

Chapter 10

Finance

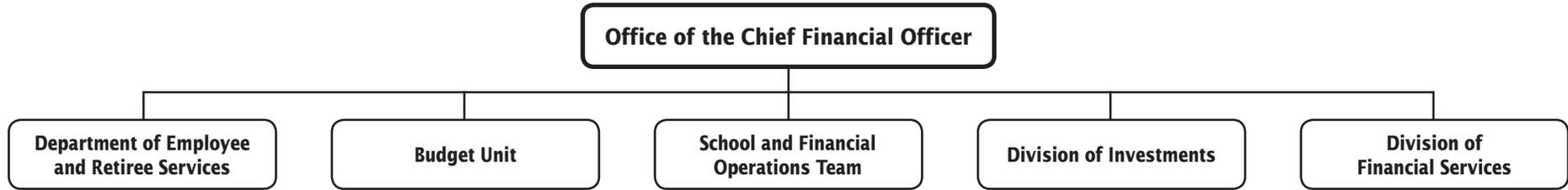
	PAGE
Office of the Chief Financial Officer	10-4
Budget Unit.....	10-6
School and Financial Operations Team	10-6
Division of Investments	10-6
Division of Financial Services.....	10-10
Department of Employee and Retiree Services	10-14



Finance
Summary of Resources
By Object of Expenditure

OBJECT OF EXPENDITURE	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2020 CURRENT	FY 2021 BUDGET	FY 2021 CHANGE
POSITIONS					
Administrative	7.750	7.750	7.750	7.750	
Business/Operations Admin.	6.750	6.750	6.750	7.750	1.000
Professional					
Supporting Services	56.500	58.250	58.250	60.250	2.000
TOTAL POSITIONS	71.000	72.750	72.750	75.750	3.000
01 SALARIES & WAGES					
Administrative	\$1,262,188	\$1,150,697	\$1,150,697	\$1,150,697	
Business/Operations Admin.	610,549	721,843	721,843	816,825	94,982
Professional					
Supporting Services	4,116,369	4,489,769	4,489,769	4,616,275	126,506
TOTAL POSITION DOLLARS	5,989,106	6,362,309	6,362,309	6,583,797	221,488
OTHER SALARIES					
Administrative					
Professional	29,343	71,957	71,957	38,722	(33,235)
Supporting Services	3,308,863	4,373,865	4,373,865	6,095,365	1,721,500
TOTAL OTHER SALARIES	3,338,206	4,445,822	4,445,822	6,134,087	1,688,265
TOTAL SALARIES AND WAGES	9,327,312	10,808,131	10,808,131	12,717,884	1,909,753
02 CONTRACTUAL SERVICES	530,763	835,913	830,913	1,126,913	296,000
03 SUPPLIES & MATERIALS	272,504	1,104,632	1,099,632	1,505,632	406,000
04 OTHER					
Local/Other Travel	1,068	4,459	4,459	4,459	
Insur & Employee Benefits	575,025,150	582,394,597	579,700,829	589,074,003	9,373,174
Utilities					
Miscellaneous	773,305	1,815,088	1,815,088	2,565,088	750,000
TOTAL OTHER	575,799,523	584,214,144	581,520,376	591,643,550	10,123,174
05 EQUIPMENT	5,567	14,011	14,011	15,511	1,500
GRAND TOTAL AMOUNTS	\$585,935,669	\$596,976,831	\$594,273,063	\$607,009,490	\$12,736,427

Finance—Overview



F.T.E. Positions 75.75

* In addition, there are 19.5 positions funded by the Employee Benefits Trust Fund and 4.75 positions funded by the Employee Pension fund. These non-operating budget positions are noted on other charts in this chapter.

Office of the Chief Financial Officer

312/332/336/340/798/999

MISSION The Office of the Chief Financial Officer (OCFO) facilitates the alignment of the district strategic priorities with financial resources that results in Montgomery County Public Schools (MCPS) providing the highest quality education and opportunities for all students to succeed.

MAJOR FUNCTIONS

Operating Budget Development and Administration *(Operational Excellence)*

The Budget Team provides guidance and support on the preparation and formulation of the operating budget for MCPS. The operating budget is developed using student outcomes, demographic data, fiscal data and trends, and enrollment data to ensure resources are aligned with the school system's strategic priorities. The OCFO works closely with county government, county council, and state education officials as it monitors expenditures and develop options and recommendations on the operating budget that are provided to the superintendent of schools and the Board of Education. The office facilitates the review of the operating budget and communicates budget information within MCPS, to the county and state, and to the public through a variety of publications, forums, and presentations to strengthen collaboration, promote transparency, and to ensure resources are available to address student and school needs.

In order to enhance transparency and engage parents, students, employees, and the community, the OCFO is focused on improving the clarity of budget and fiscal information in all budget documents, on the MCPS Budget 101 webpage (see www.montgomeryschoolsmd.org/budget-101/index.html), and through other forms of communication. Parents, teachers, students, staff, and the community have had the opportunity to provide input on-line to the development of the FY 2021 Operating Budget for MCPS. Through enhanced communication, we will continue to emphasize how MCPS operating budget resources are aligned with the district's strategic priorities.

Through regular financial monitoring and data-driven analysis, the OCFO maintains controls for current-year revenues and expenditures to ensure that the operating budget is implemented as approved. The OCFO strives to make accurate forecasts in order to make decisions

regarding current and future budget requirements. New processes have been implemented to improve accuracy of forecasts. The office conducts regular reviews of the financial condition of the MCPS operating budget with executive staff by examining all expenditure accounts and preparing expenditure and revenue projections. Detailed financial reports are prepared for the superintendent and the Board of Education. In addition, the OCFO collaborates with the Office of Human Resources and Development to review position management data to ensure fiscal control.

