



Montgomery County Public Schools
Operating Budget
As Adopted on May 15, 2012
For Fiscal Year 2012-2013

BACKGROUND

The School Board on May 15, 2012 approved the budget for FY 2012-2013. This budget includes Federal, State, County and Local revenues and expenditures supported by these revenues. The budget and budget process are summarized in the following. The full budget detail is available through the School Board Office.

The budget for fiscal year 2012-2013 will have a major impact on Montgomery County Public Schools and the ability to maintain the current level of staffing and programs. Reductions in past years and the reduction in state revenue continues to present a challenge. However, emphasis will continue to focus on the educational needs of the students of Montgomery County, and we will continue to provide quality instruction that emphasizes differentiation in an inclusive setting. Although reductions to the expenditure budget will still be made, efforts will continue to protect key instructional programs. The reduction of expenditures will have an impact on the classroom instruction either through the reduction of supplies and materials or by the lack of funding to do repairs and improvements to the school building. Reductions in positions will be approached as much as possible through attrition and could result in an increase in overall pupil teacher ratios. Student enrollment during the past year increased slightly, and it is projected to increase slightly in the 2012-2013 budget. Meeting the many challenges presented by the federal legislation under No Child Left Behind (NCLB) and the State Standards of Quality and Standards of Accreditation will be a challenge in this budget.

The budget adjustments approved by the General Assembly for the 2012-2013 biennium budget for Montgomery County reflects a significant decrease. This decrease of (\$1,301,207) further adds to total decrease of (\$6,104,935) in the School Board budget for the past three years. This will continue to have a major impact on our instructional programs and put on hold the salary improvement plan that was developed to be able to attract and retain a highly qualified staff. An extensive review of the existing budget has been accomplished. This review involved a modified zero based process. Programs, functions, and staffing were reviewed to identify possible areas that could be reduced while minimizing the impact on classroom instruction. In addition, we looked at areas that should be updated and realigned with current programs and needs. This review has shown that the level of budget reductions in prior years has a major impact on reducing services, supplies, equipment, and personnel. Class size pupil teacher ratios will increase and some programs will be eliminated or not available.

KEY POINTS THAT IMPACT THE PROPOSED FY 2012-2013 BUDGET

1. The increase in the Local Composite Index of 5.04% reduces State funds – (\$1,301,207).
2. Proposed increase in the VRS employer contribution rate by 4.33% to 16.66% - increases expenditures \$2,166,968.
3. Employees beginning July 1, 2012 will pay 1.0% of the contribution to VRS. Employees will receive a 1% increase in pay to match the VRS contribution at a cost of \$527,874.
4. Proposed increase in Retiree Health Ins. Credit Rate by 0.51% - increases expenditures \$248,336.
5. Proposed increase in Group Life Ins. Rate by .91% - increases expenditures \$480,366.
6. The approved State budget eliminates the Composite Index Hold Harmless funds – this offset was used to soften the loss of state revenue due to composite index change.
7. The net impact of the revenue changes is a modest budget increase of \$688,377 or 0.75% that is mostly for increases in VRS contributions.
8. In addition the School Division has operational needs to maintain and operate 20 schools, provide technology to prepare students for the future, and operate an extensive transportation system. The total budget approved on May 15, 2012 reflects a reduction of (\$4,286,837) from the School Board budget approved on February 7, 2012.
9. The County support increases in this budget by \$3,328,198 and real estate tax rate was increased by 12 cents from .75 to .87 per \$100 dollars of assessed value.

THE BUDGET PROCESS

The budget process is comprised of planning, preparation, adoption, implementation and evaluation. The planning and evaluation process began in September and October 2011 with meetings with directors, principals, and staff. On November 15, 2011 a public hearing was conducted by the School Board to receive input for the budget planning. The Governor presented the proposed State biennial budget on December 19, 2011. As a result of the reduction in revenue, the budget planning continues to defer the school improvement process and continues to identifying expenditures for reduction. The priorities for these reductions were based on three principles: keep students first and lessen the impact on the classroom teacher by reducing budgets and staffing in the central office departments; absorb licensed classroom teacher reductions through attrition; and absorb classified staff reductions by providing opportunities to transfer to other positions in the division whenever possible.

