



HARFORD COUNTY
PUBLIC SCHOOLS

Inspire • Prepare • Achieve

*A Community Guide
to the*

Operating Budget



APG Federal Credit Union:

Proudly serving Harford & Cecil counties

- Free Checking
- Free Online Banking & Bill Pay
- Free Mobile Banking
- Home Equity Lines & Loans
- Mortgages
- Auto Loans
- Visa® Balance Transfers
- Budget Education

*If you live or work in Harford or Cecil County, come see us.
You're welcome here!*

Call. Click. Come in.
410-272-4000
APGFCU.com
Harford & Cecil Counties

Your Local Choice
APGFCU
*Your Community
Credit Union*

Federally insured by NCUA



Throughout the school year, each one of the more than 5,000 employees of Harford County Public Schools (HCPS) takes on the challenge of working toward our common goal of connecting with our students and preparing them for success. We work to accomplish our goals as effectively and efficiently as possible. We are all committed to inspiring each of our approximately 38,000 students to become life-long learners and responsible citizens.

Educators in Harford County have the unique responsibility of impacting the futures of thousands of students every year. Our faculty and staff are involved in every aspect of the child's academic life, from writing curriculum, serving as advisors for extracurricular activities, and mentoring at-risk youth, to providing additional tutoring, and much 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 budget document will show you some examples of where the funding comes from, how the budget is spent, and how funds are divided.

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 we encourage you to join us as we impact the lives of our students in Harford County Public Schools.



Budget Calendar

A Year-Long Process

Each year, a budget calendar is prepared and presented to the leadership team and budget managers as a suggested schedule to follow in order to produce the final budget document. The calendar is driven by the Board of Education review, County Executive review, County Council review, and state and local funding and reporting requirements.

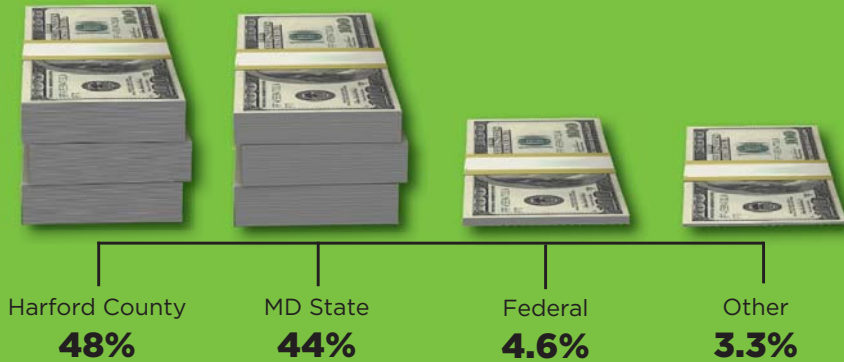


Where does school funding come from?

The school system does not have the authority to incur debt or raise revenue and is fiscally dependent on monies allocated from local, state and federal resources. When the Board of Education prepares its annual budget proposal, costs in excess of the projected Federal and State of Maryland resources are requested from the Harford County Government.

Where does the MONEY go?

Educating children is a labor-intensive process. For that reason, the largest share of any school district's budget goes to pay for employee wages and benefits. This holds true of HCPS. After salaries, the remaining budget pays for contracted bus service, utility bills, instructional supplies and equipment, purchased services and general supplies and equipment.