Financial Services *(Operational Excellence)*

The Division of Financial Services prepares the financial statements, statistical reports, and other accounting reports for the school district; provides for internal controls of all accounting activities; prepares required federal, state, and other reports; processes accounting transactions; supports procurement card activity; collects amounts owed to MCPS; makes all payments on behalf of MCPS; and coordinates system cash including the Centralized Investment Fund. The division provides accounting services to the MCPS Educational Foundation, a 501(c)(3) corporation. The division brings central services resources to support schools through support of the School Funds Online and Online School Payments systems, along with a visiting bookkeeper program for elementary schools and special centers. This central effort reduces burden on schools so that school-based employees can focus on the critical work of teaching and learning for all students. The division also collects the student extracurricular activity fund fee and manages the federal Impact Aid program.

Investments *(Operational Excellence)*

The Division of Investments administers contracts related to the MCPS Employees' Retirement and Pension Systems, oversees the operation of the 403(b) and 457(b) plans, serves as liaison to the Board of Investment Trustees, and monitors plan investment performance. In addition, the Division of Financial Services supports these areas through accounting and reporting.

Resource Allocation, Management, and Support *(Operational Excellence)*

The School and Financial Operations Team works closely with all MCPS offices and schools to implement a system to allocate resources to schools based on school, student, and program requirements. The office collaborates with stakeholders to ensure guidelines for allocations are aligned with system priorities and differentiated to meet student needs.

Office of the Chief Financial Officer

312/332/336/340/798/999

All positions and resources are allocated based on a careful review of data. Initial staffing allocations occur in March each year before the start of the school year and are adjusted throughout the year based on a review of enrollment as well as program and student data.

The OCFO uses data to guide the equitable allocation of resources and to monitor the responsible management of financial, material, and staffing resources for schools that are essential to high quality educational programs and Academic Excellence for All students. Non-position allocations for textbooks, media center, instructional materials, and guidance/clerical support are differentiated based on enrollment to ensure that teachers have the resources needed to teach and students have the resources needed to learn. Other non-position allocations are strategically aligned with system goals and differentiated based on the percent of Free and Reduced-price Meals (FARMS) students and/or proportion of at-risk groups of students in an effort to leverage additional resources to more highly impacted schools. Examples include allocations for furniture/equipment replacement and minority achievement extracurricular activity programs. Also, funds are allocated to high schools to help defray the costs associated with drama, newspapers, and literary magazines.

Non-position allocations including funding for textbooks, media, and instructional materials are made in May prior to the start of the school year and are adjusted when final enrollment numbers are confirmed in the fall. Other non-position allocations to schools include extracurricular program funding, furniture and equipment replacement funds, music program support, and outdoor education staffing resources. Utilization of resources is monitored throughout the year through financial monitoring, reporting, and analysis of financial data.

The OCFO works to promote operational excellence by ensuring that schools have the knowledge, understanding, and tools necessary to manage their resources efficiently and effectively. The office collaborates with schools and offices to ensure an understanding of the resources available to support K-12 teaching and learning including the purpose of funding, the guidelines and timelines for use of the funds, and processes for accessing the funds. The office provides leadership for the coordination of resources and supports related to school business and financial management of operating fund allocations and local school Independent Activity Funds (IAF). The OCFO utilizes data from school audit reports and surveys to identify target areas where additional supports are needed and to guide the continuous improvement of training and resources for school financial agents and school administrators.

Employee and Retiree Services (Operational Excellence)

The Department of Employee and Retiree Services, also known as Employee and Retiree Service Center (ERSC) supports system priorities by operating a comprehensive compensation and benefits, loss prevention, risk management, and other related programs that support success for every student through the role of employee and compensation and benefits in attracting and retaining high-quality staff. ERSC provides high quality services to schools, employees, and retirees, by ensuring broad access to accurate and timely information by using a fully integrated suite of business applications that include the Human Resources Information System and the Lifeworks Retirement System. ERSC serves as a single point of contact for employees and retirees for information on compensation and benefits. ERSC administers payroll, health and retirement benefits, leave salary administration, and workforce reporting. ERSC operates a call center, transaction unit, and communications program. It provides support for policy implementation and uses technology to improve services and efficiency.

OVERVIEW OF BUDGET CHANGES

FY 2020 CURRENT BUDGET

The current FY 2020 budget for this office is changed from the budget adopted by the Board of Education on June 11, 2019. The change is a result of a realignment of \$10,000 from program supplies and contractual services to chapter 11, Administration and Oversight.

FY 2021 RECOMMENDED BUDGET

The FY 2021 recommended budget for this office is \$14,588,618, an increase of \$3,136,765 over the current FY 2020 budget. An explanation of this change follows.

Same Service Level Changes—\$3,136,765 Realignments to Meet Expenditure Requirements and Program Priorities—(\$163,235)

Realignments are budgeted to address priority spending needs in this office. There are several budget neutral realignments within this office that reflect the overall operations. There is a realignment from the Office of the Chief Financial Officer of \$60,000 for visiting

Office of the Chief Financial Officer

312/332/336/340/798/999

bookkeeping services, \$70,000 for supporting services part-time salaries, and \$33,235 for professional part-time salaries to the Department of Employee and Retiree Services to fund a 1.0 senior specialist, technology and workforce reporting position, a 1.0 specialist, payroll position, and overtime.

