



Harford County Public Schools

Transmittal Letter and Budget in Brief for Fiscal Year 2015

December 16, 2013

Dear School Community:

Harford County Public Schools (HCPS) has the unique and deeply rewarding responsibility of positively impacting the future of thousands of students each year. We are committed to inspiring our students to become life-long learners and to ensuring we are achieving our ultimate goal of preparing all of our students for success in college or career.

The difficult economic times of the past several years have had a significant impact on state and local funding for school systems. HCPS has worked tirelessly to develop a fiscally-responsible budget that continues to ensure each child is given the best educational opportunities possible in Harford County.

The fiscal year 2015 budget development process emphasized the importance of listening to and partnering with our stakeholders – both internal and external – as we faced the school system’s financial challenges. The process began with an employee survey and an employee open forum budget session. Following the employee session, several public input sessions and roundtable discussions were held to educate the community at-large about the budget development process and timeline and to allow participants time to provide input regarding budget priorities.

In addition, questions, suggestions and comments were accepted throughout the entire process via a dedicated email account, budget@hcps.org. New this year, HCPS launched an online budget tool that allowed users to build an actual school system budget by manipulating the funds in each non-mandated line. Submitted budgets provided insight on what our stakeholders feel should be the priorities of the school system for this fiscal year. Several full-day meetings were conducted with the Leadership Team to thoroughly review all input received. The result of the months of engagement and partnership with the community is the Fiscal Year 2015 Board of Education Budget for HCPS presented in the pages to follow.

You will notice a proposed increase in salary/wages included in this fiscal 2015 budget. This increase reflects our goal of beginning to restore a competitive salary structure within the market, especially with our neighboring counties. By law, the Board of Education is required to negotiate with each of the five bargaining units in Harford County to establish salary, wages and other working conditions. As such, in order to bargain in good faith, no outcomes regarding this increase have been defined at this time. Updates will be posted to the Board’s Collective Bargaining webpage throughout the bargaining season: www.hcps.org/boe/collectivebargaining.

The fiscal year 2015 operating budget includes increases of \$13.7 million for wages, \$10.1 million for employee benefits and a \$8.9 million in cost of doing business for a total increase of \$32.7 million. Combined with a projected decrease in revenue of \$.3 million, our funding request for fiscal year 2015 from Harford County Government is an increase of \$33.0 million over the prior fiscal year. The \$33.0 million request includes a \$1.9 million increase of teacher pension expense to be transferred from the State of Maryland to the local funding authority for fiscal year 2015. State legislation requires local governments to fund the increase in teacher pensions.

The fiscal 2015 approved Unrestricted Operating, Restricted and Capital budgets are \$457.5 million, \$27.2 million and \$77.0 million, respectively.

Additionally, the Priority List includes items that the school system recognizes as future funding needs that will allow HCPS to expand and enhance the educational opportunities for all students. However, those items are not being requested at this time recognizing that the economic climate cannot support expanded initiatives. The Cost of Doing Business requested increase includes items that are of complete necessity in order to recover, sustain and/or maintain the current educational experience our children deserve. It is important to note that while the items on the Priority List are not being requested at this time, these items, should they be funded in the future, are critical to the success of making HCPS the premiere educational system in Maryland. HCPS has been doing more with less for many years and our students have been able to benefit from that internal effort.

Continuing to meet our goals and objectives, as defined by the Board of Education of Harford County, will require commitment, planning and effective leadership. The success of the school system impacts the livelihood of the entire community and the time has come to make education a priority.

