

# 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 2013 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
<b><i>Cost Increases:</i></b>					
Salary and Benefits				15.5	15.5
Cost of Doing Business	9.0	12.4	10.9	0.8	33.1
<b>Total Cost Increases</b>	<b>\$ 9.0</b>	<b>\$ 12.4</b>	<b>\$ 10.9</b>	<b>\$ 16.3</b>	<b>\$ 48.6</b>
<b>Decrease (Increase) in Revenue</b>	<b>\$ 5.2</b>	<b>\$ (4.2)</b>	<b>\$ (2.1)</b>	<b>\$ 7.1</b>	<b>\$ 6.0</b>
<b>Total - Budget Shortfall</b>	<b>\$ 14.2</b>	<b>\$ 8.2</b>	<b>\$ 8.8</b>	<b>\$ 23.4</b>	<b>\$ 54.6</b>

(In Millions)	FY10	FY11	FY12	FY13	Total
<b><i>Resolutions/Cost Saving Measures:</i></b>					
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
<b>Total Cost Saving Measures</b>	<b>\$ 10.8</b>	<b>\$ 7.4</b>	<b>\$ 5.6</b>	<b>\$ 24.1</b>	<b>\$ 47.9</b>
<b>Increase Use of Fund Balance</b>	<b>\$ 3.4</b>	<b>\$ 0.8</b>	<b>\$ 3.2</b>	<b>\$ (0.7)</b>	<b>\$ 6.7</b>
<b>Total - Budget Resolution</b>	<b>\$ 14.2</b>	<b>\$ 8.2</b>	<b>\$ 8.8</b>	<b>\$ 23.4</b>	<b>\$ 54.6</b>

# Expenditures

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 \$24.2 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
<b>Fund Balance Use FY 2013 Budget</b>	<b>\$ 7,800,000</b>

## Budget Development Process

It is with this understanding that the fiscal 2013 budget process began and the following budget strategies were developed:

2013 Budget Strategies
Preserve the integrity of the instructional programs
Maintain a competitive salary structure

During the fiscal 2013 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 2013 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. As a result of no step increases or Cost of Living Adjustments (COLA) for the past three 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](http://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

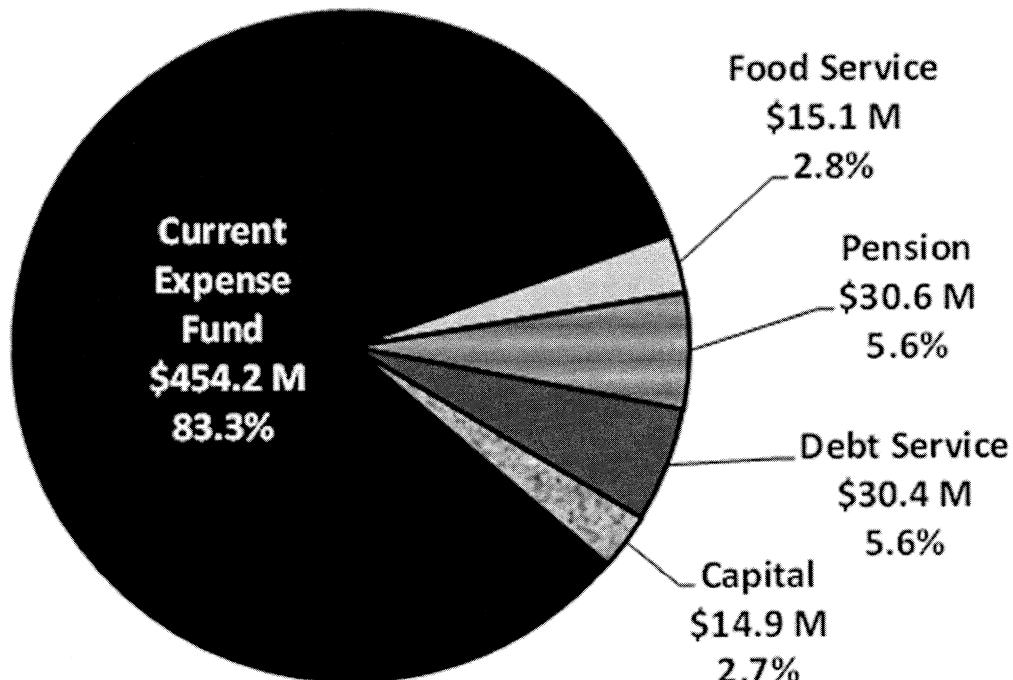
# Expenditures

## 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 \$454.2 million for fiscal 2013. 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 \$15.1 million for fiscal 2013. 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 \$30.4 million are managed by the Harford County Government and additional detail is provided in Tab 23. The Capital Projects Fund totaling \$14.9 million includes primarily state and local government funding. The Capital Budget Summary is contained in a Tab 24 near the end of this budget book.

