

BOARD OF EDUCATION OF HARFORD COUNTY
INTERIM SUPERINTENDENT'S RECOMMENDED FY 2015 BUDGET
INFORMATIONAL REPORT

December 16, 2013

Background Information:

The Superintendent is required to present the Recommended Budget each year for consideration in January. After extensive input from internal and external stakeholders, the Proposed FY 2015 Budget has been prepared for consideration and approval by the Board.

Discussion:

The FY 2015 Superintendent's Proposed Budget for Harford County Public Schools addresses the essential components of NCLB, the Bridge To Excellence Act, and continues to address the HCPS Strategic Plan and Master Plan. Meeting the educational needs of a growing and diverse community so that no child is left behind requires vision, commitment from all stakeholders, knowledge, organization, effective planning, and sufficient, coordinated resources.

Proposed budget goals:

- Preserve the integrity of the instructional programs
- Maintain a competitive salary

HCPS has made great strides in student successes but still have many challenges ahead. We must meet the upcoming targets and timelines established by Federal and State law.

A brief overview of the Proposed FY 2015 Budget:

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 through 2014, Harford County Public Schools operating costs increased by \$55.8 million and revenue decreased by \$9.1 million, resulting in a budget shortfall of \$64.9 million. The budget shortfall during fiscal years 2010 to 2014 was resolved by eliminating over 240 positions, reducing expenditures by \$12.1 million, recurring salary savings from employee turnover of \$10.9 million, reducing costs by \$25.3 million and removing non-recurring costs of \$12.1 million. Even with the implementation of these cost saving measures totaling \$60.4 million, an additional \$4.5 million of fund balance was required to balance the Unrestricted Operating Budget from fiscal year 2010 through 2014. It is important to note that HCPS employees did not receive a wage increase during four of the five years in this period.

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 increase in cost of doing business for a total increase of \$32.7 million. Combined with a projected decrease in revenue of nearly $-.3$ 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. Actions to correct the State of Maryland's structural budget deficit have resulted in limited new state funding for public education. This has forced County Governments to shoulder more of local education budgets.

The proposed increase in salary/wages reflects our goal of maintaining a competitive salary structure within the market, especially with our neighboring counties. As a result of a step increase and 1% Cost of Living Adjustment (COLA) in the past five years, 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. 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.

The revenues for the current expense funds in FY 2015 are identified below:

Revenue - Current Expense Fund - By Source							
Sources	FY 2012 Actual	FY 2013 Actual	FY 2013 Budget	FY 2014 Budget	FY 2015 Budget	Change FY14 - FY15	% Change
Harford County	217,782,344	219,821,368	219,821,368	221,300,729	254,367,469	33,066,740	14.9%
State of Maryland	201,985,029	197,012,274	197,018,533	193,231,482	196,093,802	2,862,320	1.5%
Federal Government	1,345,207	448,890	650,000	390,000	390,000	0	0.0%
Other Sources	5,939,543	4,729,065	4,818,196	4,215,060	3,143,772	(1,071,288)	-25.4%
Total - Revenue	\$ 427,052,123	\$ 422,011,597	\$ 422,308,097	\$ 419,137,271	\$ 453,995,043	\$ 34,857,772	8.3%
Fund Balance	8,553,443	7,800,000	7,800,000	5,600,000	3,500,000	(2,100,000)	-37.5%
Unrestricted Fund	\$ 435,605,566	\$ 429,811,597	\$ 430,108,097	\$ 424,737,271	\$ 457,495,043	\$ 32,757,772	7.7%
Harford County	-	-	-	-	-	-	-
State of Maryland	8,803,518	10,377,695	10,372,949	9,779,886	9,955,810	175,924	1.8%
Federal Government	19,693,478	20,053,329	18,748,674	18,121,117	17,079,626	(1,041,491)	-5.7%
Other Sources	290,166	214,624	180,790	186,629	188,168	1,539	0.8%
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%

The proposed expenditures for the all funds in FY 2015 are reflected below:

