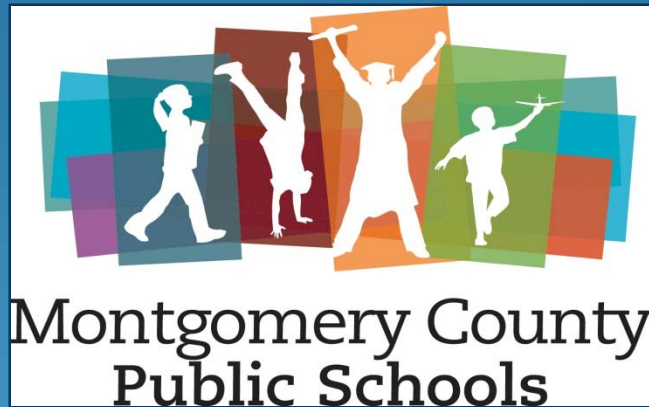


MCPS Budget for 2012-2013



Superintendent's Recommendations for Potential
Budget Reductions 2012-2013

| | A | B | C | D | H | I | J |
|----|--|----------------------------|-------------|------------------|---|--------------------------------|----------------|
| 1 | BUDGET PLANNING WORKSHEET | | | | | | |
| 2 | BUDGET WORKSHEET FY 2012-2013 | | | | | | |
| 3 | | As of February 7, 2012 | | | As of APRIL 13, 2012 | | |
| 4 | | SCHOOL BOARD BUDGET | | | BOS BUDGET WITH 12 CENT TAX INCREASE | | |
| 5 | DESCRIPTION | FTE | COST | TOTAL | FTE | COST | TOTAL |
| 6 | Operating Budget FY 2011-12 | 1,514.89 | INC./(DEC.) | 91,280,803 | 1,514.89 | INC./(DEC.) | 91,280,803 |
| 7 | Base Budget Adjustments: | | | | | | |
| 8 | Salary Savings Retirement/Rollover | | | | | | |
| 9 | Benefit Savings Retirement/Rollover | | | | | | |
| 10 | Reduce Instruction Supply Budget (-5.0%) for total of (-41.4%) | | (47,759) | | | (47,759) | |
| 11 | Reduce Instructional Equipment Budget (-5.0%) for total of (-59.5%) | | (22,985) | | | (22,985) | |
| 12 | Reduce Contract/Purchased Services Budget (-5.0) for total of (-55%) | | (54,235) | | | (54,235) | |
| 13 | Reduce Travel Budget (-5.0%) for total of (-35%) | | (10,072) | | | (10,072) | |
| 14 | Reduce Office Supply Budget (-5.0%) for total of (-55%) | | (8,030) | | | (8,030) | |
| 15 | Reduce Administrative Vehicle Replacement Budget (-5.0%) for total of (-55%) | | (1,562) | | | (1,562) | |
| 16 | Reduce Budget for Postage | | (15,000) | | | (15,000) | |
| 17 | Increase Budget for Textbooks to Match State Increase | | 349,018 | | | 349,018 | |
| 18 | Additional Utility Cost New EME & PFE | | 153,340 | | | 153,340 | |
| 19 | Increase in Utilities for Rate Increases (defer to 2013-2014 budget) | | - | | | - | |
| 20 | Building Repair Budget | | 250,000 | | | Other Source One Time Funds | |
| 21 | Technology Budget Line | | 150,000 | | | Other Source One Time Funds | |
| 22 | Increase Budget for Replacement of Aging School Buses (4 ea) | | 350,000 | | | Other Source One Time Funds | |
| 23 | Furniture for Bldg. C (Request from other source, bond or capital) | | # See Notes | | | # See Notes | |
| 24 | Cost to return BMS to Blacksburg (Will impact the 2013-14 budget) | | * See Notes | | | * See Notes | |
| 25 | Start Up of BHS and AHS (Maximize the use of bond funds) | | & See notes | | | & See notes | |
| 26 | Subtotal Base Budget Adjustments | | | 1,092,716 | | | 342,716 |

