

# **BOARD OF EDUCATION OF HARFORD COUNTY**

## **INFORMATIONAL REPORT**

### **PRESENTATION ON SUPERINTENDENT'S PROPOSED FY2018 BUDGET**

**DECEMBER 19, 2016**

#### **Background Information:**

The Superintendent is required to present the Proposed Budget each year for consideration. After extensive input from internal and external stakeholders, the Proposed FY2018 Budget has been prepared for consideration and approval by the Board. The budget is presented in four parts, the Unrestricted, Restricted, Food Service and Capital budgets.

#### **Discussion:**

The FY2018 Superintendent's Proposed Budget for Harford County Public Schools (HCPS) addresses the essential components of the transition from NCLB to ESSA, 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 requires vision, commitment from all stakeholders, knowledge, organization, effective planning, and sufficient, coordinated resources.

#### **A brief overview of the Proposed Unrestricted and Restricted FY2018 Budgets:**

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. Harford County Public Schools continues to work to maintain a fiscally responsible budget. As experienced in recent years, HCPS continues to face ongoing budget challenges as revenue has failed to keep pace with instructional requirements, legal mandates and cost drivers such as pension and health care for employees and retirees. In addition, HCPS continues to budget fund balance to help offset an ongoing structural deficit which is a concern when using one-time funds for ongoing expenditures.

The FY2018 unrestricted fund budget increase of \$16.8 million includes increases of \$14.9 million for wages and \$3.8 million for employee benefits. A \$687,000 increase in the cost of doing business is offset by a \$1.7 million reduction in base budget adjustments, as well as a reduction of \$824,000 in reversals of one-time budget items. Combined with a projected decrease in revenue of nearly \$900,000, our funding request for FY2018 from Harford County Government is \$250.7 million, or \$17.2 million over the prior fiscal year.

The proposed increase in salary/wages reflects our goal of maintaining a competitive salary structure within the market, especially with our neighboring counties. FY2018 represents the second year of a three-year negotiated wage package with all five associations. The Board of Education agreed to a two percent COLA and two steps (for eligible employees).

The revenues for the current expense funds in FY2018 are identified below:

Revenue - Current Expense Fund - By Source							
	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Budget	FY 2018 Budget	Change FY17 - FY18	% Change
Harford County	221,300,729	223,667,302	228,208,971	233,534,504	250,734,924	17,200,420	7.4%
State of Maryland	193,254,185	193,925,226	193,999,044	196,035,003	196,167,015	132,012	0.1%
Federal Government	335,713	433,573	423,240	390,000	420,000	30,000	7.7%
Other Sources	4,976,199	5,653,808	5,146,148	3,448,822	3,178,762	(270,060)	-7.8%
<b>Total - Revenue</b>	<b>\$ 419,866,826</b>	<b>\$ 423,679,909</b>	<b>\$ 427,777,403</b>	<b>\$ 433,408,329</b>	<b>\$ 450,500,701</b>	<b>\$ 17,092,372</b>	<b>3.9%</b>
Fund Balance	6,100,000	5,533,875	4,750,000	5,523,746	4,750,000	(773,746)	-14.0%
<b>Unrestricted Fund</b>	<b>\$ 425,966,826</b>	<b>\$ 429,213,784</b>	<b>\$ 432,527,403</b>	<b>\$ 438,932,075</b>	<b>\$ 455,250,701</b>	<b>\$ 16,318,626</b>	<b>3.7%</b>
Harford County	-	-	-	-	-	-	0.0%
State of Maryland	10,539,646	11,753,863	10,344,837	10,852,778	10,182,514	(670,264)	-6.2%
Federal Government	18,888,847	19,346,190	18,957,778	18,967,893	20,131,895	1,164,002	6.1%
Other Sources	299,320	302,406	236,828	144,813	120,000	(24,813)	-17.1%
<b>Restricted Fund</b>	<b>\$ 29,727,813</b>	<b>\$ 31,402,459</b>	<b>\$ 29,539,443</b>	<b>\$ 29,965,484</b>	<b>\$ 30,434,409</b>	<b>\$ 468,925</b>	<b>1.6%</b>
<b>Current Expense Fund</b>	<b>\$ 455,694,639</b>	<b>\$ 460,616,243</b>	<b>\$ 462,066,845</b>	<b>\$ 468,897,559</b>	<b>\$ 485,685,110</b>	<b>\$ 16,787,551</b>	<b>3.6%</b>