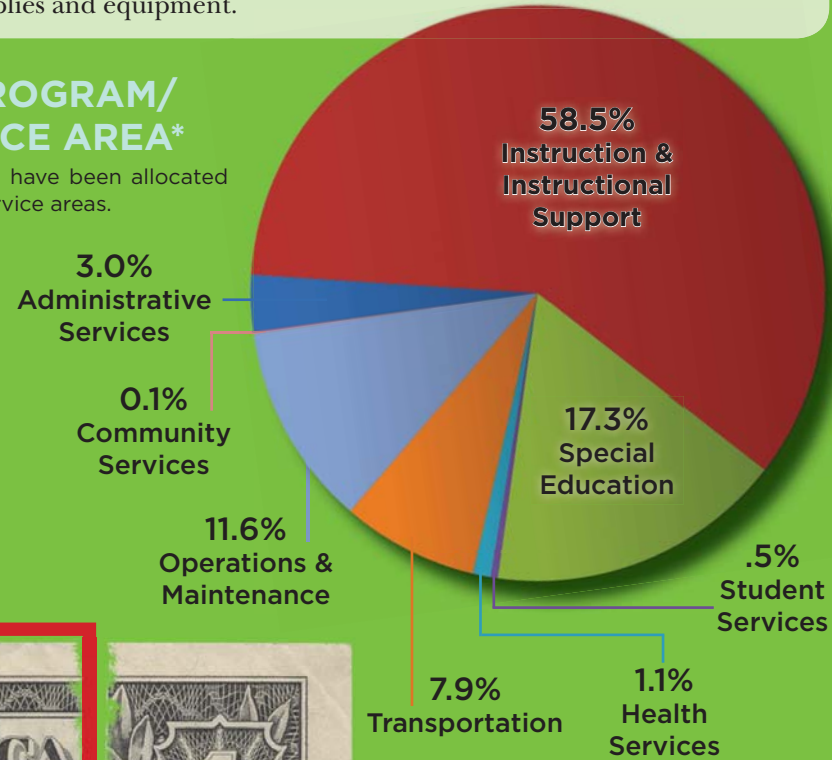


BY EXPENDITURE TYPE

This graphic and the program graphic on the opposite page do not include Food Services or the Capital expenditures, which are large, one-time in nature, and would greatly skew other percentages.

BY PROGRAM/SERVICE AREA*

*Fixed charges have been allocated to program/service areas.



Salaries & Benefits = \$.82

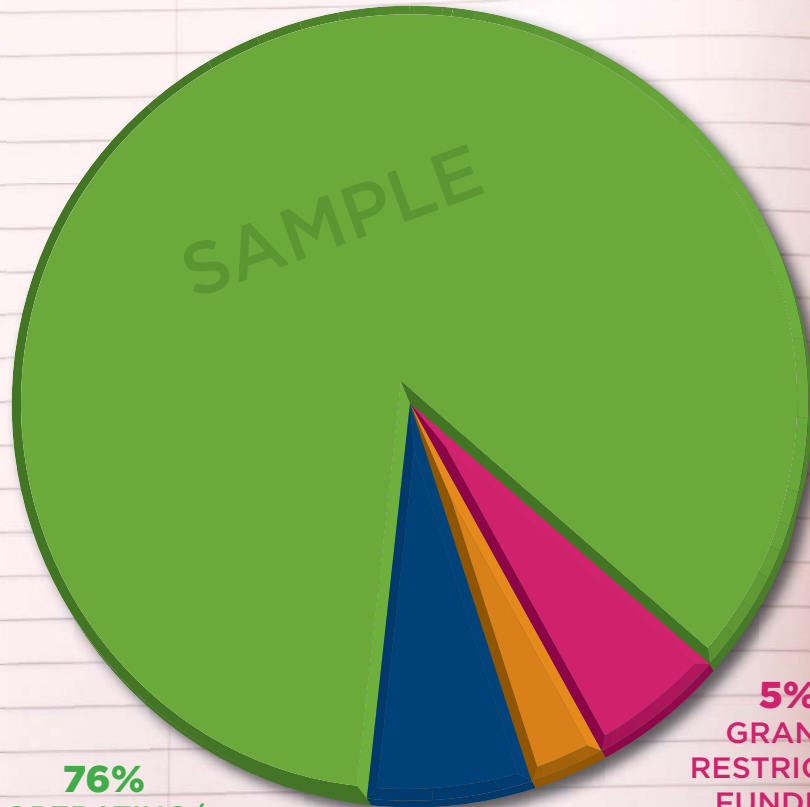
Other Expenditures*
\$0.18

*Other Expenditures	
Contracted Bus Services	\$0.05
Utilities	\$0.03
Instructional Supplies & Equipment	\$0.02
Non-Instructional Supplies	\$0.01
Purchased Services	\$0.06
Lease & Insurance	\$0.01
Total	\$0.18

Did you know...

Over the past five years, HCPS has experienced a combined budget shortfall of \$64.9 million. Due to many internal reductions, it was not until 2013 that this strain was evident to the public.