| | A | B | C | D | H | I | J |
|----|--|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|
| 27 | COMPENSATION CHANGES: | | | | | | |
| 28 | Salary Schedule Changes (Step Inc.1.6%) | | 1,200,000 | | | 1,200,000 | |
| 29 | Additional Benefit Cost for VRS 1% Salary | | | | | - | |
| 30 | VRS Contribution Rate Increase (5.33% professional)+2.43% Non-professional) | | 2,694,842 | | | 2,694,842 | |
| 31 | VRS Group Health Ins Increase (1.05% professional only)) | | 511,280 | | | 511,280 | |
| 32 | VRS GLI Contribution Rate Increase (.20% professional + non-professional) | | 139,965 | | | 139,965 | |
| 33 | Increase Health Insurance (2.5%) | | 271,335 | | | 271,335 | |
| 34 | Savings Health Insurance Retirement Incentive (20 @ \$19,756) | | (395,120) | | | (395,120) | |
| 35 | Part-time Benefits (\$1,601,958) | | | | | | |
| 36 | Subtotal Compensation | | | 4,422,302 | | | 4,422,302 |
| 37 | DESCRIPTION | FTE | COST | TOTAL | FTE | COST | TOTAL |
| 38 | STAFFING CHANGES: | | | | | | |
| 39 | Loss of Job Stimulus Funds - Save Positions (16 FTE) | - | - | | - | - | |
| 40 | Reduce Staffing Full-Time Equivalents (FTE's) | | | | | | |
| 41 | Subtotal Staffing Requests | - | | - | - | | - |
| 42 | TOTAL BUDGET INC./DEC.) | - | | 5,515,018 | - | | 4,765,018 |
| 43 | PERCENT CHANGE IN BUDGET | | | 6.04% | | | 5.22% |
| 44 | TOTAL BUDGET WITH PROPOSED CHANGES | 1,514.89 | | 96,795,821 | 1,514.89 | | 96,045,821 |
| 45 | | | | | | | |
| 46 | PROJECTED REVENUE INC./DEC.): | FY 2011-2012 | Inc./Dec.) | FY 2012-2013 | FY 2011-2012 | Inc./Dec.) | FY 2012-2013 |
| 47 | State | \$ 48,447,862 | (1,722,235) | \$ 46,725,627 | \$ 48,447,862 | (1,722,235) | \$ 46,725,627 |
| 48 | Jobs Stimulus Year 2 Plan | \$ 1,166,757 | (1,166,757) | \$ - | \$ 1,166,757 | (1,166,757) | \$ - |
| 49 | Federal | \$ 4,382,074 | 4,562 | \$ 4,386,636 | \$ 4,382,074 | 4,562 | \$ 4,386,636 |
| 50 | County | \$ 36,414,191 | 8,575,867 | \$ 44,990,058 | \$ 36,414,191 | 2,977,798 | \$ 39,391,989 |
| 51 | Recordation Tax | \$ 186,658 | 38,342 | \$ 225,000 | \$ 186,658 | 38,342 | \$ 225,000 |
| 52 | Local | \$ 420,000 | 48,500 | \$ 468,500 | \$ 420,000 | 48,500 | \$ 468,500 |
| 53 | Balance of 2008-09 Reserve | \$ 263,261 | (263,261) | \$ - | \$ 263,261 | (263,261) | \$ - |
| 54 | TOTAL PROJECTED STATE, FEDERAL, & LOCAL REVENUE | 91,280,803 | 5,515,018 | \$ 96,795,821 | 91,280,803 | (83,051) | \$ 91,197,752 |
| 55 | ADDITIONAL FUNDS REQUIRED | | | (0) | | | 4,848,069 |
| 56 | | | | | | | |
| 57 | # = Funds to move will need to come from bond accounts or County capital funds in lieu of operating budget. | | | | | | |
| 58 | * = Budget impact cost to move BMS depends on the schedule. Difficult to make changes at BHS until they vacate building. | | | | | | |
| 59 | & = Will need to maximize use of bond funds or other sources for start-up of new schools. | | | | | | |
| 60 | Note: Cost of an FTE = \$58,400 and would require reduction of about 83 FTE's to balance this budget. | | | | | | |

**REVENUE REDUCTIONS
FY 2008-09 TO FY 2011-2012**

| DESCRIPTION | BUDGET FY 2008-09 | BUDGET FY 2009-10 | CHANGE | BUDGET FY 2010-11 | CHANGE | BUDGET FY 2011-12 | CHANGE |
|--------------------|------------------------------|------------------------------|------------------|------------------------------|--------------------|------------------------------|------------------|
| STATE | 57,489,655 | 56,781,036 | (708,619) | 47,637,702 | (9,143,334) | 48,447,862 | 810,160 |
| FEDERAL | 4,021,910 | 3,997,050 | (24,860) | 4,118,941 | 121,891 | 5,548,831 | 1,429,890 |
| COUNTY | 35,331,515 | 35,103,980 | (227,535) | 35,714,191 | 610,211 | 36,414,191 | 700,000 |
| RECORDATION TAX | 186,658 | 186,658 | - | 148,467 | (38,191) | 186,658 | 38,191 |
| CARRYOVER | - | - | - | 641,519 | 641,519 | 263,261 | (378,258) |
| LOCAL | 356,000 | 356,000 | - | 356,000 | - | 420,000 | 64,000 |
| TOTAL | 97,385,738 | 96,424,724 | (961,014) | 88,616,820 | (7,807,904) | 91,280,803 | 2,663,983 |



Why?