Barbara P. Canavan,
Interim Superintendent of Schools



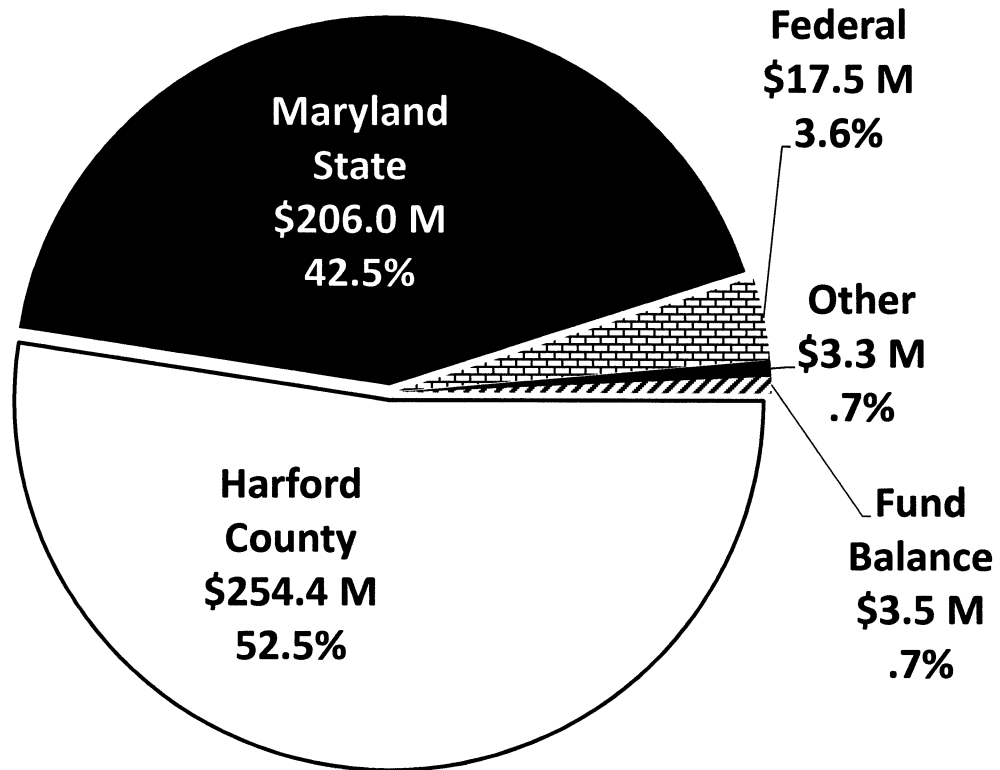
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Revenue - Current Expense Fund							
	FY 2012 Actual	FY 2013 Actual	FY 2013 Budget	FY 2014 Budget	FY 2015 Budget	Change FY14 - FY15	% Change
Unrestricted Fund	\$ 435,605,566	\$ 429,811,597	\$ 430,108,097	\$ 424,737,271	\$ 457,495,043	\$ 32,757,772	7.7%
Restricted Fund	\$ 28,787,162	\$ 30,645,648	\$ 29,302,413	\$ 28,087,632	\$ 27,223,604	\$ (864,028)	-3.1%
Current Expense Fund	\$ 464,392,728	\$ 460,457,245	\$ 459,410,510	\$ 452,824,903	\$ 484,718,647	\$ 31,893,744	7.0%

Where the money comes from...

FY 2015 Current Expense Fund - by Source \$484.7 Million



Maryland State Aid – Includes Unrestricted funds and Restricted (in the form of grants) funds.

Harford County Government Aid – Includes County allocation that represents Maintenance of Effort level of funding under State Law and additional funding as allocated and approved by the County Executive and County Council.

Federal Aid – Includes Impact Aid, ISEA, and categorical grants. (Federal stimulus funding included as a source).

Other Sources – Includes building use fees, gate receipts for athletic events, fees for out of county students, interest income, and student fees.

Fund Balance – Includes funds set aside from prior fiscal years to support ongoing operations and one time expenditures.