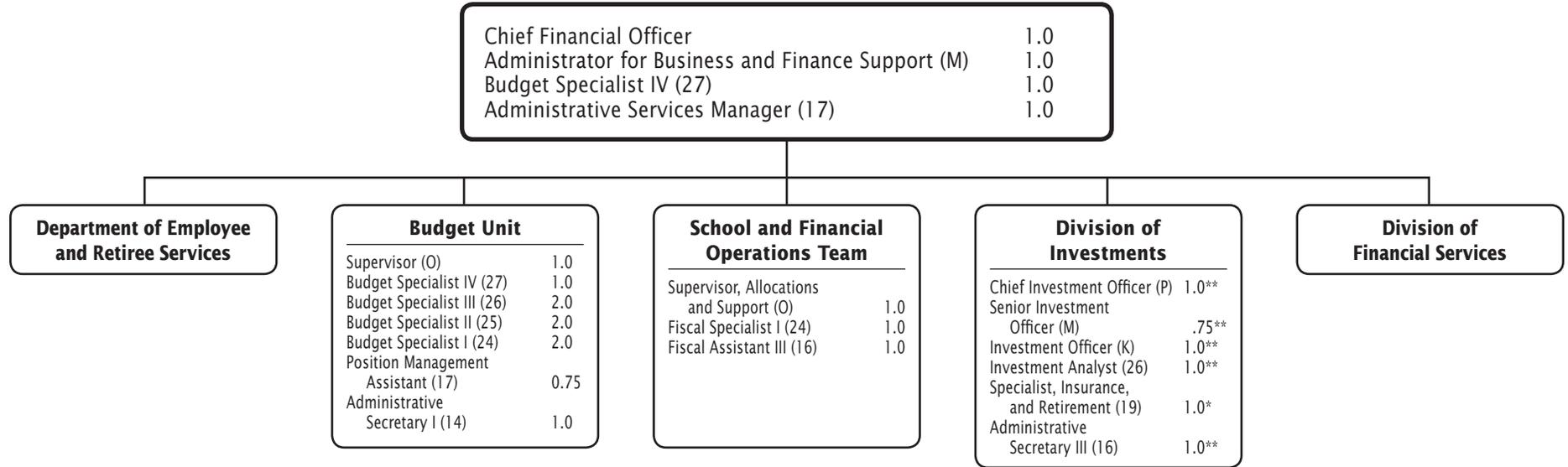
Provision for Future Supported Projects—\$3,300,000

There is an increase of \$3,300,000 based on actual expenditures and more grant funds anticipated in FY 2021. The additional funding gives MCPS the appropriation authority to receive grant funding within the constraints of the operating budget. The additional funding has no impact on the tax-supported budget.

Provision for Future Supported Projects Program's Recent Funding History

	FY 2020 Budgeted 7/1/19	FY 2020 Received 11/30/19	FY 2021 Projected 7/1/20
Federal	\$6,731,20	\$6,731,20	\$10,031,204
Total	\$6,731,204	\$6,731,204	\$10,031,204

Office of the Chief Financial Officer



F.T.E. Positions 16.75

* In addition, the chart includes 1.0 position funded by the Employee Benefits Trust Fund and 4.75 positions funded by the Employee Pension fund.

FY 2021 OPERATING BUDGET

Office of the Chief Financial Officer - 312/336/798

Description	FY 2019 Actual	FY 2020 Budget	FY 2020 Current	FY 2021 Request	FY 2021 Change
01 Salaries & Wages					
Total Positions (FTE)	16,750	16,750	16,750	16,750	
Position Salaries	\$1,746,648	\$1,741,658	\$1,741,658	\$1,741,658	
Other Salaries					
Summer Employment					
Professional Substitutes					
Stipends					
Professional Part Time		71,957	71,957	38,722	(33,235)
Supporting Services Part Time		146,596	146,596	75,096	(71,500)
Other					
Subtotal Other Salaries	41,265	218,553	218,553	113,818	(104,735)
Total Salaries & Wages	1,787,913	1,960,211	1,960,211	1,855,476	(104,735)
02 Contractual Services					
Consultants					
Other Contractual		55,000	50,000	50,000	
Total Contractual Services	52,500	55,000	50,000	50,000	
03 Supplies & Materials					
Textbooks					
Media					
Instructional Supplies & Materials					
Office		15,752	15,752	15,752	
Other Supplies & Materials		21,357	16,357	16,357	
Total Supplies & Materials	23,870	37,109	32,109	32,109	
04 Other					
Local/Other Travel		2,109	2,109	2,109	
Insur & Employee Benefits					
Utilities					
Miscellaneous		62,200	62,200	62,200	
Total Other	29,132	64,309	64,309	64,309	
05 Equipment					
Leased Equipment					
Other Equipment		1,500	1,500	3,000	1,500
Total Equipment		1,500	1,500	3,000	1,500
Grand Total	\$1,893,415	\$2,118,129	\$2,108,129	\$2,004,894	(\$103,235)