The proposed expenditures for all funds in FY2018 are reflected below:

Expenditures - Current Expense Fund								
Tab		FY 2015 Actual	FY 2016 Actual	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget	Change	% Chg.
10	<b>Board of Education</b>	<b>\$ 573,815</b>	<b>\$ 629,338</b>	<b>\$ 675,319</b>	<b>\$ 665,870</b>	<b>\$ 680,581</b>	<b>\$ 14,711</b>	
	Board of Education Services	196,032	228,786	271,681	275,753	283,670	7,917	
	Internal Audit Services	156,160	178,555	177,680	159,520	159,986	466	
	Legal Services	221,623	221,997	225,998	230,597	236,925	6,328	
11	<b>Business Services</b>	<b>\$ 33,649,740</b>	<b>\$ 34,881,745</b>	<b>\$ 35,384,567</b>	<b>\$ 35,789,487</b>	<b>\$ 36,909,465</b>	<b>\$ 1,119,978</b>	
	Fiscal Services	32,782,338	33,995,904	34,470,060	34,903,138	35,989,692	1,086,554	
	Purchasing	867,402	885,841	914,507	886,349	919,773	33,424	
12	<b>Curriculum and Instruction</b>	<b>\$ 5,792,305</b>	<b>\$ 5,749,068</b>	<b>\$ 6,038,773</b>	<b>\$ 6,064,126</b>	<b>\$ 6,256,113</b>	<b>\$ 191,987</b>	
	Curriculum Dev and Implementation	3,948,686	3,985,415	4,143,500	4,232,524	4,396,575	164,051	
	Office of Accountability	849,460	774,517	788,897	751,814	762,452	10,638	
	Professional Development	994,159	989,136	1,106,376	1,079,788	1,097,086	17,298	
13	<b>Education Services</b>	<b>\$ 169,110,438</b>	<b>\$ 172,216,622</b>	<b>\$ 174,985,067</b>	<b>\$ 175,658,736</b>	<b>\$ 184,220,782</b>	<b>\$ 8,562,046</b>	
	Career and Technology Programs	7,314,988	7,314,619	7,652,174	7,936,868	8,366,012	429,144	
	Gifted and Talented Program	1,319,863	1,198,746	1,418,260	1,470,276	1,548,512	78,236	
	Intervention Services	963,518	716,300	743,038	444,442	447,552	3,110	
	Magnet Programs	1,507,865	1,531,844	1,607,047	1,609,985	1,597,951	(12,034)	
	Office of Elem/Mid/High Schools	566,789	575,493	594,170	609,425	649,371	39,946	
	Other Special Programs	2,742,992	2,823,871	2,835,169	2,925,660	3,073,360	147,700	
	Regular Programs	148,613,155	152,092,586	153,997,373	154,306,778	161,853,595	7,546,817	
	School Library Media Program	5,937,603	5,834,659	5,959,692	6,177,158	6,499,828	322,670	
	Summer School	143,665	128,504	178,144	178,144	184,601	6,457	
14	<b>Executive Administration</b>	<b>\$ 1,576,558</b>	<b>\$ 1,531,827</b>	<b>\$ 1,559,931</b>	<b>\$ 1,577,001</b>	<b>\$ 1,612,745</b>	<b>\$ 35,744</b>	
	Communications	370,631	377,547	391,942	389,514	409,210	19,696	
	Equity and Cultural Proficiency	285,795	221,972	226,409	233,426	242,380	8,954	
	Executive Administration Office	920,132	932,308	941,580	954,061	961,155	7,094	
15	<b>Extra Curricular Activities</b>	<b>\$ 3,527,178</b>	<b>\$ 3,537,524</b>	<b>\$ 3,706,003</b>	<b>\$ 3,759,104</b>	<b>\$ 3,670,877</b>	<b>\$ (88,227)</b>	
	Interscholastic Athletics	2,752,504	2,757,618	2,858,290	2,902,315	2,795,656	(106,659)	
	Student Activities	774,674	779,906	847,713	856,789	875,221	18,432	
16	<b>Human Resources</b>	<b>\$ 76,191,370</b>	<b>\$ 76,852,968</b>	<b>\$ 78,149,110</b>	<b>\$ 78,110,306</b>	<b>\$ 81,974,852</b>	<b>\$ 3,864,546</b>	
