

MEMORANDUM

September 4, 2019

TO: Education and Culture Committee

FROM: Craig Howard, ^{CH} Senior Legislative Analyst

SUBJECT: **Worksession – FY19 MCPS Operating Budget and Grant Funds Categorical Transfer Requests**

PURPOSE: Review and make recommendation to full Council

Expected Participants:

- Nicky Diamond, Chief Financial Officer, MCPS
- Nancy Austin, Supervisor, Office of the Chief Financial Officer, MCPS

The Education and Culture Committee will discuss the FY19 Year-End Financial Report of the Montgomery County Public Schools (MCPS) and consider a resolution to approve categorical transfers of \$2,650,000 for the MCPS FY19 Operating Budget and \$665,000 for FY19 Grant Funds as requested by the Board of Education. The Council is scheduled to introduce a resolution to approve the requested transfers on September 10 (attached at ©1-3). Additionally, the Committee will receive a brief update related to the FY20 Kirwan Blueprint funding.

1. MCPS Operating Fund Balance

The FY19 Year-End Financial Report and categorical transfer request was presented to the Board of Education on July 29 (attached at ©4-9). **The report shows that MCPS ended FY19 with a year-end surplus of \$30.1 million.** This total consists of \$25.9 million in projected expenditure surplus, a projected revenue surplus of \$1.4 million, and an unappropriated balance of \$2.8 million from prior years as detailed below. The Council reappropriated \$25.0 million in FY19 fund balance as part of its final budget decisions in May, leaving an unappropriated balance of \$5.1 million.

FY18	Year-End Fund Balance	\$31,848,599
FY19	Amount Reappropriated for FY19 Budget	(\$25,000,000)
	Unappropriated Beginning Fund Balance	\$6,848,599
	Supplemental Approp. for New Curriculum	(\$4,000,000)
	Revenue Surplus	\$1,359,439
	Expenditure Surplus	\$25,903,834
	Year-End Fund Balance	\$30,111,872
FY20	Amount Reappropriated for FY20 Budget	(\$25,000,000)
	Unappropriated Beginning Fund Balance	\$5,111,872

The Committee last reviewed the MCPS financial report in April, which at that time reflected financial conditions through February. The final year-end surplus of \$30.1 million is \$628,395 higher than was projected at that time.

The Committee has had several in-depth discussions of MCPS’ annual carry-over fund balance in recent years and the Superintendent and the Board of Education have discussed a target year-end fund balance of around \$10-12 million, or about 0.5% of MCPS operating budget. However, in FY19 MCPS agreed to a larger fund balance carryover of \$25 million as part of the FY19 savings plan due to the County’s overall fiscal situation. The table below summarizes MCPS’ year-end fund balance and Council reappropriations since FY14.

MCPS Year-End Fund Balance and Council Reappropriations, FY14-FY19 (\$’s in Millions)

	FY14	FY15	FY16	FY17	FY18	FY19
MCPS Year-End Fund Balance	\$39.4	\$37.1	\$36.5	\$26.5	\$31.8	\$31.1
Amount Reappropriated (next fiscal year)	\$38.2	\$33.2	\$33.2	\$22.8	\$25.0	\$25.0
Unappropriated Beginning Fund Balance	\$1.2	\$3.9	\$3.3	\$3.7	\$6.8	\$5.1

FY20 unappropriated fund balance. MCPS is prohibited by State law from ending the fiscal year in deficit; as a result, MCPS typically ends each year with some surplus that is not reappropriated as shown in the table above. These additional funds cannot be spent by MCPS until reappropriated by the Council, and typically carryover for one additional fiscal year. For example, the \$5.1 million unappropriated balance from FY19 will likely be incorporated into the total fund balance the Council reappropriates for FY21.

The size of the \$6.8 million in unappropriated beginning balance in FY19 resulted in part from the Board of Education and Superintendent’s decision to re-issue its Request-for-Proposals (RFP) for a new curriculum. As a result, the budgeted FY18 funding for the new curriculum was not used and accrued to the fund balance. Once the RFP process was complete, the Board requested and the Council approved an FY19 supplemental appropriation of \$4.0 million to fund the new curriculum.

