

Expenditures

Budget Development Process

In order to understand how the fiscal 2011 budget was derived, the process by which the total expenditures were determined must first be discussed. Difficult economic times have impacted our national, state and local economy. Certain costs continue to grow while revenue remains flat. It is with this understanding, that the fiscal 2011 budget process began and the following budget strategies were developed:

Budget Strategies
Preserve the integrity of the instructional programs
Preserve jobs
Preserve employee benefits to the greatest extent possible

The process of reducing expenditures actually began in fiscal 2009 when Harford County Government requested a "give back" of \$3.9 million in funding. Most of the reductions made in fiscal 2009 carried forward to fiscal 2010 and 2011. The following table reflects the expenditure reductions:

Cost/Budget Reductions FY 2009 - FY 2011			
Expenditure	FY 2009 Cost Reductions	FY 2010 Budget Reductions	FY 2011 Budget Reductions*
Salaries & Fixed Charges	(\$2,325,097)	(\$1,752,367)	(\$1,610,163)
Transportation	(\$866,000)	(\$116,000)	(\$116,000)
Other	(\$744,969)	(\$1,667,779)	(\$1,667,779)
Total Reductions	(\$3,936,066)	(\$3,536,146)	(\$3,393,942)

*FY 2010 budget reductions carried over to FY 2011

During the fiscal 2011 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
- Lack of available new funding from the County or State

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

- Turnover of staff salary & benefit saving
- Benefits/Wage changes for Active and Retired Employees
- Cost of Doing Business (Reversal of Onetime Items, Transportation & Utilities, Special Education, and other Cost of Doing Business expenditures)
- Operating Impact of New Construction Projects

Expenditures

After examining the budget for each program and determining which expenditure increases were necessary to provide mandated services, meet contractual obligations and continue to provide the same level of service to our students and employees to the greatest extent possible, the following additional costs related to special education, health insurance, retirement, utilities and other fixed costs were included in the fiscal 2011 budget totaling \$12.4 million. With limited new revenue of \$4.2 million projected for fiscal 2011, 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 fiscal 2011 budget:

Balancing the FY 2011 Unrestricted Budget

FY 2011 Cost Increases:

Health:	\$	7.6 M
Projected Enrollment Increase FY11	\$ 1.7	
6.5% Rate Increase	3.9	
Post Employment Benefit Costs	2.0	
Special Education		2.0
Transportation (Drivers/Attendants, Other)		0.4
Impact of Capital Projects		0.3
Insurance & Pension		1.1
Cost of Doing Business - Other		0.6
Agricultural Science Program		0.4
Total Cost Increases	\$	12.4 M

FY 2011 Budget Resolutions:

New Revenue	\$	(4.2) M
Increase in Fund Balance Use 2010 - 2011		(0.8)
Turnover Savings		(1.6)
Permanent Cost Reductions		(0.6)
One Time Cost Avoidance		(0.4)
Add'l Health Care to Restricted (AARA Funds)		(0.9)
Health Plan Design Changes		(3.9)
Total Budget Resolutions	\$	(12.4) M

Expenditures

All Funds

Total expenditures by fund for Harford County Public Schools are summarized below. The Unrestricted Fund and Restricted Fund, generally referred to as the Current Expense Fund or Operating Budget, totals slightly over \$457 million for fiscal 2011. 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 \$14.8 million for fiscal 2011. Additional detail is provided in the Food Service section located in Tab 25 of this document. The Pension Fund is \$34.3 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 28 of this document. Debt Service funds in the estimated amount of \$25.6 million are managed by the Harford County Government and additional detail is provided in Tab 26. The Capital Projects Fund totaling \$34.7 million includes primarily state and local government funding. The Capital Budget Summary is contained in a Tab 27 near the end of this budget book.

