

Expenditures

Budget Development History

The difficult economic times of the past several years have had a significant impact on state and local funding for school systems across the nation. The stark budget realities faced by Harford County Public Schools since fiscal year 2009 must be examined in order to understand how the fiscal 2014 budget was developed. The process of reducing expenditures actually began in fiscal 2009 when Harford County Government requested a "give back" of \$3.9 million in funding. In addition to the \$3.9 million returned in fiscal year 2009, HCPS returned \$.5 million in fiscal year 2010 and another \$3.0 million in fiscal year 2011. In the three year period, HCPS returned a total of \$7.4 million of budgeted funds to the County Government as requested.

Since fiscal year 2010, Harford County Public Schools operating costs have increased \$48.6 million. In the same time period, revenue has decreased \$6.0 million for a net budgetary shortfall of 54.6 million. The primary increase in expenditures represented costs deemed necessary to provide mandated services, meet contractual obligations and to maintain the integrity of the instructional programs. In FY 2013, HCPS employees received their first salary increase since July 1, 2008. With decreasing revenue, the Unrestricted Fund budget required innovative thinking in order to cover the additional costs. In response to this challenge, all areas of the budget were examined with an emphasis on preserving critical programs related to student achievement, creating greater efficiencies in all operating areas, and making difficult decisions on cost reductions that would least impact students. The following table reflects the additional expenditures and the solutions required to balance the Unrestricted Budget for the fiscal years 2010 through 2013.

Balancing the Unrestricted Operating Budget

FY 2010 - FY 2013

(In Millions)	FY10	FY11	FY12	FY13	Total
<i>Cost Increases:</i>					
Salary and Benefits				15.5	15.5
Cost of Doing Business	9.0	12.4	10.9	0.8	33.1
Total Cost Increases	\$ 9.0	\$ 12.4	\$ 10.9	\$ 16.3	\$ 48.6
Decrease (Increase) in Revenue	\$ 5.2	\$ (4.2)	\$ (2.1)	\$ 7.1	\$ 6.0
Total - Budget Shortfall	\$ 14.2	\$ 8.2	\$ 8.8	\$ 23.4	\$ 54.6

(In Millions)	FY10	FY11	FY12	FY13	Total
<i>Resolutions/Cost Saving Measures:</i>					
Positions & Turnover	1.5	1.6	3.9	6.8	13.8
Cost Reductions	8.3	5.4	1.5	9.2	24.4
Reversals One Time Expenditures	1.0	0.4	0.2	8.1	9.7
Total Cost Saving Measures	\$ 10.8	\$ 7.4	\$ 5.6	\$ 24.1	\$ 47.9
Increase Use of Fund Balance	\$ 3.4	\$ 0.8	\$ 3.2	\$ (0.7)	\$ 6.7
Total - Budget Resolution	\$ 14.2	\$ 8.2	\$ 8.8	\$ 23.4	\$ 54.6

The budget shortfall during fiscal years 2010 to 2013 was resolved by position reductions totaling \$5.7 million, employee turnover savings of \$8.1 million, cost reductions of \$24.4 million and the removal of non-recurring costs of \$9.7 million. Even with the implementation of cost saving measures totaling \$47.9 million during this period, an additional \$6.7 million of fund balance was required to balance the Unrestricted Operating Budget from fiscal year 2010 through 2013. In fiscal year 2013, a total of \$7.8 million of fund balance was required to support ongoing operating expenditures.

Use of Fund Balance

FY 2009 Budget	\$ 1,100,000
Increase FY 2010 to 2013	\$ 6,700,000
Fund Balance Use FY 2013 Budget	\$ 7,800,000

Expenditures

Budget Development Process

It is with this understanding that the fiscal 2014 budget process began and the following budget strategies were developed:

2014 Budget Strategies

Preserve the integrity of the instructional programs

Maintain a competitive salary structure

During the fiscal 2014 budget development cycle, budget managers were asked to examine their accounts in terms of inflation and non-discretionary cost increases.

Inflation and Non-Discretionary Cost Increase - Building the budget requires making assumptions about cost growth in areas of spending that are not directly tied to funding decisions regarding educational policies, collective bargaining commitments, or enrollment. These include transportation, facilities management, employee benefits, and contracted educational services. Each one of these areas has been examined and adjusted to reflect the variables that drive fixed costs. The factors considered include:

- Current year forecasted spending
- Inflation/cost of living
- Anticipated increases in the rate structure for medical insurance premiums
- Historical spending and growth rates for operations, transportation, and contracted services
- Utility cost increases – fuel for buildings and vehicles

Base Budget Adjustments - Budget managers were then asked to review current funding levels and, whenever possible, work to realign current dollars to meet changing program and service requirements. Base Budget Adjustments are simply a realignment of current funds with no additional financial impact. These adjustments are reflected throughout the document in the column entitled "FY 2014 Base Budget".

Salary/Wages – The increase in the salary/wages line item reflects our goal of maintaining a competitive salary structure within the market, especially with our neighboring counties. In fiscal year 2013, after three consecutive years without raises, HCPS eligible employees received a step and one percent Cost of Living Adjustment (COLA). This wage package was funded with turnover savings, position cuts and other cost reductions. As a result of no step increases or Cost of Living Adjustments (COLA) for three of the past four years, it is our intent with this budget 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. Employees and community members are directed to visit the Board's Collective Bargaining webpage page on the school system website (www.hcps.org) for updates and information as we move through the negotiation process.

