



Harford County Public Schools

Transmittal Letter and Budget in Brief for Fiscal Year 2014

January 28, 2013

Dear School Community,

The Fiscal Year 2014 Board of Education Budget for Harford County Public Schools addresses the essential components of federal legislation known as *No Child Left Behind* (NCLB), state legislation known as the Bridge to Excellence Act (BTE), and continues to address the Strategic Plan and Master Plan. Meeting the educational needs of a growing and diverse community so that no child is left behind requires vision, knowledge, organization, effective planning, sufficient coordinated resources, and commitment from all stakeholders.

Throughout the school year, each one of the more than 5,372 employees of the Harford County Public Schools (HCPS) takes on the challenge of working towards our common goal of connecting with our students and preparing them for success. HCPS is the second largest employer in Harford County. We work to accomplish our goals as effectively and efficiently as possible. We are all committed to inspiring each of our 37,868 students to become life-long learners and responsible citizens.

Educators in Harford County have the unique responsibility of impacting the future of thousands of students every year. After all, school-age children spend almost as much time in school or in school-related activities as they do at home. Our faculty and staff are involved in every aspect of the child's academic life, from writing curriculum, serving as advisors for extracurricular activities, mentoring at-risk youth, to providing additional tutoring, and many, many more. Everyone in HCPS shares the same ideals regarding working together to provide the best education possible to all of our students in Harford County.

In addition, HCPS employees and students worked diligently to meet rigorous federal and state education requirements, resulting in many successes over the past year. The information in this annual budget document will show you some examples of our successes, as well as our challenges. We are committed to ensuring every child is given the best educational opportunities possible in Harford County. It is important to provide each individual student with the knowledge and means to succeed in a diverse society and I encourage you to join us as we impact the lives of our students in Harford County Public Schools.

The difficult economic times of the past several years have had a significant impact on state and local funding for school systems. From fiscal year 2010 to 2013, Harford County Public Schools operating costs increased by \$48.6 million and revenue decreased by \$6.0 million. The resulting budget shortfall of \$54.6 million was resolved through position reductions, salary savings from employee turnover, cost reductions and the use of \$6.7 million of fund balance. It is important to note that HCPS employees did not receive a wage increase during three of the four years in this period.

The proposed increase in salary/wages in the fiscal 2014 budget 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 neighboring counties. 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. As such, in order to bargain in good faith, no outcomes regarding this increase have been defined at this time. The Board will collaborate with the bargaining units to reach such an agreement. Employees and community members are directed to visit the Board's Collective Bargaining webpage on the school system website (www.hcps.org) for updates and information as we move through the negotiation process.

The fiscal year 2014 operating budget includes increases of \$6.3 million for wages, \$6.6 million for employee benefits and a \$2.1 million increase in cost of doing business for a total increase of \$15.0 million. Combined with a projected decrease in revenue of nearly \$6.1 million, our funding request for fiscal year 2014 from Harford County Government is an increase of \$21.2 million over the prior fiscal year. The \$21.2 million request includes a \$1.5 million increase of teacher pension expense to be transferred from the State of Maryland to the local funding authority for fiscal year 2014. State legislation requires local governments to fund the increase in teacher pensions.

The fiscal 2014 approved Unrestricted Operating, Restricted and Capital budgets are \$442.8 million, \$26.6 million and \$62.1 million, respectively.

Continuing to meet the goals and objectives, as defined by the Board of Education of Harford County, will require commitment, planning and effective leadership. Harford County Public Schools is prepared to meet the challenges that currently exist and provide the high quality education that our students, parents and community have come to expect.



Harford County Public Schools

Transmittal Letter and Budget in Brief for Fiscal Year 2014

Vision

Harford County Public Schools will be a community of learners in which our public schools, families, public officials, businesses, community organizations, and other citizens work collaboratively to prepare all of our students to succeed academically and socially in a diverse, democratic, change-oriented, and global society.

Mission

The Mission of Harford County Public Schools is to promote excellence in instructional leadership and teaching and to provide facilities and instructional materials that support teaching and learning for the 21st century. The Harford County Board of Education will support this mission by fostering a climate for deliberate change and monitoring progress through measurable indicators.