The FY20 unappropriated beginning balance of \$5.1 million is smaller than FY19 but higher than prior years. MCPS reports that “the amount of fund balance that MCPS experienced at the end of FY 2019 is attributed to factors including higher than anticipated savings from lapse and turnover of positions. MCPS paid careful attention to when and how it filled vacant positions to ensure efficiency. In addition, MCPS achieved approximately \$1 million in increased revenue from negotiating better interest rates with banks.”

2. Categorical Transfers

The Board of Education requested the operating budget categorical transfers on July 29, 2019, and the categorical transfer of grant funds on June 24, 2019.

Operating Fund. The FY19 Year-End Financial Report was presented to the Board of Education on July 29 (attached at ©5-9). The report shows the FY19 surpluses and deficits by state budget category that resulted in the \$30.1 million ending fund balance.

Every category ended the year in surplus except for Category 9, Student Transportation and Category 11, Maintenance of Plant and Equipment. These surpluses are primarily the result of lapse and turnover savings from employee salaries. The table below shows the year-end balance for each category as a percent of the total category appropriation. The Board's categorical transfer request shifts \$2.65 from Category 3, Instructional Salaries, to fill the deficits in Category 9 and Category 11.

MCPS FY19 Budget Appropriation and Year-End Balance by State Category

State Budget Category	FY19 Budget Appropriation	FY19 Year-End Balance	
		\$'s	% of Appropriation
1, Administration	\$52,513,673	\$598,576	1.1%
2, Mid-Level Administration	\$150,805,386	\$1,059,699	0.7%
3, Instructional Salaries	\$1,020,207,902	\$17,824,165	1.8%
4, Textbooks and Instructional Supplies	\$29,064,773	\$10,992	0.0%
5, Other Instructional Supplies	\$17,237,407	\$56	0.0%
6, Special Education	\$346,234,807	\$1,205,117	0.4%
7, Student Personnel Services	\$12,903,312	\$548,516	4.3%
8, Health Services	\$1,590	\$0	0.0%
9, Student Transportation	\$109,325,393	(\$482,412)	(0.4%)
10, Operation of Plant and Equipment	\$140,888,137	\$384	0.0%
11, Maintenance of Plant and Equipment	\$38,122,427	(\$1,883,319)	(4.9%)
12, Fixed Charges	\$609,638,690	\$6,947,338	1.1%
14, Community Services	\$865,163	\$74,722	8.6%

The deficit in Category 9, Student Transportation, is primarily due to a reduction in revenue. MCPS anticipated receiving a grant award for \$385,000 in FY19 related to transportation of students impacted by natural disasters. However, MCPS reports that the grant was not received due to timing constraints and the inability of the federal government to extend the closing date beyond December 2018.

MCPS anticipated the deficit in Category 11, Maintenance of Plant and Equipment, earlier this year. The deficit in Category 11 is largely related to spending in contractual services and maintenance supplies due to an increased number of work orders. Some major factors include HVAC services in schools; radon testing in schools; disposal of fats, oils, and greases; and stormwater management maintenance in accordance with state and federal requirements.

Grant Fund. The Provision for Future Supported Projects allows MCPS to access Federal and State grant funds throughout the year that meet certain conditions. No County funds may be required for any grant funded through this provision. The budgeted categorical allocation of anticipated Federal and State grants is an estimate based on available information. This transfer is necessary to align the year's actual budget expenditures with the actual requirements of grant projects. On June 24, the Board requested a categorical transfer in Provision for Future Supported Projects of \$665,000 (transmittal attached at ©10-12).

3. Staff Recommendations

Council staff recommends approval of \$2,650,000 in requested categorical transfers for the FY19 operating budget and \$665,000 in requested categorical transfers for the FY19 grant funding in the Provision for Future Supported Projects as requested by the Board of Education.

4. FY20 Kirwan Blueprint Funding Update

In FY20, MCPS received \$24.4 million in additional State Aid as part of the Kirwan Blueprint legislation. At the time of budget approval, based on information from the Maryland State Department of Education (MSDE), MCPS assumed it would receive that entire amount as general State Aid. However, MSDE recently informed MCPS that approximately \$13 million of the Blueprint funding will be distributed instead as State Grants restricted to specific uses.

