

FY 2011 Budget Objectives

- **Preserve the Integrity of Instructional Programs**
- **Preserve Jobs**
- **Preserve Employee Benefits to the Greatest Extent Possible**

FY 2011 Revenue

Assumptions

State (47.5% Budget) – No Increase

County (50.6% Budget) – Maintenance of Effort +\$146,989

Other Sources – Decrease

Fund Balance –\$4.6M to Support Ongoing Operations

Risks

- Use of ARRA Funding for Ongoing Expenditures
- Waiver of Maintenance of Effort
- County “Give Back” (3.9M FY09 & .5M FY10)

FY 2011 Expenditures

Cost Increases

Health & Dental	\$7.6M
Special Education	\$1.8M
Insurance (WC, Property, Liability)	\$.7M
Transportation (Driver/Attend, Other)	\$.4M
Impact of Capital Projects	\$.3M
Pension (Since Proposed Budget)	\$.9M
<u>Other Costs</u>	<u>\$.4M</u>
<u>Total Shortfall</u>	<u>\$12.1M</u>

Risks

- **State Change in Nonpublic Funding Formula** additional 10% returned by State will cost HCPS \$900,000
- **Volatile Fuel/Utility Prices**
- **Change in State Pension/Retirement** State paid \$31.6 million in FY 2010

Expenditure numbers are subject to change based on State and County Govt. actions

Proposed Shortfall Resolutions

Turnover Savings	\$1.6M
Reversal of One Time Expenditures	\$.1M
Reduction of Utility Rates	\$.5M
Benefit Design Changes*	\$3.6M
Wage Reductions*	\$5.4M
<u>To Be Determined*</u>	<u>\$.9M</u>
<u>Total Resolution</u>	<u>\$12.1M</u>

*Subject to Board Actions and Collective Bargaining

Numbers are subject to change based on State and County Govt. actions

Long Term Issue

Structural Deficit – *Ongoing expenditures exceed revenue;
Use of one time money to fund ongoing expenditures.*

FY11 Use of Fund Balance	4.6M
Use ARRA Funding for Ongoing Exp.	2.8M
<u>Use of 1x Cost Saving Measures</u>	<u>5.4M</u>
Shortfall Entering FY 2012	\$12.8M

Solutions:

Increase Revenues

Permanent Reductions to Ongoing Expenditures*

*Subject to Board Actions and Collective Bargaining

Harford County Public Schools
Health Care Costs - Current Expense Fund
FY 2001 - 2010

	Unrestricted Budget		Restricted Budget		Current Expense Fund		
	Actual Expenditures	% Change	Actual Expenditures	% Change	Actual Expenditures	\$ Change	% Change
FY 2001	20,088,277		1,149,997		21,238,275		
FY 2002	21,681,680	7.9%	1,406,768	22.3%	23,088,448	1,850,174	8.7%
FY 2003	25,900,762	19.5%	1,628,948	15.8%	27,529,709	4,441,261	19.2%
FY 2004	32,235,438	24.5%	1,635,149	0.4%	33,870,586	6,340,877	23.0%
FY 2005	35,471,989	10.0%	1,806,989	10.5%	37,278,978	3,408,391	10.1%
FY 2006	39,380,562	11.0%	1,762,347	-2.5%	41,142,908	3,863,931	10.4%
FY 2007	44,117,812	12.0%	1,934,398	9.8%	46,052,211	4,909,302	11.9%
FY 2008	48,512,315	10.0%	1,881,095	-2.8%	50,393,410	4,341,199	9.4%
FY 2009	52,066,053	7.3%	1,825,251	-3.0%	53,891,303	3,497,894	6.9%
FY 2010 Budget*	55,340,019	6.3%	4,162,722	128.1%	59,502,741	5,611,438	10.4%
Change 01 - 10	35,251,742	175.5%	3,012,725	262.0%	38,264,466	180.2%	

*FY 2010 is budgeted health expenditures not actual. Represents 8% rate increase, 100 new retirees, 50 new enrollees, plan selections changes for FY 2010.