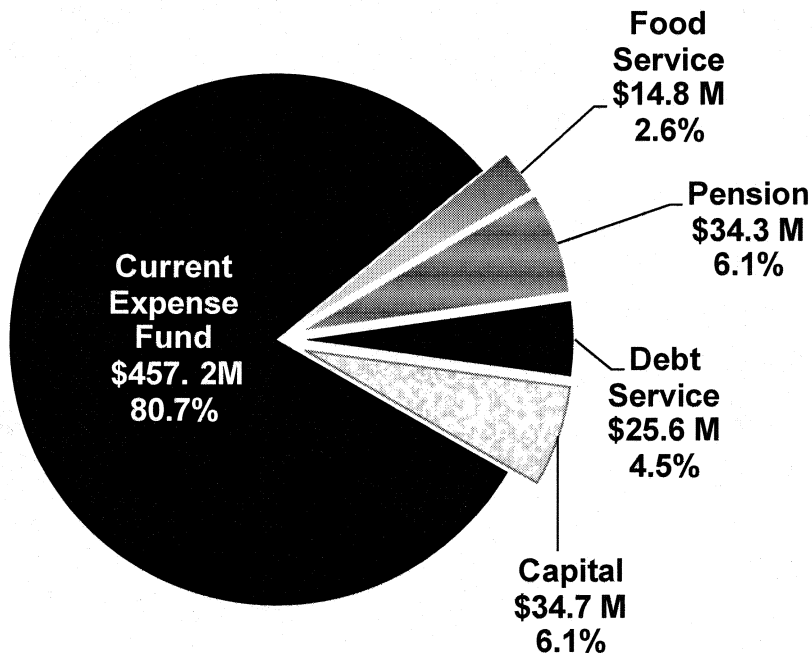
Expenditures - All Funds						
	FY09 Actual	FY10 Actual	FY10 Budget	FY11 Base Budget	Change 10 - 11	FY11 Budget
UNRESTRICTED PROGRAMS	\$ 408,788,212	\$ 409,201,965	\$ 417,525,509	\$ 417,525,509	\$ 5,003,213	\$ 422,528,722
RESTRICTED PROGRAMS	24,357,891	33,693,057	34,267,658	34,267,658	454,440	34,722,098
TOTAL CURRENT EXPENSE FUND	\$ 433,146,103	\$ 442,895,022	\$ 451,793,167	\$ 451,793,167	\$ 5,457,653	\$ 457,250,820
FOOD SERVICE	14,461,087	14,301,327	14,385,525	14,385,525	415,709	14,801,234
PENSION*	26,419,617	31,578,248	31,578,248	31,578,248	2,745,728	34,323,976
DEBT SERVICE**	13,357,222	15,861,041	16,259,253	16,259,253	9,293,075	25,552,328
CAPITAL	111,524,256	83,305,397	76,183,528	76,183,528	(41,483,994)	34,699,534
GRAND TOTAL - ALL FUNDS	\$ 598,908,285	\$ 587,941,035	\$ 590,199,721	\$ 590,199,721	\$ (23,571,829)	\$ 566,627,892

*Pension Fund reflects Maryland State Aid. HCPS pension cost is included in Unrestricted, Restricted and Food Service Funds.

** The school system has lease purchase transactions totaling \$1,600,199 which are included in the Unrestricted Fund.

FY 2011 Expenditures - All Funds

\$566.6 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 general 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 2011 is \$457.3 million, an increase of \$5,457,653 or 1.2% from fiscal 2010. Unrestricted Fund revenues for fiscal 2011 increased slightly over \$5 million and Restricted Fund revenues increased by slightly less than \$.5 million in fiscal 2011. The fiscal 2011 Current Expense Fund by program area is summarized below.

Current Expense Fund Expenditures - By Program						
	FY09 Actual	FY10 Actual	FY10 Budget	FY11 Base Budget	Change 10 - 11	FY11 Budget
BOARD OF EDUCATION	448,884	452,351	488,143	488,143	0	488,143
Board of Education Services	132,489	143,752	168,330	168,330	0	168,330
Legal Services	200,026	198,878	207,246	207,246	0	207,246
Internal Audit Services	116,369	109,721	112,567	112,567	0	112,567
EXECUTIVE ADMINISTRATION	1,741,153	1,643,869	1,692,249	1,692,249	277,763	1,970,012
Executive Administration Office	1,328,539	1,256,862	1,211,312	1,211,312	277,763	1,489,075
Communications	412,614	387,007	480,937	480,937	0	480,937
EDUCATION SERVICES	180,805,210	176,871,747	179,022,953	178,705,331	(566,552)	178,138,779
Office of Education Services	3,740,812	3,724,124	3,842,466	3,842,466	133,366	3,975,832
<i>REGULAR PROGRAM:</i>	<i>160,449,707</i>	<i>156,559,726</i>	<i>158,085,463</i>	<i>157,816,471</i>	<i>(600,550)</i>	<i>157,015,921</i>
Office of the Principal	19,064,086	18,898,404	19,109,412	19,039,899	66,904	19,106,803
Textbooks & Supplies - Regular Program	6,559,831	5,531,564	5,982,831	5,783,352	0	5,783,352
Instructional - Regular	134,825,790	132,129,758	132,993,220	132,993,220	(867,454)	132,125,766
<i>CAREER & TECHNOLOGY:</i>	<i>7,820,491</i>	<i>7,879,602</i>	<i>7,938,350</i>	<i>7,889,422</i>	<i>0</i>	<i>7,889,422</i>
Office of the Principal - C & T	421,324	418,745	417,456	415,243	0	415,243
Textbooks & Supplies - C & T	447,654	429,046	452,517	403,802	0	403,802
Instructional - C & T	6,951,513	7,031,811	7,068,377	7,070,377	0	7,070,377
<i>SPECIAL PROGRAMS:</i>	<i>8,794,200</i>	<i>8,708,295</i>	<i>9,156,674</i>	<i>9,156,972</i>	<i>100,632</i>	<i>9,257,604</i>
Gifted and Talented	1,568,419	1,440,253	1,591,560	1,586,858	0	1,586,858
Intervention Services	2,185,809	2,071,797	2,350,953	2,275,953	0	2,275,953
Magnet and Signature Programs	1,464,537	1,596,699	1,581,678	1,581,678	135,864	1,717,542
Summer School	754,208	782,958	795,840	845,840	(35,232)	810,608
Other Special Programs	2,821,227	2,816,588	2,836,643	2,866,643	0	2,866,643
SPECIAL EDUCATION	37,944,160	38,957,985	38,960,116	38,374,116	510,713	38,884,829
Special Education Administrative Services	1,005,621	896,193	949,275	949,425	40,245	989,670
Special Education - John Archer School	2,444,708	2,411,376	2,540,119	2,539,969	0	2,539,969
Special Education - Home School	18,589,637	19,803,080	19,335,440	19,345,440	255,035	19,600,475
Special Education - Cluster Services	2,649,348	2,635,805	2,706,870	2,706,870	128,547	2,835,417
Special Education - Infants and Toddlers	862,917	872,185	942,914	942,914	0	942,914
Special Education - Related Services	6,904,469	6,424,780	6,698,318	6,698,318	(857,737)	5,840,581
Special Education - Non-Public School	5,487,460	5,914,566	5,787,180	5,191,180	944,623	6,135,803
EXTRA-CURRICULAR ACTIVITIES	3,516,475	3,486,422	3,556,069	3,566,397	(5,000)	3,561,397
Student Activities	790,872	793,804	813,587	823,915	0	823,915
Interscholastics Athletics	2,725,603	2,692,618	2,742,482	2,742,482	(5,000)	2,737,482
SAFETY AND SECURITY	1,010,867	1,174,275	1,205,479	1,171,079	35,530	1,206,609
STUDENT SERVICES	14,743,466	14,399,746	14,745,649	14,742,519	(1,500)	14,741,019
School Counseling Services	7,274,190	7,212,882	7,253,570	7,249,570	0	7,249,570
Psychological Services	2,384,688	2,254,074	2,385,438	2,385,438	0	2,385,438
Pupil Services	1,711,106	1,690,074	1,772,905	1,772,905	(1,500)	1,771,405
Health Services	3,373,482	3,242,916	3,333,736	3,334,606	0	3,334,606