This change does not impact MCPS' total approved FY20 operating budget appropriation of \$2.68 billion (or the appropriation by State budget category), and does not require any action by the Board of Education or the Council. Additionally, MCPS had already allocated the funds for the specific uses in the Blueprint legislation so this change does not impact how the funds will be spent.

However, the shifting of funds to State Grants will impact MCPS' FY20 tax supported and grants fund budget totals. MCPS accounts for general State Aid as part of its tax supported budget, and accounts for State Grants in its Grant Fund. As a result, MCPS' final FY20 tax supported budget will decrease by approximately \$13 million while the FY20 Grants Fund will increase by approximately \$13 million.

While this technical adjustment does not require any action, staff wants to make the Committee aware since it will result in a final FY20 tax supported budget for MCPS that differs from what the Committee reviewed during budget worksessions.

Resolution No.: _____
 Introduced: _____
 Adopted: _____

**COUNTY COUNCIL
 FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

SUBJECT: Categorical Transfer, FY19 Operating Budget
 Montgomery County Public Schools, \$2,650,000
 and
 Categorical Transfer, FY19 Operating Budget
 Montgomery County Public Schools, Grant Funds, \$665,000

Background

1. Section 5-105 of the Education Article of the Annotated Code of Maryland provides for transfers among major categories of the Operating Budget of the Montgomery County Public Schools only with the approval of the County Council.
2. The County Council received the Board of Education’s action of July 29, 2019, requesting a transfer among state categories as follows:

<u>Category</u>	<u>Description</u>	<u>To</u>	<u>From</u>
3	Instructional Salaries		\$2,650,000
9	Student Transportation	\$550,000	
11	Maintenance of Plant	\$2,100,000	
	Total	\$2,650,000	\$2,650,000

3. The County Council received the Board of Education’s action of June 24, 2019, requesting a transfer of grant funds among state categories as follows:

<u>Category</u>	<u>Description</u>	<u>To</u>	<u>From</u>
1	Administration	\$60,000	
2	Mid-Level Administration		\$40,000
3	Instructional Salaries	\$100,000	
4	Instructional Supplies	\$180,000	
5	Other Instructional Costs	\$280,000	
6	Special Education		\$350,000
7	Student Personnel Services		\$40,000
9	Student Transportation		\$150,000
12	Fixed Charges	\$45,000	
14	Community Services		\$85,000
	Total	\$665,000	\$665,000

4. The Board of Education has requested authorization to make an FY19 categorical transfer to align budgeted appropriations with actual expenditures. This request would offset deficits in Category 9, Student Transportation and Category 11, Maintenance of Plant, by transferring a surplus from Category 3, Instructional Salaries.
5. The deficit in Category 9, Student Transportation, is primarily due to a reduction in anticipated Federal grant revenue.
6. The deficit in Category 11, Maintenance of Plant, is primarily related to heating, ventilation, and air conditioning projects and an increased number of maintenance work orders.
7. The Board of Education has also requested authorization to make an FY19 categorical transfer of grant funds to align budgeted appropriations with actual expenditures in two categories as outlined above. The appropriate categories for grant expenditures must be anticipated in the budget, and transfers are necessary to reflect actual expenditure requirements of the grants projects when they differ from the budgeted projections.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

The FY19 Operating Budget of the Montgomery County Public Schools is hereby amended, and a transfer of appropriation is approved as follows:

<u>Category</u>	<u>Description</u>	<u>To</u>	<u>From</u>
3	Instructional Salaries		\$2,650,000
9	Student Transportation	\$550,000	
11	Maintenance of Plant	\$2,100,000	
	Total	\$2,650,000	\$2,650,000

A transfer of grant funds is approved as follows:

<u>Category</u>	<u>Description</u>	<u>To</u>	<u>From</u>
1	Administration	\$60,000	
2	Mid-Level Administration		\$40,000
3	Instructional Salaries	\$100,000	
4	Instructional Supplies	\$180,000	
5	Other Instructional Costs	\$280,000	
6	Special Education		\$350,000
7	Student Personnel Services		\$40,000
9	Student Transportation		\$150,000
12	Fixed Charges	\$45,000	
14	Community Services		\$85,000
	Total	\$665,000	\$665,000

This is a correct copy of Council action.