In FY10, approx. \$2.1 M of budgeted Unrestricted health costs were transferred to restricted and funded with ARRA Stimulus Funding.

Fund Balance at June 30, 2009

Total fund balance at June 30, 2009	\$ 11,475,851
Fund balance at June 30, 2009 - designated for fiscal year 2010	(4,637,987)
Fund balance at June 30, 2009 - designated for future contingencies (\$1 million fuel/heating, \$1.225 million for health call)	<u>(2,225,166)</u>
Fund balance at June 30, 2009 – undesignated (Appropriated for FY11 Expenditures)	<u><u>\$ 4,612,698</u></u>

Reduction of State Revenues

As a result of the 2007 Special Session of the General Assembly and the Governor's request to change the Thornton funding formulas, HCPS lost **\$9,003,000** in new State Aid formula funding for Fiscal Year 2009. This reduction continued in FY 2010 and FY 2011.

Total reduction of State aid revenue is **\$27,009,000.**

Loss of County Revenues

The County requested a return of **\$3,936,066** for Fiscal Year 2009 and **\$500,000** for FY 2010. Total lost operating revenues from the County equals **\$4,436,066.**

Revenue Impact

State and County operating revenues have been reduced by **\$31,445,066** since FY 2009.

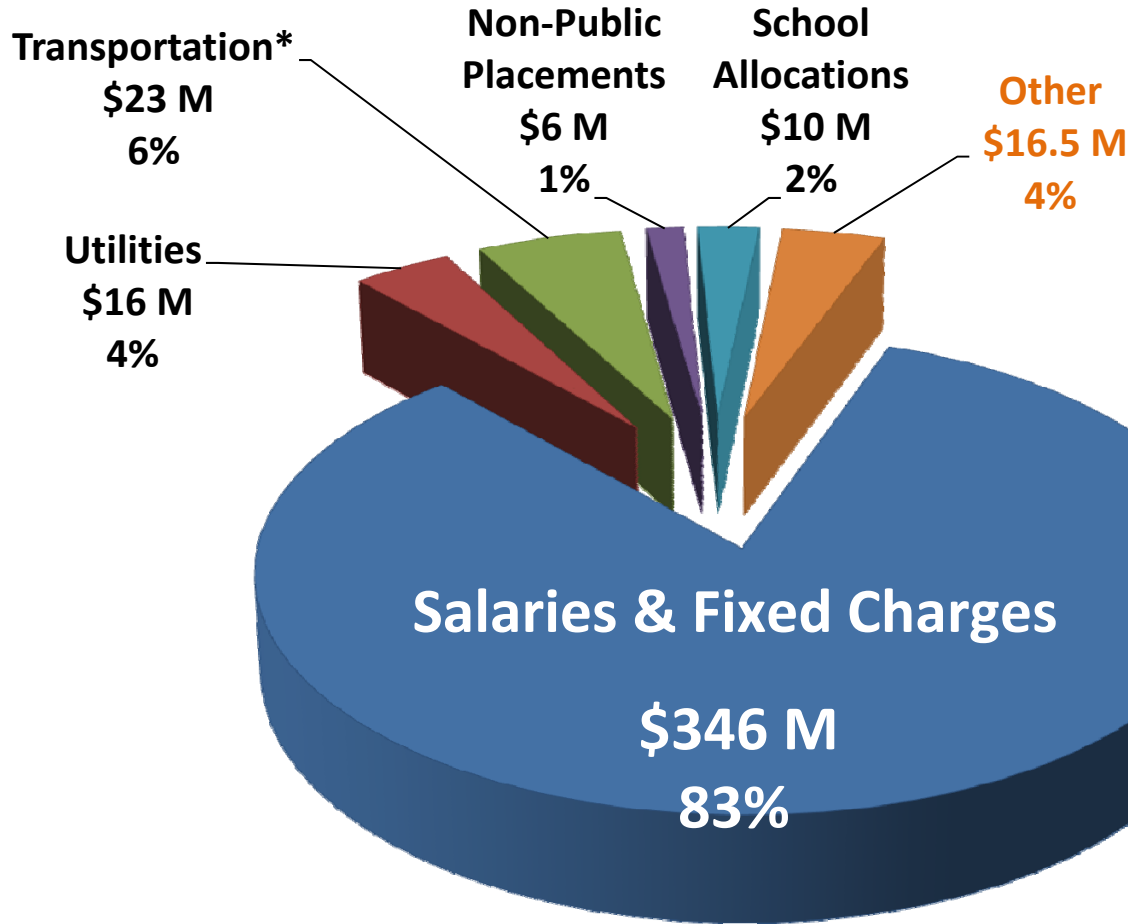
HCPS Cost/Budget Reductions FY 2009 – FY 2011