Expenditures - All Funds							
	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Budget	FY 2013 Budget	Change FY12 - FY13	% Chg
Unrestricted Fund	409,201,965	408,767,830	427,412,634	435,643,868	427,768,507	(7,875,361)	-1.8%
Restricted Fund	33,693,057	41,571,808	28,787,162	26,206,659	26,464,157	257,498	1.0%
<b>Total Current Expense Fund</b>	<b>\$ 442,895,022</b>	<b>\$ 450,339,638</b>	<b>\$ 456,199,796</b>	<b>\$ 461,850,527</b>	<b>\$ 454,232,664</b>	<b>\$ (7,617,863)</b>	<b>-1.6%</b>
Food Service	14,301,327	15,002,160	15,201,306	15,120,364	15,147,627	27,263	0.2%
Pension	31,578,248	34,323,976	33,360,568	33,360,568	30,575,369	(2,785,199)	-8.3%
Debt Service	15,861,041	22,576,521	30,155,642	30,155,642	30,355,614	199,972	0.7%
Capital	83,305,397	47,763,925	26,758,294	16,205,845	14,911,610	(1,294,235)	-8.0%
<b>Total - All Funds</b>	<b>\$ 587,941,035</b>	<b>\$ 570,006,220</b>	<b>\$ 561,675,606</b>	<b>\$ 556,692,946</b>	<b>\$ 545,222,884</b>	<b>\$ (11,470,062)</b>	<b>-2.1%</b>

## FY 2013 Expenditures - All Funds \$545.2 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 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 2013 is \$454.2 million, a decrease of \$7.6 million or 1.6% from fiscal 2012. Unrestricted Fund expenditures for fiscal 2013 decreased \$7.9 million and Restricted Fund expenditures increased by \$3.3 million in fiscal 2013. The fiscal 2013 Current Expense Fund is summarized below by program area.