Board of Education Strategic Plan Goals

- 1. To prepare every student for success in postsecondary education and a career.**
- 2. To encourage and monitor engagement between the school system and the community to support student achievement.**
- 3. To hire and support skilled staff who are committed to increasing student achievement.**
- 4. To provide safe, secure, and healthy learning environments that are conducive to effective teaching and learning.**

Since the passage of *NCLB* in January 2002, and the Maryland enactment of the *BTE*, the annual update to our Master Plan has been revised for the tenth year and has received approval of the Maryland State Department of Education (MSDE). The Plan identifies the design and implementation of programs, services, and instructional strategies that will accelerate learning for all students.

Francis F. "Rick" Grambo III.,
President of the Board of Education

Robert M. Tomback, Ph.D.,
Superintendent of Schools



Harford County Public Schools

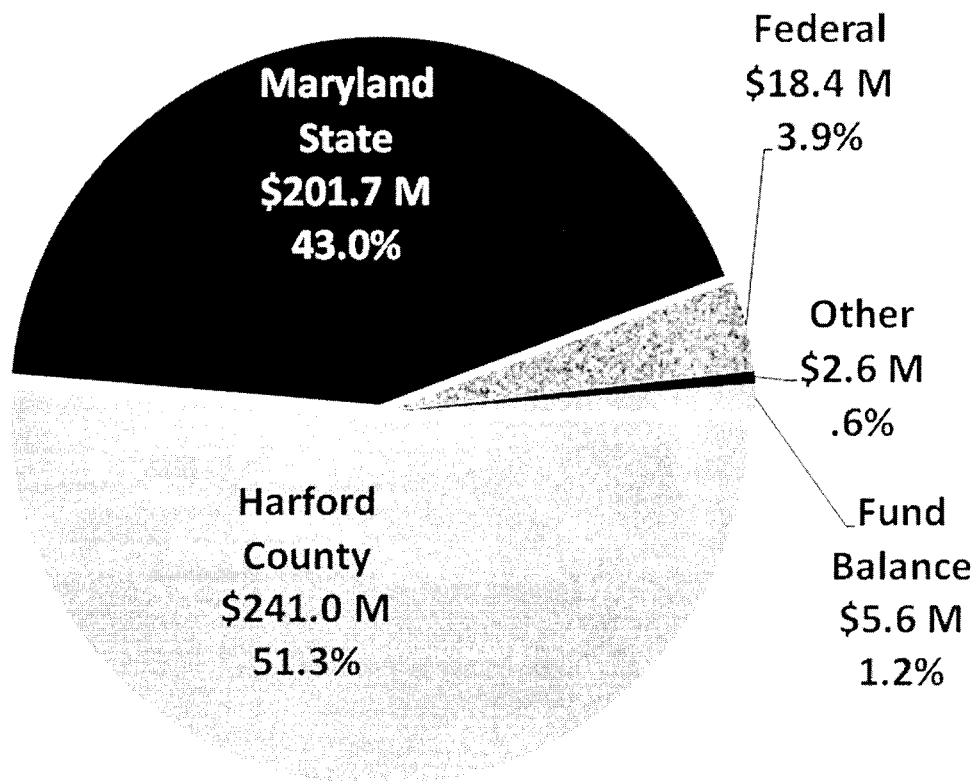
Transmittal Letter and Budget in Brief for Fiscal Year 2014

Revenue - Current Expense Funds							
Sources	FY 2011 Actual	FY 2012 Actual	FY 2012 Budget	FY 2013 Budget	FY 2014 Budget	Change FY13 - FY14	% Change
Unrestricted Fund	\$ 416,290,452	\$ 435,605,566	\$ 435,643,868	\$ 427,768,507	\$ 442,794,760	\$ 15,026,253	3.5%
Restricted Fund	\$ 41,571,808	\$ 28,787,162	\$ 26,206,659	\$ 27,601,333	\$ 26,585,762	\$ (1,015,571)	-3.7%
Current Expense Fund	\$ 457,862,260	\$ 464,392,728	\$ 461,850,527	\$ 455,369,840	\$ 469,380,522	\$ 14,010,682	3.1%

Where the money comes from...

FY 2014 Current Expense Fund - by Source

\$469.4 Million



Maryland State Aid – Includes Unrestricted funds and Restricted funds (grants).