- Reduction of more than \$6 million from the budget beginning in 2009-2010
- Change in Composite Index of 5.04% (\$1.9 million less in state revenue)
- No Composite Index Hold Harmless Included in Governor's Budget
- Increase in Employer Contributions to VRS (Approximately \$2 million)
- End of Federal Stimulus Program - \$1.12 million
- Increase in operational cost for new EMES and new PFES - \$153,000
- Small increase in expenditures needed for roofs, technology, and buses (\$750,000)



Impact of County Administrator's Budget Proposal with 12 Cent Tax Increase

- Adds \$3 million in additional funding to MCPS Operating Budget (\$88.2 million to \$91.2 million)
- Brings Operating Budget to the level of 2011-2012 (\$91.2 million)
- Provides expenditure relief to 2012-2013 budget by providing \$750,000 to cover roofs, technology and buses from June tax revenue rather than MCPS Operating Budget



Criteria

- Balanced Approach

- Safety

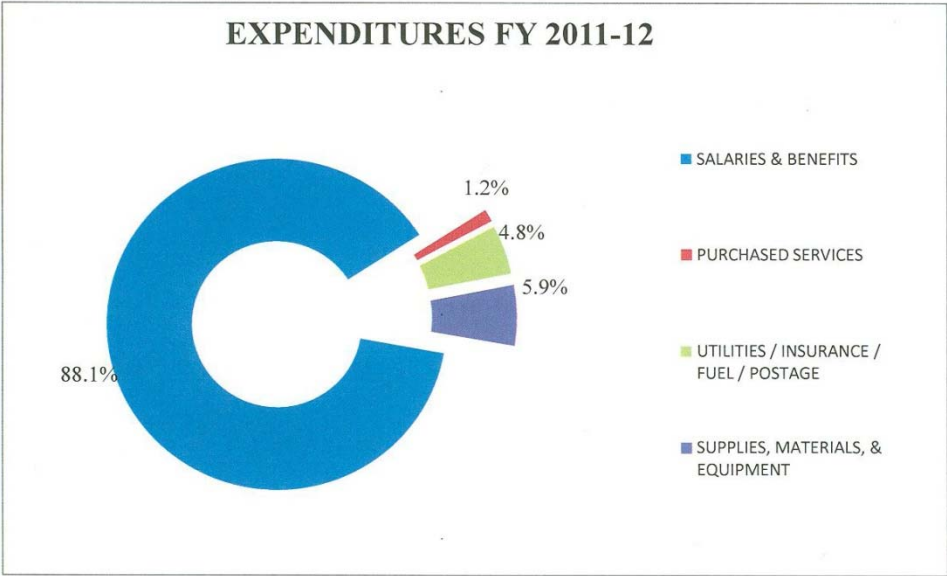
- Instruction

Personnel, Benefits, Programs, Buildings

EXPENDITURE SUMMARY FY 2011-12

| DESCRIPTION | BUDGET FY 2011-12 | PERCENTAGE OF TOTAL |
|--|----------------------|------------------------|
| SALARIES & FRINGES | \$ 80,439,792 | 88.12% |
| PURCHASED SERVICES | 1,084,682 | 1.19% |
| UTILITIES / INSURANCE / FUEL / POSTAGE | 4,370,021 | 4.79% |
| SUPPLIES, MATERIALS, & EQUIPMENT | 5,386,298 | 5.90% |
| TOTAL | \$ 91,280,793 | 100.00% |