<b>Expenditures - Current Expense Fund - by Program</b>							
	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Budget	FY 2013 Budget	Change FY12 - FY13	% Chg
<b>BOARD OF EDUCATION</b>	452,351	447,029	556,993	615,068	639,182	24,114	
Board of Education Services	143,752	106,666	200,953	250,755	267,871	17,116	
Legal Services	198,878	200,030	201,391	208,496	212,105	3,609	
Internal Audit Services	109,721	140,333	154,649	155,817	159,206	3,389	
<b>EXECUTIVE ADMINISTRATION</b>	1,713,744	1,924,128	1,877,329	1,947,655	1,859,711	(87,944)	
Executive Administration Office	1,256,863	1,264,529	1,229,689	1,255,139	1,193,179	(61,960)	
Community Engagement	69,874	255,960	201,011	200,997	192,828	(8,169)	
Communications	387,007	403,639	446,629	491,519	473,704	(17,815)	
<b>EDUCATION SERVICES</b>	183,572,473	183,935,832	182,445,944	184,470,752	180,877,298	(3,593,454)	
Office of Education Services	2,932,352	717,106	702,975	762,250	732,438	(29,812)	
Regular Programs	156,998,066	158,257,650	157,264,326	158,824,712	156,105,869	(2,718,843)	
Career and Technology Programs	7,868,872	9,070,862	8,699,852	8,835,167	8,901,514	66,347	
School Library Media Program	6,928,118	7,000,726	6,893,066	6,923,352	6,352,293	(571,059)	
Gifted and Talented Program	1,457,474	1,468,750	1,489,132	1,631,320	1,664,254	32,934	
Intervention Services	2,194,759	2,190,755	1,806,946	1,927,094	1,633,608	(293,486)	
Magnet and Signature Programs	1,596,699	1,736,699	2,021,810	1,945,872	1,922,250	(23,622)	
Summer School	782,958	760,790	772,292	772,558	682,575	(89,983)	
Other Special Programs	2,813,175	2,732,494	2,795,545	2,848,427	2,882,497	34,070	
<b>SPECIAL EDUCATION</b>	38,957,985	39,541,189	40,244,566	41,261,894	39,913,958	(1,347,936)	
<b>EXTRA-CURRICULAR ACTIVITIES</b>	3,486,422	3,493,516	3,562,271	3,617,102	3,606,291	(10,811)	
Student Activities	793,804	773,326	810,549	854,620	846,574	(8,046)	
Interscholastics Athletics	2,692,618	2,720,190	2,751,722	2,762,482	2,759,717	(2,765)	
<b>SAFETY AND SECURITY</b>	1,067,358	1,091,462	1,119,507	1,042,789	861,637	(181,152)	
<b>STUDENT SERVICES</b>	14,324,832	14,107,125	14,414,102	14,684,921	14,825,710	140,789	
School Counseling Services	7,212,682	7,049,702	7,168,011	7,195,670	7,358,979	163,309	
Psychological Services	2,254,074	2,255,381	2,336,691	2,406,063	2,430,118	24,055	
Pupil Personnel Services	1,615,160	1,608,766	1,613,773	1,690,336	1,641,081	(49,255)	
Health Services	3,242,916	3,193,276	3,295,627	3,392,852	3,395,532	2,680	
<b>CURRICULUM AND INSTRUCTION</b>	5,283,773	5,079,790	4,881,080	5,359,664	4,615,537	(744,127)	
Curriculum Dev. and Implementation	3,369,382	3,111,432	3,183,490	3,427,906	2,891,836	(536,070)	
Professional Development	927,150	1,053,691	977,795	1,148,644	966,680	(181,964)	
Office of Accountability	987,241	914,667	719,795	783,114	757,021	(26,093)	
<b>OPERATIONS AND MAINTENANCE</b>	63,304,261	65,620,450	67,667,329	68,139,408	68,443,790	304,382	
Transportation	27,633,966	29,561,078	31,031,249	31,247,877	31,596,366	348,489	
Facilities Management	20,548,412	21,062,257	21,774,380	21,858,858	21,938,069	79,211	
Utility Resource Management	14,215,696	14,110,014	14,048,591	14,165,388	14,052,655	(112,733)	
Planning and Construction	906,187	887,101	813,109	867,285	856,700	(10,585)	
<b>BUSINESS SERVICES</b>	25,820,205	26,485,647	27,346,682	28,121,728	32,701,490	4,579,762	
Fiscal Services	24,769,148	25,462,215	26,334,212	27,098,789	31,727,274	4,628,485	
Purchasing	1,051,057	1,023,432	1,012,470	1,022,939	974,216	(48,723)	
<b>HUMAN RESOURCES</b>	62,916,449	58,638,107	74,095,164	76,931,562	70,507,691	(6,423,871)	
<b>OFFICE OF TECHNOLOGY &amp; INFO.</b>	8,302,112	8,403,555	9,201,667	9,451,325	8,916,212	(535,113)	
<b>Unrestricted Fund</b>	409,201,965	408,767,830	427,412,634	435,643,868	427,768,507	(7,875,361)	-1.8%
<b>Restricted Fund</b>	33,693,057	41,571,808	28,787,162	26,206,659	26,464,157	257,498	1.0%
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<b>Total - All Funds</b>	\$ 587,941,035	\$ 570,006,220	\$ 561,675,606	\$ 556,692,946	\$ 545,222,884	\$ (11,470,062)	-2.1%