Continued on the following page.

Expenditures

Current Expense Fund Expenditures - By Program

	FY09 Actual	FY10 Actual	FY10 Budget	FY11 Base Budget	Change 10 - 11	FY11 Budget
CURRICULUM AND INSTRUCTION	12,155,745	11,982,872	12,715,321	12,698,295	(310,441)	12,387,854
Curriculum Dev. and Implementation	3,354,713	3,385,845	3,687,259	3,687,259	(133,692)	3,553,567
Staff Development	543,092	476,545	610,508	610,508	0	610,508
Office of Accountability	1,089,236	987,241	1,108,912	1,022,912	(101,966)	920,946
Office of Equity & Cultural Proficiency	228,202	196,956	251,634	251,634	(74,783)	176,851
School Library Media Program	6,940,502	6,936,285	7,057,008	7,125,982	0	7,125,982
OPERATIONS AND MAINTENANCE	62,421,156	63,226,574	66,412,874	67,286,324	61,175	67,347,499
Transportation	27,050,901	27,428,836	28,287,871	28,779,871	440,242	29,220,113
Facilities Management	19,729,498	20,578,512	21,126,691	21,089,048	267,572	21,356,620
Utility Resource Management	14,616,125	14,313,039	15,916,506	16,335,599	(338,000)	15,997,599
Planning and Construction	1,024,632	906,187	1,081,806	1,081,806	(308,639)	773,167
BUSINESS SERVICES	26,271,185	25,894,480	26,234,641	26,234,641	902,647	27,137,288
Fiscal Services	25,194,668	24,846,075	25,173,396	25,174,196	894,210	26,068,406
Purchasing	1,076,517	1,048,405	1,061,245	1,060,445	8,437	1,068,882
HUMAN RESOURCES	59,707,923	62,821,837	63,650,354	63,684,754	3,593,359	67,278,113
OFFICE OF TECHNOLOGY & INFO.	8,021,988	8,289,807	8,841,661	8,881,661	505,519	9,387,180
TOTAL UNRESTRICTED PROGRAMS	\$ 408,788,212	\$ 409,201,965	\$ 417,525,509	\$ 417,525,509	\$ 5,003,213	\$ 422,528,722
RESTRICTED PROGRAMS	24,357,891	33,693,057	34,267,658	34,267,658	454,440	34,722,098
TOTAL CURRENT EXPENSE FUND	\$ 433,146,103	\$ 442,895,022	\$ 451,793,167	\$ 451,793,167	\$ 5,457,653	\$ 457,250,820

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:

Expenditures By Object Class

SUMMARY BY OBJECT	Unrestricted		Restricted		Current Expense	
	FY 2011		FY 2011		FY 2011	
	Amount	%	Amount	%	Amount	%
Salary and Wages	\$261,687,607	61.9%	\$ 14,421,188	41.5%	\$ 276,108,795	60.4%
Contacted Services	\$37,942,492	9.0%	8,554,812	24.6%	46,497,304	10.2%
Supplies and Materials	\$13,516,607	3.2%	1,791,719	5.2%	15,308,326	3.3%
Other Charges	\$107,615,262	25.5%	8,593,969	24.8%	116,209,231	25.4%
Equipment	\$2,330,636	0.6%	796,528	2.3%	3,127,164	0.7%
Transfers	(\$563,882)	-0.1%	563,882	1.6%	0	0.0%
TOTAL	\$ 422,528,722	100.0%	\$ 34,722,098	100.0%	\$ 457,250,820	100.0%

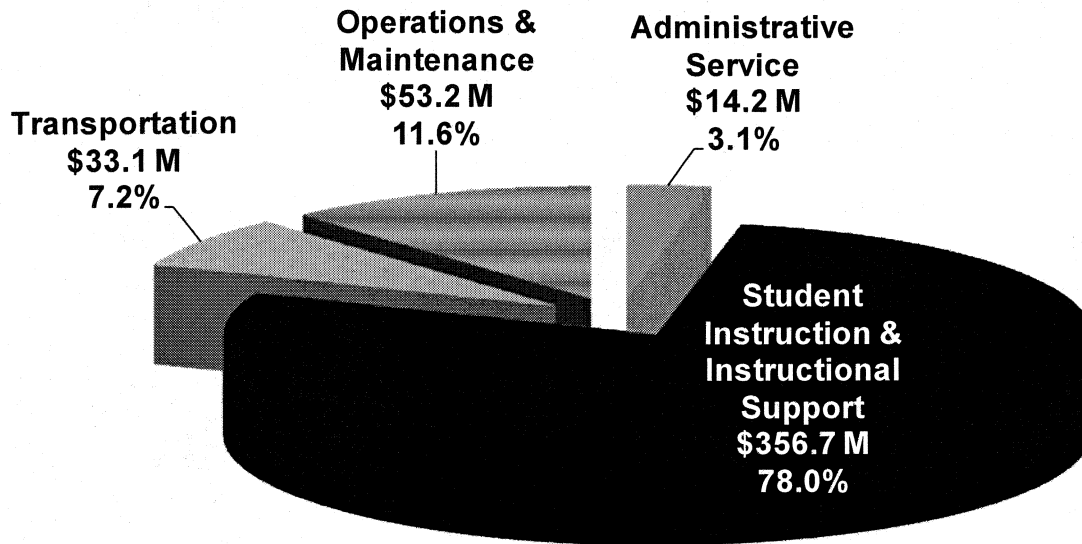
Expenditures

Current Expense Fund By State Category

SUMMARY BY CATEGORY	Unrestricted		Restricted		Current Expense	
	FY 2011		FY 2011		FY 2011	
	Amount	%	Amount	%	Amount	%
Administrative Services	\$11,334,110	2.7%	\$ 563,882	1.6%	\$ 11,897,992	2.6%
Mid-Level Administration	\$25,760,132	6.1%	375,194	1.1%	26,135,326	5.7%
Instructional Salaries	\$167,034,492	39.5%	4,474,199	12.9%	171,508,691	37.5%
Textbooks & Classroom Supplies	\$7,969,580	1.9%	775,441	2.2%	8,745,021	1.9%
Other Instructional Costs	\$3,347,357	0.8%	1,888,384	5.4%	5,235,741	1.1%
Special Education	\$38,960,597	9.2%	18,163,703	52.3%	57,124,300	12.5%
Student Services	\$1,654,612	0.4%	0	0.0%	1,654,612	0.4%
Health Services	\$3,334,606	0.8%	0	0.0%	3,334,606	0.7%
Student Transportation	\$29,291,690	6.9%	23,640	0.1%	29,315,330	6.4%
Operation of Plant	\$31,545,767	7.5%	0	0.0%	31,545,767	6.9%
Maintenance of Plant	\$11,697,674	2.8%	0	0.0%	11,697,674	2.6%
Fixed Charges	\$89,715,918	21.2%	7,896,276	22.7%	97,612,194	21.3%
Community Services	\$520,473	0.1%	0	0.0%	520,473	0.1%
Capital Outlay	\$361,714	0.1%	561,379	1.6%	923,093	0.2%
TOTAL	\$422,528,722	100.0%	\$ 34,722,098	100.0%	\$ 457,250,820	100.0%

Where the money goes.....