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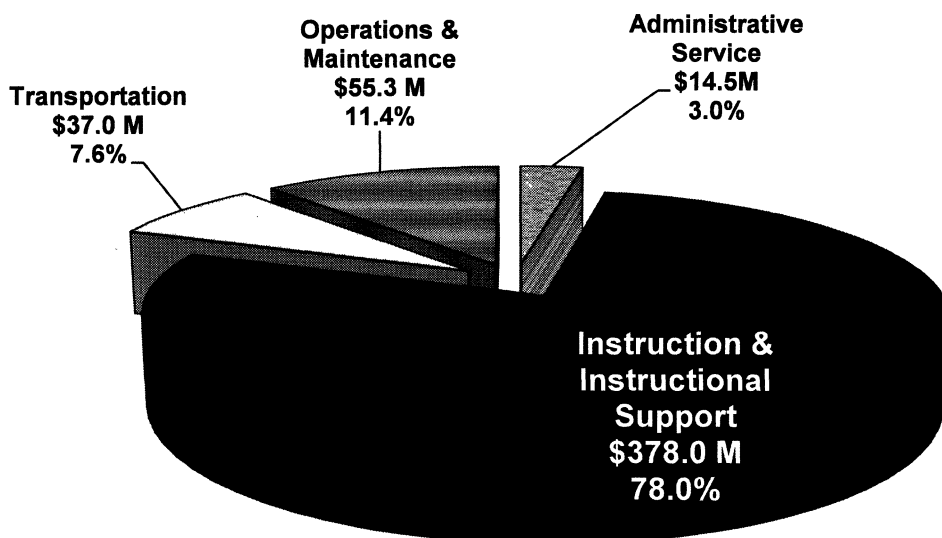
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Expenditures - Current Expense Fund							
	FY 2012 Actual	FY 2013 Actual	FY 2013 Budget	FY 2014 Budget	FY 2015 Proposed Budget	FY14 - FY15 Change	% Chg.
Unrestricted Fund	427,412,633	424,347,633	430,108,097	424,737,271	457,495,043	32,757,772	7.7%
Restricted Fund	28,787,162	30,645,648	29,302,413	28,087,632	27,223,604	(864,028)	-3.1%
Current Expense Fund	\$ 456,199,795	\$ 454,993,281	\$ 459,410,510	\$ 452,824,903	\$ 484,718,647	\$ 31,893,744	7.0%

Where the money goes...

FY 2015 Current Expense Fund

\$484.7 Million



The categories listed above include a share of fringe benefit costs based on FTE count including health, dental, & life insurance, taxes, workers compensation and unemployment compensation charges.

Administrative Services – Includes Board of Education, Executive Administration, Business Services, Human Resources, and the Office of Technology and Information Services.

Student Instruction – Includes Education Services, Mid-Level Administration, Instructional Salaries, Textbooks & Classroom Supplies, Other Instructional Costs, Special Education, and Health Services.

Transportation - Includes fuel for vehicles, system operated buses for special education and contracted bus services for regular students.

Operations and Maintenance – Includes Facilities management of buildings and grounds, utility costs and Planning and Construction expenditures for capital projects.



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Highlights of the Fiscal Year 2015 Unrestricted Budget

Wage/Fringe Benefits - \$23,823,580

- The proposed salary/wage increase of \$13.7 million reflects our goal of maintaining a competitive salary structure within the market, especially with our neighboring counties. It is our intent with this budget proposal to avoid falling further behind. By law, the Board is required to negotiate with each of the five bargaining units in Harford County to establish salary, wages and other working conditions. The current beginning salaries for teaching positions in Harford County ranks 21st of 24 teaching jurisdictions in the state of Maryland¹.
- The costs associated with health care and dental benefits for fiscal year 2015 are projected to increase by \$8.2 million due to a 10% rate increase and projected utilization/enrollment changes.
- An increase of \$1.9 million in pension costs related to teaching positions will be fully funded by Harford County Government as mandated by the State of Maryland.

Cost of Doing Business - \$8,934,192

- Instruction Education Services - \$4.8 million.
- Instruction Curriculum - \$1.5 million.
- Instruction Special Education \$1.4 million.
- Operations - \$.2 million.
- Administration - \$1.1 million.

Other Funds Expenditures

Food Services Fund – \$16,044,667; a self-supporting fund.

Debt Service Fund - \$30,298,127; the amount paid for the financing of capital projects by Harford County Government for the Board of Education

Capital Project Fund - \$76,991,350; represents the adopted capital budget for construction and major repairs and assets for the school system. Projects are funded by state and county sources of revenues.

Pension Fund – \$27,319,963; the amount to be paid by the State of Maryland on behalf of HCPS employees who are members of the Teachers Retirement and Pension Systems.

¹ MSDE 2012 Fact Book