Expenditures - Current Expense Fund						
Program	FY 2012 Actual	FY 2013 Actual	FY 2013 Budget	FY 2014 Budget	FY 2015 Proposed Budget	FY14 - FY15 Change
Board of Education	556,993	591,173	640,182	611,002	639,412	28,410
Board of Education Services	200,953	230,006	267,871	244,807	250,522	5,715
Internal Audit Services	154,649	154,986	160,206	158,285	161,134	2,849
Legal Services	201,391	206,181	212,105	207,910	227,756	19,846
Business Services	27,346,682	31,805,847	32,401,977	33,679,975	37,961,846	4,281,871
Fiscal Services	26,334,212	30,897,144	31,461,776	32,797,281	37,044,410	4,247,129
Purchasing	1,012,470	908,703	940,201	882,694	917,436	34,742
Curriculum and Instruction	4,843,375	4,530,466	4,688,315	4,776,750	5,381,659	604,909
Curriculum Dev and Implementation	3,183,490	2,883,851	2,958,669	3,105,929	3,485,450	379,521
Office of Accountability	631,935	766,518	763,370	774,711	870,761	96,050
Professional Development	1,027,950	880,097	966,276	896,110	1,025,448	129,338
Education Services	182,395,787	179,073,760	181,071,472	175,022,284	187,499,576	12,477,292
Career and Technology Programs	8,703,825	8,416,038	8,589,133	7,931,241	8,336,093	404,852
Gifted and Talented Program	1,450,073	1,548,646	1,704,274	1,619,130	1,643,521	24,391
Intervention Services	1,803,801	1,262,520	1,255,608	1,199,570	1,246,184	46,614
Magnet and Signature Programs	2,021,810	2,079,803	1,886,703	1,762,549	1,788,971	26,422
Office of Elem/Mid/High Schools	702,975	705,233	733,938	591,825	628,750	36,925
Other Special Programs	2,795,545	2,860,781	2,955,497	2,919,704	3,076,667	156,963
Regular Programs	157,263,497	155,329,614	156,925,961	152,261,294	163,402,196	11,140,902
School Library Media Program	6,893,066	6,279,536	6,349,733	6,068,346	6,684,254	615,908
Summer School	761,195	591,589	670,625	668,625	692,940	24,315
Executive Administration	1,877,329	1,843,491	1,900,138	1,649,512	1,616,561	(32,951)
Communications	446,629	401,688	464,846	440,496	442,939	2,443
Equity and Cultural Proficiency	201,011	204,419	202,328	170,938	175,570	4,632
Executive Administration Office	1,229,689	1,237,384	1,232,964	1,038,078	998,052	(40,026)
Extra Curricular Activities	3,562,271	3,544,901	3,618,784	3,577,129	3,611,777	34,648
Interscholastic Athletics	2,751,722	2,792,037	2,765,110	2,730,555	2,758,179	27,624
Student Activities	810,549	752,864	853,674	846,574	853,598	7,024
Human Resources	74,095,164	72,027,693	72,972,018	72,884,034	82,311,741	9,427,707
Operations and Maintenance	67,667,330	66,984,483	68,273,290	68,293,551	69,583,504	1,289,953
Facilities Management	21,774,525	21,478,610	21,956,094	21,817,012	22,591,465	774,453
Planning and Construction	813,109	818,624	846,700	857,195	884,884	27,689
Transportation	31,031,105	31,218,016	31,596,366	31,443,916	31,938,842	494,926
Utility Resource Management	14,048,591	13,469,233	13,874,130	14,175,428	14,168,313	(7,115)
Safety and Security	1,119,507	876,245	924,137	924,541	929,519	4,978
Special Education	40,244,566	39,912,925	39,913,958	40,027,993	43,129,761	3,101,768
Student Services	14,648,178	14,343,587	14,677,614	14,179,628	15,227,636	1,048,008
Health Services	3,295,627	3,283,239	3,395,532	3,360,035	3,748,948	388,913
Psychological Services	2,336,691	2,303,721	2,370,022	2,262,778	2,539,383	276,605
Pupil Personnel Services	1,613,772	1,623,005	1,691,081	1,665,167	1,741,957	76,790
School Counseling Services	7,402,088	7,133,622	7,220,979	6,891,648	7,197,348	305,700
Office of Technology & Information	9,055,451	8,813,062	9,026,212	9,110,872	9,602,051	491,179
Total Unrestricted Fund	427,412,633	424,347,633	430,108,097	424,737,271	457,495,043	32,757,772
Restricted Fund	28,787,162	30,645,648	29,302,413	28,087,632	27,223,604	(864,028)
Current Expense Fund	\$ 456,199,795	\$ 454,993,281	\$ 459,410,510	\$ 452,824,903	\$ 484,718,647	\$ 31,893,744
Food Service	15,201,306	15,413,941	15,147,627	15,615,568	16,044,667	429,099
Debt Service	30,155,642	29,736,815	30,355,614	30,628,653	30,298,127	(330,526)
Capital	26,758,294	37,191,795	14,911,610	32,471,846	76,991,350	44,519,504
Pension	33,360,568	26,284,223	30,575,369	27,319,963	27,319,963	0
Total - All Funds	\$ 561,675,605	\$ 563,620,055	\$ 550,400,730	\$ 558,860,933	\$ 635,372,754	\$ 76,511,821

