent's Statement of Needs for FY 2019-20 reflects an increase of \$9,792,177 or 8.99% over the FY 2018-19 operating budget and no change for the school nutrition fund for FY 2019-20.

The Superintendent's Statement of Needs for FY 2019-20 reflects an overall increase of 8.62% over the prior year with the Operating fund representing the only increase. Further discussion of the budget variances by fund follows this section.

Fund	FY 2018-19	FY 2019-20	Increase (Decrease)	Percent Change
	Approved Budget	Proposed Budget		
School Operating Fund	\$ 108,971,681	\$ 118,763,858	\$ 9,792,177	8.99%
School Nutrition Fund	4,584,706	4,584,706	-	0.00%
Sub-Total	\$ 113,556,387	\$ 123,348,564	\$ 9,792,177	8.62%

Summary of Revenues and Expenditures for All Funds

Montgomery County Public Schools is not a taxing authority. As a result, the division must depend on both the state and the county government to provide the revenue needed to fulfill our mission and deliver quality educational opportunities to students in Montgomery County.

Revenues are classified based on sources. MCPS has four major funding sources - state, federal, county and local. Revenue estimates for all funds by source are as follows:

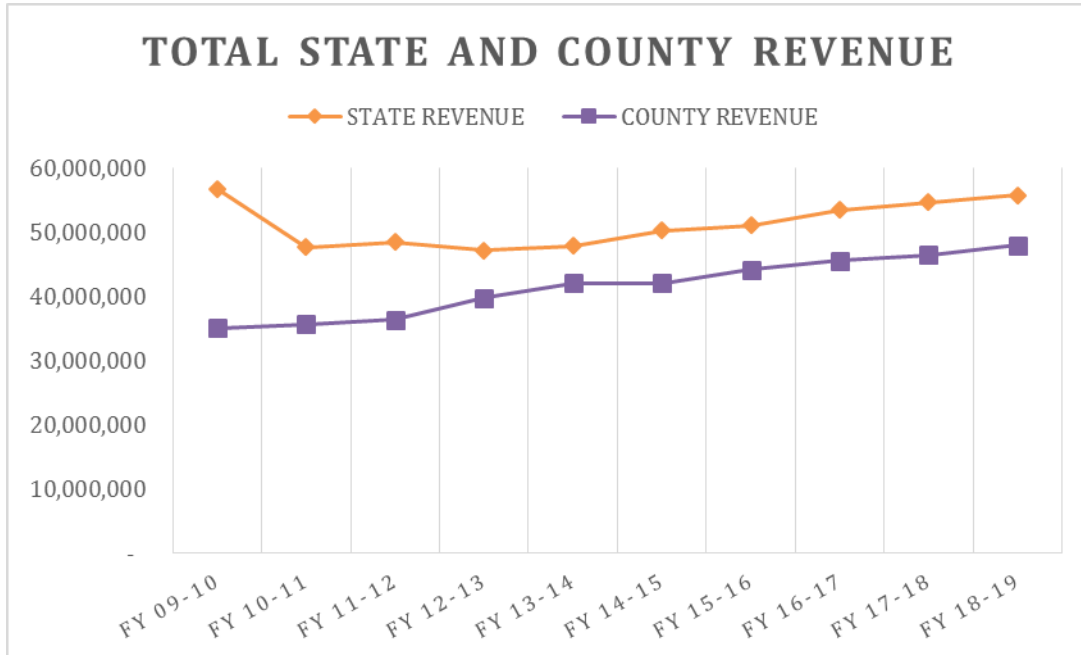
Summary of All Funds Revenue by Source						
Description	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Increase / (Decrease)
	Actuals	Actuals	Actuals	Approved Budget	Proposed Budget	
All Funds						
State Revenue	\$ 51,635,979	\$ 52,893,033	\$ 56,188,040	\$ 55,755,863	\$ 59,344,746	\$ 3,588,883
Federal Revenue	6,970,746	7,748,395	6,627,047	6,676,212	6,676,212	-
County Revenue - Operations	44,807,985	46,538,072	47,349,785	48,207,664	54,388,458	6,180,794
Other Revenue - Local	2,832,194	2,916,095	2,950,804	2,916,648	2,939,148	22,500
Total Funds Available - All Funds	\$ 106,246,904	\$ 110,095,595	\$ 113,115,676	\$ 113,556,387	\$ 123,348,564	\$ 9,792,177

Expenditures are classified by fund, cost center, sub-function, level, and object. MCPS has seven major object code classifications – personnel services, employee benefits, purchased services, other charges, materials and supplies, capital outlay, and other uses of funds. Expenditures for all funds by object are as follows:

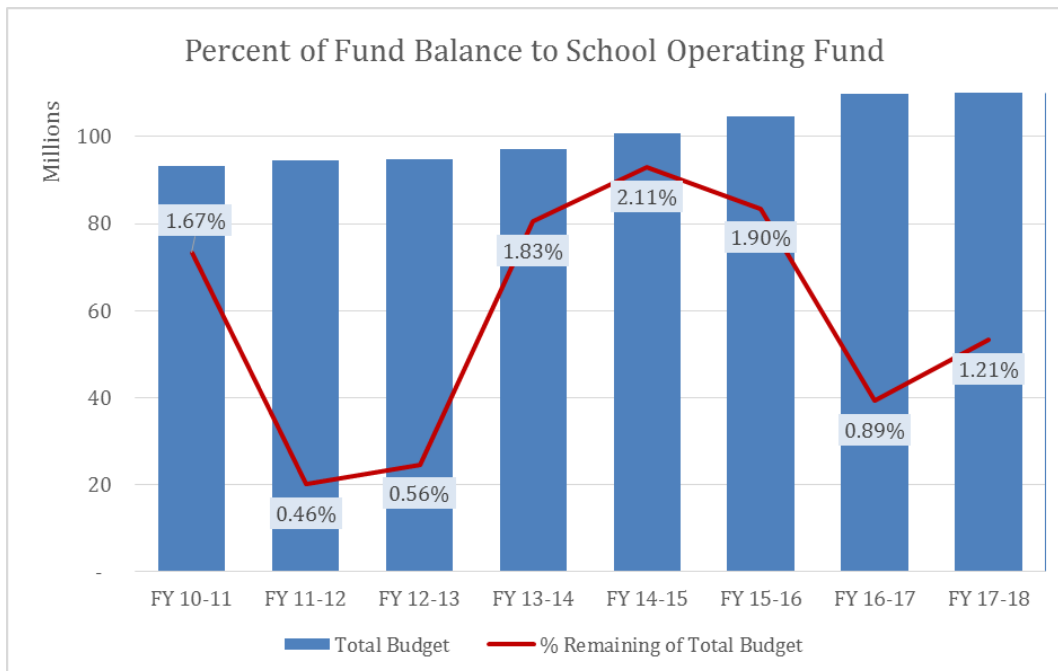
Summary of All Funds Expenditures by Major Object						
Description	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Increase / (Decrease)
	Actuals	Actuals	Actuals	Approved Budget	Proposed Budget	
All Funds						
Personnel Services	\$ 64,556,579	\$ 67,101,156	\$ 68,200,765	\$ 70,956,821	\$ 77,119,870	\$ 6,163,049
Employee Benefits	23,410,526	25,079,279	26,164,294	27,508,775	29,650,064	2,141,289
Purchased Services	2,602,388	2,763,260	2,540,879	2,073,832	2,073,832	-
Other Charges	3,852,230	4,076,395	4,098,653	4,301,665	4,430,511	128,846
Materials and Supplies	7,309,977	8,655,363	7,700,733	8,102,234	8,435,227	332,993
Capital Outlay	4,122,695	3,337,728	2,788,468	204,400	1,230,400	1,026,000
Other Uses of Funds	408,660	408,660	858,660	408,660	408,660	-
Total Funds Available - All Funds	\$ 106,263,055	\$ 111,421,841	\$ 112,352,452	\$ 113,556,387	\$ 123,348,564	\$ 9,792,177

SIGNIFICANT TRENDS

Revenue - The majority of the School Division funding is received from the State and County Government. Below is the trend analysis for the previous 10 years.



Year End Balance -The school division monitors federal and state revenue trends closely as a result of sound management practices. The chart below is the percent of fund balance remaining in the school operating fund as compared to the total operating budget.



KEY FACTORS THAT AFFECTED THE CURRENT YEAR BUDGET DEVELOPMENT

Revenue

Composite Index Change

- The composite index is a factor used in the Virginia Basic Aid formula, (derived from true values of property, ADM, population, retail sales, adjusted gross income, etc.) to determine local and state share of basic appropriation. MCPS's composite index for the 2018-2020 biennium budget is 0.3920, which is an increase of 0.0088.

Student Enrollment

- For 2019-2020 we anticipate an increase in enrollment. The current projection for fiscal year 2019-2020 of 9,700 students is an increase in ADM of 92 students.

Governor's Proposed Budget / State Revenue

- The governor's amended 2018-2020 biennium budget includes changes for adjustments in enrollment, adjustments for sales tax revenue, changes in estimates for lottery proceeds, and other adjustments to incentive accounts.

Federal Revenue

- Title grants fall under the Elementary and Secondary Education Act (ESEA). These grants have been affected by sequestration in prior fiscal years. These grants are approved after the start of the fiscal year 2019- 20120 therefore, the projections are based on the approved grant amounts for the federal fiscal year 2018-2019. Federal funds are projected to remain level.

County Allocation

- The Superintendent's Statement of Needs would require an increase in the County allocation in the amount of \$6,155,794 or 12.83%.

Expenditure

Health Insurance

- The School Board continues to prioritize health insurance coverage for employees. An estimated increase of 3.0% is included to maintain quality health insurance coverage for employees.

Salary Enhancements

- Compensation and benefits have continued to be a priority for the school division. In order to be competitive with surrounding districts salaries were increased for beginning level teachers and a step was added at the top of the scale to help retain veteran teachers. Increasing teacher salaries by an average of 6.72% will continue the efforts to provide our teachers a fair and competitive salary.

Sustainment Plan

- This statement of needs for FY 2019-20 continues implementation of our Model for Effective Instruction, while sustaining the program enhancement and targeted restoration we were able to implement in previous budgets.

Increases to Expenditures

- During the course of generating the budget and gathering data/requests from schools and departments all requests were prioritized.

Maintenance of Effort

- We recognize that we must address the maintenance of effort for necessary infrastructures. This includes planning for increases in utility rates, the need for bandwidth expansion, and the replacement of outdated technology.

Capital Projects

- The School Board maintains a Capital Improvement Program which reflects school capital needs up to ten subsequent years. The plan is included in the informational section and includes two sections: capital improvement planning and capital maintenance projects. The School Board re-affirmed the Capital Improvement Program on June 16, 2016.



SCHOOL OPERATING FUND (GENERAL OPERATING FUND)

SCHOOL OPERATING FUND

The School Operating Fund is utilized by the school division to account for revenues and expenditures necessary for the day-to-day operations of the school division. Revenues are received from state, federal, local, and county sources. Expenditures are tracked by state category, program, and object code.

The fund statement for the School Operating Fund details the funding sources, expenditures, and balances for prior years 2016, 2017, and 2018. The FY 2018-19 and FY 2019-20 approved and proposed budget amounts, respectively, are shown since the school division budgets from approved budget year to the next.