In following the logic of distinguishing changes by how they were approved in the budget, each program outlines the changes by the same categories:

- Base Budget Adjustments
- Wage/Benefit changes for Active and Retired Employees
- Cost of Doing Business

Expenditures

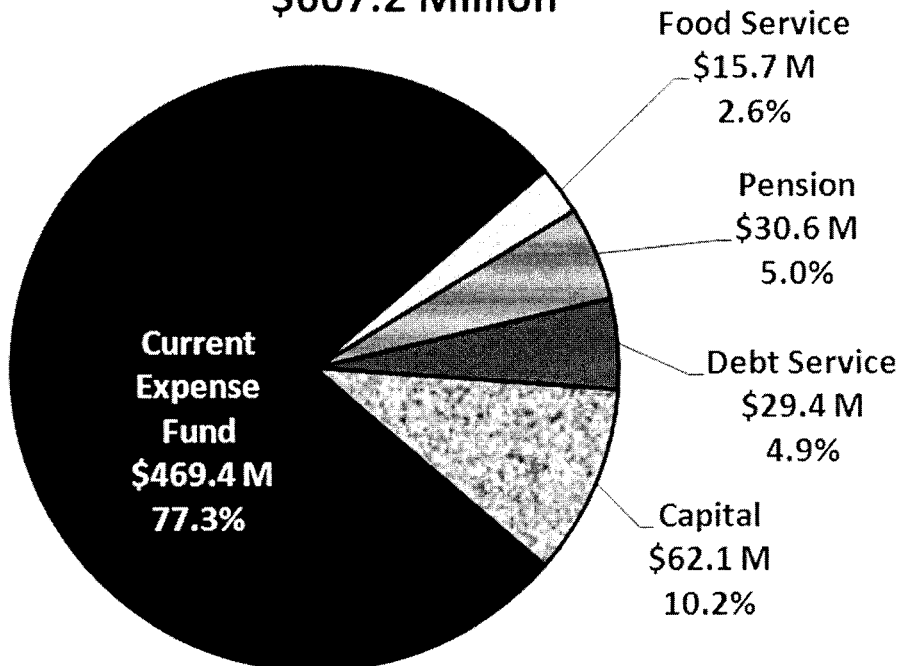
All Funds

Total expenditures by fund for Harford County Public Schools are summarized below. The combination of the Unrestricted Fund and Restricted Fund, generally referred to as the Current Expense Fund or Operating Budget, totals \$469.4 million for fiscal 2014. The Operating Budget will be discussed in greater detail in this section of the budget book. The Food Service Fund is a self-supporting special revenue fund. The Food Service Fund is \$15.7 million for fiscal 2014. Additional detail is provided in the Food Service section located in Tab 22 of this document. The Pension Fund is \$30.6 million which represents the State of Maryland's contribution to the teacher pension system. HCPS pension cost is included in the Unrestricted, Restricted, and Food Service Funds. More detail on the Pension Fund is provided in the Pension section located in Tab 25 of this document. Debt Service funds in the estimated amount of \$29.5 million are managed by the Harford County Government and additional detail is provided in Tab 23. The Capital Projects Fund totaling \$62.1 million includes primarily state and local government funding. The Capital Budget Summary is contained in Tab 24 near the end of this budget book.

Expenditures - All Funds							
	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%
Food Service	15,002,160	15,201,306	15,120,364	15,147,627	15,690,406	542,779	3.6%
Pension	34,323,976	33,360,568	33,360,568	30,575,369	30,575,369	0	0.0%
Debt Service	22,576,521	30,155,642	30,155,642	30,355,614	29,474,023	(881,591)	-2.9%
Capital	47,763,925	26,758,294	16,205,845	14,911,610	62,122,259	47,210,649	316.6%
Total - All Funds	\$ 570,006,220	\$ 561,675,606	\$ 556,692,946	\$ 546,360,060	\$ 607,242,579	\$ 60,882,519	11.1%

FY 2014 Expenditures - All Funds

\$607.2 Million



Expenditures

Current Expense Fund (Unrestricted and Restricted Funds) – By Program

The Current Expense Fund is comprised of the Unrestricted Fund, usually referred to as the operating budget, and the Restricted Fund. Restricted Funds are primarily the state and federal government, which require the money be spent on specific programs. Hence, the term "restricted" is used to classify these programs. The total Current Expense Fund Budget for fiscal 2014 is \$469.4 million, an increase of \$14.0 million or 3.1% from fiscal 2013. Unrestricted Fund expenditures for fiscal 2014 are projected to increase \$15.0 million and Restricted Fund expenditures will decrease by \$1.0 million in fiscal 2014. The fiscal 2014 Current Expense Fund is summarized below by program area.