Mary Anne Paradise
Acting Clerk of the Council

Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

August 2, 2019

MEMORANDUM

To: The Honorable Marc Elrich, County Executive
The Honorable Nancy Navarro, President,
Montgomery County Council

From: Jack R. Smith, Superintendent of Schools

Subject: Transmittal of Board of Education Agenda Item #12.12

Fiscal Year 2019 Operating Budget End-of-Year Categorical Transfer

BOE Meeting Date:	July 29, 2019
Amount:	\$2,650,000
Type of Action:	Categorical Transfer

JRS:ND:jp

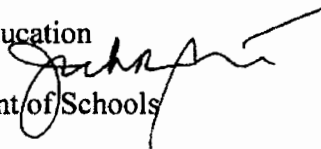
Attachment

Copy to:
Ms. Diamond
Montgomery County Office of Management and Budget

Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

July 29, 2019

MEMORANDUM

To: Members of the Board of Education
From: Jack R. Smith, Superintendent of Schools 
Subject: Fiscal Year 2019 Operating Budget End-of-Year Categorical Transfer

Montgomery County Public Schools (MCPS) is required to request transfers among state categories to align the budgeted appropriation with actual expenditures. Categorical transfers are subject to approval by the Montgomery County Council. For Fiscal Year (FY) 2019, there are two categorical transfers for a total of \$2,650,000. This represents 0.1 percent of the total operating budget.

The current projection is that the FY 2019 MCPS Operating Budget ended the year with an expenditure surplus of \$25,903,834. This is an increase of \$308,834 since the April 2019 report. This amount is preliminary and not final until the books are closed for FY 2019. At this time, there are surpluses in Category 1, Administration; Category 2, Mid-level Administration; Category 3, Instructional Salaries; Category 4, Textbooks and Instructional Supplies; Category 5, Other Instructional Costs; Category 6, Special Education; Category 7, Student Personnel Services; Category 8, Health Services; Category 10, Operation of Plant and Equipment; Category 12, Fixed Charges; and Category 14, Community Services. Category 9, Student Transportation and Category 11, Maintenance of Plant, ended the year with a deficit.

As of June 30, 2019, total revenue was \$1,359,439 more than our revised budgeted amount for FY 2019. The revenue surplus increased by \$148,991 compared to the amount reflected in the financial report as of April 30, 2019, to the Board of Education.

As a result of cumulative savings from prior years, and after the County Council appropriated \$25,000,000 of the MCPS fund balance last year to fund the FY 2019 Operating Budget, the FY 2019 beginning MCPS fund balance as of July 1, 2018, was \$6,848,599. This start of FY 2019 fund balance amount was more than typical because of the change in plans for the new curriculum Request for Proposals No. 4478.1 that was implemented in FY 2019 rather than FY 2018. A supplemental appropriation request of \$4,000,000 for reappropriation from the beginning fund balance was approved by the County Council on May 16, 2019. This reduced the remaining fund balance to \$2,848,599. That amount, combined with the current

estimated end-of-year expenditure surplus of \$25,903,834, and the revenue surplus of \$1,359,439, results in a FY 2019 end-of-year MCPS fund balance of \$30,111,872. The actual amount will be determined in mid-August 2019. On May 23, 2019, the County Council approved the use of \$25,000,000 from the MCPS fund balance to fund the FY 2020 MCPS Operating Budget, or the same amount used to fund the FY 2019 Operating Budget. The current projected FY 2019 end-of-year balance of \$30,062,881 less the use of \$25,000,000 to fund the FY 2020 Operating Budget would leave a beginning fund balance of \$5,111,872 for MCPS for FY 2020. This is reflected in the following table.