School Operating Fund - Financial Statement						
Description	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Increase /
	Actuals	Actuals	Actuals	Approved	Proposed	(Decrease)
				Budget	Budget	
Operating Fund						
Revenue						
State Revenue	\$ 51,582,627	\$ 52,773,753	\$ 56,123,527	\$ 55,704,385	\$ 59,293,268	\$ 3,588,883
Federal Revenue	5,126,576	5,721,148	4,574,553	4,349,694	4,349,694	-
County Revenue - Operations	44,807,985	46,538,072	47,349,785	48,207,664	54,388,458	6,180,794
Other Revenue - Local	1,108,887	1,170,580	1,237,400	709,938	732,438	22,500
Sub-Total	\$ 102,626,075	\$ 106,203,553	\$ 109,285,265	\$ 108,971,681	\$ 118,763,858	\$ 9,792,177
Expenditures						
Instruction	\$ 77,133,266	\$ 80,781,057	\$ 82,421,823	\$ 83,516,576	\$ 90,470,586	\$ 6,954,010
Admin, Attend, & Health	4,126,237	4,229,433	4,452,885	4,454,822	5,072,329	617,507
Transportation	5,070,939	5,107,431	5,238,038	4,986,391	6,044,770	1,058,379
Operations & Maintenance	15,108,090	16,405,529	14,927,015	15,285,698	16,432,310	1,146,612
Non-Instructional	308,662	341,369	395,647	319,534	335,203	15,669
Other Uses of Funds	408,660	408,660	858,660	408,660	408,660	-
Sub-Total	\$ 102,155,854	\$ 107,273,479	\$ 108,294,068	\$ 108,971,681	\$ 118,763,858	\$ 9,792,177
Excess (deficiency) of Revenues						
over (under) Expenditures	\$ 470,221	\$ (1,069,926)	\$ 991,197	\$ -	\$ -	
Beginning Fund Balance	3,648,343	4,118,564	3,048,638	-	-	
Ending Fund Balance	\$ 4,118,564	\$ 3,048,638	\$ 4,039,835	\$ -	\$ -	

SCHOOL OPERATING FUND – PROPOSED BUDGET REVENUE SUMMARY

Montgomery County Public Schools receives funds from state, federal, county, and local sources. Estimates for revenues are made in the fall for the next fiscal year based upon the latest available information and are adjusted in the spring based on General Assembly actions and county appropriation levels.

Total revenues for school operations for FY 2019-20 are projected to be \$118,763,858 for MCPS. Total revenues represent an increase of \$9,792,177 or 8.99% percent compared to the FY 2018-19 approved budget of \$108,971,681.

State Revenues

State revenue (including sales tax) estimates total \$59,293,268, an increase of \$3,588,883 or 6.44%. The increase is primarily due a proposed compensation supplement plan, supplemental lottery per pupil allocation and changes in estimates in sales tax. State revenue accounts for 50.15 percent of total operating fund revenues. State revenue is based on the Governor's introduced 2018-2020 biennium budget originally released on December 18, 2017, with amendment released on December 17, 2018. The General Assembly does not approve the state budget until after the School Board has already forward their funding request to the Board of Supervisors.

Federal Revenue

The federal revenue estimate for school operations is \$6,676,212, which comprises about 4% of the operating revenue. This is the same amount as compared to the FY 2018-19 approved budget. General fund federal revenue consists primarily of grant reimbursement, including Title grants, which fall under the Elementary and Secondary Education Act (ESEA), Individuals with Disabilities Education Act for instructional programs, Medicaid, Carl Perkins career and technical funding, and the Healthy, Hunger-Free act of 2010 for the school nutrition program. Federal grants are approved at the federal level after the start of the school division's fiscal year; therefore, the projections are based on the approved grant amounts for the previous federal fiscal year.

County Allocation

Montgomery County provides support for Montgomery County Public Schools funding approximately 46% of the school division's operating budget. County revenue is derived from real estate and personal property taxes assessed by the County for all services provided to the citizens of Montgomery County. For FY 2019-20, the Superintendent's Statement of Needs includes an appropriation by the County Board of Supervisors in the amount of \$54,138,458 to the school operating budget. This is an increase of 12.83% or \$6,155,794 from the prior fiscal year. In addition, the County transfers the recordation tax to the school division in the amount of \$250,000, an increase from the FY 2018-19 budget of \$25,000.

Other Revenue

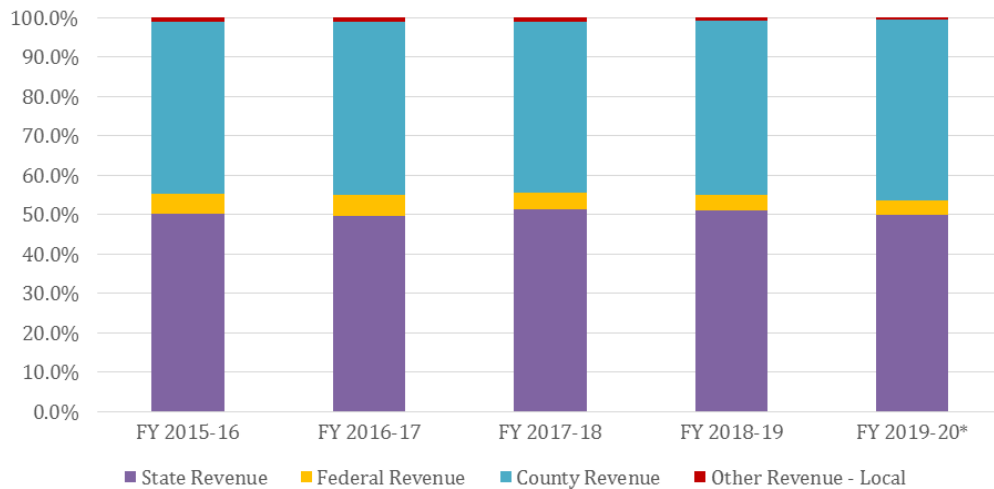
Other revenue has remained fairly constant at less than 1% of the operating budget and includes rental of school property, rebates and refunds, and Universal Services Discount (E-Rate). General Fund other revenue is estimated to increase slightly to \$732,438.

School Operating Fund - Revenue by Source							
Description	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Increase (Decrease)	% of Budget
	Actuals	Actuals	Actuals	Approved Budget	Proposed Budget		
State Revenue	\$ 51,582,627	\$ 52,773,753	\$ 56,123,527	\$ 55,704,385	\$ 59,293,268	\$ 3,588,883	49.93%
Federal Revenue	5,126,576	5,721,148	4,574,553	4,349,694	4,349,694	-	3.66%
County Revenue - Operations	44,807,985	46,538,072	47,349,785	48,207,664	54,388,458	6,180,794	45.80%
Other Revenue - Local	1,108,887	1,170,580	1,237,400	709,938	732,438	22,500	0.62%
Total Revenue	\$ 102,626,075	\$ 106,203,553	\$ 109,285,265	\$ 108,971,681	\$ 118,763,858	\$ 9,792,177	100.00%

SCHOOL OPERATING FUND REVENUES

Revenue Comparison - School Operating Fund				
Category	FY 2018-19	FY 2019-20	Increase / (Decrease)	% Chg
	Approved Budget	Proposed Budget		
Revenue				
State Revenue	\$ 55,704,385	\$ 59,293,268	\$ 3,588,883	6.57%
Federal Revenue	4,349,694	4,349,694	-	0.00%
County Revenue - Transfer	48,207,664	54,388,458	6,180,794	13.23%
Other Revenue - Local	709,938	732,438	22,500	3.17%
Total School Operating Revenue	\$ 108,971,681	\$ 118,763,858	\$ 9,792,177	9.19%

Operating Revenue as a Percentage of Total Revenues



* Proposed

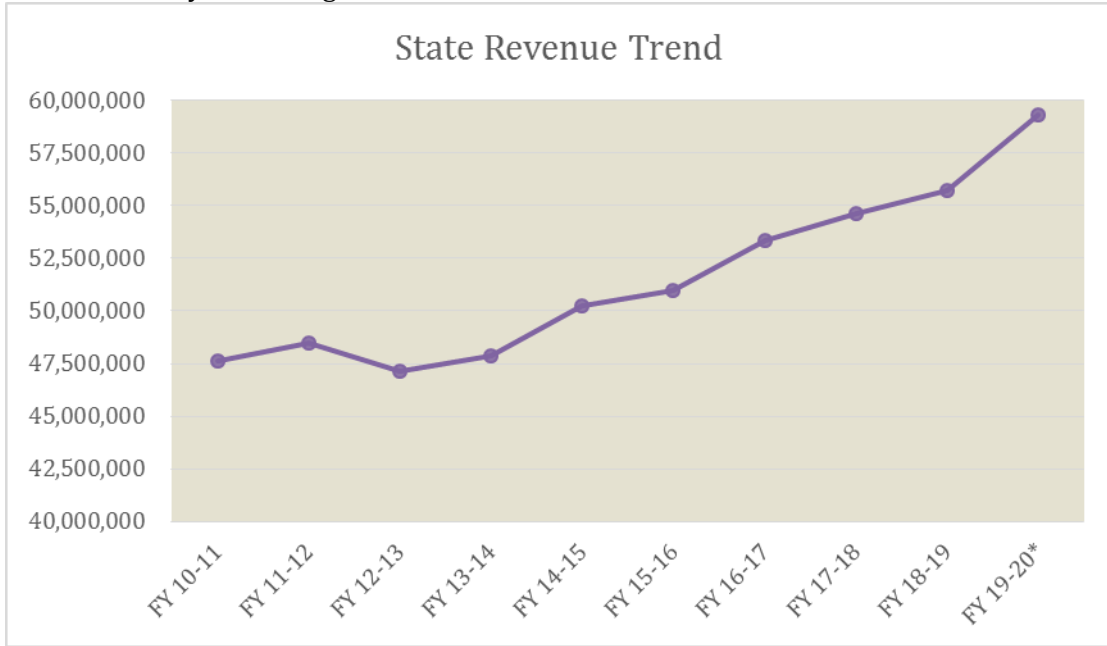
School Operating Fund - Trends as Percent of Revenue Sources

Description	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
	Actual	Actual	Actual	Approved Budget	Proposed Budget
State Revenue	50.3%	49.7%	51.4%	51.1%	49.9%
Federal Revenue	5.0%	5.4%	4.2%	4.0%	3.7%
County Revenue	43.7%	43.8%	43.3%	44.2%	45.8%
Other Revenue - Local	1.1%	1.1%	1.1%	0.7%	0.6%

School Operating Revenue Highlights

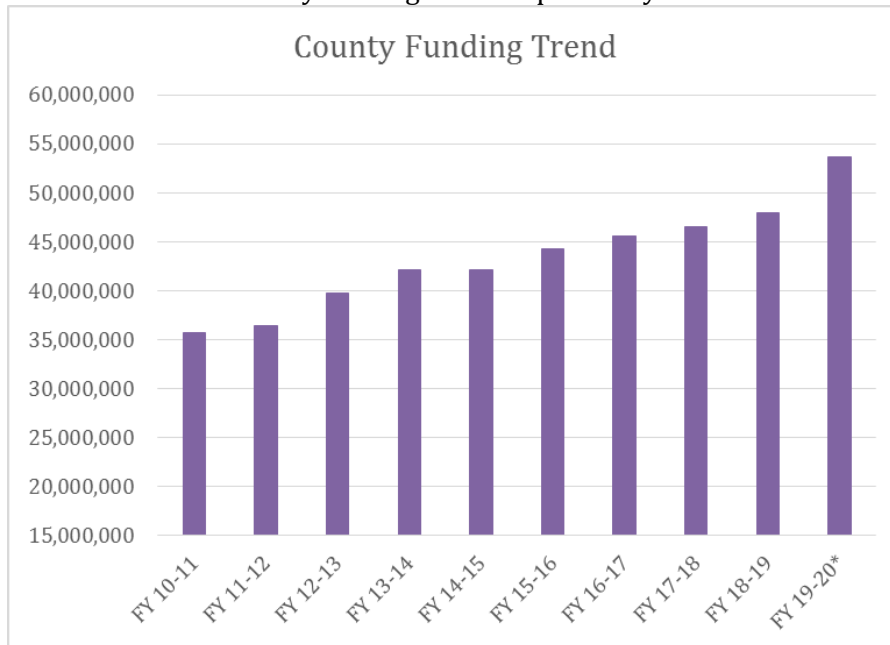
The revenue estimate for the Superintendent’s Statement of Needs in the FY 2019-20 School Operating fund reflects several significant assumptions.