The Proposed FY 2015 Capital Budget is displayed below:

BOARD OF EDUCATION OF HARFORD COUNTY FISCAL YEAR 2015 - CAPITAL IMPROVEMENT PROGRAM PROPOSED BUDGET REQUEST November 11, 2013								
	HPCS PRIORITY	STATE PRIORITY	STATE REQUEST	STATE APPROVED	LOCAL REQUEST	LOCAL APPROVED	OTHER SOURCES	TOTAL CAPITAL FUNDING
Fallston High School (1)	1	1	\$4,817,000	\$0	\$4,233,060	\$0	\$0	\$9,050,060
Youth's Benefit ES Replacement *	2	2	\$6,252,000	\$0	\$11,748,000	\$0	\$0	\$18,000,000
Joppatowne High School (2) **	3	3	LP	\$0	\$0	\$0	\$0	\$0
Havre de Grace Middle/High Replacement ***	4	4	LP	\$0	\$0	\$0	\$0	\$0
Center for Educational Opportunity (4)	5	5	\$2,425,500	\$0	\$2,199,500	\$0	\$0	\$4,625,000
Dublin Elementary School (4)	6	6	\$1,940,400	\$0	\$2,055,600	\$0	\$0	\$3,996,000
Darlington Elementary School (4)	7	7	\$603,000	\$0	\$1,536,240	\$0	\$0	\$2,139,240
Ring Factory Elementary School (5)	8	8	\$630,000	\$0	\$470,000	\$0	\$0	\$1,100,000
Technology Infrastructure	9	N/A	\$0	\$0	\$21,886,900	\$0	\$0	\$21,886,900
Open Space Renovation Projects (6)	10	N/A	\$0	\$0	\$3,144,150	\$0	\$0	\$3,144,150
North Harford Middle School (7)	11	N/A	\$0	\$0	\$1,000,000	\$0	\$0	\$1,000,000
ADA Improvements	N/A	N/A	\$0	\$0	\$100,000	\$0	\$0	\$100,000
Athletic Fields Repair & Restoration	N/A	N/A	\$0	\$0	\$70,000	\$0	\$0	\$70,000
Backflow Prevention	N/A	N/A	\$0	\$0	\$100,000	\$0	\$0	\$100,000
Band Uniform Refresh	N/A	N/A	\$0	\$0	\$150,000	\$0	\$0	\$150,000
Bleacher Replacement (8)	N/A	N/A	\$0	\$0	\$100,000	\$0	\$0	\$100,000
Building Envelope Improvements (9)	N/A	N/A	\$0	\$0	\$200,000	\$0	\$0	\$200,000
Career & Tech Education Equipment Refresh	N/A	N/A	\$0	\$0	\$100,000	\$0	\$0	\$100,000
Energy Conservation Measures	N/A	N/A	\$0	\$0	\$250,000	\$0	\$0	\$250,000
Environmental Compliance (10)	N/A	N/A	\$0	\$0	\$150,000	\$0	\$0	\$150,000
Equipment & Furniture Replacement	N/A	N/A	\$0	\$0	\$100,000	\$0	\$0	\$100,000
Fire Alarm & ER Communications (11)	N/A	N/A	\$0	\$0	\$450,000	\$0	\$0	\$450,000
Floor Covering Replacement (12)	N/A	N/A	\$0	\$0	\$100,000	\$0	\$0	\$100,000
Folding Partition Replacement (13)	N/A	N/A	\$0	\$0	\$100,000	\$0	\$0	\$100,000
Locker Replacement (14)	N/A	N/A	\$0	\$0	\$125,000	\$0	\$0	\$125,000
Major HVAC Repairs (15)	N/A	N/A	\$0	\$0	\$1,600,000	\$0	\$0	\$1,600,000
Music Equipment Refresh	N/A	N/A	\$0	\$0	\$50,000	\$0	\$0	\$50,000
Music Technology Labs (16)	N/A	N/A	\$0	\$0	\$150,000	\$0	\$0	\$150,000
Outdoor Track Reconditioning (17)	N/A	N/A	\$0	\$0	\$25,000	\$0	\$0	\$25,000
Paving - New Parking Areas (18)	N/A	N/A	\$0	\$0	\$300,000	\$0	\$0	\$300,000
Paving - Overlay and Maintenance (19)	N/A	N/A	\$0	\$0	\$650,000	\$0	\$0	\$650,000
Playground Equipment	N/A	N/A	\$0	\$0	\$350,000	\$0	\$0	\$350,000
Relocatable Classrooms	N/A	N/A	\$0	\$0	\$260,000	\$0	\$0	\$260,000
Replacement Buses (20)	N/A	N/A	\$0	\$0	\$1,200,000	\$0	\$0	\$1,200,000
Replacement Vehicles (21)	N/A	N/A	\$0	\$0	\$945,000	\$0	\$0	\$945,000
Security Measures (22)	N/A	N/A	\$0	\$0	\$325,000	\$0	\$0	\$325,000
Septic Facility Code Upgrades	N/A	N/A	\$0	\$0	\$500,000	\$0	\$0	\$500,000
Special Ed Facility Improvements	N/A	N/A	\$0	\$0	\$100,000	\$0	\$0	\$100,000
Stormwater Mgt, Erosion, Sediment Control (23)	N/A	N/A	\$0	\$0	\$600,000	\$0	\$0	\$600,000
Swimming Pool Renovations (24)	N/A	N/A	\$0	\$0	\$150,000	\$0	\$0	\$150,000
Technology Education Lab Refresh	N/A	N/A	\$0	\$0	\$250,000	\$0	\$0	\$250,000
Textbook/Supplemental Refresh	N/A	N/A	\$0	\$0	\$2,500,000	\$0	\$0	\$2,500,000
Total			\$16,667,900	\$0	\$60,323,450	\$0	\$0	\$76,991,350