Budget Breakdown



76% OPERATING/ UNRESTRICTED

This account finances the day-to-day operations of the school system. It is primarily funded by the Harford County Government and the State of Maryland.

6% CAPITAL PROJECTS

This account is dedicated for specific items related to major purchases or the acquisition, construction, or improvement of facilities. **The Capital Fund is approved through a separate process and cannot be co-mingled for operating expenses above.**

3% FOOD SERVICES

This account is self-supporting from the income generated from providing meals to our students.

5% GRANT/ RESTRICTED FUNDING

This account is dedicated for specific purposes stipulated as a condition of accepting these resources. **These funds cannot be used for any other purpose.**

**The 5% portion for debt and 5% for state paid pensions are not represented in this illustration.*

Fund Balance

Fund Balance = Assets — Liabilities

Fund balance is the accumulation of annual surpluses or deficits in a fund. National standards recommend a fund balance of a minimum of 5-10% of current operating budget. HCPS is currently at 1.27% of the unrestricted budget, resulting in little to no cushion for emergency or unusual events.



Challenging Issues & Trends

INCREASING SPECIAL EDUCATION COSTS

Special education costs have increased significantly due to the change in student conditions and the intensity of services required. On average, during the 2012-2013 school year, a special education student cost \$14,252 more to educate than a general education student. The higher cost per student for special education students is due primarily to:

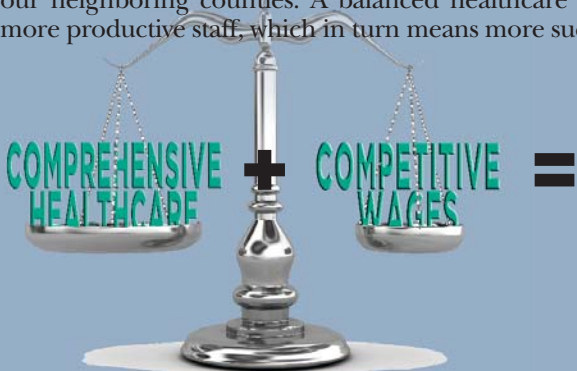
- Lower student-teacher ratios;
- Nature and intensity of services provided; and
- Higher cost of transportation.

The average cost for a special education student placed in a non-public school was \$77,830 in fiscal year 2013, down \$4,595 for the prior year.

Cost Per Student			
Current Expense Fund (Unrestricted & Restricted Programs)	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
Average for General Education Total Enrollment	\$9,514 38,394	\$9,684 38,224	\$9,699 37,868
Average for Special Education Special Education Enrollment	\$22,898 5,319	\$23,524 5,105	\$23,951 4,980
Average for Non Public Placement Non Public Placement Enrollment	\$71,755 197	\$82,425 187	\$77,830 215

HEALTH CARE COSTS & COMPETITIVE WAGES: A BALANCING ACT

Harford County Public Schools provides health and dental care coverage to over 4,500 employees and 2,800 retirees. In the past ten years, the cost of providing health care insurance has risen from \$27 million in fiscal year 2003 to over \$65 million in fiscal year 2013, an increase of 137%. Like all businesses, especially labor intensive school districts, HCPS has experienced significant increases in the cost of providing health care benefits. Realizing great employees are the foundation of any successful organization, HCPS remains committed to maintaining a competitive salary structure within the market, especially with our neighboring counties. A balanced healthcare and wage scale means better quality, more productive staff, which in turn means more successful students - our main goal.