- State revenue is estimated using the Governor’s introduced state budget for the 2018 – 2020 biennium, with amendments released on December 17, 2018. For Montgomery County Public Schools the amendments provide an additional \$3,588,883 or 6.44%. The graph below is a historical trend analysis of budgeted state revenues.



* Estimated

- The allocation of County funding for schools is approximately 45.8% of the School Operating budget and this statement of needs reflects an increase of \$6,155,794 or 12.83% from the previous year. The graph below illustrates the County funding over the past ten years.



* Estimated

SCHOOL OPERATING FUND – STATE REVENUE

School Operating Fund - State Revenues						
Description	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Approved Budget	FY 2019-20 Estimated Revenue	Increase / (Decrease)
Standards of Quality						
Sales Tax Receipts	\$ 10,697,213	\$ 11,205,366	\$ 11,593,804	\$ 11,829,361	\$ 12,177,097	\$ 347,736
Basic Aid	25,579,170	26,176,677	26,547,482	27,063,266	27,421,653	358,387
Remedial Summer School	17,184	-	-	16,843	24,017	7,174
Vocational Education	680,930	684,653	695,456	730,208	737,200	6,992
Gifted Education	273,536	280,883	285,315	286,242	288,982	2,740
Special Education	3,334,811	3,353,045	3,405,953	3,388,165	3,420,608	32,443
Prevention, Intervention, and Remediation	715,850	770,344	777,528	701,000	707,712	6,712
Teacher Retirement Instructional	3,136,934	3,370,600	3,810,149	3,680,248	3,744,976	64,728
Textbooks (SOQ)	35,385	642,404	652,540	588,197	593,829	5,632
Social Security Instructional	1,588,837	1,632,634	1,658,396	1,664,874	1,698,509	33,635
Group Life Insurance Instructional	98,939	111,183	112,937	110,992	117,952	6,960
ESL	-	-	164,111	173,023	273,237	100,214
Standard of Quality Sub-Total	\$ 46,158,789	\$ 48,227,789	\$ 49,703,671	\$ 50,232,419	\$ 51,205,772	\$ 973,353
Incentive Based Funds						
Compensation Supplement	\$ 441,387	\$ -	\$ 269,232	\$ -	\$ 1,817,111	\$ 1,817,111
At-Risk	-	-	292,565	441,700	186,618	(255,082)
VPSA Technology Grants	886,000	701,030	570,000	570,000	570,000	-
Incentive Based Funds Sub-Total	\$ 1,327,387	\$ 701,030	\$ 1,425,423	\$ 1,011,700	\$ 2,573,729	\$ 1,562,029
Categorical Funds						
State Operated Programs - Detention Home	\$ 382,621	\$ 384,808	\$ 434,369	\$ 457,358	\$ 527,719	\$ 70,361
Special Education - Homebound	66,500	43,401	66,343	65,723	50,713	(15,010)
Categorical Funds Subtotal	\$ 449,121	\$ 428,209	\$ 500,712	\$ 523,081	\$ 578,432	\$ 55,351
Lottery Funds						
GED Prep Program - ISAEP	\$ 15,717	\$ 16,835	\$ 16,587	\$ 15,717	\$ 15,717	\$ -
Regular & Special Education Foster Care	151,274	69,268	88,215	94,150	101,477	7,327
Early Reading Intervention	182,821	207,439	205,425	193,069	197,133	4,064
Career and Technical Education						
Equipment & Occupational Prep Programs	91,387	40,184	119,325	79,085	85,754	6,669
At-Risk	522,716	508,239	225,349	64,437	430,703	366,266
Alternative Education	285,914	296,206	306,120	152,265	163,893	11,628
K-3 Primary Class Size	764,415	809,382	827,222	867,369	892,558	25,189
Virginia Preschool Initiative	666,551	748,024	748,024	722,456	761,549	39,093
Mentor Teacher Program	7,513	6,740	7,032	7,032	5,984	(1,048)
English as a Second Language	132,905	155,168	-	-	-	-
Project Graduation/Senior Year	35,324	23,691	11,120	11,249	13,171	1,922
Supplemental Lottery Per Pupil Allocation	-	307,567	1,630,875	1,639,811	2,176,732	536,921
SOL Algebra Readiness	85,585	91,130	89,507	90,545	90,664	119
National Board Certified Bonus	80,000	70,000	57,500	-	-	-
Other State Funds	100,601	66,852	161,420	-	-	-
Lottery Funds Subtotal	\$ 3,647,330	\$ 3,416,725	\$ 4,493,721	\$ 3,937,185	\$ 4,935,335	\$ 998,150
TOTAL STATE REVENUE	\$ 51,582,627	\$ 52,773,753	\$ 56,123,527	\$ 55,704,385	\$ 59,293,268	\$ 3,588,883

SCHOOL OPERATING FUND – FEDERAL REVENUE

School Operating Fund - Federal Revenues						
Description	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Approved Budget	FY 2019-20 Estimated Revenue	Increase / (Decrease)
Elementary & Secondary Education Act (ESEA)						
Title I, Part A - Improving Basic Programs	\$ 1,849,721	\$ 1,900,939	\$ 1,816,850	\$ 1,700,724	\$ 1,700,724	\$ -
Title I, Part D - Neglected and Delinquent Children	25,742	1,592	2,226	-	-	-
Title II, Part A - Improving Teacher Quality	370,425	336,176	265,654	252,279	252,279	-
Title III, Part A - Language Acquisitions	71,329	11,769	28,907	23,243	23,243	-
ESEA Sub-Total	\$ 2,317,217	\$ 2,250,476	\$ 2,113,637	\$ 1,976,246	\$ 1,976,246	\$ -
Individuals with Disabilities Education Act (IDEA)						
IDEA, Title VI-B - Special Education Grant	\$ 2,048,781	\$ 2,361,123	\$ 1,528,726	\$ 1,967,508	\$ 1,967,508	\$ -
IDEA, Title VI-B, 619 - Preschool Grants	28,961	60,517	47,149	51,416	51,416	-
IDEA, Special Education Sub-Total	\$ 2,077,742	\$ 2,421,640	\$ 1,575,875	\$ 2,018,924	\$ 2,018,924	\$ -
Other Federal Funds						
Federal Land Use	\$ 25,567	\$ 2,773	\$ 24,500	\$ 2,500	\$ 2,500	\$ -
Vocational Education Basic Grants to States (Carl D. Perkins - Title I)	108,162	297,579	99,424	148,024	148,024	-
Medicaid Reimbursement	281,573	579,903	504,688	160,000	160,000	-
Homeless Grant	99,731	46,783	33,945	44,000	44,000	-
Project AWARE and YMHFA	214,411	120,071	219,997	-	-	-
Other Federal Funds	2,173	1,923	2,487	-	-	-
Other Federal Funds Sub-Total	\$ 731,617	\$ 1,049,032	\$ 885,041	\$ 354,524	\$ 354,524	\$ -
TOTAL FEDERAL REVENUE	\$ 5,126,576	\$ 5,721,148	\$ 4,574,553	\$ 4,349,694	\$ 4,349,694	\$ -

SCHOOL OPERATING FUND – LOCAL REVENUE

School Operating Fund - Local Revenues						
Description	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Approved Budget	FY 2019-20 Estimated Revenue	Increase / (Decrease)
Rents	\$ 63,237	\$ 69,551	\$ 115,301	\$ 50,000	\$ 50,000	\$ -
Tuition Private Sources	8,313	650	150	-	-	-
Special Fees	50	50	-	-	-	-
Transportation of Students	34,402	16,669	26,808	-	25,000	25,000
Reimbursement - After School Program	229,420	253,819	373,156	300,000	300,000	-
Other Rebates and Refunds	24,536	22,408	94,717	97,500	50,000	(47,500)
Donations and Special Grants	4,000	2,060	18,785	-	-	-
Sale of Supplies	16,839	16,693	8,593	5,000	5,000	-
Sale of School Buses	38,393	19,588	17,105	5,000	5,000	-
Sale of Other Equipment	8,700	2,201	56	-	-	-
Insurance Adjustments	226,105	117,270	596	5,000	-	(5,000)
Other funds	3,382	1,012	663	25,000	-	(25,000)
Miscellaneous	-	-	-	3,500	3,500	-
E-Rate (Universal Service Fund)	310,574	384,854	435,763	158,938	158,938	-
Recovered Costs	25,684	25,558	55,155	30,000	55,000	25,000
Restitution	2,099	4,023	2,382	-	-	-
Reimbursement - Human Resources	25,450	14,689	8,386	-	5,000	5,000
Reimbursement - Payroll	86,686	211,194	74,874	30,000	75,000	45,000
Reimbursement - Other	1,017	1,091	810	-	-	-
Benefits Other State Agencies	-	7,200	4,100	-	-	-
TOTAL OTHER FUNDS, LOCAL	\$ 1,108,887	\$ 1,170,580	\$ 1,237,400	\$ 709,938	\$ 732,438	\$ 22,500

SCHOOL OPERATING FUND – COUNTY REVENUE

School Operating Fund - County Revenues						
Description	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Approved Budget	FY 2019-20 Estimated Revenue	Increase / (Decrease)
County General Fund Transfer	\$ 44,515,540	\$ 46,282,664	\$ 47,022,664	\$ 47,982,664	\$ 54,138,458	\$ 6,155,794
Recordation Tax	292,445	255,408	327,121	225,000	250,000	25,000
Outstanding Encumbrances	1,517,666	2,133,141	2,067,061	-	-	-
Beginning Balance	2,130,677	1,985,423	981,577	-	-	-
TOTAL COUNTY REVENUE	\$ 48,456,328	\$ 50,656,636	\$ 50,398,423	\$ 48,207,664	\$ 54,388,458	\$ 6,180,794

SCHOOL OPERATING FUND – COUNTY REVENUE NARRATIVE

The primary revenue sources for Montgomery County, Virginia, are real property, personal property, and local sales tax dollars. The Montgomery County Board of Supervisors appropriates a transfer of revenues to Montgomery County Public Schools (MCPS) to finance the School Operating Fund.

COUNTY TRANSFER

For FY 2019-20 the Superintendent's Statement of Needs includes a transfer from the Board of Supervisors from the county general fund in the amount of \$54,138,458, which is an increase of \$6,155,794 compared to the FY 2018-19 budget. Revenues from the county transfer account for 45.6 percent of all revenues received to finance the School Operating Fund. In addition, the county transfers the amount collected for recordation tax to the School Operating Fund. This amount for FY 2019-20 is \$250,000.

Beginning Balance and Outstanding Encumbrances

Undesignated and/or unrestricted surplus funds available at the end of the previous year are subject to Montgomery County Board of Supervisors approval to be carried forward to the next fiscal year. Beginning balance funds in fiscal years 2016, 2017, and 2018 are funds for unspent appropriation allocation remaining at the end of the prior fiscal year.



SCHOOL OPERATING FUND – EXPENDITURES BY STATE CATEGORIES

The General Fund is presented in two ways for budget management purposes and for state reporting purposes. The budget by department reflects the areas of budget oversight and the budget by function reflects the state approved categories for annual reporting purposed. State law requires that the school division report expenditures by categories (function) determined by the Virginia Board of Education. These categories allow the state a common basis for comparisons of expenditures among all school divisions within Virginia. The current nine expenditure state categories are as follows:

Instruction (61000) – Instruction includes the activities that deal directly with the interaction between teachers, aides, or classroom assistants and students. Instruction may be provided for students in a school classroom, in another location such as a home, or in other learning situations such as those involving co-curricular activities. Instruction may also be provided through another approved medium such as internet or television.

Administration, Attendance and Health (62000) – Activities concerned with establishing and administering policy for operating the local education agency and activities whose primary purpose is the promotion and improvement of children's attendance at school. This consists of various activities in the field of physical and mental health, such as medicine, dentistry, psychology, psychiatry, and nursing services, as well as activities in student attendance services.