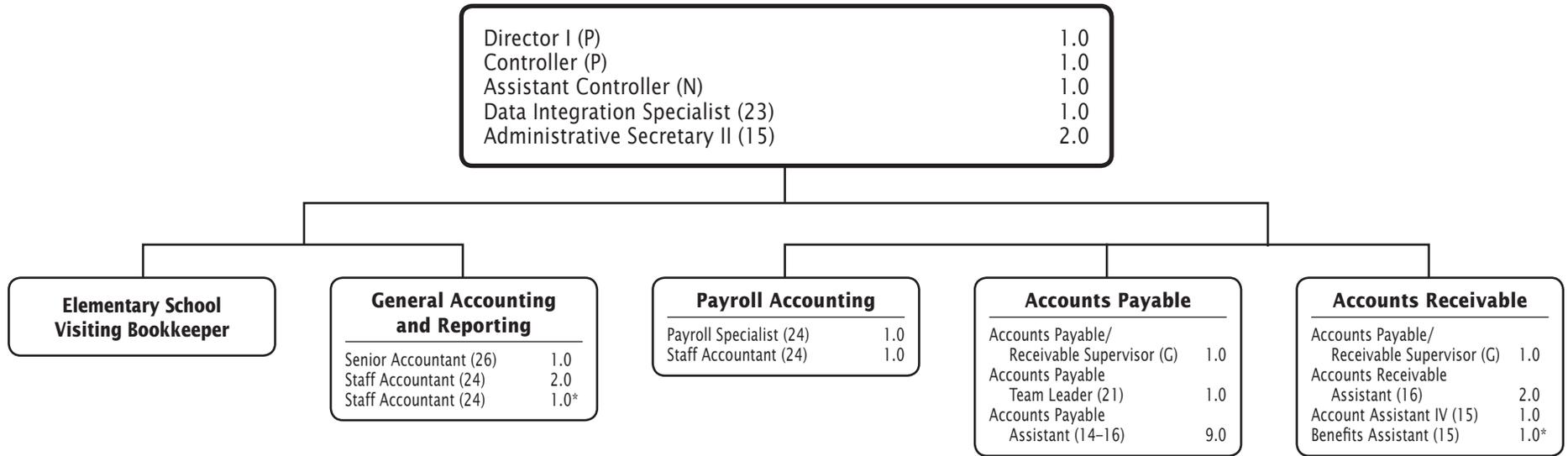
Provision for Future Supported Projects - 999

Description	FY 2019 Actual	FY 2020 Budget	FY 2020 Current	FY 2021 Request	FY 2021 Change
01 Salaries & Wages					
Total Positions (FTE)					
Position Salaries					
Other Salaries					
Summer Employment					
Professional Substitutes					
Stipends					
Professional Part Time					
Supporting Services Part Time					
Other		3,884,256	3,884,256	5,734,256	1,850,000
Subtotal Other Salaries	3,092,054	3,884,256	3,884,256	5,734,256	1,850,000
Total Salaries & Wages	3,092,054	3,884,256	3,884,256	5,734,256	1,850,000
02 Contractual Services					
Consultants					
Other Contractual		762,328	762,328	1,062,328	300,000
Total Contractual Services	473,785	762,328	762,328	1,062,328	300,000
03 Supplies & Materials					
Textbooks					
Media					
Instructional Supplies & Materials					
Office					
Other Supplies & Materials		1,002,525	1,002,525	1,402,525	400,000
Total Supplies & Materials	174,750	1,002,525	1,002,525	1,402,525	400,000
04 Other					
Local/Other Travel					
Insur & Employee Benefits					
Utilities					
Miscellaneous		1,081,497	1,081,497	1,831,497	750,000
Total Other	572,892	1,081,497	1,081,497	1,831,497	750,000
05 Equipment					
Leased Equipment					
Other Equipment		598	598	598	
Total Equipment		598	598	598	
Grand Total	\$4,313,481	\$6,731,204	\$6,731,204	\$10,031,204	\$3,300,000

Office of the Chief Financial Officer - 312/336/798

CAT	DESCRIPTION	10 Mon	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2020 CURRENT	FY 2021 REQUEST	FY 2021 CHANGE
	312 Office of Chief Financial Officer						
1	Chief Financial Officer		1.000	1.000	1.000	1.000	
1	M Admin for Business and Finance			1.000	1.000	1.000	
1	27 Management & Budget Spec IV		1.000	1.000	1.000	1.000	
1	17 Admin Services Manager I		1.000	1.000	1.000	1.000	
	Subtotal		3.000	4.000	4.000	4.000	
	336 Budget Unit						
1	O Supervisor		1.000	1.000	1.000	1.000	
1	27 Management & Budget Spec IV		1.000	1.000	1.000	1.000	
1	26 Management & Budget Spec III		2.000	2.000	2.000	2.000	
1	25 Management & Budget Spec II		2.000	2.000	2.000	2.000	
1	24 Management & Budget Spec I		2.000	2.000	2.000	2.000	
1	17 Position Management Assistant		.750	.750	.750	.750	
1	14 Administrative Secretary I		1.000	1.000	1.000	1.000	
	Subtotal		9.750	9.750	9.750	9.750	
	798 School and Financial Operations Team						
2	O Supervisor		1.000	1.000	1.000	1.000	
2	M Admin for Business and Finance		1.000				
2	24 Fiscal Specialist I		1.000	1.000	1.000	1.000	
2	16 Fiscal Assistant III				1.000	1.000	
2	15 Fiscal Assistant II		1.000	1.000			
	Subtotal		4.000	3.000	3.000	3.000	
	Total Positions		16.750	16.750	16.750	16.750	

Division of Financial Services



F.T.E. Positions 26.0

*In addition, the chart includes 2.0 positions funded by the Employee Benefits Trust Fund.