17	<b>Operations and Maintenance</b>	<b>\$ 66,032,780</b>	<b>\$ 64,844,761</b>	<b>\$ 66,592,319</b>	<b>\$ 69,610,831</b>	<b>\$ 69,819,615</b>	<b>\$ 208,784</b>	
	Facilities Management	21,300,382	22,125,603	22,053,136	22,421,338	23,446,456	1,025,118	
	Planning and Construction	788,744	808,053	873,680	875,735	923,800	48,065	
	Transportation	30,336,181	29,569,924	29,552,527	31,948,166	31,381,719	(566,447)	
	Utility Resource Management	13,607,473	12,341,181	14,112,976	14,365,592	14,067,640	(297,952)	
18	<b>Safety and Security</b>	<b>900,263</b>	<b>899,420</b>	<b>893,956</b>	<b>890,214</b>	<b>892,916</b>	<b>\$ 2,702</b>	
19	<b>Special Education</b>	<b>40,616,607</b>	<b>40,604,926</b>	<b>41,202,897</b>	<b>41,987,588</b>	<b>43,825,354</b>	<b>\$ 1,838,266</b>	
20	<b>Student Services</b>	<b>\$ 13,945,994</b>	<b>\$ 14,111,726</b>	<b>\$ 14,501,090</b>	<b>\$ 14,748,844</b>	<b>\$ 15,635,524</b>	<b>\$ 886,680</b>	
	Health Services	3,355,916	3,250,722	3,337,076	3,440,602	3,621,200	180,598	
	Psychological Services	2,182,625	2,256,849	2,336,210	2,313,044	2,484,661	171,617	
	Pupil Personnel Services	1,644,312	1,693,217	1,742,980	1,741,126	1,828,168	87,042	
	School Counseling Services	6,763,141	6,910,938	7,084,824	7,254,072	7,701,495	447,423	
21	<b>Office of Technology &amp; Information</b>	<b>8,828,650</b>	<b>9,035,322</b>	<b>9,814,283</b>	<b>10,069,968</b>	<b>9,751,377</b>	<b>\$ (318,591)</b>	
	<b>Unrestricted Fund</b>	<b>420,745,698</b>	<b>424,895,247</b>	<b>433,503,315</b>	<b>438,932,075</b>	<b>455,250,701</b>	<b>16,318,626</b>	<b>3.7%</b>
22	<b>Restricted Fund</b>	<b>31,402,459</b>	<b>29,539,443</b>	<b>30,444,432</b>	<b>29,965,484</b>	<b>30,434,409</b>	<b>468,925</b>	<b>1.6%</b>
	<b>Current Expense Fund</b>	<b>\$ 452,148,157</b>	<b>\$ 454,434,690</b>	<b>\$ 463,947,747</b>	<b>\$ 468,897,559</b>	<b>\$ 485,685,110</b>	<b>\$ 16,787,551</b>	<b>3.6%</b>

**A brief overview of the Proposed Food Service and Capital FY2018 Budgets:**

The Food Service fund is a self-supporting special revenue fund which receives funding from the Federal and state governments, as well as student sales. The FY2018 Food Service fund budget is projected to be \$17,148,762. Additional information can be found in Tab 23 of the FY2018 Superintendent's Proposed Budget Book.

The Capital Projects fund includes state and local funding to support capital repairs and construction. The FY2018 Capital Projects fund budget is projected to be \$85,982,400. Additional information can be found in Tab 25 of the FY2018 Superintendent's Proposed Budget Book.

**Superintendent's Recommendation:**

The Superintendent recommends the Board of Education review the proposed budget for FY2018 in the Unrestricted and Restricted Funds of \$455,250,701 and \$30,434,409 respectively.

The Superintendent recommends the Board of Education review the proposed budget for FY2018 in the Food Service and Capital Funds of \$17,148,762 and \$85,982,400 respectively.