Pupil Transportation (63000) – Activities concerned with transporting students to and from school as provided by state and federal law. This includes trips between home and school, and trips to and from school activities.

Operation and Maintenance (64000) – Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings and equipment in effective working condition. This includes the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools.

School Food Service and Other Non-Instructional Programs (65000) – Activities concerned with providing non-instructional services to students, staff, or the community. Activities concerned with providing nutritious meals to students and staff in a school or LEA. Including preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery.

Facilities (66000) – Activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, installing or extending service systems and other built-in equipment and improving sites.

Debt Service and Fund Transfer (67000) – A number of outlays of governmental funds are not properly classified as expenditures but still require budgetary or accounting control. These include debt service payments (principal and interest) and certain transfers of monies from one fund to another.

Technology (68000) – This function captures technology-related expenditures as required by the General Assembly. Activities concerned with providing and maintaining the infrastructure and related materials and equipment to support the use of technology for instructional and operational/managerial purposes. For fiscal year 2018-2019, the County Board of Supervisors is

not expected to specially allocate funds to this category. The BOS appropriation for technology is allocated to Instruction and Operations and Maintenance.

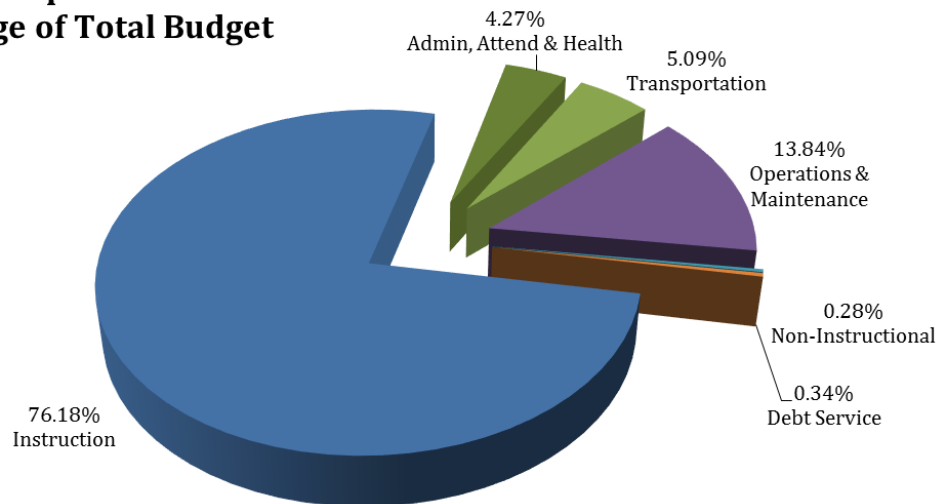
Contingency Reserves (69000) - All contingency reserve expenditures should be reported under this function and categorized by the functions defined above.

State law permits the county's appropriating body, the Montgomery County Board of Supervisors, to approve the school division's budget either by state category or in lump-sum total. Historically, the Board of Supervisors approves the school division's budget by state category.

Budgeted expenditures in the School Operating Fund by function are:

School Operating Fund				
Description	FY 2018-19 Approved Budget	FY 2019-20 Proposed Budget	Increase (Decrease)	% of Budget
Instruction	\$ 83,516,875	\$ 90,470,586	\$ 6,953,711	76.18%
Admin, Attend & Health	4,454,662	5,072,329	617,667	4.27%
Transportation	4,986,391	6,044,770	1,058,379	5.09%
Operations & Maintenance	15,285,559	16,432,310	1,146,751	13.84%
Non-Instructional	319,534	335,203	15,669	0.28%
Debt Service	408,660	408,660	-	0.34%
	\$ 108,971,681	\$ 118,763,858	\$ 9,792,177	100.00%

Budgeted Expenditures as a Percentage of Total Budget



SCHOOL OPERATING EXPENDITURE HIGHLIGHTS

The FY 2019-20 Superintendent's Statement of Needs proposes an expenditure budget for the School Operating Fund of \$118,763,858 – an increase of \$9,792,177 or 8.99 percent over the approved FY 2018-19 budget. The School Operating Fund provides for the daily operations of the school division and supports 1,684.57 full-time equivalent (FTE) positions.

Budgeted expenditures in the School Operating Fund by major object are:

Superintendent's Statement of Needs				
Description	FY 2017-18 Approved Budget	FY 2018-19 Approved Budget	FY 2019-20 Proposed Budget	(Decrease)
Personnel Services:				
All salaries, wages, & benefits	\$ 93,754,051	\$ 96,000,622	\$ 96,746,448	\$ 745,826
<i>Salary Enhancements, increase 3.5%</i>	-	-	4,957,103	4,957,103
<i>Additional Positions (23 FTEs)</i>	-	-	1,945,000	1,945,000
<i>School Board Increase & Benefits</i>	-	-	81,253	81,253
<i>Health Insurance Increase (3.00%)</i>	-	-	575,156	575,156
Total Personnel Services	\$ 93,754,051	\$ 96,000,622	\$ 104,304,960	\$ 8,304,338
Utilities and Fixed Charges:				
Utilities (electric, heating, water, sewage, garbage)	\$ 2,987,418	\$ 2,987,418	\$ 2,987,418	\$ -
<i>Increase in utility rates & usage</i>	-	-	50,000	50,000
Postal Services	55,000	55,000	55,000	-
Telecommunications	590,748	640,748	640,748	-
<i>Increase in telecommunications for bandwidth</i>	-	-	50,000	50,000
Insurance (property, liability, & vehicles)	288,462	288,462	288,462	-
<i>Increase in premium (10%)</i>	-	-	28,846	28,846
Vehicle Fuels	826,208	826,208	826,208	-
Total Utilities and Fixed Charges	\$ 4,747,836	\$ 4,797,836	\$ 4,926,682	\$ 128,846
Services, Supplies, Materials, & Equipment				
Textbooks	\$ 712,827	\$ 712,827	\$ 712,827	\$ -
Instructional Supplies	1,122,250	1,122,250	1,122,250	-
Equipment	504,222	504,222	504,222	-
Purchased Services	1,323,874	1,323,874	1,323,874	-
Maintenance Contracts	587,004	587,004	587,004	-
Tuition	76,194	76,194	76,194	-
Travel	187,659	187,659	187,659	-
Miscellaneous	93,196	93,196	93,196	-
Custodial Supplies	140,857	140,857	140,857	-
Office and Other Supplies	220,681	220,681	220,681	-
Building Maintenance Supplies	394,646	394,646	394,646	-
Vehicle Maintenance Supplies	182,057	182,057	182,057	-
Furniture Replacement	17,469	17,469	17,469	-
Technology Software	290,986	290,986	290,986	-
Technology Equipment	1,583,248	1,706,241	1,706,241	-
<i>Technology life cycle replacement plan</i>	-	-	147,900	147,900
<i>Sustain 1-1 Chromebook initiative</i>	-	-	185,093	185,093
Total Services, Supplies, Materials, & Equipment	\$ 7,437,170	\$ 7,560,163	\$ 7,893,156	\$ 332,993
Capital				
Technology Infrastructure	\$ 250,000	\$ -	\$ 250,000	\$ 250,000
School Bus Replacement (8)	-	-	776,000	776,000
Capital Repairs and Maintenance	-	204,400	204,400	-
Total Capital	\$ 250,000	\$ 204,400	\$ 1,230,400	\$ 1,026,000
Debt				
Principal & Interest Payments	\$ 408,660	\$ 408,660	\$ 408,660	\$ -
Total Debt	\$ 408,660	\$ 408,660	\$ 408,660	\$ -
Grand Total, Expenditures	\$ 106,597,717	\$ 108,971,681	\$ 118,763,858	\$ 9,792,177

The total changes represent an 8.99% increase from the 2018-19 approved budget. Below is a summary of the additions (increases) and reductions to the School Operating Fund budget. The detail of these follows.

FY 2018-19 Approved Budget	\$	108,971,681
Add: Total Additions		9,792,177
Less: Total Reductions		<u>(0)</u>
Total FY 2019-20 Budget	\$	<u>118,763,858</u>

The following priority increases are recommended in the Superintendent's Statement of Needs for the FY 2019-20 School Operating budget:

Salary Enhancement \$4,957,103

This includes salary and benefits for an average of a 5.28% increase for employees. The Governor's amended 2018-2020 biennium budget includes a 5% raise for all SOQ funded positions over the 2 year biennium. In the prior year a 1.5% increase was given to employees.

Additional Positions (23 FTEs) \$1,945,000

23 FTEs are added for various positions in the division, including 20 teachers, 2 counselors, and 1 administrator.

School Board Increase and Benefits \$81,253

School Board members are proposing a \$2,400 raise for all board members and with an option to elect health insurance coverage with MCPS.

Health Insurance Rate Increase \$575,156

An increase of 3.0% has been included for health insurance costs increase. This increase is based on the past year's medical and prescription drug claims. Current monthly premium rates for plan year 2018-19 can be found in Annual Budget for FY 2018-2019.

Increase in utility rates and usage \$50,000

An estimate of 3% has been included as utility rates and usage continue to increase.

Increase in telecommunications for bandwidth \$50,000

State and federal agencies have set a target for all school divisions to have a bandwidth standard of 1 GB per 1,000 students in 2020. Currently MCPS averages 1 Gbps per 1,000 students. As growth and interdependency on the internet for educational programs continues, a recurring investment in bandwidth is necessary.

Increase in Premium \$28,846

An estimate of 10% has been included for an increase in property, liability, & vehicle insurance. A reassessment was completed during the FY 2018-19 and property values have increased.

Technology Equipment \$332,993

Funding to cover life cycle replacements for technology equipment in the total amount of \$147,900. We have over 5,000 computers and associated technology valued over \$6 million. The future of instruction is tied to teacher and student access to and use of current technology. With a three to five year life cycle, it is critical that technology is maintained, updated, and replaced. With the loss

of eLearning Backpack funds in FY 2018-19 \$185,093 is added to sustain the division 1-1 Chromebook initiative.

School Bus Replacement *\$776,000*

Replacement of School buses is necessary to keep pace with the cycle for updating and renewing our aging fleet. The replacement schedule for buses is 15 years. This will cover the replacement of eight (8) buses, the division needs to replace nine (9) buses to adequately maintain our school bus fleet.

Technology Infrastructure *\$250,000*

Technology infrastructure funds are reinstated to the budget.

All Salaries, Wages & Benefits Increase *\$745,826*

During the course of the 2018-2019 budget year additional funds were received from the state from the General Assembly approved budget and an increase in ADM over the original budgeted ADM. These amounts were used to fund additional positions and have been added to the base budget to reflect this cost.

SCHOOL OPERATING FUNDS – EXPENDITURES BY OBJECT

Expenditures are classified by fund, cost center, sub-function, level, and object or another way to report expenditures is by object (i.e., employee salaries, benefits, purchased services, other charges, materials and supplies, transfers, debt, and capital outlay). Objects are the lowest level of budgetary detail and are summarized into the following areas:

Personnel Services (1000) – Personnel services includes all compensation paid for the direct labor of persons in the employment of local government. Salaries and wages paid to employees for full- and part-time work, including overtime and similar compensation.

Employee Benefits (2000) – Employee benefits includes job-related benefits provided to employees as part of their total compensation. Fringe benefits include the employer's portion of FICA, pensions, and insurance (life, health, & disability).

Purchased Services (3000) – Purchased services includes payments for services acquired from outside sources (e.g., training and lease/rentals, etc.) on a fee basis or fixed-time contract basis.

Internal Services (4000) – Internal services includes charges from an internal service fund to other activities/elements of the local government.

Other Charges (5000) – Other charges includes expenditures that support the use of technology applications and programs (e.g., utilities, travel, insurance, phone charges, etc.).

Materials and Supplies (6000) – Materials and supplies includes articles and commodities that are consumed or materially altered when used and minor equipment that is not capitalized.