	FY 2009 Cost Reductions	FY 2010 Budget Reductions	FY 2011 Budget Reductions*
Salaries & Fixed Charges	(\$2,325,097)	(\$1,752,367)	(\$1,610,163)
Transportation	(\$866,000)	(\$116,000)	(\$116,000)
Other	(\$744,969)	(\$1,667,779)	(\$1,667,779)
Total	(\$3,936,066)	(\$3,536,146)	(\$3,393,942)

*FY 2010 budget reductions carried over to FY 2011

FY 2011 Budget reductions are subject to change based on State and County Govt. actions

FY 2011 Proposed Operating Budget



Other Includes:

- Computers
- School/Office furniture
- School/Office equipment
- Security equipment
- Software licenses
- Service contracts
- Maintenance contracts
- Consultants
- Maintenance supplies
- Travel
- Mileage reimbursement
- Conferences
- Meetings
- Outside Legal Services
- Recruiting

*Excludes Transportation Salaries

“Other” reduced by \$1.7 M
in FY 2010 / FY 2011

Harford County Public Schools Expenditures for FY09

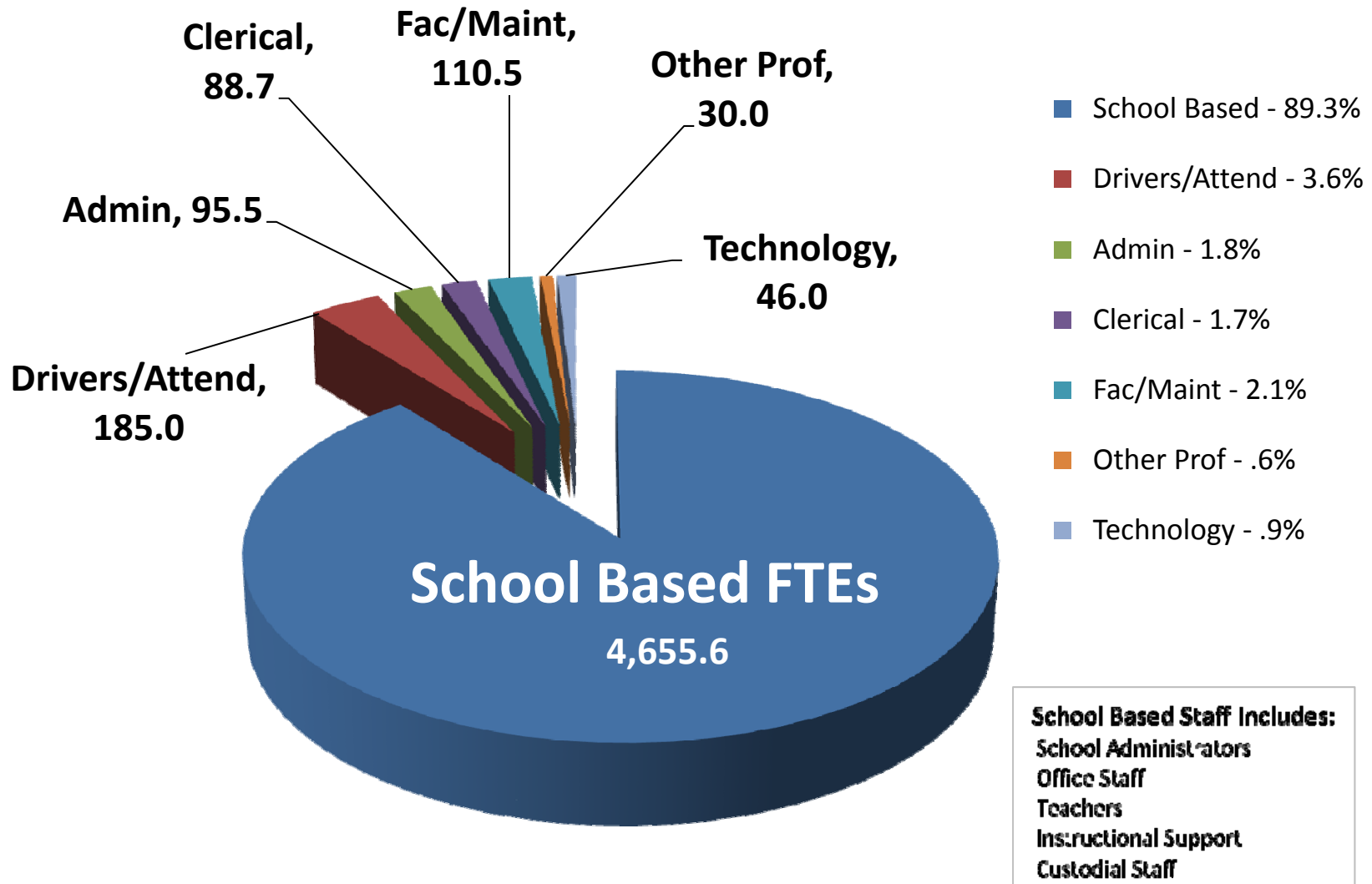
	Total Cost of Services	Net Cost of Services	% Net Cost to Total
Instruction	\$ 367,727,094	\$ 184,780,613	60.13%
Pupil personnel	2,312,317	2,183,022	0.71%
Health services	5,102,625	5,102,625	1.66%
Pupil transportation	32,723,827	21,361,031	6.95%
Operation and maintenance of plant	52,135,751	44,741,689	14.56%
Food services	15,144,343	1,163,930	0.38%
All others	53,898,786	47,949,539	15.60%
Total	\$ 529,044,743	\$ 307,282,449	100.00%

84%

Above is a table summarizing the district-wide cost of services for each program or function. **About 84% of the net costs of services are directly related to students' instruction and welfare. Of the remaining 16%, all but about 4.5% is used for the direct administration of schools and instructional support.** It is important to note that in this report format, costs for employee benefits and depreciation on fixed assets are allocated to the appropriate program or function.

Source: June 30, 2009 Comprehensive Annual Financial Report, Management Discussion & Analysis