Expenditures - Current Expense Fund							
	FY 2011 Actual	FY 2012 Actual	FY 2012 Budget	FY 2013 Budget	FY 2014 Budget	Change FY13 - FY14	% Chg
BOARD OF EDUCATION	447,029	556,993	615,068	640,182	642,436	2,254	
Board of Education Services	106,666	200,953	250,755	267,871	259,070	(8,801)	
Legal Services	200,030	201,391	208,496	212,105	219,581	7,476	
Internal Audit Services	140,333	154,649	155,817	160,206	163,785	3,579	
EXECUTIVE ADMINISTRATION	1,924,128	1,877,329	1,947,655	1,900,138	1,906,697	6,559	
Executive Administration Office	1,264,529	1,229,689	1,255,139	1,232,964	1,250,147	17,183	
Community Engagement	255,960	201,011	200,997	202,328	206,984	4,656	
Communications	403,639	446,629	491,519	464,846	449,566	(15,280)	
EDUCATION SERVICES	183,935,832	182,445,944	184,470,752	180,971,165	184,971,450	4,000,285	
Office of Elem. Middle & High Sch	717,106	702,975	762,250	733,938	752,603	18,665	
Regular Programs	158,257,650	157,264,326	158,824,712	156,844,662	160,277,069	3,432,407	
Career and Technology Programs	9,070,862	8,699,852	8,835,167	8,583,195	8,750,025	166,830	
School Library Media Program	7,000,726	6,893,066	6,923,352	6,349,733	6,480,856	131,123	
Gifted and Talented Program	1,468,750	1,489,132	1,631,320	1,679,254	1,706,475	27,221	
Intervention Services	2,190,755	1,806,946	1,927,094	1,255,608	1,393,633	138,025	
Magnet and Signature Programs	1,736,699	2,021,810	1,945,872	1,886,703	1,912,867	26,164	
Summer School	760,790	772,292	772,558	682,575	685,105	2,530	
Other Special Programs	2,732,494	2,795,545	2,848,427	2,955,497	3,012,817	57,320	
SPECIAL EDUCATION	39,541,189	40,244,566	41,261,894	39,913,958	41,030,779	1,116,821	
EXTRA-CURRICULAR ACTIVITIES	3,493,516	3,562,271	3,617,102	3,613,091	3,599,152	(13,939)	
Student Activities	773,326	810,549	854,620	846,574	850,086	3,512	
Interscholastics Athletics	2,720,190	2,751,722	2,762,482	2,766,517	2,749,066	(17,451)	
SAFETY AND SECURITY	1,091,462	1,119,507	1,042,789	924,137	931,442	7,305	
STUDENT SERVICES	14,107,125	14,414,102	14,684,921	14,627,614	14,948,468	320,854	
School Counseling Services	7,049,702	7,168,011	7,195,670	7,220,979	7,367,218	146,239	
Psychological Services	2,255,381	2,336,691	2,406,063	2,370,022	2,429,796	59,774	
Pupil Personnel Services	1,608,766	1,613,773	1,690,336	1,641,081	1,665,627	24,546	
Health Services	3,193,276	3,295,627	3,392,852	3,395,532	3,485,827	90,295	
INSTRUCTION	5,079,790	4,881,080	5,359,664	4,699,315	4,742,266	42,951	
Curriculum Dev. and Implementation	3,111,432	3,183,490	3,427,906	2,969,669	3,001,407	31,738	
Professional Development	1,053,691	977,795	1,148,644	966,276	974,778	8,502	
Office of Accountability	914,667	719,795	783,114	763,370	766,081	2,711	
Proficiency						0	
MAINTENANCE	65,620,450	67,667,329	68,139,408	68,348,290	69,714,303	1,366,013	
Transportation	29,561,078	31,031,249	31,247,877	31,596,366	32,276,803	680,437	
Facilities Management	21,062,257	21,774,380	21,858,858	21,852,569	22,333,812	481,243	
Utility Resource Management	14,110,014	14,048,591	14,165,388	14,052,655	14,240,122	187,467	
Planning and Construction	887,101	813,109	867,285	846,700	863,566	16,866	
BUSINESS SERVICES	26,485,647	27,346,682	28,121,728	32,651,977	35,185,465	2,533,488	
Fiscal Services	25,462,215	26,334,212	27,098,789	31,711,776	34,227,429	2,515,653	
Purchasing	1,023,432	1,012,470	1,022,939	940,201	958,036	17,835	
HUMAN RESOURCES	58,638,107	74,095,164	76,931,562	70,482,428	75,944,380	5,461,952	
OFFICE OF TECHNOLOGY	8,403,555	9,201,667	9,451,325	8,996,212	9,177,922	181,710	
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%

Expenditures

Current Expense Fund By Maryland State Reporting Category

The following tables reflect Current Expense Fund expenditures by object class and state reporting category, the method of reporting that is required by the Maryland State Department of Education:

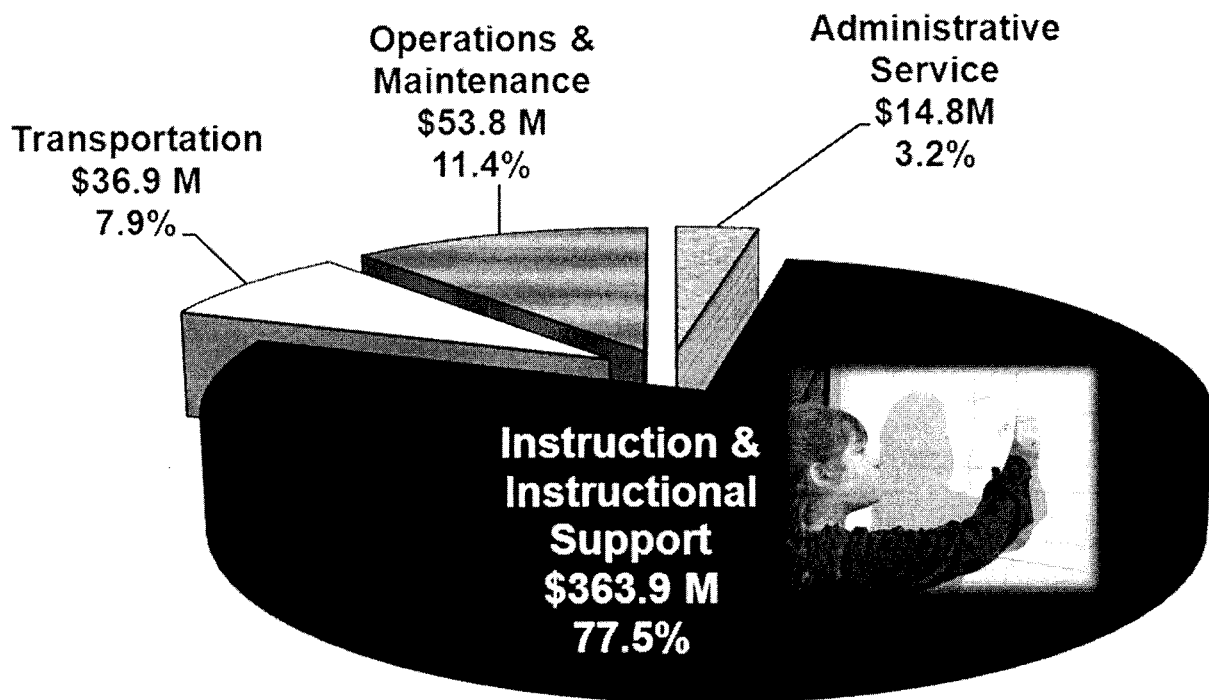
Current Expense Fund - By State Category									
SUMMARY BY CATEGORY	Unrestricted			Restricted			Current Expense		
	FY 2014			FY 2014			FY 2014		
	Amount	%	FTE	Amount	%	FTE	Amount	%	FTE
Administrative Services	\$11,110,452	2.5%	122.2	1,032,940	3.9%	1.0	12,143,392	2.6%	123.2
Mid-Level Administration	\$25,477,956	5.8%	344.0	569,637	2.1%	10.2	26,047,593	5.5%	354.2
Instructional Salaries	\$168,438,061	38.0%	2,739.9	3,610,222	13.6%	39.5	172,048,283	36.7%	2,779.4
Textbooks & Classroom Supplies	\$6,972,548	1.6%	0.0	576,530	2.2%	0.0	7,549,078	1.6%	0.0
Other Instructional Costs	\$2,309,987	0.5%	0.0	1,080,070	4.1%	0.0	3,390,057	0.7%	0.0
Special Education	\$41,112,223	9.3%	917.0	14,986,918	56.4%	154.2	56,099,141	12.0%	1,071.2
Student Services	\$1,665,627	0.4%	19.5	0	0.0%	0.0	1,665,627	0.4%	19.5
Health Services	\$3,485,827	0.8%	71.5	0	0.0%	0.0	3,485,827	0.7%	71.5
Student Transportation	\$32,143,578	7.3%	217.4	36,098	0.1%	0.0	32,179,676	6.9%	217.4
Operation of Plant	\$29,985,231	6.8%	345.3	0	0.0%	0.0	29,985,231	6.4%	345.3
Maintenance of Plant	\$12,795,052	2.9%	125.5	0	0.0%	0.0	12,795,052	2.7%	125.5
Fixed Charges	\$106,722,931	24.1%	0.0	4,576,168	17.2%	0.0	111,299,099	23.7%	0.0
Community Services	\$525,287	0.1%	1.6	0	0.0%	0.0	525,287	0.1%	1.6
Capital Outlay	\$50,000	0.0%	0.0	117,179	0.4%	0.0	167,179	0.0%	0.0
TOTAL	\$442,794,760	100.0%	4,903.9	\$26,585,762	100.0%	204.9	\$469,380,522	100.0%	5,108.8

Current Expense Fund - By Object Class									
SUMMARY BY OBJECT	Unrestricted			Restricted			Current Expense		
	FY 2014			FY 2014			FY 2014		
	Amount	%	FTE	Amount	%	FTE	Amount	%	FTE
Salary and Wages	265,630,714	58.5%	4,903.9	12,328,920	46.4%	204.9	277,959,634	57.9%	5,108.8
Contracted Services	51,475,728	11.3%		7,629,845	28.7%		59,105,573	12.3%	
Supplies and Materials	12,712,488	2.8%		664,225	2.5%		13,376,713	2.8%	
Other Charges	123,296,613	27.2%		4,878,579	18.4%		128,175,192	26.7%	
Equipment	1,194,217	0.3%		51,253	0.2%		1,245,470	0.3%	
Transfers	(515,000)	-0.1%		1,032,940	3.9%		517,940	0.1%	
TOTAL	\$453,794,760	100.0%	4,903.9	\$26,585,762	100.0%	204.9	\$480,380,522	100.0%	5,108.8

Expenditures

Where the money goes...

FY 2014 Current Expense Fund \$469.4 Million



Expenditures

Unrestricted Operating Budget Changes FY 2013 to FY 2014

FTEs	FY 2013 Unrestricted Budget - Revised	\$ 427,768,507
	Base Budget Changes <i>(Budget Neutral)</i>	-
	Salary & Benefits :	
	Salary	6,277,736
	Net Pension	1,303,533
	Net Health/Dental Insurance Adjustment	5,318,000
		12,899,269
	Other Adjustments :	
3.0	CDB - Instructional/Special Education	496,820
	CDB - Insurance	710,077
	CDB - Transportation	514,550
	CDB - Operations/Administration	405,537
		2,126,984
3.0	Total Change FY13 - FY14	\$ 15,026,253
4,903.9	FY 2014 BOE Proposed Unrestricted Budget	\$ 442,794,760

Summary of Position Changes

3.0	Middle School World Language Teachers
3.0	Total Change

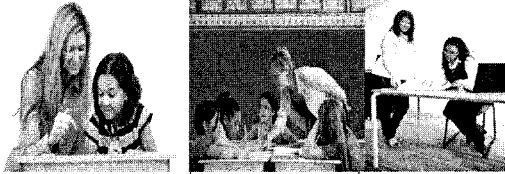
Unrestricted Revenue by Source:

Revenue	FY13 Budget	Change	FY14 Budget
Local	219,821,368	21,189,072	241,010,440
State	197,018,533	(4,058,264)	192,960,269
Federal	650,000	0	650,000
Other Sources	2,478,606	95,445	2,574,051
Fund Balance	7,800,000	(2,200,000)	5,600,000
Total Revenue	\$427,768,507	\$ 15,026,253	\$ 442,794,760

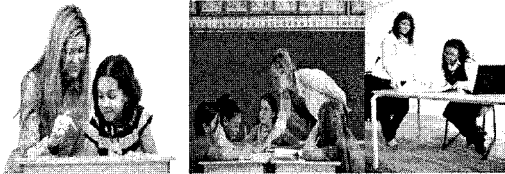
Expenditures

Salary/Wages – An increase of \$6.3 million in salary/wages and fixed charges in the FY 2014 budget reflects our goal of maintaining a competitive salary structure within the market, especially with our neighboring counties. As a result of no step increases or cost of living adjustments (COLA) for three of the past four years, it is our intent with this budget to avoid falling further behind. The following charts provides a comparison of the five year salary progression of a new teacher in the 2008 – 2009 school year and a teacher with ten years of experience in Harford County, Cecil County and Baltimore County.