A summary of the budget was presented to the School Board on January 12, 2012. During January, work sessions were scheduled by the School Board to receive information and evaluate requests and recommendations from the administration, staff, and employee groups. The Superintendent presented the initial recommended budget to the School Board on January 17, 2012. The School Board on January 26, 2012 approved a budget for a public hearing on February 7, 2012. The School Board adopted an initial budget on February 7, 2012 to be presented to the Board of Supervisors for funding. During March and April the adopted budget was adjusted as changes were received in State and local funding. The final budget was approved on May 15, 2012.

BUDGET WORKSHEET FY 2012-2013

DESCRIPTION	As of May 15, 2012		
	SCHOOL BOARD BUDGET		
	FTE	COST	TOTAL
Operating Budget FY 2011-12	1,514.89	INC./(DEC.)	\$ 91,280,803
Base Budget Adjustments:			
Salary Savings Retirement/Rollover			
Benefit Savings Retirement/Rollover			
Reduce Instruction Supply Budget (-5.0%) for total of (-41.4%)		(47,759)	
Reduce Instructional Equipment Budget (-5.0%) for total of (-59.5%)		(22,985)	
Reduce Contract/Purchased Services Budget (-5.0) for total of (-55%)		(54,235)	
Reduce Travel Budget (-5.0%) for total of (-35%)		(10,072)	
Reduce Office Supply Budget (-5.0%) for total of (-55%)		(8,030)	
Reduce Administrative Vehicle Replacement Budget (-5.0%) for total of (-55%)		(1,562)	
Reduce Budget for Postage		(15,000)	
Increase Budget for Textbooks to Match State Increase		345,565	
Additional Utility Cost New EME & PFE		153,340	
Increase in Utilities for Rate Increases (defer to 2013-2014 budget)		0	
Adult Education move to NRCC as part of regional program	(2.00)	(182,838)	
Reduce cost of gifted screening in 2 nd grade		(8,687)	
Eliminate Governor's School summer programs (4 slots)		(7,434)	
Reduce budget for textbooks		(200,000)	
Eliminate new students entering Governor's School (10 slots)		0	
Institute four-day summer work week - reduce summer operation of buildings		(60,000)	
Reduce bus stops by increasing walking distance to bus stops - 3/10th mile elementary; 1/2 mile for middle & high except for designated hazardous situations		(50,000)	
Close SES save utilities and maintenance (Move Rivendell to space available at Wilson House)		(50,000)	
Reduce heating and air conditioning to old BHS		(75,000)	
Close MCPS buildings during winter break to greatest extent possible - 12/22/2012 to 1/1/2013		(7,500)	
Increase facility use charges by 40% 20% and evaluate where facility use funds are funneled		(10,000)	
Increase local revenue budget for e-rate reimbursements		(60,000)	
Institute "Pay to Play" for VHSL athletics and activities at \$100 per sport/activity with cap of \$300		(72,100)	
Building Repair Budget		Reduce / Other Source One Time Funds	
Technology Budget Line		Reduce / Other Source One Time Funds	
Increase Budget for Replacement of Aging School Buses (4 ea)		Reduce / Other Source One Time Funds	
Furniture for Bldg. C (Request from other source, bond or capital)		# See Notes	
Cost to return BMS to Blacksburg (Will impact the 2013-14 budget)		* See Notes	
Start Up of BHS and AHS (Maximize the use of bond funds)		& See notes	
Subtotal Base Budget Adjustments	(2.00)		(444,296)
COMPENSATION CHANGES:			
Salary Schedule Changes (Step Inc.1.6%)		-	
All Employees two day furlough		0	
Increase VRS Covered Positions for 1% VRS Change		527,874	
Additional Benefit Cost for VRS 1% Salary		136,192	
VRS Contribution Rate Increase (4.33% professional + 1.43% Non-professional)		2,166,968	
VRS Group Health Ins Increase (4.05% 0.51% professional only)		248,336	
VRS GLI Contribution Rate Increase (0.20% 0.91% professional + non-professional)		480,366	
Increase Health Insurance (2.5%)		271,335	