Quality Employees



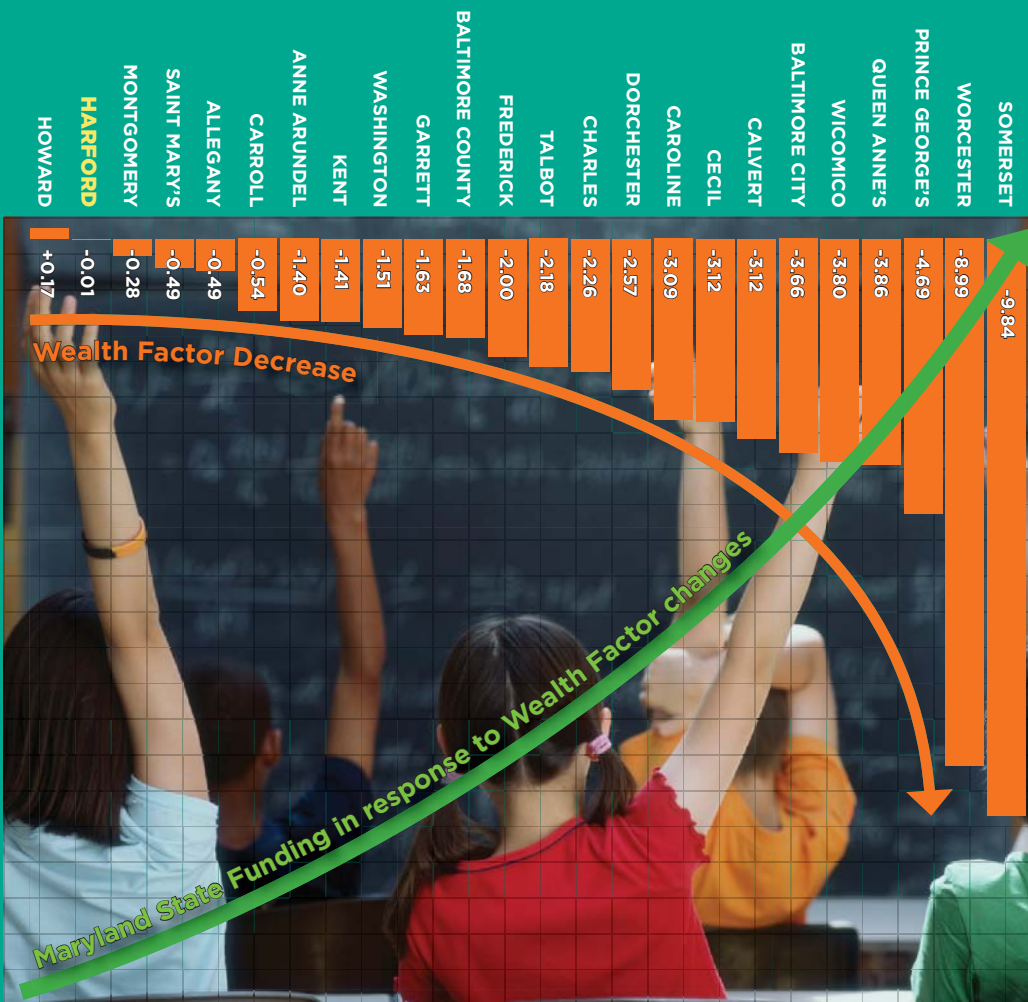
Successful Students

UNCERTAIN ECONOMIC CLIMATE

The turbulent economic times of the past several years have had a significant impact on state and local funding for school systems. The fiscal realities faced by Harford County Public Schools in the last five years included increased operating costs of \$55.8 million and revenue reductions of \$9.1 million. Cost reductions, cost avoidances and fund balance totaling \$64.9 million were implemented to reduce the funding gap. To close the remaining \$5.6 million funding gap in fiscal year 2014, HCPS used \$5.6 million of fund balance (accumulated savings from prior years) to fund ongoing operating costs. The use of fund balance to fund ongoing expenditures is known as a structural deficit. The \$5.6 million structural deficit, or funding shortfall, must be addressed when preparing the fiscal year 2015 Operating Budget. The current Operating Budget is not sustainable with the current level of operating revenues.

Maryland County Wealth Change in %

This graph illustrates state funding based on wealth factor changes. Harford County had an insignificant decrease in wealth, leading to less funding from the state. Whereas counties such as Somerset had a considerable decrease in wealth, therefore garnering higher state funding.



Shifts in Education

The advent of the Common Core State Standards (CCSS), the Partnership for Assessment of Readiness for College and Careers (PARCC), teacher and principal evaluation, as well as other national, state, and local initiatives such as Science, Technology, Engineering and Mathematics (STEM) have educational leaders assessing current fiscal structures and realigning resources to address the impact on the classroom with regard to the following:

- **Human Capital**
- **Professional Learning**
- **Textbooks**
- **Supplemental Materials**
- **Equipment**
- **Technology**
- **Technology Infrastructure**
- **Curriculum**



These innovative shifts affect students, parents, teachers, and administrators.