Current Expense Fund (Unrestricted & Restricted Funds) - \$457.3 M



Expenditures

Unrestricted Operating Budget

The changes in the fiscal 2011 Unrestricted Operating Budget are summarized below:

Summary - Unrestricted Operating Budget			
FTEs			% Change
4,903.6	FY 2010 Unrestricted Budget		\$417,525,509
	Turnover 65.9 Teaching Positions	(1,598,821)	(1,598,821) -0.4%
	Net Health/Dental/Life	2,918,797	
	Retirement	706,249	
	Net Benefit Changes		3,625,046 0.9%
	Reversals One time exp	(119,000)	
	Add Back FY10 Delayed Hiring	142,204	
8.8	Cost of Doing Business	1,002,545	
36.0	Special Education	1,954,617	
	Utilities	(492,000)	
3.0	Agricultural Science Program	361,383	
10.0	Transportation	430,152	
(2.0)	Reorganization	(185,259)	
	Cost of Doing Business		\$3,094,642 0.7%
1.0	Operating Impact of Capital Projects		\$278,346 0.1%
	Cost Avoidance		(396,000) -0.1%
56.8	Total Change FY10 - FY11 Budget		5,003,213 1.2%
4,960.4	FY 2011 Unrestricted Budget		\$422,528,722

Reconciliation of FTEs		Revenue	FY 2010	Change	FY 2011
36.0	Inclusion Helpers	Local	210,914,800	3,146,989	214,061,789
5.0	Special Education Bus Drivers	State	198,509,826	1,153,435	199,663,261
5.0	Special Education Bus Attendants	Federal	380,330	269,670	650,000
(2.0)	Net Reorganization	Other Sources	3,082,566	(361,608)	2,720,958
4.0	Alternative Education	Fund Balance	4,637,987	794,727	5,432,714
4.8	Net Grant Transfer	Total	\$417,525,509	\$ 5,003,213	\$422,528,722
3.0	Ag. Program Teachers				
0.5	Principal (half year) Red Pump E.S.				
0.5	Clerical (half year) Red Pump E.S.				
56.8	Net Change				

Turnover – This budget includes a projection of 65.9 (FTE) teacher retirements by June 30, 2010. The projected retirement figure of 65.9 teachers is an average of actual HCPS teacher retirements from fiscal 2001 through 2009. The retirement of 65.9 highly experienced teachers and the subsequent hiring of new teachers, at a lower starting salary level, will result in a turnover savings of \$1,598,821 in fiscal 2011.

Benefits – For fiscal 2011 year, HCPS faced a projected \$7.6 million increase in health insurance costs. This figure includes \$3.9 million for a 6% rate increase, \$1.7 million attributed to a projected increase in enrollees and \$2.0 million to fund post employment health benefits. To offset \$4.8 million of the total \$7.6 million increase, health plan design changes will be implemented and Restricted ARRA funds will be used. The fiscal 2010 enrollment for active employees for health and dental coverage is 4,647 and 4,748 participants respectively. Enrollment for retirees for health and dental coverage is 2,375 and 1,812 respectively. Retirement cost, paid by Harford County Public Schools for non-certificated employees, is projected to increase by \$706,249.

Expenditures

Cost of Doing Business – Fiscal 2010 purchases of \$119,000, considered to be of a onetime nature, have been reversed in this section of the budget for fiscal 2011. The savings for delayed hiring in fiscal 2010 has been added back to the budget. Items added as a cost of doing business are generally intended to continue existing level of services and meet the demand for mandated services. This would primarily encompass price increases for on-going services and supplies, such as utilities and contracted services; and, fund needs associated with mandated services and infrastructure support (HVAC, building security, software maintenance, etc.). The following chart details increases in cost of doing business expenditures for fiscal 2011 totaling \$3,094,642.

Cost of Doing Business		
Description	FTE	Total
Interscholastic athletic transportation due to construction projects		(5,000)
Last year of two year commitment for contracted Facilities Project Mgr.		(114,000)
Reversal of One Time Items	0.0	(119,000)
Add back salary & benefit savings from delayed hiring FY10		142,204
FY2010 Delayed Hiring Savings		142,204
Monitoring fees for newly installed security cameras (JES, EHS, HCRES, EDES, NHHS, EMS)		35,530
Print Shop supplies due to increased utilization by schools		34,000
Hardware maintenance contracts (increase in rates & coverage BAHS)		85,000
Software (12% increase in Microsoft Education Agreement)		45,000
Software - GIZMOS		82,400
Septic/Tank Pumping - HTHS/PMES/JA campus & FMS for 1/2 year each		100,000
Increase grant indirect cost recovery from 420k to 563K		(143,539)
Bus fleet liability (rates lower than expected)		(15,000)
Equipment - Performance Matters		257,502
High School Summer School - Realignment of classes		(35,232)
Reallocation of positions on Medical Assistance Grant	4.8	-
Realignment of Alternative Education Center support positions	4.0	64,871
Other general operating adjustments		26,088
Property Insurance		50,576
Liability Insurance		110,394
Workers Compensation		304,955
Other Cost of Doing Business	8.8	1,002,545
Infant & Toddlers Program		108,226
Inclusion Helpers (based on 5 year average increase)	36.0	901,768
Non-Public Placement FY11 (rate/tuition increase)		694,623
Non-Public Placement (ARRA funded in FY10)		250,000
Special Education	36.0	1,954,617
5% rate reduction electricity		(492,000)
Utilities	0.0	(492,000)
Three Teachers	3.0	181,383
Transportation (3 buses)		180,000
Agricultural Science Magnet Program	3.0	361,383
Contracted Bus Service (revised PVA calculation for 20 replacement buses)		114,000
Special Education bus drivers for five new buses	5.0	172,936
Special Education bus attendants for five new buses	5.0	143,216
Transportation	10.0	430,152
Reorganization	(2.0)	(185,259)
Reorganization	(2.0)	(185,259)
Total Cost of Doing Business	55.8	3,094,642