Add \$100 deductible for prescription drugs for health insurance - reduces health insurance premium increase by 1% (2.5% to 1.5%).		(108,534)	
Increase part-time incentive eligibility time by one year (3 years in lieu of 2 years service; 33 employees)		(132,000)	
Savings Health Insurance Retirement Incentive (20 @ \$19,756)		(395,120)	
Subtotal Compensation	-		\$ 3,195,417
DESCRIPTION	FTE	COST	TOTAL
STAFFING CHANGES:			
Do not hire replacements for two vacant maintenance positions	(2.00)	(97,636)	
Eliminate library aides: 4 elementary and 2 secondary	(1.84)	(107,208)	
Reduce school lunch aides at elementary schools by 50%	(1.47)	(85,732)	
Reduce 1.5 FTE Central Office Administrators	(1.50)	(81,038)	
Reduce 3.2 FTE for high school athletic directors and/or reassign duties to assistant principals	(3.20)	(186,880)	
Eliminate 2 assistant principals at large middle schools		0	
Reduce elementary assistant principals to 1.5 FTE (enrollment of at least 500 for 5 AP)		0	
Reduce staffing for In-School Suspension programs - middle schools to support athletic supplements	(0.50)	(28,959)	
Reduce Staffing Full-Time Equivalents (FTE's)	(25.26)	(1,475,291)	
Subtotal Staffing Requests	(35.77)		(2,062,744)
TOTAL BUDGET INC./DEC.)	(37.77)		\$ 688,377
PERCENT CHANGE IN BUDGET			0.75%
TOTAL BUDGET WITH PROPOSED CHANGES	1,477.12		\$ 91,969,180
PROJECTED REVENUE INC./DEC.):			
	FY 2011-2012	Inc./Dec.)	FY 2012-2013
State	\$ 48,447,862	(1,301,207)	\$ 47,146,655
Jobs Stimulus Year 2 Plan	\$ 1,166,757	(1,166,757)	\$ -
Federal	\$ 4,382,074	4,562	\$ 4,386,636
County	\$ 36,414,191	3,328,198	\$ 39,742,389
Recordation Tax	\$ 186,658	38,342	\$ 225,000
Local	\$ 420,000	48,500	\$ 468,500
Balance of 2008-09 Reserve	\$ 263,261	(263,261)	\$ -
TOTAL PROJECTED STATE, FEDERAL, & LOCAL REVENUE	91,280,803	688,377	\$ 91,969,180
ADDITIONAL FUNDS REQUIRED			(0)

= Funds to move will need to come from bond accounts or County capital funds in lieu of operating budget.

* = Budget impact cost to move BMS depends on the schedule. Difficult to make changes at BHS until they vacate building.

& = Will need to maximize use of bond funds or other sources for start-up of new schools.

Note: Cost of an FTE = \$58,400.