- **Student and Parent Shift:** Increase expectation of problem solving, critical thinking, and working on complex tasks and working with complex text.
- **Teacher Shift:** Align their instruction to support the increase in rigor and focus, allowing students multiple opportunities to persevere, as well as learning a new evaluation system.
- **School-based Administrators Shift:** Observe and evaluate teachers with a new evaluation system, while supporting teacher implementation of the new standards and assessments.
- **Central Office Administrators Shift:** Align current curricular materials to the new standards and facilitate professional development to teachers.

The shifts in education serve as a constant reminder that classroom instruction must evolve to support student achievement. HCPS' goal in this transition is to provide increased opportunities for all students to problem solve and to reason independently so that they are college and career ready.

By the Numbers...

- 1%** (400 students) attend English as a second language classes
- 14%** (5,195 students) receive special education services
- 27%** (10,295 students) qualified for free or reduced price lunches
- 90%** (34,236 students) receive transportation to school

Did you know...

HCPS is the **8th** largest school district in Maryland?





How many of our 5,258 employees provide direct services to students?

2,770
Teachers

School-based Employees

93%
of HCPS employees provide direct services to our students.

194
School Counselors,
Media Specialists &
School Psychologists

490
Paraprofessionals

169
Clerical

168
School Administration

309
Inclusion Helpers

331
Custodians

194
Bus Drivers &
Attendants

245
Food Service Workers

29
Human Resources

36
Financial Services

Non-School-based Employees

Only **7%** of all HCPS employees, part-time and full-time, do not work directly with students.

19
Executive Administration

160
Facilities,
Transportation &
Safety

55
Technology

89
Instructional Supervision



HCPS buses travel an average of **46,111 miles** per day, or **1.9 times** around the world!



Transportation

In addition to the **116 buses** owned and operated by Harford County Public Schools, the district contracts another **394 buses** to provide transportation to students. HCPS owned and contracted buses travel over **8.3 million miles** annually to transport nearly 34,000 students. In total, HCPS budgeted nearly **\$31.5 million** for transportation in fiscal year 2014.

Facilities

Facilities Planning, Maintenance and Operations has the job of lighting, heating/cooling, repairing, maintaining, cleaning and securing more than **180 buildings** occupying over **6 million square feet** and covering over **1,950 acres of property**. This area is also responsible for the planning and oversight of construction projects. More than 46% of the facilities' budget covers payroll for custodians; building, grounds and equipment maintenance staff; and professional, supervisory and support staff. Almost 37% of the facilities' budget goes to pay utility bills for heating and cooling, lighting, power, water, septic services and trash collection. The remainder goes for supplies, equipment and the hiring of contractors.