Expenditures

Operating Impact of New Construction Projects – Deerfield Elementary will be completed by August, 2010 with an additional square footage of 48,591 and air conditioning for the first time. With the planned opening of Red Pump Elementary in fiscal 2012, HCPS needs to begin planning and ordering textbooks and instructional materials for the opening in August, 2011. An amount of \$1,030,000 for textbooks and instructional materials has been added to the fiscal 2011 capital budget request. The mid-year hiring of a Principal and Lead Secretary is needed to plan and prepare for the August, 2011 opening. Total additional utility and staffing costs are \$278,346.

Operating Impact of Capital Projects

Deerfield Elementary School (increase in sq. footage 48,591 & added AC)		194,000
Principal for half year at new Red Pump Elementary School	0.5	60,266
Clerical for half year at new Red Pump Elementary School	0.5	24,080
Operating Impact of Capital Projects	1.0	278,346

Fiscal 2011 Operating Expenditures Funded with Fund Balance

The following table identifies the onetime and ongoing expenditure items that will be funded by Appropriated Fund Balance for fiscal 2011. An amount of \$5,432,714 represents the expenditures within the Unrestricted Fund. There are no capital projects funded with Appropriated Fund Balance for fiscal 2011.

Items Funded with Fund Balance

<i>One Time Costs from FY 2010 (Multi Year):</i>	
Construction Contingency	\$50,000
Interscholastic Athletics Transportation during Renovation of Fields	\$5,000
Pilot Energy Program (year two)	\$106,862
Interscholastic Athletics Transport for EHS during Construction/Field Renovation	\$12,000
Total FY 2010	\$173,862
<i>FY 2011 One Time Costs:</i>	
Performance Matters Equipment	\$122,502
Other Post Employment Benefits (Healthcare)	\$2,053,746
Total FY 2011	\$2,176,248
Total - One Time Costs Funded with Fund Balance	\$2,350,110
General Ongoing Operating Costs Funded with Fund Balance	\$3,082,604
Fund Balance Transfer to Operating Budget	\$5,432,714
Capital Items	\$ -
Fund Balance Transfer to Capital Budget	\$0
Total FY 2011 Use of Fund Balance	\$ 5,432,714

Expenditures

Restricted Fund Expenditures

The Board of Education is projecting \$34,722,098 for fiscal 2011 in restricted funding which will support 264.4 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 and the programs supported. Special Education or IDEA funding represents the largest portion of restricted funding. The table below summarizes restricted expenditures by major categories:

Restricted Fund Categories	FY 2010		FY 2011	
	Amount	FTEs	Amount	FTEs
American Recovery and Reinvestment Act (ARRA)	8,720,247	43.4	9,813,962	49.4
Career and Technology Programs	432,261	-	458,713	-
Master Plan/Bridge to Excellence	5,399,946	65.1	5,239,169	64.1
Special Education	17,457,941	149.2	17,179,665	147.2
Special Programs	2,257,263	2.3	2,030,589	3.7
Total	34,267,658	260.0	34,722,098	264.4

Details for the Restricted Funds fiscal 2011 Budget and individual grants are in the Restricted Section of this Budget Book, Tab 24.

Long Term Budgetary Issue Facing HCPS

The extraordinary economic times that the nation, state and county are currently experiencing provide additional challenges that reach years into the future in regard to sustainability of current spending when revenue sources show no signs of additional growth. Reduction of ongoing expenditures is critical in the absence of increased revenues. The following table reflects the financial difficulty that Harford County Public Schools will face in the future with continued use of one time funds/measures to cover ongoing expenses.

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

Operating Budget:		
Fund Balance Used to fund Ongoing Operating Expenditures in FY11	3,082,604	
Restricted ARRA Funds (Ongoing Health Ins \$2.8M & Non-Public \$1.3M)	4,140,603	
One Time Cost Savings Measures In FY11 Budget	369,000	
Operating Structural Deficit Entering FY 2012		\$ 7,592,207
Restricted Budget		
AARA - IDEA (Special Education)	38.0 fte 3,691,530	
AARA - Title I	9.4 fte 1,282,629	
AARA - Other	18,691	4,992,850
Title II - Part A (chg from formula basis to competitive award)	17.0 fte	1,252,014
Restricted Funding Expiring 6/30/2011		\$ 6,244,864
Total Funding Shortfall Entering FY 2012	64.4 FTE	\$ 13,837,071

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

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

Expenditures

Among Maryland's 24 School Districts Harford County Public Schools is Ranked

18th in Funding

12th in Local Wealth (County Ranking) per Pupil

In the Top 3rd in Student Achievement

Source: Md. State Department of Education, fiscal 2008-2009 Fact Book

Summary of Fiscal 2011 Unrestricted Operating Changes

Within programs, changes are identified as Wages and Benefits, Cost of Doing Business (includes Transportation, Special Education, and Reversal of One Time Items) and Operating Impact of New Construction Projects. The following table "Summary of Fiscal Year 2011 Unrestricted Operating Budget Changes" reflects the dollar changes in this format by program.