Teacher who began their career in the 2008 – 2009 school year...

Teacher who began their careers in...			
	Harford	Cecil	Baltimore
1 st Year 2008-2009	\$41,171	\$41,674	\$42,000
2 nd Year 2009-2010	\$41,171	\$42,820	\$43,335
3 rd Year 2010-2011	\$41,171	\$44,290	\$43,985
4 th Year 2011-2012	\$41,171	\$45,732	\$44,755
5 th Year 2012-2013	\$42,829	\$46,603	\$45,538

Teacher with a Masters degree & 10 years experience in the 2008 – 2009 school year...

Teacher who has a Masters & 10 years experience in...			
	Harford	Cecil	Baltimore
10 th Year 2008-2009	\$56,988	\$55,659	\$53,508
11 th Year 2009-2010	\$56,988	\$57,760	\$56,959
12 th Year 2010-2011	\$56,988	\$60,452	\$58,810
13 th Year 2011-2012	\$56,988	\$62,150	\$60,722
14 th Year 2012-2013	\$59,289	\$64,643	\$62,695

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 Board collaborated with the bargaining units to reach such an agreement. Employees and community members are directed to visit the Board's Collective Bargaining webpage page on the school system website (www.hcps.org) for updates and information as we move through the negotiation process.

Expenditures

Rising Health & Dental Care Costs

Harford County Public Schools provides health and dental care coverage to over 4,500 employees and 2,700 retirees. Like all businesses, especially labor intensive school districts, HCPS has experienced significant increases in the cost of providing health care benefits. **In the past eleven years**, the cost of providing health care insurance to employees and retirees has risen from \$23 million in fiscal year 2002 to over \$68 million in fiscal 2013, **an increase of 198%**. During this same period the cost of providing dental care insurance to employees and retirees has risen from \$1.8 million in fiscal year 2002 to over \$3.5 million in fiscal 2013, **an increase of 94%**. For fiscal year 2014, health and dental care insurance rates are projected to increase by 5%. **In total, health/dental expenditures are projected to increase \$5.3 million for fiscal year 2014.**

Cost of Doing Business – Cost of Doing Business adjustments for fiscal year 2014 total \$2,126,984 as detailed in the chart below.

Other Adjustments for FY 2014

Line	Description	FTE	Total
CDB - Instructional/Special Education:			
1	Non- Public Placement		350,000
2	World Language Program - Three middle school teachers	3.0	181,375
3	Reduce interscholastic supplies based on drop in gate receipts 2011-2012		(34,555)
Total - Instructional/Special Education		3.0	496,820
CDB - Insurance:			
4	Property insurance adjustment*		87,161
5	Liability insurance adjustment**		58,324
6	Workers compensation adjustment***		564,592
Total - Insurance		0.0	710,077
CDB - Transportation:			
7	Increase PVA for 38 replacement buses \$7,770 (\$10,995 to \$18,765)		295,300
8	Reimbursable Field Trips (Align budget with FY14 revenue projection of \$210K)		19,250
9	Bus service - McKinney-Vento Act/Mandate (transportation of homeless students) FY12 total cost of \$200,000 with \$20k grant funded; \$180k covered in FY12 with favorable variance in fuel rate below \$3.75.		200,000
Total - Transportation		0.0	514,550
CDB - Operations/Administration Other:			
10	Interest on refinancing of building (total \$80,977 - base budget funding of \$21,600)		59,376
11	Interest on 2012 energy performance contract (\$14.2M x 2.017%)		308,945
12	Electricity reduction projected FY 2014		(308,945)
13	Sun Trust lease payment performance contract phase I & II		172,151
14	Maintenance contract - Johnson Controls phase I & II		10,319
15	Annual maintenance agreement online module for tracking work orders		13,000
16	Stage rigging inspections and repairs		25,000
17	Rental of office space & parking for facilities office		27,000
18	Annual contract for Eschool Mall (Purchasing software)		35,500
19	Software maintenance contracts - annual increase		20,000
20	Hardware maintenance contracts (wi-fi & network components)		34,400
21	Medical testing services for employees (total \$16,000 - base budget funding of \$7,209)		8,791
Total - Operations/Administration		0.0	405,537
TOTAL		3.0	\$2,126,984

* Includes add back of FY13 rate stabilization fund reduction of \$30k and program incentive of \$25k; 2.5% increase insurable values; 5% projected rate increase

**Includes add back of FY13 rate stabilization fund reduction of \$30k and program incentive of \$25k.

***Includes add back of FY13 program incentive deduction of \$90k and rate stabilization of \$84k; projected rate increase of 15% and proj. salary increase for FY14.