Division of Financial Services - 340/332

Description	FY 2019 Actual	FY 2020 Budget	FY 2020 Current	FY 2021 Request	FY 2021 Change
01 Salaries & Wages					
Total Positions (FTE)	25.500	26.000	26.000	26.000	
Position Salaries	\$2,137,889	\$2,333,540	\$2,333,540	\$2,333,540	
Other Salaries					
Summer Employment					
Professional Substitutes					
Stipends					
Professional Part Time					
Supporting Services Part Time		13,008	13,008	13,008	
Other		274,613	274,613	212,613	(62,000)
Subtotal Other Salaries	174,204	287,621	287,621	225,621	(62,000)
Total Salaries & Wages	2,312,093	2,621,161	2,621,161	2,559,161	(62,000)
02 Contractual Services					
Consultants					
Other Contractual		3,000	3,000	3,000	
Total Contractual Services	1,450	3,000	3,000	3,000	
03 Supplies & Materials					
Textbooks					
Media					
Instructional Supplies & Materials					
Office		19,691	19,691	19,691	
Other Supplies & Materials		14,500	14,500	16,500	2,000
Total Supplies & Materials	36,566	34,191	34,191	36,191	2,000
04 Other					
Local/Other Travel		864	864	864	
Insur & Employee Benefits					
Utilities					
Miscellaneous		-58,609	-58,609	-58,609	
Total Other	-45,563	(57,745)	(57,745)	(57,745)	
05 Equipment					
Leased Equipment		11,913	11,913	11,913	
Other Equipment					
Total Equipment	5,567	11,913	11,913	11,913	
Grand Total	\$2,310,113	\$2,612,520	\$2,612,520	\$2,552,520	(\$60,000)

Division of Financial Services - 340/332

CAT	DESCRIPTION	10 Mon	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2020 CURRENT	FY 2021 REQUEST	FY 2021 CHANGE
	340 Division of Financial Services						
1	P Director I		1.000	1.000	1.000	1.000	
1	26 Senior Accountant		1.000	1.000	1.000	1.000	
1	24 Staff Accountant		2.000	2.000	2.000	2.000	
1	16 Administrative Secretary III		.500				
1	15 Administrative Secretary II			1.000	1.000	1.000	
	Subtotal		4.500	5.000	5.000	5.000	
	332 Division of Controller						
1	P Controller		1.000	1.000	1.000	1.000	
1	N Assistant Controller		1.000	1.000	1.000	1.000	
1	G Accts Payable/Receivable Supv		2.000	2.000	2.000	2.000	
1	24 Payroll Specialist		1.000	1.000	1.000	1.000	
1	24 Staff Accountant		1.000	1.000	1.000	1.000	
1	23 Data Integration Specialist		1.000	1.000	1.000	1.000	
1	21 Accts Payable Team Leader		1.000	1.000	1.000	1.000	
1	16 Accounts Payable Assistant		9.000	9.000	9.000	9.000	
1	16 Accounts Receivable Assistant		2.000	2.000	2.000	2.000	
1	15 Administrative Secretary II		1.000	1.000	1.000	1.000	
2	15 Account Assistant IV		1.000	1.000	1.000	1.000	
	Subtotal		21.000	21.000	21.000	21.000	
	Total Positions		25.500	26.000	26.000	26.000	

MISSION The department, also referred to as the Employee and Retiree Service Center (ERSC), operates comprehensive compensation and benefits, loss prevention, risk management, and other related programs that support success for every student through the role of employee compensation and benefits in attracting and retaining highly-qualified staff. ERSC provides high-quality services to schools, employees and retirees by ensuring broad access to accurate and timely information by using a fully integrated suite of business applications that include the Human Resources Information System (HRIS) and the Lifeworks Retirement System.

MAJOR FUNCTIONS

ERSC is a single point of contact for MCPS employees and retirees for information about compensation and benefits. ERSC provides administration of employee programs such as payroll, health and retirement benefits, leave, salary administration, and workforce reporting. Smooth and effective operations of these functions are critical to provide prompt and accurate responses for employees' questions and needs. ERSC operates a call center, transactions unit, and communications program; provides support for policy implementation; and continually expands the use of technology to improve service and efficiency. The introduction and continued expansion of employee self-service applications have improved employee access to data, benefits enrollment, paystub, and tax forms, supporting employees' ability to focus their efforts and attention on the needs of students and schools.

In FY 2020, ERSC staff will have completed the HRIS system upgrade and began work on the comprehensive Human Capital Management System upgrade. In FY 2021, ERSC staff will continue the collaboration to complete the upgrade process in the future.

Payroll *(Operational Excellence)*

The Payroll Unit ensures all employees are paid accurately and in a timely manner for the work performed in compliance with federal, state, and local regulations, and contractual mandates. The Payroll Unit processes over 26,000 payments every pay period. The unit prepares and disseminates information about pay schedules, payroll posting instructions, and conducts training for principals, directors, and timekeepers.

Benefits Strategy and Vendor Relations *(Operational Excellence)*

The Benefit Unit designs, develops, and implements high-quality health care plans at competitive prices for all benefit-eligible employees and retirees. The unit oversees benefit plan provision implementation and ensures uninterrupted operations for our customer base of over 50,000 covered individuals.

This unit prepares and disseminates information about health care plan provisions, maintains and analyzes statistical and demographic data, tracks plan utilization and expense data, remits monthly premiums to vendors, and oversees all benefit plan-related contracts. In addition, the unit manages required filings with the Internal Revenue Service to maintain qualified plan status and oversees banking and cash management arrangements for the Employee Benefit Program. The unit also coordinates MCPS retiree benefits with Medicare.