# 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:

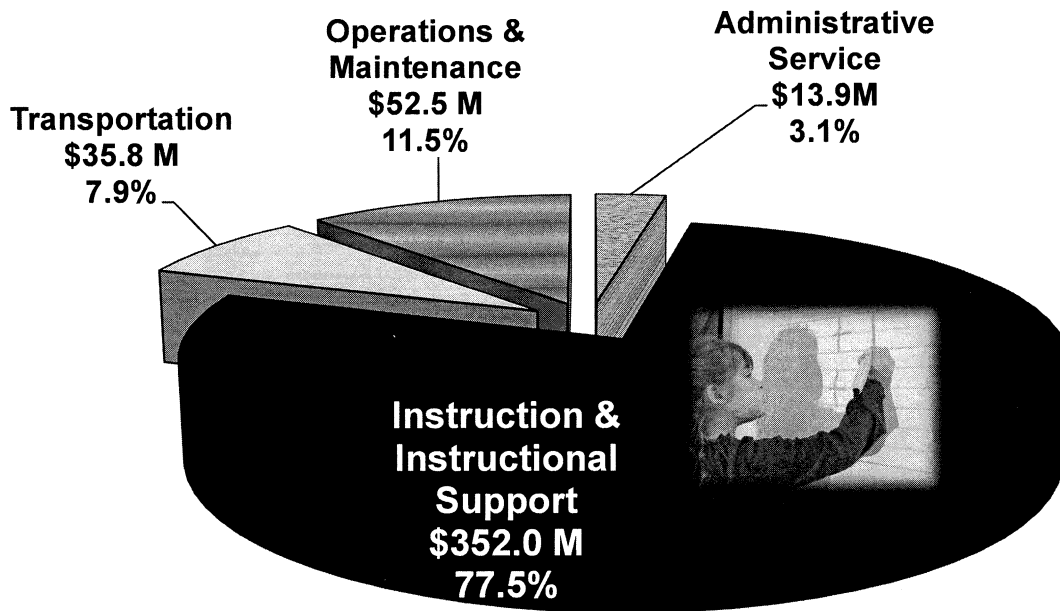
<b>Current Expense Fund - By State Category</b>									
<b>SUMMARY BY CATEGORY</b>	<b>Unrestricted</b>			<b>Restricted</b>			<b>Current Expense</b>		
	<b>FY 2013</b>			<b>FY 2013</b>			<b>FY 2013</b>		
	Amount	%	FTE	Amount	%	FTE	Amount	%	FTE
Administrative Services	\$10,874,576	2.5%	121.9	515,000	1.9%	1.0	11,389,576	2.5%	122.9
Mid-Level Administration	\$25,088,948	5.9%	341.8	632,970	2.4%	10.2	25,721,918	5.7%	352.0
Instructional Salaries	\$164,584,240	38.5%	2,736.5	3,266,276	12.3%	44.4	167,850,516	37.0%	2,780.9
Textbooks & Classroom Supplies	\$7,007,103	1.6%	0.0	588,215	2.2%	0.0	7,595,318	1.7%	0.0
Other Instructional Costs	\$2,281,731	0.5%	0.0	1,974,602	7.5%	0.0	4,256,333	0.9%	0.0
Special Education	\$39,992,569	9.3%	915.7	14,542,812	55.0%	154.0	54,535,381	12.0%	1,069.7
Student Services	\$1,641,081	0.4%	20.0	0	0.0%	0.0	1,641,081	0.4%	20.0
Health Services	\$3,395,532	0.8%	71.5	0	0.0%	0.0	3,395,532	0.7%	71.5
Student Transportation	\$31,402,065	7.3%	217.4	0	0.0%	0.0	31,402,065	6.9%	217.4
Operation of Plant	\$29,414,929	6.9%	344.9	0	0.0%	0.0	29,414,929	6.5%	344.9
Maintenance of Plant	\$12,653,057	3.0%	125.5	0	0.0%	0.0	12,653,057	2.8%	125.5
Fixed Charges	\$98,856,961	23.1%	0.0	4,627,103	17.5%	0.0	103,484,064	22.8%	0.0
Community Services	\$525,715	0.1%	1.0	0	0.0%	0.0	525,715	0.1%	1.0
Capital Outlay	\$50,000	0.0%	0.0	317,179	1.2%	0.0	367,179	0.1%	0.0
<b>TOTAL</b>	<b>\$427,768,507</b>	<b>100.0%</b>	<b>4,896.2</b>	<b>\$26,464,157</b>	<b>100.0%</b>	<b>209.6</b>	<b>\$454,232,664</b>	<b>100.0%</b>	<b>5,105.8</b>