1 - HVAC Systemic Project (2nd half of funding request)					14 - Funds designated for C. Milton Wright High School	Revised 10/23/13
2 - Limited Renovation Project					15 - Funds designated for Major Repairs at Various Schools	
3 - Roof Replacement Project					16 - Funds designated for New Lab. @ Harford Technical HS & Patterson Mill HS refresh	
4 - HVAC Systemic Renovation Project (Full Amount of Funding Request)					17 - Funds designated for Bel Air & Havre de Grace HS Schools	
5 - HVAC Major Central Plant Equipment Replacement					18 - Funds designated for Dublin ES additional parking lot	
6 - Funds designated for WSES, PMES, BAES, NHES, & OPRES					19 - Funds designated for Joppatowne High School	
7 - Domestic Water Improvements					20 - Ten (10) Replacement of special ed. buses and 1 new special ed. Bus	
8 - Funds designated for C. Milton Wright High School					21 - Based on 5 year Fleet Standards	
9 - Funds designated for Aberdeen MS Masonry Point Up					22 - NHMS - New Vestibule/Security Interlock and Security Camera Systems	
10 - Joppatowne High School Spray-On Fire Proofing & Boiler Room ACM Removal					23 - Hickory Annex Truck Wash to Comply with Pollution Control Codes	
11 - Funds designated for C. Milton Wright High School					24 - Replace equipment & infrastructure at North Harford Middle School	
12 - Funds designated for North Bend Elementary School - Media Center					* Harford County appropriated \$6.8M; authorized \$1M for spending in FY14	
13 - Funds designated for Prospect Mill Elementary School (stage & cafeteria)					** Harford County appropriated \$3.7M; authorized \$0 for spending in FY14	
*LP - State Local Planning Approval					*** Harford County appropriated \$7.4M; authorized \$0 for spending in FY14	

Interim Superintendent's Recommendation:

The Superintendent recommends the Board of Education review the Proposed Budget for FY 2015 in the Unrestricted Fund of \$457,495,043. Additionally, the amounts for the other funds are: Restricted Funds of \$27,223,604, Food Service Fund of \$16,044,667 and the Capital Budget of \$76,991,350.