FY 2018 End-of-Year Fund Balance	\$ 31,848,599
Amount Used to Fund FY 2019 Budget	25,000,000
Start of FY 2019 Fund Balance	6,848,599
Less: Supplemental Appropriation for New Curriculum	-4,000,000
Revised FY 2019 Fund Balance	2,848,599
FY 2019 Revenue Surplus	1,359,439
FY 2019 Projected Expenditure Surplus	25,903,834
FY 2019 Projected End-of-Year Fund Balance	30,111,872
Amount Used to Fund FY 2020 Budget	25,000,000
Start of FY 2020 Fund Balance	\$ 5,111,872

During the past fiscal year, staff closely monitored revenues and expenditures. This financial monitoring process is comprehensive and detailed. Primary and secondary account managers reviewed each of their accounts on a monthly basis and reported expenditure projections for the remainder of the fiscal year. Staff in the Office of the Chief Financial Officer analyze these projections using quantitative models, as well as review previous expenditure patterns as related to changing circumstances. The MCPS Financial Management System provided data that enabled staff to monitor, control, and report on expenditures.

The Board received detailed monthly financial status reports throughout FY 2019. Each month, beginning in November 2018, the chief financial officer presented an overview of the monthly financial report to Board at its public meetings. These reports subsequently were transmitted to the County's Office of Management and Budget, and the County Council. Overall, final FY 2019 expenditures are consistent with the trends indicated in the monthly reports. The following summary presents the results for expenditures and how the end-of-year results differ from the appropriation.

Revenue

During the course of FY 2019, MCPS experienced a surplus of \$1,359,439 in revenue compared to the budgeted amount. The principal reason for the increase in revenue is increased interest income from the Maryland Local Government Investment Pool and our efforts to negotiate more favorable interest rates with the bank. Since the last financial report to the Board as of April 30, 2019, FY 2019 revenue increased by \$148,991 in state aid due to additional non-public school placements, federal aid due to additional Impact Aid, and other revenue sources.

Categorical Expenditures

The current projection for the FY 2019 expenditure surplus is \$25,903,834, which is 1.1 percent of budgeted expenditures. An explanation of the results by state category follows.

Category 1, Administration, reflects a projected surplus of \$598,576. This is \$198,576 more than the amount reported in the April 30, 2019, financial report. The majority of the projected surplus is a result of position and non-position salary savings. Savings in Category 1 are 1.1 percent of budgeted expenditures.

Category 2, Mid-level Administration, reflects a projected surplus of \$1,059,699. This is a decrease of \$140,301 from the amount reported to the Board in the April 30, 2019, financial report. The majority of projected surplus is the result of lapse and turnover savings. Savings in Category 2 are 0.7 percent of budgeted expenditures.

Category 3, Instructional Salaries, reflects a projected end-of-year surplus of \$17,824,165, which is \$1,824,165 more than the projected surplus reported in the April 30, 2019, financial report. Most of this projected surplus is the result of savings in position salaries due to salary lapse from positions that were not allocated or filled during the year. Additional savings in non-position accounts are attributed to a decrease in spending for temporary part-time salaries, including professional and support services part-time salaries. Savings in Category 3 are 1.8 percent of budgeted expenditures.

Category 4, Textbooks and Instructional Supplies, reflects a projected end-of-year surplus of \$10,992. This is \$10,992 more than the amount reported to the Board in the April 30, 2019, financial report. The projected surplus is the result of expenditures for supplies and materials being less than anticipated. Savings in Category 4 are 0.04 percent of budgeted expenditures.

Category 5, Other Instructional Costs, reflects a projected end-of-year surplus \$56, which is \$56 more than the amount projected in the April 30, 2019 financial report. This change is the result of small surpluses in various travel for professional development and local travel mileage reimbursement accounts. Savings in Category 5 are 0.0004 percent of budgeted expenditures.

Category 6, Special Education, reflects a projected end-of-year surplus of \$1,205,117, which is \$294,883 less than the surplus reported in the April 30, 2019, financial report. The projected surplus is a result of salary lapse and turnover. Savings in Category 6 are 0.4 percent of budgeted expenditures.