<b>Current Expense Fund - By Object Class</b>									
<b>SUMMARY BY OBJECT</b>	<b>Unrestricted</b>			<b>Restricted</b>			<b>Current Expense</b>		
	<b>FY 2013</b>			<b>FY 2013</b>			<b>FY 2013</b>		
	Amount	%	FTE	Amount	%	FTE	Amount	%	FTE
Salary and Wages	260,157,122	60.8%	4,896.2	12,203,298	46.1%	209.6	272,360,420	60.0%	5,105.8
Contracted Services	39,987,934	9.3%		7,808,130	29.5%		47,796,064	10.5%	
Supplies and Materials	12,711,650	3.0%		684,085	2.6%		13,395,735	2.9%	
Other Charges	114,417,579	26.7%		5,114,886	19.3%		119,532,465	26.3%	
Equipment	1,009,222	0.2%		138,758	0.5%		1,147,980	0.3%	
Transfers	(515,000)	-0.1%		515,000	1.9%		0	0.0%	
<b>TOTAL</b>	<b>\$427,768,507</b>	<b>100.0%</b>	<b>4,896.2</b>	<b>\$26,464,157</b>	<b>100.0%</b>	<b>209.6</b>	<b>\$454,232,664</b>	<b>100.0%</b>	<b>5,105.8</b>

# Expenditures

*Where the money goes...*

## FY 2013 Current Expense Fund **\$454.2 Million**



# Expenditures

## Unrestricted Operating Budget Changes FY 2012 to FY 2013

Total FTE's	FY 2012 Unrestricted Budget - Amended		\$ 435,643,868
4,965.6			
4.6	<b>Base Budget Changes</b> <i>(Budget Neutral)</i>		-
	Reversal of One Time Payments FY 2012		(8,111,630)
	<b>Salary &amp; Benefits :</b>		
	Salary		10,000,000
	Pension		5,529,741
	Turnover		(2,915,780)
	Net Health/Dental Insurance Adjustment		(1,511,633)
	<b>Other Adjustments :</b>		
6.0	Transportation	614,265	
	Other Cost of Doing Business	343,180	
-1.0	Special Education	(1,514,015)	
-13.0	General Cost Reductions	(6,409,489)	(6,966,059)
	<b>Position Reductions:</b>		
-66.0	Cost Reductions - Positions		(3,900,000)
(69.4)	<b>Total Change FY12 - FY13</b>		<b>\$ (7,875,361)</b>
4,896.2	<b>FY 2013 Approved Unrestricted Budget</b>		<b>\$ 427,768,507</b>

Summary of Position Changes	
3.0	Special Education Bus Drivers
3.0	Special Education Bus Attendants
(1.0)	Specialist/Programmer
(4.0)	Clerical Positions
(7.0)	Administrators
(8.0)	Paraeducators
(55.4)	Teachers
(69.4)	<b>Total Change</b>

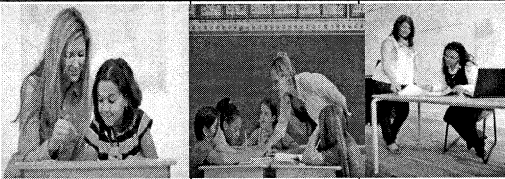
### FY 2013 Revenue by Source:

Revenue	FY12 Final Budget	Change	FY13 Budget
Local	217,768,287	2,053,081	219,821,368
State	201,731,181	(4,712,648)	197,018,533
Federal	1,541,977	(891,977)	650,000
Other Sources	6,048,980	(3,570,374)	2,478,606
Fund Balance	8,553,443	(753,443)	7,800,000
<b>Total Revenue</b>	<b>\$435,643,868</b>	<b>\$ (7,875,361)</b>	<b>\$ 427,768,507</b>

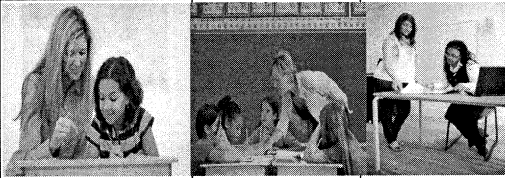
# Expenditures

**Salary/Wages** – An increase of \$10.0 million in salary/wages and fixed charges in the FY 2013 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 the past three 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 <sup>st</sup> Year 2008-2009	\$41,171	\$41,674	\$42,000
2 <sup>nd</sup> Year 2009-2010	\$41,171	\$42,820	\$43,335
3 <sup>rd</sup> Year 2010-2011	\$41,171	\$44,290	\$43,985
4 <sup>th</sup> Year 2011-2012	\$41,171	\$45,732	\$44,755
5 <sup>th</sup> 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 <sup>th</sup> Year 2008-2009	\$56,988	\$55,659	\$53,508
11 <sup>th</sup> Year 2009-2010	\$56,988	\$57,760	\$56,959
12 <sup>th</sup> Year 2010-2011	\$56,988	\$60,452	\$58,810
13 <sup>th</sup> Year 2011-2012	\$56,988	\$62,150	\$60,722
14 <sup>th</sup> 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](http://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 4,600 employees and 2,400 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 \$62.2 million in fiscal 2013, **an increase of 170%**. 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%**. Fiscal year 2013 costs are projected to remain stable and comparable to FY 2013 with the exception of the prescription drug costs associated with the HCEA employees which opted not to participate with a mandatory generic drug plan.