Payment to Joint Operations (7000) – Payment to joint operations includes tuition payments to fiscal agent for operations that are jointly operated by two or more local governments.

Capital Outlay (8000) – Capital outlay includes expenditures for outlays that result in the acquisition of or addition to fixed assets in excess of a unit cost of \$5,000. Capital outlay includes the purchase of fixed assets, both new and replacements.

Other Uses of Funds (9000) – Other uses of funds is used to classify transactions that are not properly recorded as expenditures to the school division but require budgetary or accounting control (e.g., redemption of principal and interest on long-term debt, and fund transfers).



SCHOOL NUTRITION FUND (SPECIAL REVENUE FUND)

School Nutrition Fund Highlights

The School Nutrition fund accounts for cafeteria operations within the school division including the procurement, preparation and serving of student breakfast and lunches.

- The revenue projection for FY 2019-20 in the School Nutrition fund reflects no change.
- The expenditure projection for FY 2019-20, while it shows no change in salaries, wages and benefits it includes an increase to provide the same pay increase as other school division staff.

Budgeted revenues and expenditures in the School Nutrition Fund are:

Summary of School Nutrition Fund - Revenue by Source			
Description	FY 2017-18 Approved Budget	FY 2018-19 Approved Budget	FY 2019-20 Proposed Budget
Revenue			
Local Income	\$ 2,683,181	\$ 2,206,710	\$ 2,206,710
Federal Funding	2,326,518	2,326,518	2,326,518
State Funding	51,478	51,478	51,478
TOTAL	\$ 5,061,177	\$ 4,584,706	\$ 4,584,706

Summary of School Nutrition Fund -Expenditure by Object			
Description	FY 2017-18 Approved Budget	FY 2018-19 Approved Budget	FY 2019-20 Proposed Budget
Expenditures			
Salary & Wages	\$ 2,075,887	\$ 1,896,396	\$ 1,896,396
Benefits	696,210	568,578	568,578
Equipment	893	893	893
Purchased Services	66,760	86,760	86,760
Travel	4,182	4,182	4,182
Miscellaneous	25,000	45,000	45,000
Office and Other Supplies	159,724	159,724	159,724
Food & Food Supplies	2,032,521	1,823,173	1,823,173
TOTAL	\$ 5,061,177	\$ 4,584,706	\$ 4,584,706

SCHOOL NUTRITION FUND (SPECIAL REVENUE FUND)

The School Nutrition Services Fund is a governmental special revenue fund. The School Nutrition Services Program serves about 1.6 million meals annually including breakfasts, lunches, and à la carte items. Montgomery County Public Schools is a participant in the National School Lunch Program which provides federal subsidy funding for eligible students with certain financial needs. The School Nutrition Services Fund follows the modified accrual basis of accounting.

Menus for all programs are planned and implemented according to U.S. Department of Agriculture (USDA) requirements and Dietary Guidelines for Americans. This results in the preparation and serving of meals that contain reduced fat, sodium, and sugar. Nutrient analysis of menus and ingredient lists for all foods purchased are available to assist parents and students with special needs and cultural restrictions.

The School Nutrition Services Program realizes efficiencies through online ordering and warehousing USDA commodities. The federal Healthy, Hunger Free Act (Child Nutrition Act) was reauthorized in 2010. Under this new act more fresh fruits and vegetables and whole grain foods are served.

SCHOOL NUTRITION FUND REVENUE

The two major sources of revenue for the School Nutrition Services Fund are food sales to students and staff, and federal aid. Food sales are projected to be \$2,206,710 or about one-half of the revenue for FY 2019. Federal aid is based on cash reimbursements and USDA commodities. Cash reimbursements are based on the number of meals served to students. Federal revenues are projected to be \$2,326,518 (or one half of the revenue) for free, reduced and full-priced meal reimbursements. Lunch sales to students and federal reimbursements estimates are based on the assumption that 48 percent of student enrollment will participate in the food service program and almost half will be eligible for free and/or reduced-price lunch. State revenue for the food service program is provided by categorical and lottery-funded programs. State revenues are received to meet maintenance of effort and match requirements for federal funds received for lunch and breakfast programs. For FY 2019, the rate of reimbursement is determined by the number of reimbursable lunches served during the previous year. Projected state revenues for FY 2019 are \$51,478 or 1.12 percent of food service revenues.

SCHOOL NUTRITION – MEAL RATES

Description	FY 2018-19 Approved
Breakfast:	
Full Price Student	\$ 1.75
Reduced Price	\$ 0.30
Full Price Adult	Alacarte
Lunch:	
Full Price Student- Elementary	\$ 2.75
Full Price Student- Secondary	\$ 2.85
Reduced Price	\$ 0.40
Full Price Adult	\$ 3.75
Milk:	
1/2 pint	\$ 0.50

The proposed FY 2019-20 meals rates have not been calculated at this time, as the administration is reviewing the school nutrition operations to determine what steps can be taken to improve financial performance. Any proposed increase will be presented as soon as it is available.

SCHOOL NUTRITION SERVICES EXPENDITURES BY OBJECT

Salaries and Wages – \$1.90 Million–For FY 2019, regular, part-time, overtime, and substitute salaries and wages accounts total \$1,896,396 or 41 percent. 100.5 full-time equivalent (FTE) employees are expensed to the School Nutrition Services Fund.

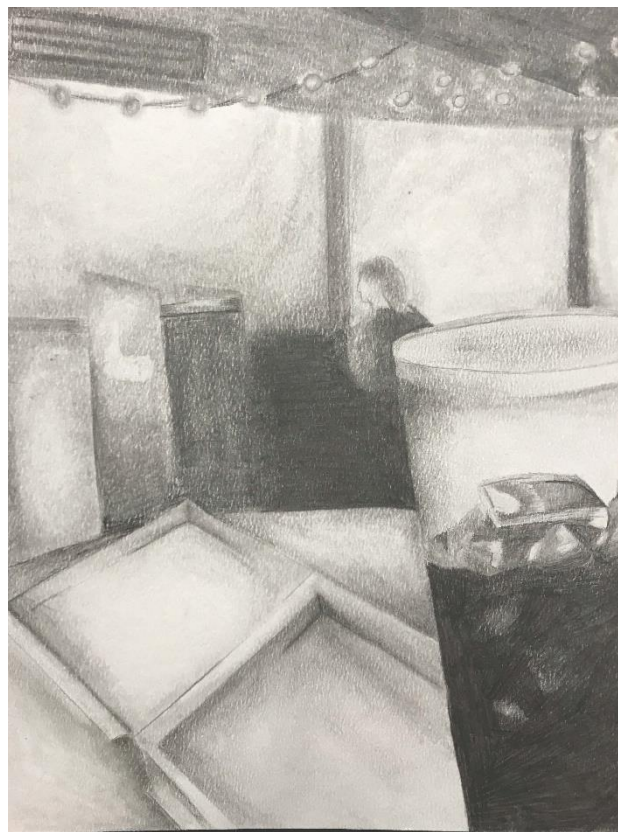
Employee Benefits – \$0.6 Million–Benefits for school nutrition employees total \$568,578 or 12.40 percent of the School Nutrition Services Fund expenditure budget.

Food and Supplies – \$1.8 Million–Food and supplies costs are projected to be \$1,823,173 or 39.77 percent of the FY 2019 school nutrition services expenditure budget.

All Other Expenditures – \$0.3 Million–All other expenditures including purchased services, travel, and capital equipment equate to \$296,559 or 6.47 percent of the FY 2019 food service expenditure budget.

Analysis of the Fund

Fund balance challenges include the negative financial impact on revenues resulting from the reduction in meal participation due to the implementation of the Healthy, Hunger-free Kids Act of 2010, as well as the tremendous costs attributed to the Affordable Care Act, of the unfunded mandate to provide healthcare to part-time employees. It is irrefutable that, over the course of the next two (2) years, that the USDA-required reserve of three (3) months operating capital will be depleted and the department will, for the first time in 27 years, require substantial financial support from the school division.



School Nutrition Fund - Revenue and Expenditures						
Description	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Approved Budget	FY 2019-20 Proposed Budget	Increase / (Decrease)
School Nutrition Fund						
Revenue						
Interest	\$ 3,757	\$ 3,046	\$ 2,565	\$ -	\$ -	\$ -
Breakfast & Lunch Receipts	1,719,550	1,804,162	1,710,839	2,206,710	2,206,710	-
State Revenue	53,352	57,587	64,513	51,478	51,478	-
Federal Revenue	1,844,170	2,027,247	2,052,494	2,326,518	2,326,518	-
Total Revenue	\$ 3,620,829	\$ 3,892,042	\$ 3,830,411	\$ 4,584,706	\$ 4,584,706	\$ -
Personnel Services						
All salaries and wages	\$ 1,648,996	\$ 1,678,942	\$ 1,770,910	\$ 1,896,396	\$ 1,896,396	\$ -
Employee Benefits						
FICA	122,153	123,374	129,665	129,653	129,653	-
VRS	60,524	73,156	116,848	120,432	120,432	-
Insurance	308,384	331,562	292,785	310,976	310,976	-
Other Benefits	7,399	8,513	9,551	7,517	7,517	-
Total Personnel & Benefits	\$ 2,147,456	\$ 2,215,547	\$ 2,319,759	\$ 2,464,974	\$ 2,464,974	\$ -
Non-Personnel Expenditures						
Equipment	\$ 14,716	\$ 2,548	\$ 5,013	\$ 893	\$ 893	\$ -
Purchased Services	105,532	75,017	95,385	86,760	86,760	-
Travel	2,595	3,846	6,629	4,182	4,182	-
Miscellaneous	47,159	42,146	7,159	45,000	45,000	-
Office and Other Supplies	149,565	286,085	248,692	159,724	159,724	-
Food & Food Supplies	1,640,178	1,523,173	1,375,747	1,823,173	1,823,173	-
Total Non-Personnel Expenditures	\$ 1,959,745	\$ 1,932,815	\$ 1,738,625	\$ 2,119,732	\$ 2,119,732	\$ -
Total Expenditures	\$ 4,107,201	\$ 4,148,362	\$ 4,058,384	\$ 4,584,706	\$ 4,584,706	\$ -
Excess (deficiency) of Revenues over (under) Expenditures	\$ (486,372)	\$ (256,320)	\$ (227,973)	\$ -	\$ -	
Beginning Fund Balance	1,297,312	810,940	554,620	-	-	
Ending Fund Balance	\$ 810,940	\$ 554,620	\$ 326,647	\$ -	\$ -	

SCHOOL NUTRITION - STAFFING INFORMATION

	FY 2016-17 Approved	FY 2017-18 Approved	FY 2018-19 Approved	FY 2018-19 Proposed
School Nutrition Program				
Supervisor	1.00	1.00	1.00	1.00
Field Manager	1.00	1.00	1.00	1.00
Admin Assistant	1.00	1.00	1.00	1.00
Dietitian	0.50	0.50	0.50	0.50
Managers	21.00	21.00	21.00	21.00
Workers	76.00	76.00	76.00	76.00

DEBT SERVICE

State law prohibits school divisions from entering into debt that extends beyond the current fiscal year without approval by the local governing body. The governing body in Montgomery County is the Board of Supervisors. If the Board of Supervisors approves a debt issue it is listed in the name of the County of Montgomery, not the school division. The Board of Supervisors also maintains the budget and administers all payments related to the debt service fund. The school division is currently transferring funds for the purposes of debt payments, principal and interest, to the Montgomery County Board of Supervisors. This payment is budgeted and paid from the School Operating Fund and not accounted for in a separate debt service fund, but as a line for debt service in the operating budget. The amortization schedule for the school transfer portion of this general obligation bond is shown below. For additional information on debt services, see the debt capacity section of the informational tab.