Compensation and Transactions *(Operational Excellence)*

The unit designs, develops, and implements compensation provisions in all the negotiated contracts approved by the Board of Education and the three employee associations. This unit works closely with Department of Certification and Staffing, Budget Unit, Office of Special Education, schools, and various other units across the system to ensure timely and accurate processing of over 10,000 transactions entered in the Human Resource Information System each fiscal year. In addition, the unit works directly with customers to process various employment-related requests.

Leave Administration *(Operational Excellence)*

The unit implements leave provisions in all the negotiated contracts approved by the Board of Education and the three employee associations while adhering to federal, state, and local guidelines. The unit works closely with Department of Certification and Staffing, schools, the Office of Employee Engagement and Labor Relations, the Office of the Chief Operating Officer, and various other units across the system. In addition, the

Department of Employee and Retiree Services

334/333

unit works directly with customers to process leave requests and answering various questions through individual customer support. The unit also is responsible for administering the workers compensation process for workplace injuries. The unit processes over 4,000 leave applications each fiscal year.

Retirement *(Operational Excellence)*

This unit equitably administers the provisions of Maryland State and MCPS Retirement and Pension plans to all pension-eligible employees. The retirement team works closely with the Maryland State Retirement Agency, schools, and offices to ensure that all pension-eligible employees are accurately enrolled in appropriate plans, and their retirement contributions and service credits are accurately tracked and reported. The retirement team disseminates information about the pension plan provision, prepares annual retirement statement and valuation data, maintains and implements retirement system for the MCPS Core and Supplemental Pension Plan. This team counsels 200-450 employees each month and provides customer support to employees and retirees based on their individual retirement needs. This team process over 1,000 applications for enrollment and 700 applications for retirement each fiscal year to ensure timely pension payments. In addition, this team offers seminars in planning for retirement twice a month from October to April attended by over 300 employees. This team works closely with Aetna Inc. to implement the annual cost of living adjustments to the pension payment of 14,000 retirees.

Call Center *(Operational Excellence)*

The Call Center and the front desk are the first points of contact for customers. The unit is committed to excellent customer service by providing accurate and current information to employees, retirees and other stakeholders. The unit handles an average of over 70,000 phone calls and more than 24,000 e-mails each fiscal year. In addition, the unit serves over 900 customers at the front desk of the Call Center each month.

Technology and Communication *(Operational Excellence)*

The technology unit provides workforce and regulatory reporting support to internal and external stakeholders. In addition, this unit collaborates with staff from various units within ERSC to create efficiencies and process improvements by using technology solutions. The communication specialist maintains a comprehensive website for the department and creates comprehensive materials to communicate benefit, retirement, compensation, payroll, and wellness programs.

OVERVIEW OF BUDGET CHANGES

FY 2020 CURRENT BUDGET

The current FY 2020 budget for this department is changed from the budget adopted by the Board of Education on June 12, 2019. The change is a result of a realignment of \$2,693,768 of tax-supported employee benefits from this department's budget to various chapters within the operating budget to support employee benefits for The Blueprint for Maryland's Future grants.

FY 2021 RECOMMENDED BUDGET

The FY 2021 recommended budget for this department is \$592,420,872, an increase of \$9,599,662 over the current FY 2020 budget. An explanation of this change follows.

Same Service Level Changes—\$12,221,820 ***Continuing Salary Costs***

For FY 2021 lapse and turnover, the amount of unused budgeted salary that remains when an employee terminates service and is not immediately replaced or an employee terminates service and the backfill is hired at a lower salary, was calculated at \$33,575,500. In addition, the three year contract agreements that the Board of Education approved will expire at the end of FY 2020. Negotiations began in October 2019 with our three employee associations on new contracts to be effective July 1, 2020, and are continuing as of this publication. While final terms of these contracts have not yet been agreed on, in order to plan for the requirements of the FY 2021 Operating Budget, funds are included in this budget to support the negotiated agreements once they are finalized. Depending on the outcome of negotiations, a budget amendment may be needed to either add funds or realign funds from other areas.

Realignments to Meet Expenditure Requirements and Program Priorities—\$205,926

Realignments are budgeted to address priority spending needs for the organization. There is a realignment from the Office of the Chief Financial Officer of \$163,235 to the Department of Employee and Retiree Services to fund a 1.0 senior specialist, technology and workforce reporting position, a 1.0 specialist, payroll position, and overtime. In addition, due to the need to realign funds to add or reduce position and non-position salaries within specific organizational units, there are increases in social

Department of Employee and Retiree Services

334/333

security contributions of \$11,215, retirement contributions of \$7,461 and employee health benefits of \$24,015.

Enrollment Changes—\$5,131,159

The budget includes an increase for current enrollment projections, budgeted salaries, and positions related to changes in student enrollment, including the addition of 344.129 positions. Due to the additional positions in the budget, there is an increase for social security contributions of \$1,347,910, employee health benefits of \$2,886,470, and retirement contributions of \$896,779.

New Schools— \$428,048

Due to additional square footage added as a result of modernization of facilities, 33.1 positions are added to the budget. The staffing increases result in additional social security contributions of \$112,444, employee health benefits of \$240,793, and retirement contributions of \$74,811.

Other—\$118,107

Due to program changes that impact rate changes in the budget, there are increases for social security contributions of \$31,025, employee health benefits of \$66,440, and retirement contributions of \$20,642.

Social Security Contributions—(\$250,000)

There is a decrease for social security contributions of \$250,000 for current employees based on the assumption that the current base budget will have more than sufficient funding to sustain anticipated lapse and turnover generated over the course of the year, along with position vacancies.