Category 7, Student Personnel Services, reflects a projected end-of-year surplus of \$548,516, which is \$128,516 more than the projected surplus reported in the April 30, 2019, financial report. The projected surplus is a result of salary lapse and turnover. Savings in Category 7 are 4.5 percent of budgeted expenditures.

7

Category 8, Health Services, reflects an end-of-year balance of \$0.

Category 9, Student Transportation, reflects a projected end-of-year deficit of \$482,412. This is \$482,412 less than the amount projected in the April 30, 2019, financial report. The difference between the category's projection in the April 2019 report to the Board and the final year-end deficit is primarily because of a revenue failure. MCPS was anticipating a grant award in the amount of \$385,000 related to hurricane relief students; however, the grant was not received due to timing constraints and the inability of the federal government to extend the closing date beyond December 2018. Overall, the category's position and non-position salary accounts combined resulted in a deficit of approximately \$1.0 million for the year. However, the combined deficit in salaries is offset by a surplus in equipment of \$550,000, primarily in bus parts and shop equipment for repairing buses. The average cost for diesel fuel this fiscal year was \$2.08 per gallon, resulting in a slightly higher than budgeted rate of \$1.98 per gallon. The deficit in Category 9 is 0.4 percent of budgeted expenditures.

Category 10, Operation of Plant and Equipment, reflects a projected end-of-year surplus of \$384. This is \$384 more than the amount projected in the April 30, 2019, financial report. Utility savings of approximately \$0.9 million in this category allowed for additional spending for security needs at schools. The Category 10 surplus was reduced as a result of these security upgrades. Savings in Category 10 are 0.0003 percent of budgeted expenditures.

Category 11, Maintenance of Plant, reflects a projected end-of-year deficit of \$1,883,319. This is a change in the projected deficit of \$483,319 from the April 30, 2019, financial report. The change in this category's deficit since the April 2019 report to the Board is due largely to the identification of end-of-year maintenance needs at some schools. The year-end deficit in Category 11 mostly is related to spending in contractual services and maintenance supplies due to the increasing number of work orders. Some major factors include heating, ventilation, and air conditioning services in schools, and roof inspections at schools and buildings. In addition, the Environmental Protection Agency's continued mandates for radon testing in schools; disposal of fats, oils, and greases; and stormwater management maintenance have resulted in higher expenditures this year, similar to last year. The deficit in Category 11 is 4.9 percent of budgeted expenditures.

Category 12, Fixed Charges, reflects an end-of-year surplus of \$6,947,338. This is \$452,662 less than the amount projected in the April 30, 2019, financial report. The category's overall surplus is due to a surplus in the MCPS Employees Group Insurance Fund and savings in the amount budgeted for Federal Insurance Contributions Act requirements. The combination of trends in active employee claims continuing to be less than projected, a slightly higher than anticipated number of employee vacancies, and higher than expected negotiated discount rates from CareFirst resulting in lower paid claims to health care providers are the major factors contributing to the availability of funding. The savings in Category 12 is 1.2 percent of budgeted expenditures.

Finally, Category 14, Community Services, projected end-of-year surplus is \$74,722 due to programmatic changes. This is \$278 less than the amount projected in the April 30, 2019, financial report.

I recommend the Board approve the following resolution regarding categorical transfers:

WHEREAS, Category 9, Student Transportation, reflected a deficit as of June 30, 2019, due to a deficit in position and non-position salary accounts and a higher average cost for diesel fuel than budgeted; and

WHEREAS, Category 11, Maintenance of Plant, reflected a deficit as of June 30, 2019, primarily due to spending in contractual services and maintenance supplies related to an increasing number of work orders; and

WHEREAS, The required funds are available for transfer from Category 3, Instructional Salaries; now therefore be it

Resolved, That the superintendent of schools be authorized, subject to the approval of the County Council, to effect the following categorical transfer:

<u>Category</u>	<u>Description</u>	<u>To</u>	<u>From</u>
3	Instructional Salaries		\$ 2,650,000
9	Student Transportation	\$ 550,000	
11	Maintenance of Plant	<u>2,100,000</u>	
Total		<u>\$ 2,650,000</u>	<u>\$ 2,650,000</u>

and be it further

Resolved, That a copy of this resolution be forwarded to the county executive and the County Council; and be it further

Resolved, That the county executive be requested to recommend approval of the categorical transfers to the County Council.