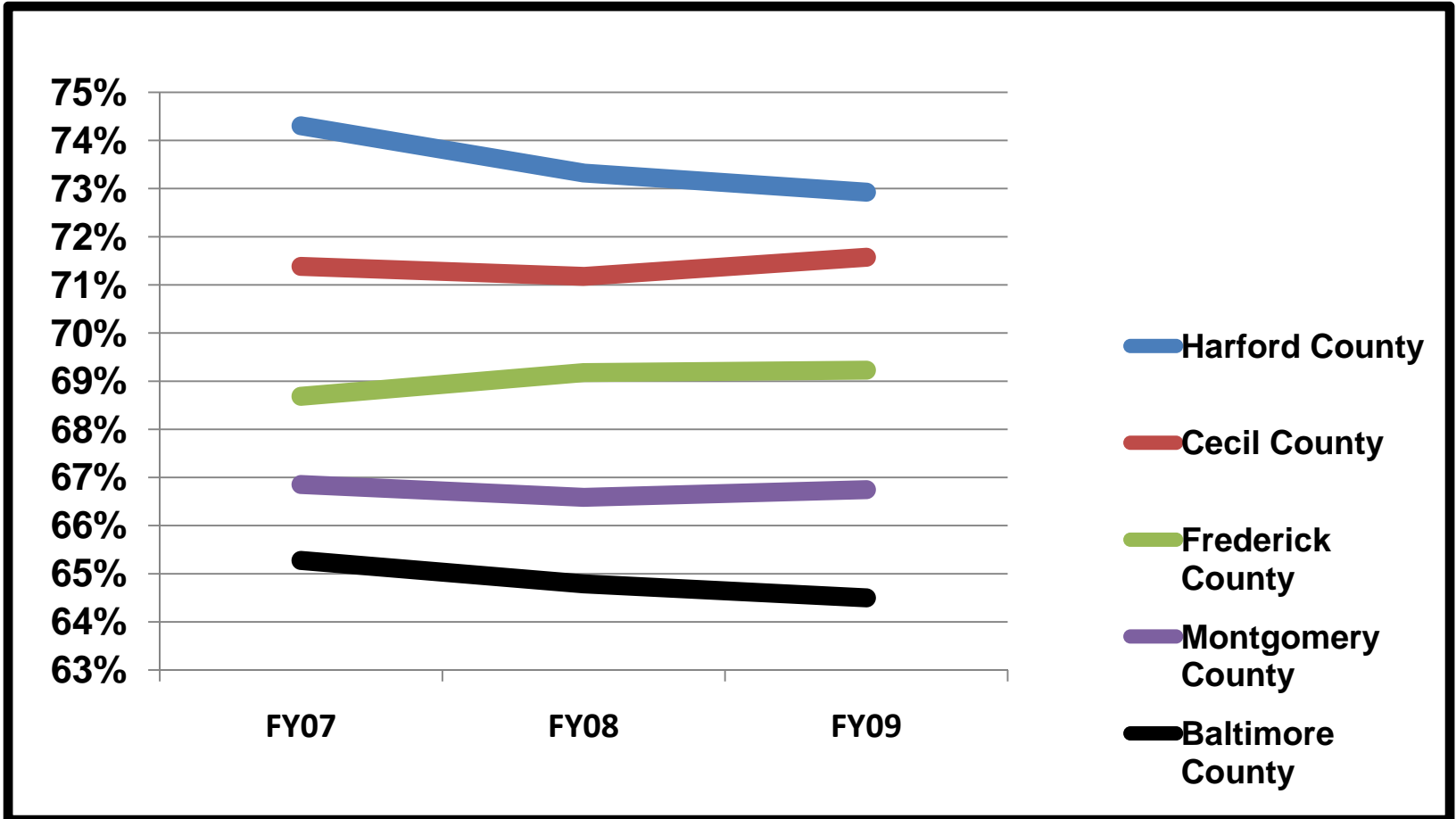
FY 2011 Full Time Equivalents by Location



FY 2011 additional positions include 36.0 Inclusion Helpers, 10.0 Bus Drivers/Attendants, and a .5 Principal and .5 Clerical for Red Pump Elementary
 Number of positions subject to change based on State and County Govt. actions.