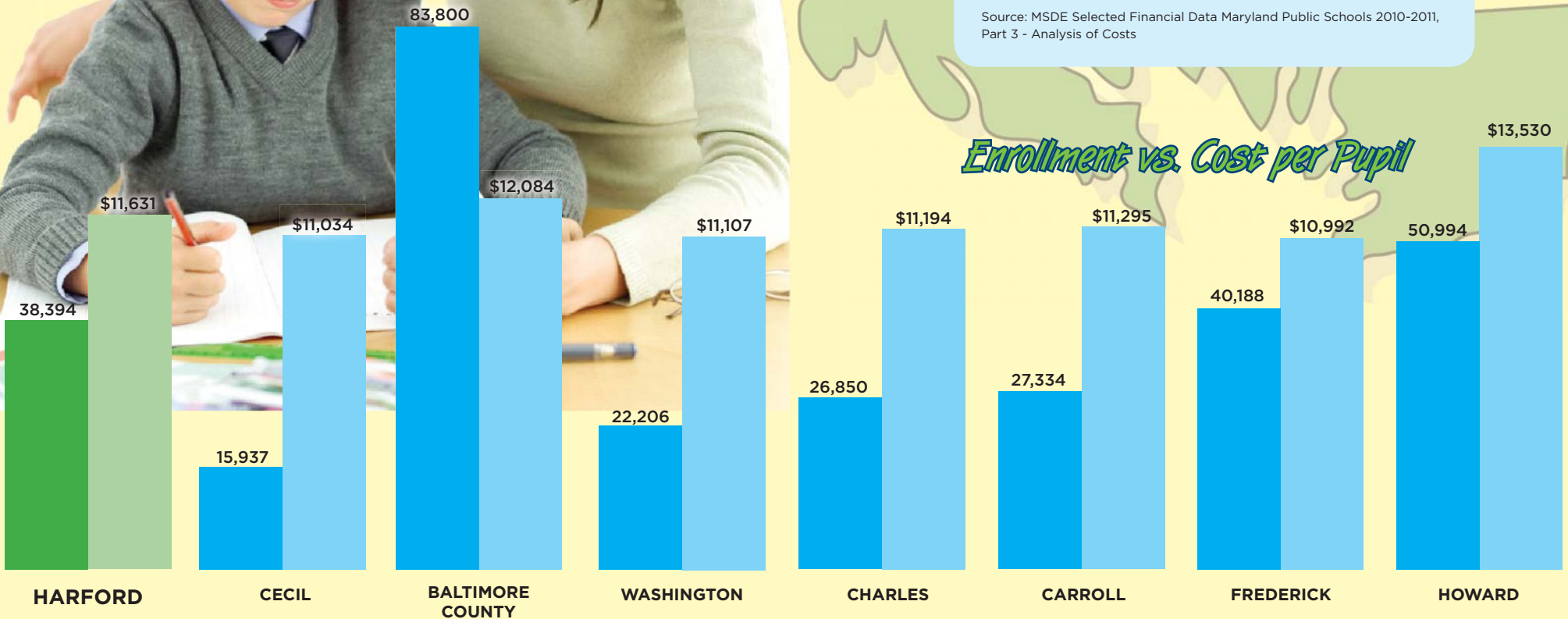


Program Spending Comparison

FY 2011 Data for 8 of the 24 Maryland Counties

(the most current data available from MSDE)

The following graph compares Harford County with five counties of similar size and two counties of closest proximity.



Harford County's Expenditure Rankings compared to the 24 Maryland School Systems

Rank	Expenditure
12	Administration
22	Mid-level Administration
17	Instructional Salaries & Wages
14	Textbooks & Instructional Supplies
17	Other Instructional Costs
14	Special Education
24	Student Personnel Services
15	Health Services
8	Student Transportation
18	Operation of Plant
4	Maintenance of Plant
5	Fixed Charges

Ranking Key: 1 for highest, 24 for lowest

Source: MSDE Selected Financial Data Maryland Public Schools 2010-2011, Part 3 - Analysis of Costs

WHO decides HOW we spend School Funds?

There are many people involved in the fair distribution of school funds and determining the use of money allocated to our schools.



CITIZENS have input in school spending by casting votes for elected officials, attending Board of Education meetings/budget work sessions and participating in County budget hearings.



THE U.S. CONGRESS AND PRESIDENT determine the amount of federal school funding and the allocation among states and school districts.



THE MARYLAND STATE LEGISLATURE AND GOVERNOR determine the amount of state school funding and the allocation of funds to each school district.



THE HARFORD COUNTY EXECUTIVE AND COUNTY COUNCIL determine the allocation of local funds for the Board of Education.



THE BOARD OF EDUCATION adopts a final budget and presents it to county officials.



THE SUPERINTENDENT and LEADERSHIP TEAM work collaboratively to design an annual budget and present it to the school board.



THE PRINCIPAL and ADMINISTRATIVE STAFF at each school determine the use of funds allocated to their school based on student needs.



Collective Bargaining



Maryland Law requires the Board of Education of Harford County to engage in a labor negotiation process called **collective bargaining**. In collective bargaining, the Board formally negotiates labor contracts with employee associations of unions, which are referred to as bargaining units in Harford County. State law mandates that these labor contracts include such items as employee work hours, salary, health care benefits, and working conditions. A negotiated contract must be ratified by both the Board and the employee members of the unit. The labor contract, which is called a Negotiated Agreement, is kept in place for a set period of time and is binding. The Board of Education negotiates with **five** bargaining units that represent all employees within the HCPS system:

HCEA:

The Harford County Education Association is the public school employee organization for all 3,000 teachers, school counselors, psychologists, media specialists, occupational therapists, physical therapists, and speech and hearing clinicians.