Expenditures

Restricted Fund Expenditures

The Board of Education is projecting \$26,585,762 in restricted funding for fiscal 2014. This is a decrease of 3.7% from fiscal 2013. Restricted funding will support 204.9 full time equivalent positions and numerous programs. The sources of these funds are primarily the federal and state government, which require the money to be spent on specific programs. Hence, the term "restricted" is used to classify these funds. Special Education or IDEA funding represents the largest portion of restricted funding. The table below summarizes restricted funding by major categories:

Restricted Fund Categories	FY 2013		FY 2014	
	Amount	FTEs	Amount	FTEs
American Recovery and Reinvestment Act (ARRA)	1,027,212	6.2	569,830	6.2
Career and Technology Programs	443,988	-	443,988	-
Master Plan/Bridge to Excellence	5,783,951	47.0	5,774,309	42.0
Special Education	19,068,311	154.2	18,993,311	154.2
Special Programs	1,277,871	2.5	804,324	2.5
Total	\$27,601,333	209.9	\$26,585,762	204.9

Fiscal 2014 will be the final year for the Race to the Top grant which is the only remaining ARRA funded grant. In fiscal 2010, the American Recovery and Reinvestment Act (ARRA) was passed with the goal of stimulating our economy in the short term and investing in education and other public services to ensure the long term health of our nation. ARRA had three primary sources of funding: IDEA ARRA, Title I, Part A ARRA and State Fiscal Stabilization Funds (SFSF). Most ARRA funding expired June, 2011.

Details for the Restricted Funds fiscal 2014 budget and individual grants are in the Restricted Section of this Budget Book, Tab 21.



Expenditures

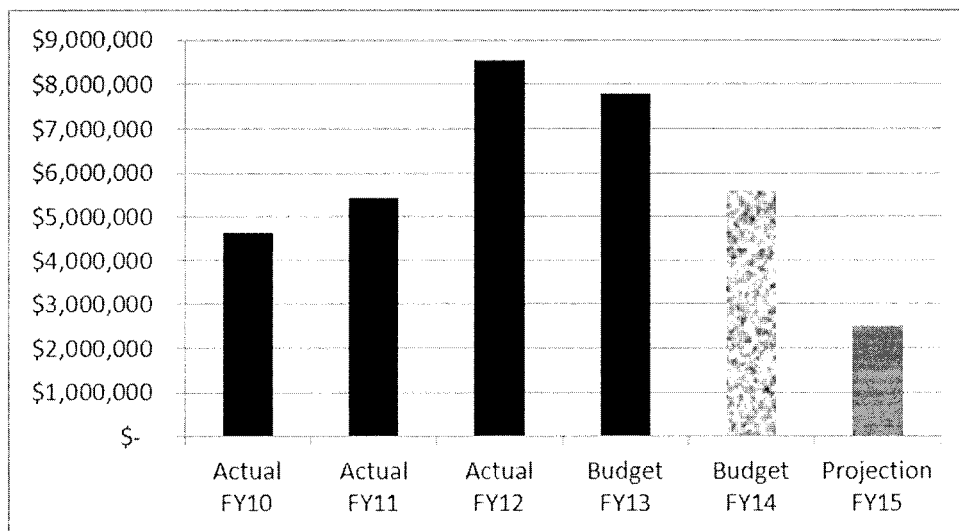
Long Term Budgetary Issue Facing HCPS

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

During fiscal years 2010 through 2013, the system faced: increased operating costs of \$33.1 million, increased salary and wages of 15.5 million and reduced revenue of \$6.0 million. The cumulative budget shortfall was \$54.6 million related to these revenue and expense changes. HCPS identified the following fiscal areas to offset the budget shortfall of \$54.6 million: system wide cost reductions totaling \$24.4 million, position reductions via attrition and turnover savings of 13.8 million, removal of non-recurring costs of 9.7 million and an increased contribution from fund balance of 6.7 million.

The use of fund balance to support ongoing operations peaked in fiscal year 2012 at \$8.5 million. The fiscal year 2014 budget reduces the use of fund balance to \$5.6 million. We are optimistic that improved economic conditions will allow for additional support from Harford County Government and eliminate the use of fund balance to support ongoing operations by fiscal year 2016.

Use of Fund Balance to Support Ongoing Expenditures by Fiscal Year



The long term structural deficit issue can only be addressed by:

- **Increase Revenues, and/or**
- **Permanent Reductions to Ongoing Expenditures**

Summary of Fiscal 2014 Unrestricted Operating Changes

The following table represents changes within programs, changes are identified in the expenditure categories of: Wages & Benefits, Base Budget Adjustments and Cost of Doing Business Adjustments. The following table "Summary of Fiscal Year 2014 Unrestricted Operating Budget Changes" reflects the dollar changes in this format by program.

HARFORD COUNTY PUBLIC SCHOOLS
Summary of Fiscal 2014 Unrestricted Operating Budget Changes