HARFORD COUNTY PUBLIC SCHOOLS

Summary of Fiscal 2011 Unrestricted Operating Budget Changes

Fiscal 2010 Unrestricted Operating Budget

\$ 417,525,509

Program	Wages & Benefits	Cost of Doing Business	Operating Impact of New Construction Projects	Fiscal 2011 Budget	Strategic Plan Goal
Executive Administration					
<i>Executive Administration Office</i>					
Transfer 1.0 FTE Associate Supt. from Curriculum & Instruction to Executive Admin as part of the Administrative Reorganization		150,000		150,000	3
Transfer 1.0 FTE Director of Community Engagement & Equity from Equity & Cultural Proficiency to Executive Admin as part of the Administrative Reorganization		127,763		127,763	3
<i>Executive Administration Office</i>	-	277,763	-	277,763	
Total Executive Administration		\$0	\$277,763	\$0	\$277,763
Education Services					
<i>Office of Ed. Services</i>					
Add 1.0 FTE Exec. Director of Middle Schools as part of the Administrative Reorganization		127,762		127,762	3
Misc. salary adjustments		5,604		5,604	3
<i>Total Office of Ed. Services</i>	-	133,366	-	133,366	
<i>Regular Program</i>					
Office of Principal					
Turnover/Salary Adjustments	(24,430)			(24,430)	3
Add .8 FTE 10 Month Clerical position to Alternative Education		23,912		23,912	4
.5 FTE Principal for Red Pump Elementary			50,429	50,429	4
.5 FTE Lead Secretary for Red Pump Elementary			16,993	16,993	4
<i>Office of Principal</i>	(24,430)	23,912	67,422	66,904	
Instructional					
Turnover/Salary Adjustments	(1,606,110)			(1,606,110)	3
Transfer 10.0 FTE Reading Teachers from restricted funding to operating		773,301		773,301	3
Add 3.2 FTE Paraeducators to Alt Ed		78,367		78,367	4
Reduce evening per diem expense for Alt Ed to offset addition of permanent staff		(113,012)		(113,012)	3
<i>Instructional</i>	(1,606,110)	738,656	-	(867,454)	
<i>Total Regular Program</i>	(\$1,630,540)	\$762,568	\$67,422	(\$800,550)	
Other Magnet Programs					
3.0 Natural Resources/Ag Science Tchrs		135,864		135,864	2
<i>Other Magnet Programs</i>	-	135,864	-	135,864	
Summer School					
Reduction in High School Summer School salaries		(35,232)		(35,232)	3
<i>Summer School</i>	-	(35,232)	-	(35,232)	
Total Education Services		(\$1,630,540)	\$996,566	\$67,422	(\$566,552)
Special Education					
<i>Administrative Services</i>					
Transfer 1.0 Clerical position from restricted funding to operating		40,245		40,245	3
<i>Administrative Services</i>	-	40,245	-	40,245	
<i>Home School</i>					
Turnover/Salary Adjustments	(160,722)			(160,722)	3
Transfer 10.0 teachers to restricted funding		(529,833)		(529,833)	3