Fiscal Year	Payment Due Date	Amount Due
2018	6/15/2018	408,660
2019	6/15/2019	408,660
2020	6/15/2020	408,660
2021	6/15/2021	408,660
2022	6/15/2022	408,660
2023	6/15/2023	408,660
2024	6/15/2024	408,660
2025	6/15/2025	408,660
2026	6/15/2026	408,660
2027	6/15/2027	408,660



CAPITAL PROJECTS

Capital Improvement Program

In addition to the operating budget for the school division, the School Board maintains a Capital Improvement Program which reflects school capital needs up to ten subsequent years. The plan is included in the Informational Section and includes two sections: Capital Improvement Planning and Capital Maintenance Projects. The School Board re-affirmed the Capital Improvement Program on June 16, 2016.

The Capital Improvement Planning (CIP) generally includes projects expected to individually cost in excess of \$250,000 each and have a useful life of five or more years, unless funded by a bond issue, in which case the useful life must equal or exceed the length of the bond. In order to fund the CIP, the County Board of Supervisors has earmarked 2 cents of the real estate tax rate for future school capital needs. These funds are held in a school capital fund, separate from the School Operating Fund, by the Board of Supervisors for future school capital needs.

The Capital Maintenance Projects (CMP) is the vehicle in which county school assets are programmed to receive regular maintenance and repair. Ongoing preventive maintenance of all school facilities will help ensure the safety and value of these assets while avoiding potentially large costs resulting from lack of proper maintenance.

Current major capital projects include school renovations, additions, upgrades, and improvements. Christiansburg High School is receiving improvements and upgrades to the athletic facilities. This project is being done in three phases. Another major capital project is an addition at Falling Branch Elementary School to increase the capacity to 740 students. This addition will alleviate over crowding and remove trailers from this site. In addition, a new Christiansburg Strand Elementary School is being discussed. Once this school is built, the division will redistrict the Christiansburg Strand, which includes Falling Branch Elementary, Christiansburg Elementary, Belview Elementary, and Christiansburg Primary Schools.

The summary to the right is from the Montgomery County FY 2019 budget book and provides detail of the school capital funds held by the Board of Supervisors for major school capital projects.

MONTGOMERY COUNTY PUBLIC SCHOOLS - CAPITAL							
Budget Summary							
	FY 17	FY 17	FY 18	FY 19	FY 19	FY 19	Change
	Revised	Actual	Approved	Base	+ Addenda	= Approved	App. 19/ App. 18
EXPENDITURES BY DEPARTMENT							
School Capital Construction	\$2,277,481	\$-	\$1,524,000	\$1,550,000	\$-	\$1,550,000	\$26,000
Transfer to Debt Service	\$-	\$-	\$-	\$-	\$-	\$-	\$-
TOTAL EXPENDITURES	\$2,277,481	\$-	\$1,524,000	\$1,550,000	\$-	\$1,550,000	\$26,000
EXPENDITURES BY CLASSIFICATION							
Personal Services	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Operations & Maintenance	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Capital Outlay	\$2,277,481	\$-	\$1,524,000	\$1,550,000	\$-	\$1,550,000	\$26,000
Transfer to Debt Service	\$-	\$-	\$-	\$-	\$-	\$-	\$-
TOTAL EXPENDITURES	\$2,277,481	\$-	\$1,524,000	\$1,550,000	\$-	\$1,550,000	\$26,000
REVENUE BY CLASSIFICATION							
General Fund Transfer	\$2,277,481	\$2,277,481	\$1,524,000	\$1,550,000	\$-	\$1,550,000	\$26,000
Interest	\$-	\$3,800	\$-	\$-	\$-	\$-	\$-
Fund Balance/Other Revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-
TOTAL DESIGNATED REVENUE	\$2,277,481	\$2,281,281	\$1,524,000	\$1,550,000	\$-	\$1,550,000	\$26,000
TOTAL UNDESIGNATED REVENUE	\$-	\$(2,281,281)	\$-	\$-	\$-	\$-	\$-
TOTAL REVENUES	\$2,277,481	\$-	\$1,524,000	\$1,550,000	\$-	\$1,550,000	\$26,000

INFORMATIONAL SECTION

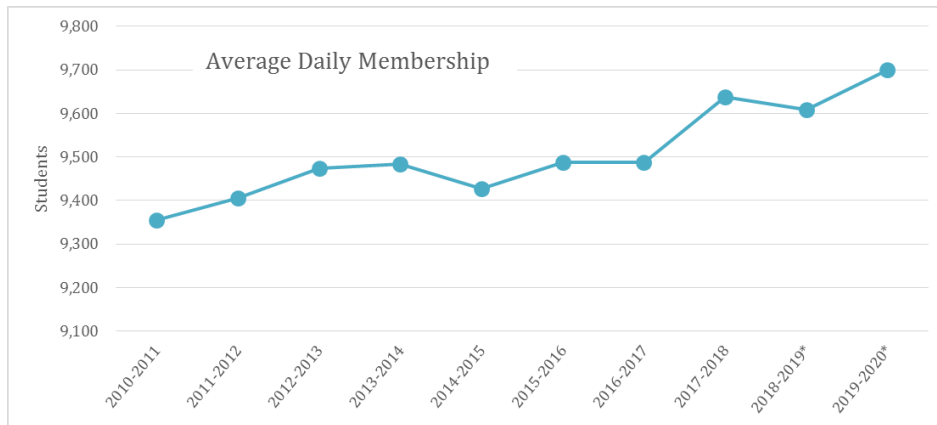
STUDENT ENROLLMENT

The annual average daily membership (ADM) projections are critical to the budgeting process as overestimating the number of students could result in overestimating revenues causing a budget shortfall. On the other hand, underestimating the ADM will result in underestimated state revenues causing an unexpected fund balance at year-end. Neither outcome is desirable due to the fiscal impact and the planning of expenditures to meet instructional and operational goals. Researching trends in population growth, student attrition, and other pertinent information is useful in developing accurate ADM estimates.

Since about 50% of the school division’s revenue is based on student enrollment projections it is a primary focus when developing the budget. Enrollment is also significant because it drives the number of instructional and support staff needed to provide educational support services to students.

The FY 2019-20 budget was built on an ADM of 9,700. A combination of attrition, third-party enrollment forecasts and County birth rates were used to support this figure.

The following chart reflects the trend analysis from FY 2009-10 through the budgeted year 2019-20.



* Budgeted Enrollment

LOCAL TAXES

School divisions in Virginia do not have taxing authority and are fiscally dependent on the local government. Montgomery County government collects taxes on real estate, personal property, and other sources and transfers a percentage of those revenues to MCPS for operations. These revenues make up the County’s undesignated revenue, which may be used in the budget at the Board of Supervisor’s discretion. There is no formal agreement on the percentage of collected revenues that are transferred to MCPS. Historically, the County has allocated between 43.36% and 46.61%. The transfer for FY 2018-19 was 44.35% of the County’s undesignated revenue. Tax rates presented in the chart are per \$100 of assessed value.

Calendar Year	Property Tax Rates				
	Real Estate	Personal Property	Machinery and Tools	Merchants Capital	Total Direct Rate
2017	0.89	2.55	1.82	3.05	8.31
2016	0.89	2.55	1.82	3.05	8.31
2015	0.89	2.55	1.82	3.05	8.31
2014	0.89	2.55	1.82	3.05	8.31
2013	0.89	2.55	1.82	3.05	8.31
2012	0.87	2.45	1.82	3.05	8.19
2011	0.75	2.45	1.82	3.05	8.07
2010	0.74	2.45	1.82	3.05	8.06
2009	0.71	2.45	1.82	3.05	8.03
2008	0.71	2.45	1.82	3.05	8.03

ALLOCATION OF PERSONNEL RESOURCES

As part of the annual budget process, requests for additional staffing are evaluated for funding. The information to the right is a summary by position of personnel resource changes included in the FY 2019-2020 budget as compared to the FY 2018-2019 budget. The total number of full time equivalent positions for FY 2019 increased by 21 teaching positions and 2 administrator positions.

Locations and grades for teachers and instructional assistants vary from year to year based on enrollment by school and by grade.

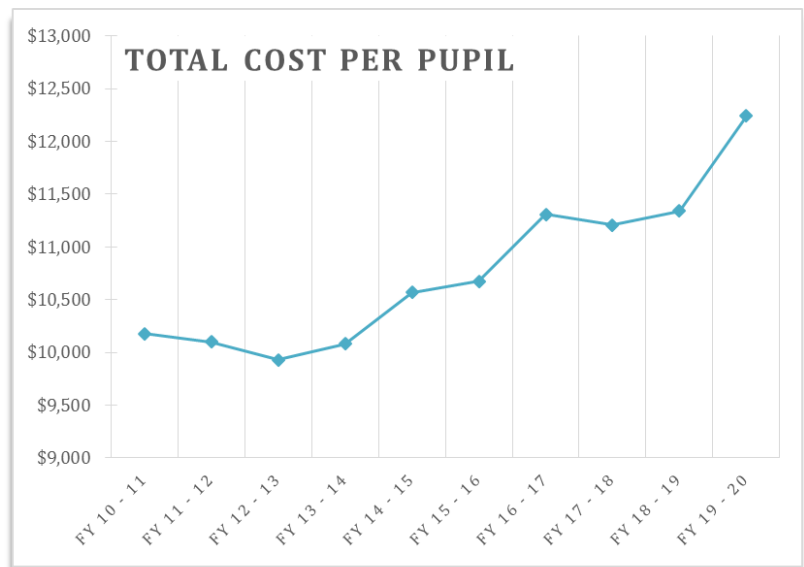
	FY 2018-19		Difference
	Approved	Proposed	
Teachers	879.31	901.31	22.00
Instructional Aides	219.05	219.05	-
Nurses	17.47	17.47	-
Principals & School Administrators	42.60	42.60	-
Administrative Assistants	71.50	71.50	-
Clerical Aides	10.64	10.64	-
Bus Drivers, Aides, & Trainers	113.00	113.00	-
Maintenance	146.50	146.50	-
Technology	17.00	17.00	-
Administrators	36.00	37.00	1.00
Other School Support	1.00	1.00	-
School Nutrition	100.50	100.50	-
School Board Members	7.00	7.00	-
Total	1,661.57	1,684.57	23.00

CHANGES IN DEBT

Debt provides the current resources to build new schools and renovate or expand current school buildings. These financial resources must be repaid with interest in the future. This debt commits future county funds to pay the principal and interest on school mortgages. As debt to finance school construction increases, county funds become limited for day-to-day operating costs accounted for in the School Operating Fund. Significant changes in the debt service for any given fiscal year is driven by the sale of new bonds requiring additional interest and principal payments or by the retirement (pay-off) of any existing bonds. To increase debt spending, MCPS submits requests to the Montgomery County Board of Supervisors who approves the amount of funds available for the construction of new schools.

PER PUPIL EXPENDITURES

The Virginia Department of Education defines "Operations" to include regular day school, summer school, adult education, and other education, but does not include pre-kindergarten, non-regular day school programs, non-local education programs, debt service, or capital outlay additions. Figures to the right for FY 2011 through FY 2018 were taken from Table 15 of the Superintendent's Annual Report for Virginia for the respective years. FY 2019 & FY 2020 cost per pupil is an estimate based on data included in the FY 2019 & FY 2020 budget book, respectively.