Fiscal 2013 Adjusted Unrestricted Operating Budget				\$ 427,768,507
Program	Wages & Benefits	Base Budget Adjustments	Cost of Doing Business	Fiscal 2014 Budget
Board of Education				
<i>Board Services</i>				
Salary and Wage Adjustments	1,399			1,399
Reduction in consulting expenses		(6,800)		(6,800)
Reduction in books & periodicals		(400)		(400)
Reduction miscellaneous expenses		(3,000)		(3,000)
Board Services	1,399	(10,200)	-	(8,801)
<i>Legal Services</i>				
Salary and Wage Adjustments	7,476			7,476
Legal Services	7,476	-	-	7,476
<i>Internal Audit Services</i>				
Salary and Wage Adjustments	3,579			3,579
Reduce other salaries		(30)		(30)
Reduction in postage/courier expenses		(100)		(100)
Reduction in professional library expense		(200)		(200)
Increase mileage reimbursement expenses		150		150
Increase institutes, conferences & meetings		180		180
Internal Audit Services	3,579	-	-	3,579
Total Board of Education	\$12,454	(\$10,200)	\$0	\$2,254
Executive Administration				
<i>Executive Administration Office</i>				
Salary and Wage Adjustments	14,942			14,942
Reduction in temporary help		(212)		(212)
Increase in clerical overtime		82		82
Increase in printing expenses		100		100
Increase in mileage reimbursement		771		771
Increase in professional dues		1,000		1,000
Increase in institutes, conferences & meetings		500		500
Executive Administration Office	14,942	2,241	-	17,183
<i>Community Engagement</i>				
Salary and Wage Adjustments	4,656			4,656
Community Engagement Office	4,656	-	-	4,656
<i>Communications</i>				
Salary and Wage Adjustments	9,070			9,070
Reduction in clerical overtime		(515)		(515)
Increase in technical overtime		515		515
Reduction in office supplies		(2,000)		(2,000)
Reduction in audio/visual supplies		(1,850)		(1,850)
Transfer costs for employee recognition dinner to Human Resources		(20,500)		(20,500)
Communications	9,070	(24,350)	-	(15,280)
Total Executive Administration	\$28,668	(\$22,109)	\$0	\$6,559
Education Services				
<i>Office of Elem, Middle & High School Performance</i>				
Salary and Wage Adjustments	18,665			18,665
Total Office of Elem, Mid & High School	18,665	-	-	18,665
<i>Regular Programs</i>				
Salary and Wage Adjustments	3,419,209			3,419,209
3.0 FTE Middle School World Language Teachers			134,454	134,454
Transfer funds to Intervention for AVID Program		(121,256)		(121,256)
Regular Programs	3,419,209	(121,256)	134,454	3,432,407
<i>Career & Technology</i>				
Salary and Wage Adjustments	166,830			166,830
Career & Technology	166,830	-	-	166,830
<i>School Library Media Programs</i>				
Salary and Wage Adjustments	131,123			131,123
Increase institutes, conferences & meetings		1,000		1,000
Reduce other equipment		(1,000)		(1,000)
School Library Media Programs	131,123	-	-	131,123

Program	Wages & Benefits	Base Budget Adjustments	Cost of Doing Business	Fiscal 2014 Budget
Gifted & Talented				
Salary and Wage Adjustments	27,221			27,221
Gifted & Talented	27,221	-	-	27,221
Intervention Services				
Salary and Wage Adjustments	16,769			16,769
Other salaries expense transferred from regular programs for AVID program		96,000		96,000
Consultant fees for AVID program offset in regular programs		14,000		14,000
Institutes, Conf & Meetings expense for AVID program offset in regular programs		11,256		11,256
Intervention Services	16,769	121,256	-	138,025
Magnet & Signature Programs				
Salary and Wage Adjustments	26,164			26,164
Magnet & Signature Programs	26,164	-	-	26,164
Summer School				
Salary and Wage Adjustments	2,530			2,530
Summer School	2,530	-	-	2,530
Other Special Programs				
Salary and Wage Adjustments	57,320			57,320
Other Special Programs	57,320	-	-	57,320
Total Education Services	3,865,831	-	134,454	\$4,000,285
Special Education				
Salary and Wage Adjustments	766,821			766,821
Transfer paper, toner, ink expense to materials of instruction		(8,002)		(8,002)
Transfer textbooks expense to materials of instruction		(27,429)		(27,429)
Materials of Instruction expense from textbooks and paper accounts		35,431		35,431
Non Public Placement costs			350,000	350,000
Total Special Education	766,821	-	350,000	1,116,821
Extra-Curricular Activities				
Student Activities				
Salary and Wage Adjustments	3,512			3,512
Student Activities	3,512	-	-	3,512
Interscholastic Athletics				
Salary and Wage Adjustments	17,104			17,104
Reduction in expense due to reduction in gate receipts			(34,555)	(34,555)
Interscholastic Athletics	17,104	-	(34,555)	(17,451)
Total Extra-Curricular	\$20,616	\$0	(\$34,555)	(\$13,939)
Safety and Security				
Salary and Wage Adjustments	3,455			3,455
Increase in phone notification system contract-offset in Communications		3,850		3,850
Increase in maint/mech/tech overtime		10,000		10,000
Reduction in fines/violations		(1,000)		(1,000)
Increase in other equipment		20,000		20,000
Reduction in security systems		(29,600)		(29,600)
Increase in books & periodicals		600		600
Total Safety and Security	3,455	3,850	-	\$7,305
Student Services				
School Counseling				
Salary and Wage Adjustments	146,239			146,239
Increase in expenses for microfilming/imaging		300		300
Reduction in mileage reimbursement		(300)		(300)
Total School Counseling	146,239	-	-	146,239
Psychological Services				
Salary and Wage Adjustments	59,774			59,774
Total Psychological Services	59,774	-	-	59,774
Pupil Personnel Services				
Salary and Wage Adjustments	24,546			24,546
Total Pupil Personnel Services	24,546	-	-	24,546