Program		Wages & Benefits	Cost of Doing Business	Operating Impact of New Construction Projects	Fiscal 2011 Budget	Strategic Plan Goal
	Transfer excess funds in related services to Inclusion Helper account		321,113		321,113	2
	Transfer 7.0 IHs from Medical Assistance funding to operating		88,429		88,429	3
	Transfer 5.6 Paraeducators from Medical Assistance funding to operating		81,260		81,260	3
	36.0 FTE additional Inclusion Helpers		454,788		454,788	2
	Home School	(160,722)	415,757	-	255,035	
Cluster Programs						
	Summer Extended Year additional salaries		100,000		100,000	2
	Transfer 1.6 FTE Paraeducators from Medical Assistance funding to operating		28,547		28,547	3
	Cluster Programs	-	128,547	-	128,547	
Related Services						
	Transfer 3.0 FTE teachers from operating funds to restricted		(237,485)		(237,485)	3
	Transfer 8.0 FTE therapists from operating funds to Medical Assistance		(620,252)		(620,252)	3
	Related Services	-	(857,737)	-	(857,737)	
Nonpublic Placement						
	Additional nonpublic expenses		944,623		944,623	2
	Nonpublic Placement	-	944,623	-	944,623	
	Total Special Education	(160,722)	\$671,435	\$0	\$510,713	
Extra-Curricular Activities						
Interscholastic Athletics						
	Interscholastic Athletic transportation		(5,000)		(5,000)	3
	Interscholastic Athletics	-	(5,000)	-	(5,000)	
	Total Extra-Curricular	\$0	(\$5,000)	\$0	(\$5,000)	
Safety and Security						
	Monitoring fees for new cameras		35,530		35,530	1
	Total Safety and Security	\$0	\$35,530	\$0	\$35,530	
Pupil Services						
	Turnover/Salary Adjustments	(1,500)			(1,500)	3
	Total Pupil Services	(\$1,500)	\$0	\$0	(\$1,500)	
Curriculum & Instruction						
Curriculum Development						
	1.0 FTE Asst. Supt. Of Curriculum position transferred to Executive Administration		(133,692)		(133,692)	3
	Curriculum Development	-	(133,692)	-	(133,692)	
Office of Accountability						
	1.0 FTE Asst. Supv. Of Accountability position eliminated as part of the administrative reorganization		(101,966)		(101,966)	3
	Office of Accountability	-	(101,966)	-	(101,966)	
Office of Equity & Cultural Proficiency						
	Transfer 1.0 Coordinator of Cultural Proficiency to Executive Administration		(95,067)		(95,067)	3
	Add back Central Office FY10 reduction		20,284		20,284	3
	Office of Equity & Cultural Proficiency	-	(74,783)	-	(74,783)	
	Total Curriculum and Instruction	\$0	(\$310,441)	\$0	(\$310,441)	
Operations & Maintenance						
Transportation						
	Turnover/Salary Adjustments	(28,790)			(28,790)	3
	Additional 10.0 Bus Drivers/Attendants		175,032		175,032	4
	Transportation for Ag Science Magnet		180,000		180,000	4
	Bus Contract increase		114,000		114,000	3
	Transportation	(28,790)	469,032	-	440,242	
Facilities Management						
	Turnover/Salary Adjustments	(26,125)			(26,125)	3
	Septic Service		100,000		100,000	3
	Property Insurance		50,576		50,576	3

Program		Wages & Benefits	Cost of Doing Business	Operating Impact of New Construction Projects	Fiscal 2011 Budget	Strategic Plan Goal
	Add back Central Office FY10 reduction		13,183		13,183	3
	Contracted snow removal		50,000		50,000	3
	2.0 FTEs transferred from Planning & Construction as part of the administrative reorganization		193,938		193,938	3
	Reduce contracted Project Manager		(114,000)		(114,000)	3
	Facilities Management	(26,125)	293,697	-	267,572	
Utility Resource Management						
	Electricity reduction		(532,000)		(532,000)	1
	Additional electricity for Deerfield Elementary			194,000	194,000	1
	Utility Resource Management	-	(532,000)	194,000	(338,000)	
Planning and Construction						
	1.0 FTE Director of Planning & Construction eliminated		(124,041)		(124,041)	3
	2.0 Asst. Supv. Planning & Construction transferred to Facilities Mgmt.		(184,598)		(184,598)	3
	Planning and Construction	-	(308,639)	-	(308,639)	
	Total Operations & Maintenance	(\$54,915)	(\$77,910)	\$194,000	\$61,175	
Business Services						
Fiscal Services						
	Turnover/Salary Adjustments	(8,000)			(8,000)	3
	Increase indirect cost recovery		(143,539)		(143,539)	3
	Decrease in liability insurance for student transportation		(15,000)		(15,000)	3
	Increase in liability insurance		110,394		110,394	3
	Retirement expense adjustments	706,249	18,641		724,890	4
	FICA adjustments	(130,053)	47,102	5,158	(77,793)	4
	Workers compensation changes	(4,956)	307,988	226	303,258	3
	Fiscal Services	563,240	325,586	5,384	894,210	
Purchasing						
	Add back Central Office FY10 reduction		8,437		8,437	3
	Purchasing	-	8,437	-	8,437	
	Total Business Services	\$563,240	\$334,023	\$5,384	\$902,647	
Human Resources						
	Add back Central Office FY10 reduction		43,156		43,156	3
	Eliminate 1.0 FTE Manager of Recruitment		(100,856)			3
	Health Insurance adjustments	865,051	683,531	10,804	1,559,386	4
	OPEB contribution	2,053,746			2,053,746	4
	Life Insurance adjustments	(4,135)	1,885	162	(2,088)	4
	Dental Insurance adjustments		39,441	574	40,015	4
	Total Human Resources	\$2,914,662	\$667,157	\$11,540	\$3,593,359	
Office of Technology & Information						
	Add back Central Office FY10 reduction		1,617		1,617	3
	Additional equipment related to Performance Matters Software		257,502		257,502	2
	Print Shop supplies		34,000		34,000	3
	Software materials of instruction		127,400		127,400	2
	Hardware maintenance		85,000		85,000	3
	Total Office of Technology & Information	\$0	\$505,519	\$0	\$505,519	
Change		\$1,630,225	\$3,094,642	\$278,346	\$5,003,213	
Fiscal 2011 Unrestricted Operating Budget					\$422,528,722	