HCESC:

The Harford County Educational Services Council is the public school employee organization for over 1,000 clerical, paraeducators, nurses, instructionally-related technicians, buyers, school bus driver instructors, transportation specialists, transliterators, sign language interpreters, Braille technicians, inclusion helpers, and related instructional support personnel who work twenty or more hours per week.

APSASHC:

The Association of Public School Administrators and Supervisors of Harford County is the public school employee organization for certificated administrators and supervisors. This includes over 200 principals, curriculum supervisors, instructional coordinators, assistant principals, instructional facilitators, pupil personnel workers and other related certificated supervisory personnel.

AFSCME:

The American Federation of State, County and Municipal Employees organization is for over 900 school custodians, facilities/maintenance trades workers, bus drivers, bus attendants, cafeteria workers and other non-instructional support employees.

AHCATSP:

The Association of Harford County Administrative, Technical and Supervisory Professionals is the public school employee organization for 100 non-certificated supervisors; including department managers, supervisors, computer programmers and analysts, coordinators and other related non-certificated supervisory personnel.



How can the public become involved?

STEP 1: Stay informed...



www.hcps.org



Facebook (www.facebook.com/hcpschools)



Twitter (@HCPSchools)

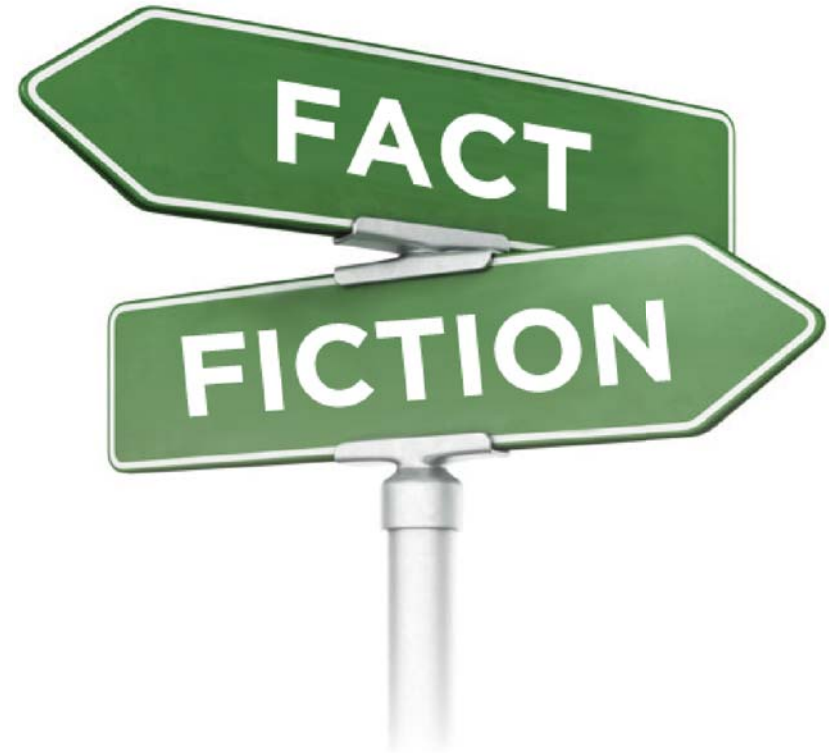
School newsletters and newspapers

STEP 2: Be a part of the discussion...

- Email: Budget@hcps.org
- Use the online budget input submission tools
- Attend Board of Education budget work sessions and public business meetings
- Participate in county government budget hearings

Harford County Public Schools
102 South Hickory Avenue
Bel Air, MD 21014
410-838-7300

The Harford County Public School System does not discriminate on the basis of race, color, sex, age, national origin, religion, sexual orientation or disability in matters affecting employment or in providing access to programs. Inquiries related to the policies of the Board of Education of Harford County should be directed to the Manager of Communications, 410-588-5203.



*At a crossroads with information you
have been hearing about HCPS?*

Visit www.hcps.org to find out the facts
and ask questions of your own using our **new**
Fact vs. Fiction question and answer tool!



Inspire • Prepare • Achieve

www.hcps.org