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.



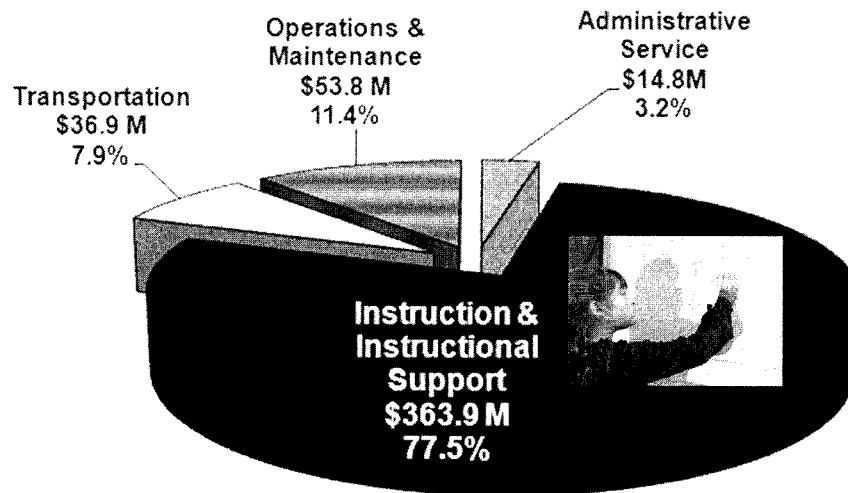
Harford County Public Schools

Transmittal Letter and Budget in Brief for Fiscal Year 2014

Expenditures - Current Expense Fund							
	FY 2011 Actual	FY 2012 Actual	FY 2012 Budget	FY 2013 Budget	FY 2014 Budget	Change FY13 - FY14	% Chg
Unrestricted Fund	408,767,830	427,412,634	435,643,868	427,768,507	442,794,760	15,026,253	3.5%
Restricted Fund	41,571,808	28,787,162	26,206,659	27,601,333	26,585,762	(1,015,571)	-3.7%
Total Current Expense Fund	\$ 450,339,638	\$ 456,199,796	\$ 461,850,527	\$ 455,369,840	\$ 469,380,522	\$ 14,010,682	3.1%

Where the money goes...

FY 2014 Current Expense Fund \$469.4 Million



All expenditure accounts include a share of fringe benefit costs based on FTE count which includes 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.



Harford County Public Schools

Transmittal Letter and Budget in Brief for Fiscal Year 2014

Highlights of the Fiscal Year 2014 Unrestricted Budget

Wage - \$6.3 million

The proposed salary/wage increase of \$6,277,736 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. For the 2011 – 2012 school year, the beginning salary for Harford County teachers ranked 21st of Maryland's 24 Local Education Authorities (LEAs) ¹.

State Teacher Pension Shift - \$1.5 million

For fiscal year 2014, HCPS will be required to absorb an additional \$1.5 million of teacher pension costs previously funded by the State of Maryland. In accordance with Maryland law passed in 2012, Harford County Government is required to fully fund this pension increase.

Fringe Benefits – \$5.3 million

Health care and dental costs for fiscal year 2014 are projected to increase by \$5.3 million due to a 5% rate increase and projected changes in utilization and enrollment.

Cost of Doing Business - \$2.1 million

Increases classified as cost of doing business are limited to costs necessary to maintain existing level of services and other contractual, mandated or previously authorized programs or projects. Cost of doing business increases included in the proposed budget for fiscal year 2014 have been summarized below:

- Instructional Programs & Special Education - \$496,820;
- Insurance - \$710,077;
- Transportation - \$514,550; and,
- Operations and Administration - \$405,537.

Other Funds

Food Services Fund – \$15,690,406; a self-supporting fund.

Pension Fund – \$30,575,369; the amount to be paid by the State of Maryland on behalf of HCPS employees who are members of the Teachers Retirement and Pension System.

Debt Service Fund - \$29,474,023; the amount paid for the financing of capital projects by Harford County Government for the Board of Education.

Capital Project Fund - \$62,122,269; represents the capital budget for construction and major repairs and assets for the school system. Projects are funded by state and county sources of revenues.

¹ MSDE 2012 Fact Book