State and Local Retirement Contributions—(\$762,618)

The normal pension cost for current retirement programs is based on a percentage of salary, as provided by the annual actuarial study. The rate applied in FY 2021 has remained at 5.09 percent, resulting in no change to the budget for current employees. There is a decrease for the state pension cost of \$45,702. At this time, the amount is currently estimated based on salary increases from the prior fiscal year, and will be adjusted to the actual amount once the state provides the obligation amount in late December. In addition, there is a decrease of \$716,916 for administrative retirement fees owed to the state.

Self-Insurance—\$861,854

The budget includes an increase for contributions to the county's self-insurance program. As a result of achieving an acceptable reserve fund balance over the past year, while also experiencing slight increases to projected claims, there is an increase in worker's compensation of \$699,040 in the budget. There also is an increase in fire and property insurance of \$162,814.

Program Efficiencies and Reductions—(\$5,204,000)

Health and life insurance coverage for current active and retired employees and their families are provided through the Employee Benefit Plan (EBP). Over the past three fiscal years, medical and prescription drug claims have continued to increase at a much lower rate than previously anticipated, therefore, generating more fund balance in the MCPS Employees Group Insurance Fund. In addition, Caremark rebates and Employer Group Waiver Plan subsidies for employees also have increased, resulting in more revenue generated in the fund. Due to these occurrences, the budget includes a reduction of \$5,000,000 for EBP in an effort to reduce the reserve balance in the MCPS Employees Group Insurance Fund to a more appropriate level by the end of FY 2021. With the support of MCPS health consultants, MCPS has a two-year plan to bring the fund balance to a target reserve balance of between \$15 and \$25 million. In addition, there is a reduction of \$204,000 for employee benefits related to executive compensation.

Strategic Accelerator—\$2,581,842

Focus on Operational Excellence—\$63,253

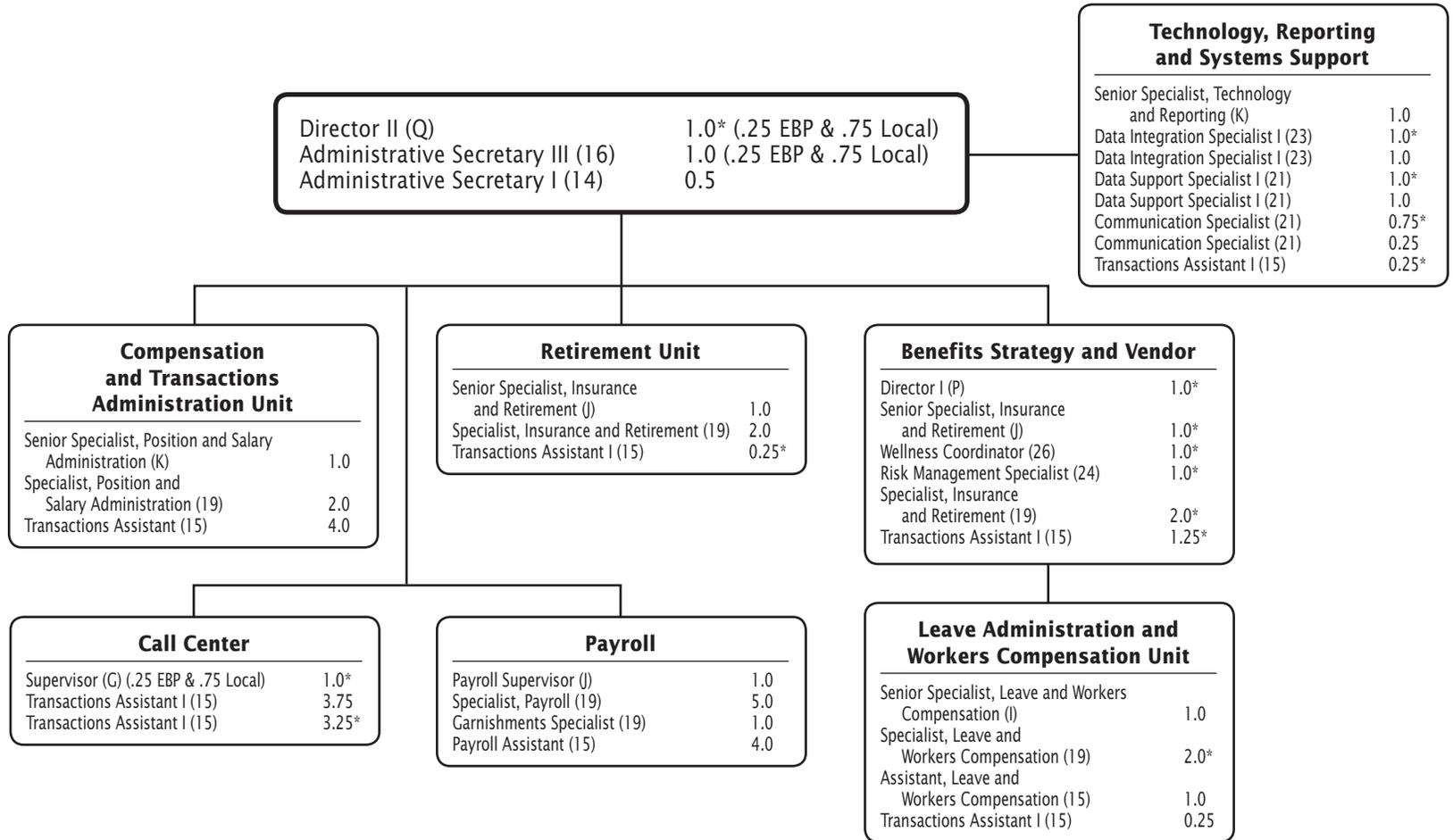
Within the Department of Employee and Retiree Services, there is an increase of \$63,253 for a 1.0 specialist, payroll position. This strategic accelerator supports the increase in workload associated with automating enterprise resource planning and payroll systems.