**Cost of Doing Business** – Cost of Doing Business expenditures increases in this section primarily encompass the two sections below titled Transportation for \$614,265 and Other – CDB costs of \$343,180. The categories following these two sections represent reductions to the FY 2013 budget.

## General Cost Reductions

Description		FTE	Total by Item
<b>Transportation:</b>			
1	One additional contractor bus to service Global Studies/IB Program at EHS		55,000
2	One additional contractor bus to service Natural Resource/Ag. Science at NHHS		55,000
3	Contracted Bus Service (Increase PVA of \$6,679 for 13 long buses replaced)		86,827
4	Add 3.0 FTE SE Bus Drivers & 3.0 FTE SE attendants for three new SE buses	6.0	189,438
5	Contracted Bus Service Rate		228,000
<b>Total - Transportation</b>		<b>6.0</b>	<b>614,265</b>
<b>Other - CDB Increases:</b>			
6	Annual escalation of performance lease agreements & service contracts		28,501
7	Regular Program Professional Salaries - Education Services		99,060
8	Interscholastic Sports Expenditures based on \$27,430 increase in gate receipts in FY2011 (Budget neutral items)		27,430
9	Department Juvenile Justice contracted instruction		40,000
10	Property (incentive program & 50% rate stabilization fund)		34,742
11	Liability (incentive program & 50% rate stabilization fund)		82,247
12	Board of Education - Increase in legal fees \$10k, conferences \$15k & professional dues \$6200		31,200
<b>Total - Other CDB Increases</b>			<b>343,180</b>
<b>Special Education:</b>			
13	Transfer Non-Public Placement Tuition to Restricted Carryover Funds		(700,000)
14	Transfer Non-Public Placement Tuition to Restricted to match increase in Maryland Inter-government transfer (\$1,375,000 to \$1,900,000)		(525,000)
15	Reallocation of teaching positions offset by Paraeducator reduction	2.0	118,015
16	Paraeducator reduction to increase teaching staff	-4.0	(118,015)
17	Reduce Non-Public Placement Tuition based on FY12 Actuals		(350,000)
18	One Special Education Teacher	1.0	60,985
<b>Total - Special Education</b>		<b>-1.0</b>	<b>(1,514,015)</b>

# Expenditures

## General cost reductions continued:

<b>General Expenditure Reductions:</b>		
Transportation - Vehicle repair/maintenance on long buses (due to fleet reduction)		(15,600)
Transportation - Fuel oil for long buses (due to fleet reduction)		(52,250)
Maintenance of Plant - Contracted computer repair		(22,000)
Technology - Communications line fees		(80,000)
Business Services - Conferences		(4,000)
Business Services - Clerical overtime & temporary help (includes FICA)		(3,796)
Business Services - Increase budget for "Indirect Cost charged to Grants" to actual rate		(50,000)
Purchasing Department - Temporary help (includes FICA)		(825)
Purchasing Department - Office supplies		(211)
Purchasing Department - Conferences		(500)
Professional Development Salaries - MSDE Inservice Courses (includes FICA)		(5,383)
Professional Development Salaries - Curriculum/Implementation (includes FICA)		(71,587)
Professional Development Salaries - New Teachers (includes FICA)		(43,060)
Professional Development Salaries - Career & Tech. (includes FICA)		(2,153)
Professional Development Salaries - Countywide Prof. Dev. (includes FICA)		(59,208)
Professional Development Salaries - Special Education Home Schools (includes FICA)		(75,355)
Professional Development Salaries - Health Services Nurses (includes FICA)		(5,383)
Professional Development Salaries - Health/AED Training (includes FICA)		(2,153)
Professional Development Salaries - PBIS Staff Dev. (includes FICA)		(10,361)
Intervention Salaries - Before & After School Programs (includes FICA)		(77,181)
Intervention Salaries - Staff Development (includes FICA)		(18,166)
Intervention Salaries - Other Salaries (includes FICA)		(37,220)
Intervention - Supplies		(16,321)
Intervention - Consultants		(10,821)
Intervention - Conferences & Meetings		(5,100)
Intervention - Transportation Before & After School Programs		(49,294)
Curriculum & Instr. - Consultants		(10,000)
Other Instr. Costs Membership/Fees for Schools		(10,000)
Other Instr. Costs - Professional Dues		(10,000)
Pupil Services - Other Contracted Services		(13,050)
Psychological Services - Equipment		(2,950)
Reduce (\$1 ES & MS, \$2 HS) Per Pupil Allocation - Library Supplies		(57,066)
Materials of Instruction - Unallocated/Declining enrollment		(50,000)
Reduce by \$1 Per Pupil Allocation - Copiers		(38,096)
Reduce by \$4 Per Pupil Allocation - Textbooks		(152,384)
Other Instructional Costs - \$7k Playground Equipment		(7,000)
Professional Development - School Counseling Program (includes FICA)		(5,383)
Other Contracted Serv., Testing and Assessments (Office of Accountability)		(50,000)
Math Science Academy - Other Salaries		(2,000)
Math Science Academy - Other Supplies		(5,000)
Math Science Academy - Textbooks		(2,000)
Math Science Academy - Computer Business Equipment		(3,000)
Science Kit Supplies		(3,000)
Other Instructional Costs - Mobile Bio-Science Lab		(500)
Reduce Per Pupil Allocation - Gifted & Talented Supplies (\$1 ES & \$1 HS )		(35,000)