FULL TIME EQUIVALENT INSTRUCTIONAL STAFF

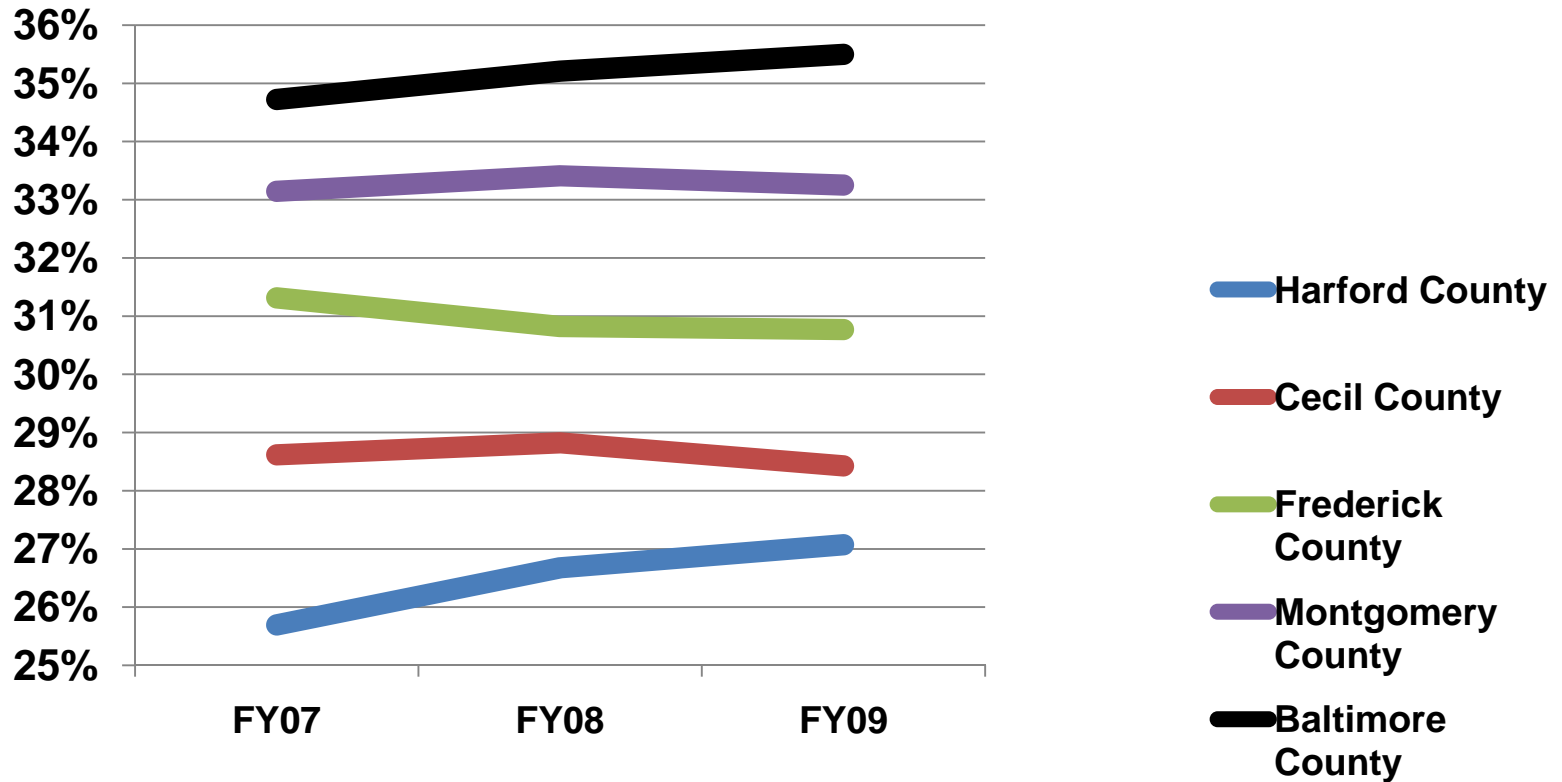
COUNTY COMPARISON



Source: MSDE – The Fact Book

FULL TIME EQUIVALENT NON- INSTRUCTIONAL STAFF

COUNTY COMPARISON



Source: MSDE – The Fact Book