Employee Benefits on all Accelerators—\$2,518,589

Details on increases in strategic accelerators are included in various chapters of the budget. As a result of these strategic accelerators, there is an increase of \$661,203 for social security contributions, \$1,416,801 for employee health benefits, and \$440,585 for retirement contributions.

Selected Expenditure Information			
Description	FY 2020 Current Budget	FY 2021 Budget	FY 2021 Change
*Worker's Compensation	\$17,255,783	\$17,954,823	\$699,040
Fire/Other Self- Insurance	4,019,045	4,181,859	162,814
Social Security	124,728,429	130,628,421	5,899,992
Employee Benefit - Active	263,154,716	262,914,449	(240,267)
Employee Benefit - Retirees	29,138,436	29,138,436	0
Retirement and Administrative Fees	85,757,797	88,859,094	3,101,297
Pension Shift From State	54,486,328	54,440,626	(45,702)
Unemployment Compensation	220,000	220,000	0
Other	<u>1,670,295</u>	<u>1,466,295</u>	<u>(204,000)</u>
Total	<u>\$580,430,829</u>	<u>\$589,804,003</u>	<u>\$9,373,174</u>
<p>*Worker's Compensation for Food Services is shown in the program mission summary under the Department of Materials Management; and auto liability for Self-Insurance is shown under the Department of Transportation.</p>			

Department of Employee and Retiree Services



F.T.E. Positions 33.0

* In addition, the chart includes 16.5 positions funded by the Employee Benefits Trust Fund.

Department of Employee and Retiree Services - 334/333

Description	FY 2019 Actual	FY 2020 Budget	FY 2020 Current	FY 2021 Request	FY 2021 Change
01 Salaries & Wages					
Total Positions (FTE)	28.750	30.000	30.000	33.000	3.000
Position Salaries	\$2,104,569	\$2,287,111	\$2,287,111	\$2,508,599	\$221,488
Other Salaries					
Summer Employment					
Professional Substitutes					
Stipends					
Professional Part Time					
Supporting Services Part Time		35,206	35,206	35,206	
Other		20,186	20,186	25,186	5,000
Subtotal Other Salaries	30,683	55,392	55,392	60,392	5,000
Total Salaries & Wages	2,135,252	2,342,503	2,342,503	2,568,991	226,488
02 Contractual Services					
Consultants					
Other Contractual		15,585	15,585	11,585	(4,000)
Total Contractual Services	3,028	15,585	15,585	11,585	(4,000)
03 Supplies & Materials					
Textbooks					
Media					
Instructional Supplies & Materials					
Office		30,807	30,807	34,807	4,000
Other Supplies & Materials					
Total Supplies & Materials	37,318	30,807	30,807	34,807	4,000
04 Other					
Local/Other Travel		1,486	1,486	1,486	
Insur & Employee Benefits		582,394,597	579,700,829	589,074,003	9,373,174
Utilities					
Miscellaneous		730,000	730,000	730,000	
Total Other	575,243,062	583,126,083	580,432,315	589,805,489	9,373,174
05 Equipment					
Leased Equipment					
Other Equipment					
Total Equipment					
Grand Total	<u>\$577,418,660</u>	<u>\$585,514,978</u>	<u>\$582,821,210</u>	<u>\$592,420,872</u>	<u>\$9,599,662</u>

Department of Employee and Retiree Services - 334/333

CAT	DESCRIPTION	10 Mon	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2020 CURRENT	FY 2021 REQUEST	FY 2021 CHANGE
1	Q Director II		.750	.750	.750	.750	
1	K Sr Spec Pos & Sal Admin		1.000	1.000	1.000	1.000	
1	K Sr Spec Tech & Reporting					1.000	1.000
1	J Payroll Supervisor		1.000	1.000	1.000	1.000	
1	J Sr Spec Insurance/Retirement		1.000	1.000	1.000	1.000	
1	I Sr Spec Leave/Wkrs Com		1.000	1.000	1.000	1.000	
1	G ERSC Call Ctr/Trans Asst Supv		.750	.750	.750	.750	
1	23 Data Integration Specialist		1.000	1.000	1.000	1.000	
1	21 Comm Spec/Web Producer		.250	.250	.250	.250	
1	21 Data Support Specialist I		1.000	1.000	1.000	1.000	
1	19 Garnishments Specialist		1.000	1.000	1.000	1.000	
1	19 Specialist, Payroll		3.000	3.000	3.000	5.000	2.000
1	19 Spec, Position/Salary Admin		2.000	2.000	2.000	2.000	
1	19 Specialist, Ins. & Retirement		2.000	2.000	2.000	2.000	
1	16 Administrative Secretary III		.750	.750	.750	.750	
1	15 Transactions Assistant I		7.250	8.000	8.000	8.000	
1	15 Payroll Assistant		4.000	4.000	4.000	4.000	
1	15 Assist, Leave Admin/Wkrs Comp		1.000	1.000	1.000	1.000	
1	14 Administrative Secretary I			.500	.500	.500	
Total Positions			28.750	30.000	30.000	33.000	3.000