SCHOOL & FACILITY INFORMATION

School Information						
School	Grade Levels	Enrollment	PTR	Disadvantaged	Students with Disabilities	Accreditation
Primary Schools						
Christiansburg Primary	PK-2	437	18:1	40.5%	10%	Accredited
Elementary Schools						
Auburn Elementary	PK-5	563	19:1	48.4%	12%	Accredited
Belview Elementary	PK-5	311	19:1	53.2%	15%	Accredited
Christiansburg Elementary	3-5	413	21:1	47.5%	10%	Accredited
Eastern Montgomery Elementary	PK-5	539	17:1	72.5%	11%	Accredited
Falling Branch Elementary	PK-5	523	19:1	44.3%	11%	Accredited
Gilbert Linkous Elementary	PK-5	378	19:1	21.7%	12%	Accredited
Harding Avenue Elementary	K-5	330	21:1	18.1%	8%	Accredited
Kipps Elementary	K-5	410	19:1	19.7%	11%	Accredited
Margaret Beeks Elementary	PK-5	460	19:1	31.8%	10%	Accredited
Price's Fork Elementary	PK-5	488	20:1	57.0%	14%	Accredited
Middle Schools						
Auburn Middle	6-8	270	16:1	45.0%	13%	Accredited
Blacksburg Middle	6-8	903	23:1	21.6%	10%	Accredited
Christiansburg Middle	6-8	723	19:1	46.7%	10%	Accredited
Shawsville Middle School	6-8	223	15:1	64.6%	13%	Accredited
High Schools						
Auburn High School	9-12	424	22:1	33.7%	8%	Accredited
Blacksburg High School	9-12	1,206	22:1	17.3%	7%	Accredited
Christiansburg High School	9-12	1,047	20:1	37.9%	9%	Accredited
Eastern Montgomery High School	9-12	284	16:1	62.9%	12%	Accredited

Facility Information						
School	YR opened	Capacity	Square Feet	Mobile units	acreage	
Primary Schools						
Christiansburg Primary	1973	306*	52,475	5	22.30	
Elementary Schools						
Auburn Elementary	1998	560	81,104	1	14.70	
Belview Elementary	1953	222*	37,981	0	10.00	
Christiansburg Elementary	1963	266*	40,363	5	15.40	
Eastern Montgomery Elementary	2010	650	111,000	0	20.00	
Falling Branch Elementary	1992	740*	89,363	0	21.60	
Gilbert Linkous Elementary	1964	354	41,071	0	12.96	
Harding Avenue Elementary	1973	242	43,436	0	7.90	
Kipps Elementary	1994	450	64,954	0	28.30	
Margaret Beeks Elementary	1963	390	50,209	0	14.00	
Price's Fork Elementary	2011	650	111,000	0	20.00	
Middle Schools						
Auburn Middle	2015	480	126,338	0	13.50	
Blacksburg Middle	2002	1,200	190,478	0	55.20	
Christiansburg Middle	2003	1,200	190,478	0	32.00	
Shawsville Middle School	1935	240	68,645	0	16.50	
High Schools						
Auburn High School	2013	600	182,944	0	37.10	
Blacksburg High School	2013	1,400	295,302	0	76.50	
Christiansburg High School	1974	848*	222,902	5	43.60	
Eastern Montgomery High School	2000	561	109,350	0	35.39	

* Program Capacity

FAST FACTS

SCHOOL BUILDINGS

Primary School	1
Elementary Schools	10
Middle Schools	4
High Schools	4
Alternative Education	1
Total	20

TEACHING STAFF

Salaries	
Minimum	\$ 37,051
Maximum	\$ 65,832
MCPS Average	\$ 47,678
Total Teachers	901
Number of classroom teachers with Master's degrees or above	434
Average years experience (overall)	13.9
Turnover rate	13.43%

STUDENT INFORMATION

Average Daily Membership (3/31/18)	
Elementary	4,549
Middle	2,120
High	2,968
Total	9,637
Cost per Student (preliminary)	
State	\$ 4,567
State Sales Tax	\$ 1,231
Federal	\$ 453
Local	\$ 5,091
Total	\$ 11,342
% of Free & Reduced Lunch	38.06%
Scholastic Assessment Test Scores	
Math	
MCPS	515
State	563
Nation	529
Critical Reading	
MCPS	534
State	547
Nation	520
Number of Seniors taking SAT	657
Number of AP Examinations	943

DEMOGRAPHICS

Total Fall Membership (K-12)	9,694
Subgroup:	
Black	4.23%
White	82.22%
Hispanic	4.02%
Asian	4.05%
Hawaiian	0.14%
Multi-Race	5.03%
Native American	0.26%
Special Education	11.39%
Limited English Proficient	4.22%
Economically Disadvantaged	38.06%

Note: The demographic information presented above is an appropriate "snapshot" of our student demographic data taken in October. This snapshot includes all students (full and part-time, preschools, GED, special programs, etc.) and may differ from other reports, depending on which day the data was recorded.

STATEMENT OF INCLUSIVITY

The Montgomery County School Board, in accordance with its Core Values, strives to support our students and staff in their pursuit of excellence. The School Board governs budgets and policies used daily in our school in support of the school system's core values of cultural diversity, physical safety and emotional well-being, mutual trust and respect, open communication, accountability, engagement and lifelong learning for each member of our school community.

On behalf of the students and families in MCPS and all the citizens of Montgomery County, the Montgomery County School Board affirms (Code of Ethics):

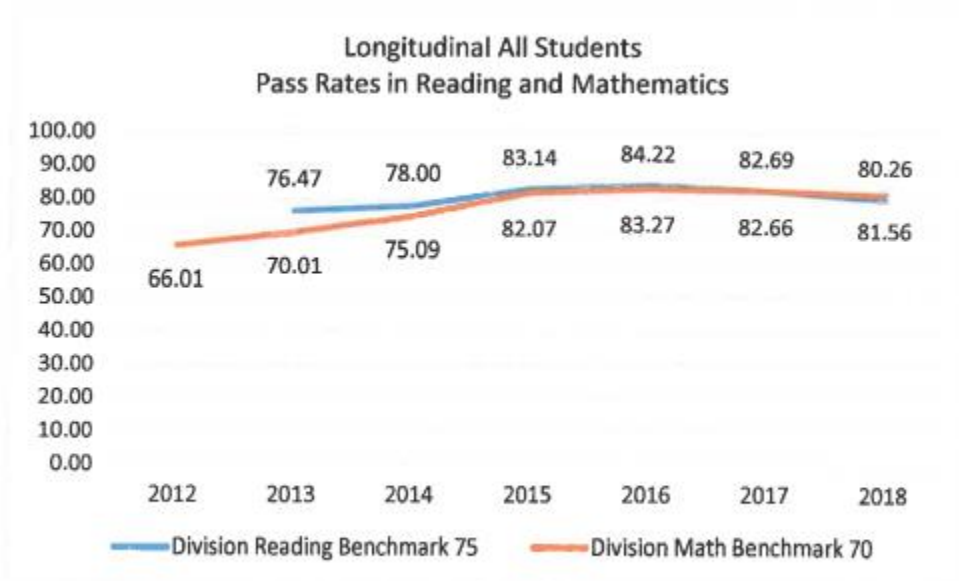
- Its policies on non-discrimination and anti-harassment to nurture an environment of inclusiveness and prohibit discrimination on the basis of race, color, religion, national origin, sexual orientation, political affiliation, gender, pregnancy, childbirth or related medical condition, age, marital status, disability or status as a special disabled veteran. (5-1.2)
- A commitment to ensure that all students and school system personnel, including all immigrants, are treated with dignity and respect. (6-1.8)
- Support of MCPS efforts to build bridges of understanding and mutual respect among all the diverse members of our community. (6-1.8)
- Our vow to oppose any intolerance or fear that might threaten the diversity, safety, or academic excellence of our schools; and (5-1.2)
- Our pledge to ensure that all students and school personnel within Montgomery County are accorded equal protection under the law. (5-1.1 and 7-1.1)

Universal public education available to all is a civil right as well as the defining promise of American democracy. The members of the School Board took an oath to uphold the United States Constitution in our work for the Commonwealth of Virginia. As an extension of our oath, we encourage our students, staff, and members of the community to celebrate the inclusiveness and diversity that contributes to the growth, success, safety, and quality of life for everyone at MCPS. (1-1.1 through 1-1.7)

SHARING OUR SUCCESSES

The following successes from the 2018-2019 school year highlight the excellence in education that occurs in Montgomery County Public Schools.

- 19 of 19 Montgomery County Schools are Fully Accredited
- Reading scores are ranked in the top 21% statewide
- Math scores are ranked in the top 20% statewide
- Science scores are ranked in the top 25% statewide
- MCPS administrators participated in professional development to support cultural awareness
- Leveraging appropriate technology tools, students have more access to resources that support effective instruction. Evidence of increased use of instructional technology is regularly observed in classrooms.
- MCPS expanded Work Based Learning experiences from 136 students participating in 2016-2017 to 511 students and was awarded the VSBA Work Based Learning Award.



OVERVIEW AND MCPS ACCOMPLISHMENTS

Overview

Montgomery County is located in the New River Valley in the Appalachian region of Southwest Virginia. The county covers an area of 393 square miles and is home to a population of approximately 95,000. Of these residents, 88% are white, 6% Asian, 5% African American, and 1% other races. Montgomery County's largest population centers are the towns of Christiansburg (the county seat and retail center) and Blacksburg (home to Virginia Tech, the state's largest university). In addition, Montgomery County includes numerous unincorporated rural communities. The largest of these are Riner to the south and Shawsville and Elliston to the east. The county's largest employers include Virginia Tech, Montgomery County Public Schools, several manufacturing plants and calling centers, and two hospitals. The Montgomery County Public School division (MCPS) serves more than 9,900 students in grades PK-12. There are 19 schools in the county's four attendance areas, including 11 elementary, four middle, four high, and one secondary alternative program.

Academic Achievement

MCPS had a 92.8% on-time graduation rate in 2017. MCPS ranked 53rd out of 132 school divisions in the state. Among divisions with similar enrollment, only Fauquier County had a higher graduation rate (95.8%), and Campbell had the same graduation rate (92.8%). Among Region VI, four divisions – Botetourt County (93.5%), Floyd County (93.5%), Roanoke County (94.2%), and Salem City (94.9%) – had a higher graduation rate. Two of Montgomery County's four high schools had a graduate rate at or above the state average of 91.15%.

2017 SAT scores for MCPS stayed well above state and national averages. The average overall score for the 412 MCPS students who took the SAT was 1151. The MCPS total average score exceeded the state average by 50 points and the national average by 80 points.

Beginning with the 2017 cohort of graduates, a CTE credential is required for Virginia students to earn a Standard Diploma. The credential could include a professional license, an industry certification, or a

THE CLASS OF 2018

Graduates earned
\$8,299,661 in
scholarships

95.24% Graduated
On Time

43.20% reported
they would attend a
four-year college

37.25% reported they
would attend a two-
year college

17 National Merit
Honorees

workplace readiness skills credential. By graduation in May, 92.74% of the 2017 cohort earned a CTE credential, and 80.17% of the 2018 cohort has earned a CTE credential.

All MCPS schools are Fully Accredited by the Virginia Department of Education, far higher than the state average. Of Virginia's 1,813 public schools, 892, or 1,683, are rated as Fully Accredited for 2018-2019. These ratings are based on Standards of Learning (SOL) testing during the 2017-2018 school year.

One MCPS middle school—Blacksburg Middle—and three elementary schools – Gilbert Linkous, Kipps, and Margaret Beeks – are among 145 Virginia schools to earn the 2016 Board of Education Excellence Award under the Virginia Index of Performance (VIP). These schools met all state and federal accountability benchmarks and made significant progress toward goals for increased student achievement and expanded educational opportunities set by the Board of Education.

Montgomery County was one of only 15 school divisions that earned the 2017 Board of Education Distinguished Achievement Award; four MCPS schools—Blacksburg High, Christiansburg Elementary, Christiansburg Primary, and Harding Avenue—also earned this award. In order to earn this award the school division/school must meet all state and federal benchmarks and made progress toward the goals of the Governor and the Virginia Board of Education.

Community Involvement

MCPS continues to be an integral part of the Montgomery County community. The division works to achieve its goals with collaboration from many community organizations including Virginia Tech, Radford University, New River Community College, New River Valley Community Services, local law enforcement and government agencies, the medical community, and many other organizations. Many local businesses partner with MCPS to help us achieve division goals for student success. Parents and other community volunteers donate thousands of hours per year to support schools by mentoring, tutoring, helping with special projects, fundraising, and reading to students.