BUDGET APPROPRIATION BY MAJOR CATEGORY
BUDGET EXPENDITURE SUMMARY
FY 2012-13

DESCRIPTION	INSTRUCTION	ADMIN, ATTEND & HEALTH	PUPIL TRANS.	OPERATIONS & MAINT.	NON-INSTRU
<i>FY 2011-12 Operating Budget</i>	\$ 70,462,532	\$ 3,636,629	\$ 4,381,829	\$ 12,789,089	\$ 10,724
BUDGET CHANGES:					
Reduce Supply Budget	(47,758)	-	-	-	-
Reduce Equipment Budget	(22,985)	-	-	-	-
Reduce Contract/Purchased Services	(54,235)	-	-	-	-
Reduce Travel Budget	(10,072)	-	-	-	-
Reduce Office Supply Budget	(8,030)	-	-	-	-
Reduce Administrative Vehicle Replacement Budget	-	-	-	(1,562)	-
Reduce Budget for Postage	-	-	-	(15,000)	-
Increase Budget for Textbooks to Match State Inc.	345,565	-	-	-	-
Increase Budget for Additional Utility Cost New EME & Adult Education move to NRCC as part of regional program	-	-	-	153,340	-
Reduce cost of gifted screening in 2 nd grade	(8,687)	-	-	-	-
Eliminate Governor's School summer programs	(7,434)	-	-	-	-
Reduce budget for textbooks	(200,000)	-	-	-	-
Institute four-day summer work week - reduce summer operations of buildings	-	-	-	(60,000)	-
Reduce bus stops by increasing walking distance to bus stops - 3/10th mile elementary; 1/2 mile for middle and high, except for designated hazardous situations	-	-	(50,000)	-	-
Close SES save utilities and maintenance (Move Rivendell to space available at Wilson House)	-	-	-	(50,000)	-
Reduce heating and air conditioning to old BHS	-	-	-	(75,000)	-
Close MCPS buildings during winter break to greatest extent possible - 12/22/2012 to 01/01/2013	-	-	-	(7,500)	-
Increase facility use charges by 20% and evaluate where facility use funds are funneled	-	-	-	(10,000)	-
Increase local revenue budget for e-rate reimbursements	-	-	-	(60,000)	-
Institute "Pay to Play" for VHSL athletics and activities at \$100 per sport/activity with cap of \$300 per family	(72,100)	-	-	-	-
Increase VRS Covered Positions for 1% VRS Change	448,385	25,085	5,019	49,385	-
Additional Benefit Cost for VRS 1% Salary	114,199	5,820	4,464	11,709	-
Increase in VRS Contribution Rate (+4.33% professional & +1.43% non-professional)	1,941,509	108,618	14,270	102,571	-
Increase in VRS Group Health Insurance (0.51%)	228,677	12,793	1,247	5,619	-
Increase in GLI Contribution Rate (0.91% professional & non-professional)	408,031	22,827	4,568	44,940	-
Increase in Health Insurance Premiums (2.5%)	225,917	7,840	2,791	34,787	-
Add \$100 deductible for prescription drugs for health insurance - reduces health insurance premium increase by 1% (2.5% to 1.5%).	(90,367)	(3,136)	(1,116)	(13,915)	-
Increase part-time incentive eligibility time by one year (3 years in lieu of 2 years service; 33 employees)	(92,000)	-	(40,000)	-	-
Savings Health Insurance Retirement Incentive	(395,120)	-	-	-	-
Do not hire replacements for two vacant maintenance positions	-	-	-	(97,636)	-
Eliminate library aides: 4 elementary and 2 secondary	(107,208)	-	-	-	-
Reduce school lunch aides at elementary schools by 50%	(85,732)	-	-	-	-
Reduce 1.5 FTE Central Office Administrators	(81,038)	-	-	-	-
Reduce 3.2 FTE for high school athletic directors and/or reassign duties to assistant principals	(186,880)	-	-	-	-
Reduce staffing for In-School Suspension programs - middle schools to support athletic supplements	(28,959)	-	-	-	-
Reduce Staffing Full-Time Equivalents (FTE's)	(1,475,291)	-	-	-	-
Total Changes	\$ 555,549	\$ 179,847	\$ (58,757)	\$ 11,738	\$ -
Percent Change	0.79%	4.95%	-1.34%	0.09%	0.00%
TOTAL BUDGET FY 2012-13	\$ 71,018,081	\$ 3,816,476	\$ 4,323,072	\$ 12,800,827	\$ 10,724
Percent of Total Budget	77.22%	4.15%	4.70%	13.92%	0.01%

**SCHOOL NUTRITION PROGRAMS
BUDGET FY 2012-13**

The following is the approved budget for FY 2012-13:

Revenues	Local Income	\$ 2,280,422	
	Federal Funding	\$ 1,612,921	
	State Funding	\$ 65,083	
	Total Revenues		\$ 3,958,426
Expenditures	Labor & Benefits	\$ 1,886,770	
	Food Supplies & Services	\$ 1,971,656	
	Equipment Repair/Replace	\$ 100,000	
	Total Expenditures		\$ 3,958,426

Positions:

Supervisor	FTE
Field Manager	1
Admin Assistant	1
School Nutrition Managers	1
School Nutrition Workers	21
School Nutrition Substitutes	94
Total Positions	<u>128</u>

NOTES: The School Nutrition Program operates as a separate fund and is a self sustaining operation for salaries, food costs and related services, and equipment repair. The cost of utilities are included in the school operating budget. Expenditures for facilities or major capital items are included in the capital expenditure funding. Revenues are received for the sale of breakfast and lunch meals, the sale of a la carte items, and reimbursements for Federal programs.

MEAL RATES

	DESCRIPTION	RATE FY 2011-12	RATE FY 2012-13	INCREASE FY 2012-13
Breakfast:				
Full Price Student		\$1.10	\$1.15	\$0.05
Reduced Price		\$0.30	\$0.30	\$0.00
Full Price Adult		Alacarte	Alacarte	
Lunch:				
Full Price Student- Elem		\$2.10	\$2.15	\$0.05
Full Price Student- Secon		\$2.15	\$2.20	\$0.05
Reduced Price		\$0.40	\$0.40	\$0.00
Full Price Adult		\$3.50	\$3.50	\$0.00
Milk, 1/2 pint		\$0.45	\$0.45	\$0.00
Milk 2nd serving		\$0.35	\$0.35	\$0.00