Program	Wages & Benefits	Base Budget Adjustments	Cost of Doing Business	Fiscal 2014 Budget
Health Services				
Salary and Wage Adjustments	90,295			90,295
Total Health Services	90,295	-	-	90,295
Total Student Services	\$320,854	\$0	\$0	\$320,854
Curriculum & Instruction				
Curriculum Development				
Salary and Wage Adjustments	31,738			31,738
Curriculum Development	31,738	-	-	31,738
Professional Development				
Salary and Wage Adjustments	8,502			8,502
Professional Development	8,502	-	-	8,502
Office of Accountability				
Salary and Wage Adjustments	2,711			2,711
Office of Accountability	2,711	-	-	2,711
Total Curriculum and Instruction	\$42,951	\$0	\$0	\$42,951
Operations & Maintenance				
Transportation				
Salary and Wage Adjustments	142,887			142,887
Increase in PVA for 48 replacement buses			295,300	295,300
Costs related to transporting homeless students (McKinney-Vento Act)			200,000	200,000
Reduction in Repairs/Maint Vehicles		(1,000)		(1,000)
Increase in other supplies		5,000		5,000
Increase in Alt Ed daytime transportation		35,000		35,000
Reduction in training supplies		(4,000)		(4,000)
Reduction in other contracted services		(15,000)		(15,000)
Increase in medical services expense		1,000		1,000
Increase in bus fleet repairs		20,000		20,000
Increase in other supplies		2,000		2,000
Increase in other supplies		65,000		65,000
Reduction in Alt Ed evening expense		(20,000)		(20,000)
Increase in other equipment		1,000		1,000
Reduction in other contracted services		(45,000)		(45,000)
Reduction in contracted vehicle maintenance		(6,000)		(6,000)
Reduction in vehicle maintenance supplies		(15,000)		(15,000)
Increase in reimbursable student field trips			19,250	19,250
Transportation	142,887	23,000	514,550	680,437
Facilities Management				
Salary and Wage Adjustments	352,082			352,082
Rental of office space and parking for facilities			27,000	27,000
Increase in community service rent			1,758	1,758
Increase in property insurance			87,161	87,161
Additional expense for stage rigging inspections and repairs			25,000	25,000
Annual maintenance agreement for tracking work orders			13,000	13,000
Science equipment contracted service increase		350		350
Decrease in science supplies		(350)		(350)
Decrease in community service custodial overtime			(1,758)	(1,758)
Reduction in grounds equipment supplies		(40,000)		(40,000)
Increase in grounds equipment		17,000		17,000
Facilities Management	352,082	(23,000)	152,161	481,243
Utility Resource Management				
Salary and Wage Adjustments	4,997			4,997
Johnson Controls Maint Contract Phase I & II			10,319	10,319
Sun Trust lease pymt, performance contract Phase I & II			172,151	172,151
Reduction electricity usage/expenditures			(308,945)	(308,945)
Interest on energy performance contract			308,945	308,945
Utility Resource Management	4,997	-	182,470	187,467
Planning and Construction				
Salary and Wage Adjustments	16,866			16,866
Planning and Construction	16,866	-	-	16,866
Total Operations & Maintenance	\$516,832	\$0	\$849,181	\$1,366,013

Program	Wages & Benefits	Base Budget Adjustments	Cost of Doing Business	Fiscal 2014 Budget
Business Services				
<i>Fiscal Services</i>				
Salary and Wage Adjustments	518,696			518,696
Increase in clerical overtime		700		700
Increase other contracted services		2,500		2,500
Reduction in consulting expenses		(27,100)		(27,100)
Reduction in copier rental		(500)		(500)
Reduction in office supplies		(1,000)		(1,000)
Reduction in printing supplies		(1,250)		(1,250)
Increase in courier service		50		50
Increase in books & periodicals		300		300
Increase in certifications		3,200		3,200
Increase in computer equipment		1,000		1,000
Increase in office furniture		500		500
Interest on refinancing of building		21,600	59,377	80,977
Increase in liability insurance			58,324	58,324
Increase in workers compensation insurance			565,439	565,439
Retirement increase - Teacher's Plan	1,479,361			1,479,361
Retirement increase - Other	(175,828)			(175,828)
Social Security costs associated with 3.0 FTE new teaching positions			10,284	10,284
<i>Fiscal Services</i>	1,822,229	-	693,424	2,515,653
<i>Purchasing</i>				
Salary and Wage Adjustments	17,835			17,835
Increase in other contracted services		1,412		1,412
Decrease in copier machine rentals		(200)		(200)
Increase in other supplies		1,000		1,000
Decrease in office supplies		(1,632)		(1,632)
Increase in printing expenses		800		800
Reduction in courier expense		(25)		(25)
Decrease in books & periodicals		(150)		(150)
Decrease in mileage reimbursement		(300)		(300)
Decrease in other equipment		(405)		(405)
Decrease in computer equipment		(500)		(500)
<i>Purchasing</i>	17,835	-	-	17,835
Total Business Services	\$1,840,064	\$0	\$693,424	\$2,533,488
Human Resources				
Salary and Wage Adjustments	70,913			70,913
Medical testing services for employees (Base budget amount transferred from BOE)		7,209	8,791	16,000
Expense for employee recognition dinner transferred from Communications		21,250		21,250
Life insurance expense for 3.0 FTE teachers			350	350
Health insurance increase resulting from FY13 shortfall due to enrollment selections	930,000			930,000
Health insurance 5% rate increase	3,160,000			3,160,000
Health insurance increase due to cost difference between new enrollees & retirees	1,040,000			1,040,000
Health insurance for 3.0 FTE Teachers			33,414	33,414
Dental Insurance - \$188k attributable to 5% increase - \$2k for new employees	188,000		2,025	190,025
Total Human Resources	\$5,388,913	\$28,459	\$44,580	\$5,461,952
Office of Technology & Information				
Salary and Wage Adjustments	91,810			91,810
Annual contract for Eschool Mall			35,500	35,500
Decrease in computer repairs expense		(3,000)		(3,000)
Increase in instructional computer equipment		3,000		3,000
Decrease in safety & security contracted service		(5,000)		(5,000)
Increase in business machines expense		5,000		5,000
Hardware maintenance contracts (Wi-Fi & network components)			34,400	34,400
Software maintenance contracts (annual increase)			20,000	20,000
Total Office of Technology & Information	\$91,810	\$0	\$89,900	\$181,710
Change	\$12,899,269	\$0	\$2,126,984	\$15,026,253
Fiscal 2014 Unrestricted Operating Budget				\$442,794,760