EXPENDITURES FY 2011-12



| | A | B | C | D | E |
|----|---|--|-----------------------|------------------------|----------------|
| 1 | | | | | |
| 2 | | LIST OF ADDITIONAL BUDGET ADJUSTMENTS TO REDUCE EXPENDITURES | | | |
| 3 | | | | | |
| 4 | | DESCRIPTION | CURRENT BUDGET | PROPOSED BUDGET | SAVINGS |
| 5 | | EDUCATIONAL PROGRAM | | | |
| 6 | | Adult Education move to NRCC as part of regional program | \$ 227,091 | \$ 44,253 | \$ 182,838 |
| 7 | | Reduce cost of gifted screening in 2 nd grade | \$ 8,687 | \$ - | \$ 8,687 |
| 8 | | Eliminate Governor's School summer programs (4 slots) | \$ 7,434 | \$ - | \$ 7,434 |
| 9 | | Eliminate new students entering Governor's School (10 slots) | \$ 73,000 | \$ 36,500 | \$ 36,500 |
| 10 | | Reduce funding for field trips by 33% | \$ 113,352 | \$ 75,946 | \$ 37,406 |
| 11 | | Eliminate PSAT testing | \$ 7,761 | \$ - | \$ 7,761 |
| 12 | | Eliminate Phoenix Program | \$ 63,809 | \$ - | \$ 63,809 |
| 13 | | Eliminate all of Governor's School participation | \$ 73,000 | \$ 36,500 | \$ 36,500 |
| 14 | | | | | |
| 15 | | COMPENSATION/BENEFITS | | | |
| 16 | | Delete step increase | \$ 1,200,000 | \$ - | \$ 1,200,000 |
| 17 | | Increase part-time incentive eligibility time by one year (3 years in lieu of 2 years service; 33 employees) | \$ 1,601,958 | \$ 1,469,958 | \$ 132,000 |
| 18 | | Pay 90% of single health insurance premium for employees hired after July 1, 2012; add a Nurse Practitioner position to provide routine services and to reduce health insurance claims | \$ 77,600 | \$ 50,000 | \$ 27,600 |
| 19 | | 12-month administrators (61 employees) two-day furlough (all 12 month employees 286 = \$90,560) | \$ 34,000 | \$ - | \$ 34,000 |
| 20 | | Add \$100 deductible for prescription drugs for health insurance - reduces health insurance premium increase by 1% (2.5% to 1.5%) | \$ 271,335 | \$ 162,801 | \$ 108,534 |
| 21 | | All employees pay 5% of the single health insurance premium cost - total annual single premiums \$8,381,874 (single premium = \$7760; cost to employee \$38.80 per month) | | | \$ 419,094 |
| 22 | | | | | |
| 23 | | STAFFING | | | |
| 24 | | Decrease instructional positions by 25 FTE (change class size, realign programs, reduce course offerings, include specialties) | \$ 1,460,000 | \$ - | \$ 1,460,000 |
| 25 | | Delete 16 FTE due to loss of job stimulus funds - positions TBD | \$ 1,166,757 | \$ - | \$ 1,166,757 |

| | A | B | C | D | E |
|----|---|--|------------|-----------|------------|
| 26 | | Do not hire replacements for two vacant maintenance positions | \$ 97,636 | \$ - | \$ 97,636 |
| 27 | | Eliminate library aides: 4 elementary and 2 secondary | \$ 107,208 | \$ - | \$ 107,208 |
| 28 | | Reduce school lunch aides at elementary schools by 50% | \$ 171,464 | \$ 85,732 | \$ 85,732 |
| 29 | | Reduce 1.5 FTE Central Office Administrators | \$ 81,038 | \$ - | \$ 81,038 |
| 30 | | Institute four-day summer work week - reduce summer operation of buildings | | | \$ 60,000 |
| 31 | | Reduce 3.2 FTE for high school athletic directors and reassign duties to assistant principals | \$ 186,880 | \$ - | \$ 186,880 |
| 32 | | Eliminate 2 assistant principals at large middle schools | \$ 116,800 | \$ - | \$ 116,800 |
| 33 | | Reduce elementary assistant principals to 1.5 FTE (enrollment of at least 500 for .5 AP) | \$ 87,600 | \$ - | \$ 87,600 |
| 34 | | Freeze non-instructional positions/vacancies and fill on case by case basis | | | TBD |
| 35 | | Utilize job sharing as opportunities arise | | | TBD |
| 36 | | Minimize substitutes for non-instructional absences | | | TBD |
| 37 | | Eliminate staffing for In-School Suspension programs | \$ 129,531 | \$ - | \$ 129,531 |
| 38 | | | | | |
| 39 | | SUPPORT PROGRAMS | | | |
| 40 | | 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 |
| 41 | | Reduce 50% of supplements for middle school athletics; eliminate interscholastic competition and add intramurals | \$ 57,918 | \$ 28,959 | \$ 28,959 |
| 42 | | Reduce middle school academic supplements by 50% | \$ 35,349 | \$ 17,675 | \$ 17,675 |
| 43 | | | | | |
| 44 | | BUILDINGS/TEMPORARY/REDISTRIBUTING ALTERNATIVES | | | |
| 45 | | Close SES save utilities and maintenance (Move Rivendell to space available at CMS or new PFE) | \$ 50,000 | \$ - | \$ 50,000 |
| 46 | | Reduce heating and air conditioning to old BHS | | | \$ 75,000 |
| 47 | | Close MCPS buildings during winter break to greatest extent possible - 12/22/2012 to 1/1/2013 | | | \$ 7,500 |