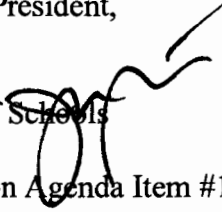
JRS:ND:TPK:jp

Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

June 26, 2019

MEMORANDUM

To: The Honorable Marc Elrich, County Executive
The Honorable Nancy Navarro, President,
Montgomery County Council

From: Jack R. Smith, Superintendent of Schools 

Subject: Transmittal of Board of Education Agenda Item #10.10

Recommended Fiscal Year 2019 Categorical Transfers for the Provision for Future Supported Projects

BOE Meeting Date: June 24, 2019

Amount: \$665,000

Type of Action: Approval

JRS:ND:jp

Attachment

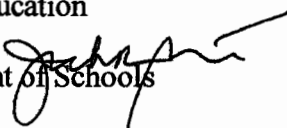
Copy to:
Ms. Diamond
Montgomery County Office of Management and Budget

Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

June 24, 2019

MEMORANDUM

To: Members of the Board of Education

From: Jack R. Smith, Superintendent of Schools 

Subject: Recommended Fiscal Year 2019 Categorical Transfers for the Provision for Future Supported Projects

Recommendation in Brief

Authorization is requested to effect categorical transfers totaling \$665,000 within the Provision for Future Supported Projects.

Background Information

The current Fiscal Year (FY) 2019 Operating Budget, approved by the Board of Education, includes an appropriation of \$6,731,204 for the Provision for Future Supported Projects. The Provision for Future Supported Projects allows the Board of Education to approve grant projects that are identified subsequent to the adoption of the budget without having to request supplemental appropriations for each of the projects from the County Council. The County Council established this provision because it was considered to be the most effective way of handling eligible projects and avoiding the need for a public hearing. The Board of Education will receive additional grants during FY 2019 that are eligible for funding through the Provision for Future Supported Projects.

The categorical breakdown of the \$6,731,204 budgeted for the Provision for Future Supported Projects was based on staff's assessment of likely grant projects and amounts. Actual revenue and expenditure requirements of grant projects require that categorical transfers totaling \$665,000 be made in the Provision.

Support of Board of Education Policy

The Provision for Future Supported Projects provides spending authorization and is not a program. Board of Education action complies with the requirements defined by the County Council for eligible grant projects received through the Provision.

Relationship to Ongoing Programs

It is anticipated that categorical requirements of the grant projects will differ from what was anticipated when the FY 2019 budget was developed. The categorical transfers are necessary to accommodate additional eligible projects.

Recommended Resolution

WHEREAS, The current Fiscal Year 2019 Operating Budget adopted by the Board of Education includes \$6,731,204 for the Provision for Future Supported Projects; and

WHEREAS, The Board of Education will receive additional projects that are eligible for funding through the Provision for Future Supported Projects during Fiscal Year 2019; and

WHEREAS, Actual revenue and expenditure requirements of grant projects require that categorical transfers be made in the Provision for Future Supported Projects; now therefore be it

Resolved, That the superintendent of schools be authorized to effect categorical transfers totaling \$665,000 within the Provision for Future Supported Projects, in accordance with the County Council provision for transfers, as follows:

	<u>Category</u>	<u>From</u>	<u>To</u>
1	Administration		\$ 60,000
2	Mid-Level Administration	\$ 40,000	
3	Instructional Salaries		100,000
4	Instructional Supplies		180,000
5	Other Instructional Costs		280,000
6	Special Education	350,000	
7	Student Personnel Services	40,000	
9	Student Transportation	150,000	
12	Fixed Charges		45,000
14	Community Services	85,000	
	<u>Total</u>	<u>\$ 665,000</u>	<u>\$ 665,000</u>

and be it further

Resolved, That a copy of this resolution be forwarded to the county executive and County Council; and be it further

Resolved, That the county executive be requested to recommend approval of this resolution to the County Council.

JRS:ND:jp