In addition to MCPS students, many local groups, use the interior facilities and athletic fields of our public schools. These include PTAs and PTOs, youth and adult sports leagues, the YMCA, 4-H, after-school programs and clubs, civic organizations, and the Boy Scouts and Girl Scouts. During the 2017-18 school year, MCPS school facilities were used for 5,534 external activities by community, recreational, and civic organizations. These include recreational sports practices and games, club meetings, worship services, and numerous other events.

REQUESTS FOR INFORMATION

This budget document is designed to provide our citizens, taxpayers, and other stakeholders with a general overview of the school system's budget and to demonstrate the School Division's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to: Katherine C. Miano, CPA, SFO Director of Finance, Montgomery County Public Schools, 750 Imperial Street, SE, Christiansburg, VA 24073, telephone (540) 382-5100 or visit the school division's website at www.mcps.org.

GLOSSARY OF ACRONYMS

A

AA – Administrative Assistant
ACAP – A Career and Academic Plan
ADM – Average Daily Membership
AES – Auburn Elementary School
AHS – Auburn High School
AMS – Auburn Middle School
AP – Advanced Placement
ASBO – Association of School Business Officials.

B

BEL/BES – Belview Elementary School
BHS – Blacksburg High School
BMS – Blacksburg Middle School
BOS – Board of Supervisors.

C

CES – Christiansburg Elementary School
CHS – Christiansburg High School
CIP – Capital Improvement Program
CMS – Christiansburg Middle School
CMP – Capital Maintenance Projects
COLA – Cost of Living Adjustment
CPS – Christiansburg Primary School
CRE – Coordinated Federal Review Effort
CSA – Comprehensive Services Act
CTE – Career and Technical Education

D

DMAS – Department of Medical Assistance Services
DSP – Differentiated Services Plan

E

EL – English Learners
EME – Eastern Montgomery Elementary School
EMH – Eastern Montgomery High School
ESEA – Elementary Secondary Educational Act
ESL – English as a Second Language
ESSA – Every Student Succeeds Act

F

FBE – Falling Branch Elementary School
FICA – Federal Insurance Contribution Act
FY – Fiscal Year
FTE – Full Time Equivalent

G

GAAP – General Accepted Accounting Principals
GASB – Government Accounting Standards Board
GB – Gigabyte
GED – General Education Development
GLE – Glibert Linkous Elementary School
GRT – Gifted Resource Teacher

H

HAE – Harding Avenue Elementary School

I

IDEA – Individuals with Disabilities Act
IEP – Individual Education Plan
ISAEP – Individual Student Alternative Education Plan
ISS – In School Suspension
ITRT – Information Technology Resource

K

KES – Kipps Elementary School

L

LCI – Local Composite Index
LEA – Local Education Agency
LEP – Limited English Proficient

M

MBA – Meritorious Budget Award
MBE – Margaret Beeks Elementary School
MC – Montgomery Central
MCEF – Montgomery County Education Foundation
MCPS – Montgomery County Public Schools
MPBS – Megabits per Second

N

NSLP – National School Lunch Program**O**

OPEB – Other Postemployment Benefits**P**

PALS – Phonological Awareness Literacy Screening**PBIS** – Positive Behavior Interventions & Supports**PE** – Physical Education**PFE** – Price's Fork Elementary School**PIO** – Public Information Officer**PLE** – Paid Lunch Equity**PPA** – Per Pupil Amount**PTA** – Parent Teacher Association**PTO** – Parent Teacher Organization**S**

SAP – Student Assistance Program**SAT** – Scholastic Aptitude Test**SBP** – School Breakfast Program**SMS** – Shawsville Middle School**SNP** – School Nutrition Program**SOLO** – Structure of Observed Learning Outcomes**SOL** – Standards of Learning**SOQ** – Standards of Quality**STEM** – Science, Technology, Engineering, &
Mathematics**U**

UAAL – Unfunded Accrued Actuarial Liability**USDA** – United States Department of Agriculture**V**

VDOE – Virginia Department of Education**VIP** – Virginia Index of Performance**VPI** – Virginia Preschool Initiative**VPSA** – Virginia Public School Authority**VRS** – Virginia Retirement System

GLOSSARY OF TERMS

This glossary includes definitions of terms used in this budget document and other terms as seem necessary for an understanding of financial accounting procedures for Montgomery County Public Schools.

A

Accrual Basis of Accounting – The basis of accounting which indicates revenues are recorded when they are earned (whether or not cash is received at the time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at the time or not).

Advanced Placement (AP) Exams – A requirement of all students enrolled in AP courses and offered through the Educational Testing Service at a fee to the student.

Allocation – The amount of funding appropriated to an agency. Types of allocations include per-pupil allocations, fixed allocations, and replacement equipment allocations.

Appropriation – An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

Audit – The examination of documents and procedure to ascertain that school operations have been handled accurately, legally, and responsibly.

Average Daily Membership (ADM) – The average daily membership for grades K-12 is the enrollment figure used to distribute state per pupil funding. It includes students with disabilities ages five to 21 and students whom English is a second language who entered school for the first time after reaching their 12th birthday and who have not reached their 22nd birthday. Preschool and post-graduate students are not included in the ADM.

B

Bonds – A written promise to pay a specific amount of money (face value) and interest over a specific period of time. Bonds for school purposes are either General Obligation Bonds or Virginia Public School Authority Bonds (VPSA).

Budget – A financial plan for a given period, usually a fiscal year, containing an estimate of proposed expenditures and a proposed means of financing them.

Budget Calendar – A schedule of activities, responsibilities, and deadlines related to budget development and adoption.

Budgetary Control – The internal control procedures designed to control or manage expenditures in accordance with the authorized budget.

C

Capital Expenditures – Expenditures for land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible and intangible assets that are used in operations and have initial useful lives greater than one year and have a cost of \$5,000 or more.

Capital Improvement Plan – The five-year plan for school division construction projects.

Capital Projects Budget – A plan of proposed capital outlays and the means of financing them for the current fiscal period.

Cash Basis – The basis of accounting, which indicates transactions are recognized only when cash is increased or decreased.

Category, Administration, Attendance, and Health – The activities concerned with establishing and administering policy for the school division. These include Board Services, Executive Services, Human Resources, Fiscal Services, and Health Services.

Category, Instruction – The programs and services dealing directly with the interaction between teachers and students. Also, included in this category are the activities associated with curriculum development and instructional staff training.

Category, Operations and Maintenance – The activities concerned with keeping buildings open, comfortable, and safe for use. This includes heating, lighting, ventilating systems, repair of facilities, and replacement of facility equipment.

Category, Pupil Transportation – The activities associated with transporting students to and from school and on other trips related to school activities.

Category, Technology – This program provides classroom technology support to include hardware, software, and personal services for elementary, middle, and high schools.

Chart of Accounts – A list of all accounts in an accounting system.

D

Direct Aid – Funding appropriated for the operation of the Commonwealth's public schools that is generally divided among categorical payments, funding for school employee benefits, funding of the Standards of Quality, incentive-based programs, allotment of sales tax and lottery revenues, and specific appropriations for programs such as Governor's Schools and adult literacy initiatives. Both state and federal funds are appropriated in direct aid. All lottery proceeds are earmarked for public education.

E

Employee Benefits – Job-related benefits provided employees as part of their total compensation. Fringe benefits include the employer's portion of FICA, pensions, insurance (life, health, disability income, worker's compensation, etc.), Virginia unemployment taxes, and employee allowances.

Encumbrances – Obligations in the form of purchase orders, contracts, salaries, or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved.

F

Fiscal Year – Any twelve-month period concluded by determination of financial conditions and closing of financial records. Montgomery County Public Schools has a fiscal year of July 1 to June 30.

Fiscally Dependent School Division – A fiscally dependent school division is one that is dependent on a unit of general government for financial support. Typically, fiscally dependent school divisions do not have taxing or bonding authority.

Food Service Budget – This fund accounts for all of the cafeteria operations within the school division, including the preparation and serving of school breakfast and lunch. The primary funding source for this independent financial operation is the fees charged for meals.

Full Time Equivalent (FTE) – A measurement equal to one staff person working a full-time work schedule for the specific position for one fiscal year.

Function – Expenditure classification or category as defined by the Virginia Department of Education.

Fund – A fiscal and accounting entity with a self-balancing set of accounts recording assets and liabilities for specific activities of the school division.

Fund Balance – The excess of assets of a fund over its liabilities and reserves.

Fund Statement – A financial accounting statement that shows all the financial sources available and uses with beginning and ending balances within a fund for a given fiscal year.

L

Literary Fund – A permanent and perpetual fund established in the Constitution of Virginia (Article VIII, Section 8). The Literary Fund provides low-interest loans to school divisions for capital expenditures, such as construction of new buildings or remodeling of existing buildings.

M

Materials and Supplies – Includes articles and commodities that are consumed or materially altered when used and minor equipment that is not capitalized. This category includes bus and vehicle fuels, textbooks, vehicle and powered equipment supplies, instructional materials, and technology software.

Modified Accrual Basis – Basis of accounting that is followed by Governmental Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest and principal on long-term debt which is recorded when due, are recorded when the fund liability is incurred, if measurable.

O

Object Code – The line item description that denotes the purpose of expenditure. The seven major object categories are Personal Services; Employee Benefits; Purchased Services; Other Charges; Material/Supplies; Capital Expenditures; and Transfers.

Operating Fund – The operating fund provides for the day-to-day operations and maintenance of the schools and is funded primarily through county, state, and federal funds.

Other Charges – Included are travel and staff development costs, dues, subscriptions and miscellaneous purchases. This category includes telecommunications, utilities (including electric, water, heat, etc.), postage, division insurance costs, and travel.

P

Personal Services – All compensation for the direct labor of persons in the employment of the division. Salaries and wages paid to employees for full and part-time work, including overtime. Also includes payments for time not worked, including sick leave, vacation, holidays, jury duty, military leave, and other paid absences that are earned during the period.

Purchase Order – A document submitted to a vendor which requests materials or services at a price indicated on the purchase order. The issuance of a purchase order establishes an encumbrance in the accounting system.

Purchased Services – Services acquired from outside sources (i.e., private vendors, public authorities, or other governmental entities, including payments to state mental health/mental retardation institutions for the education of students with disabilities and/or tuition payments to the School for the Deaf and the Blind at Staunton that are made by the Virginia Department of Education on behalf of the school division). Purchase of the service is on a fee basis or fixed time contract basis. Payments for rentals and utilities are not included in this account description.

S

Standards of Learning (SOL) – The minimum grade level and subject matter educational objectives that students are expected to meet in Virginia public schools as specified by the SOQ (Sections 22.1-253.13:1 of the Code of Virginia). The educational objectives describe the knowledge and skills “necessary for success in school and for preparation for life.”

Standards of Quality (SOQ) – Article VIII, § 2 of the Constitution of Virginia requires the Board of Education to determine and prescribe from time to time, subject to revision by the General Assembly, Standards of Quality for the public schools in Virginia. The General Assembly shall determine the manner in which funds are to be provided for the cost of maintaining an educational program meeting the prescribed standards of quality, and shall provide for the apportionment of the cost of such program between the Commonwealth and the local units of government comprising such school divisions. The Code of Virginia (Section 22.1-18.01) requires the Board of Education to review the Standards of Quality every two years.

State Category – The broad expenditure categories for school divisions determined by the State Board of Education. Current state categories are as follows: Administration, Health, and Attendance; Instruction; Debt Service; Maintenance and Operations; Pupil Transportation; Food Services and Other Non-Instructional Operations; and Facilities.

State Standards of Accreditation – The standards for the accreditation of public schools in Virginia are designated to ensure that an effective educational program is established and maintained in Virginia's public schools. The Code of Virginia requires the Virginia Board of Education to promulgate regulations establishing standards for accreditation of public elementary and secondary schools. A school can be assigned one of the following ratings: (1) Fully Accredited (2) Accredited with Warning (3) Conditionally Accredited.