| | A | B | C | D | E |
|----|---|---|---------------------|---------------------|---------------------|
| 48 | | Move HAE to new PFE (276 students) or move BEL to new PFE (225 students) | | \$ - | \$ 267,000 |
| 49 | | Close AMS building for two years (AHS - grades 8-12; move grades 6 & 7 to CMS) | \$ 340,837 | \$ - | \$ 340,837 |
| 50 | | Close SMS (EMH grades 7-12; EME grades PK-6) | \$ 340,837 | \$ - | \$ 340,837 |
| 51 | | | | | |
| 52 | | REVENUE | | | |
| 53 | | Increase facility use charges by 10% and evaluate where facility use funds are funneled | | | \$ 5,000 |
| 54 | | Increase local revenue budget for e-rate reimbursements | | | \$ 60,000 |
| 55 | | Institute "Pay to Play" for VHSL athletics and activities at \$100 per sport/activity with cap of \$300 | | | \$ 72,100 |
| 56 | | Review services for Medicaid eligible students for opportunities for additional reimbursement | | | TBD |
| 57 | | | | | |
| 58 | | Grand Total | \$ 8,188,882 | \$ 2,008,323 | \$ 7,196,252 |
| 59 | | | | | |
| 60 | | Total Superintendent Recommendations | | | \$ 5,408,443 |

| | A | B | C | D | E |
|----|--|--|---|---|---|
| 61 | ITEMS FOR STUDY in 2012-2013 to IMPLEMENT in 2013-2014: | | | | |
| 62 | | | | | |
| 63 | | Evaluate alternatives to MCPS summer programs delivery system | | | |
| 64 | | Analyze Middle School scheduling model for possible cost savings | | | |
| 65 | | Analyze High School scheduling model for possible cost savings | | | |
| 66 | | Evaluate establishing a Virtual Academy to enhance course offerings and the efficiency of delivery | | | |
| 67 | | Analysis of software for standardization and possible cost savings | | | |
| 68 | | Analyze outsourcing services (custodial, transportation, nurses). | | | |
| 69 | | Analyze sick leave bank for possible cost savings | | | |
| 70 | | Evaluate extended year contracts based on necessity of services | | | |
| 71 | | After relocation to County Government Center Bldg. C, study Central Office for reorganization (functions, staffing, shared services) | | | |
| 72 | | Study change to length of school year (-10 days and increase length of school day) - Gloucester School Division model | | | |
| 73 | | | | | |



Next Steps

Awaiting Final Funding Estimates from General Assembly

Awaiting Clarification of Impact of VRS Changes

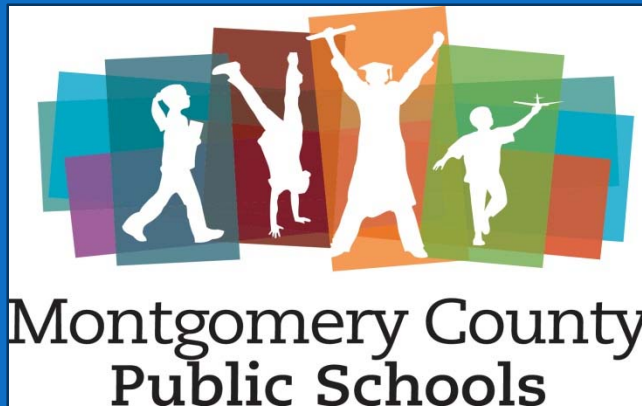
April 23, 2012 – Montgomery County Supervisors Set
County Tax Rate

April 26, 2012 - School Board of Montgomery County Workshop

May 1, 2012 – School Board Approves Budget (with appropriate reductions as needed to balance the budget) and advertises for a public hearing

May 15, 2012 – School Board holds public hearing and approves balanced budget for 2012-2013

MCPS Budget for 2012-2013



Superintendent's Recommendations for Potential
Budget Reductions 2012-2013