# Expenditures

## General cost reductions continued:

Transportation - Interscholastic Sports		(5,000)
Other Instructional Costs - Interscholastic Athletic Equipment		(5,000)
Health Services - Other Contracted Services		(5,000)
Health Services - Consultants		(1,500)
Health Services - Medical Services AEDs		(1,000)
Health Services - Conference/Meetings		(1,000)
Curriculum & Instr. - Clerical OT		(1,000)
Special Education - Clerical OT		(1,000)
Special Education - Conferences/Meetings		(7,780)
Special Education - Deaf/Hard of Hearing Equipment		(6,000)
Special Education - Assistive Technology Equipment		(6,100)
Special Education - Other Equipment		(10,271)
Human Resources - Bids/Advertising		(10,000)
Regular Program - Music Equipment		(5,000)
Regular Program - Business Technology, Computer Equipment		(1,000)
Maintenance of Plant - Industrial Arts Supplies		(1,000)
Career & Tech Program - Textbooks		(12,000)
Intervention - Paraeducators	-4.0	(125,022)
Magnet Programs - Office Expenses		(5,000)
Professional Development Salaries - School Improvement		(43,196)
Office of Education Services - Conferences/Meetings		(1,000)
Elementary School - Conferences/Meetings		(1,000)
Middle School - Conferences/Meetings		(1,000)
High School - Conferences/Meetings		(1,000)
Office of Education Services - Office Furniture		(3,000)
Transportation - Conferences/Meetings		(6,000)
Professional Development Salaries - Technology		(53,825)
Reduce FICA based on FY12 actual turnover & projected variances for FY12		(200,000)
Refinance Building and Performance Contracts		(737,254)
Eliminate Acting Special Education Coordinator	-1.0	(111,668)
Workers Compensation (incentive program & 50% rate stabilization fund)		(122,280)
Bus Fleet Insurance		(85,000)
Reduce Business Service office supplies \$10,000 & equipment \$4,300		(14,300)
Reduce Purchasing Office contracted services \$1,796 & equipment \$1,000		(2,796)
Professional Development - Reduction		(476,112)
Meeting and Conferences		(279,251)
Library & Media Supplies		(600,000)
Eliminate six vacant central office positions	-6.0	(427,303)
Eliminate central office portion of school allocations		(125,265)
Reduce equipment account by 50%		(1,171,324)
Reduce Non-FTE Salaries		(220,745)
Summer High School Salaries		(113,782)
Reduce employees on loan to MSDE	-2.0	(228,360)
<b>Total - Other Expenditures</b>	<b>-13.0</b>	<b>(6,409,489)</b>
<b>Grand Total - Other Adjustments</b>		<b>(8.0) \$(6,966,059)</b>

# Expenditures

## Restricted Fund Expenditures

The Board of Education is projecting \$26,464,157 for fiscal 2013 in restricted funding which will support 209.6 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.

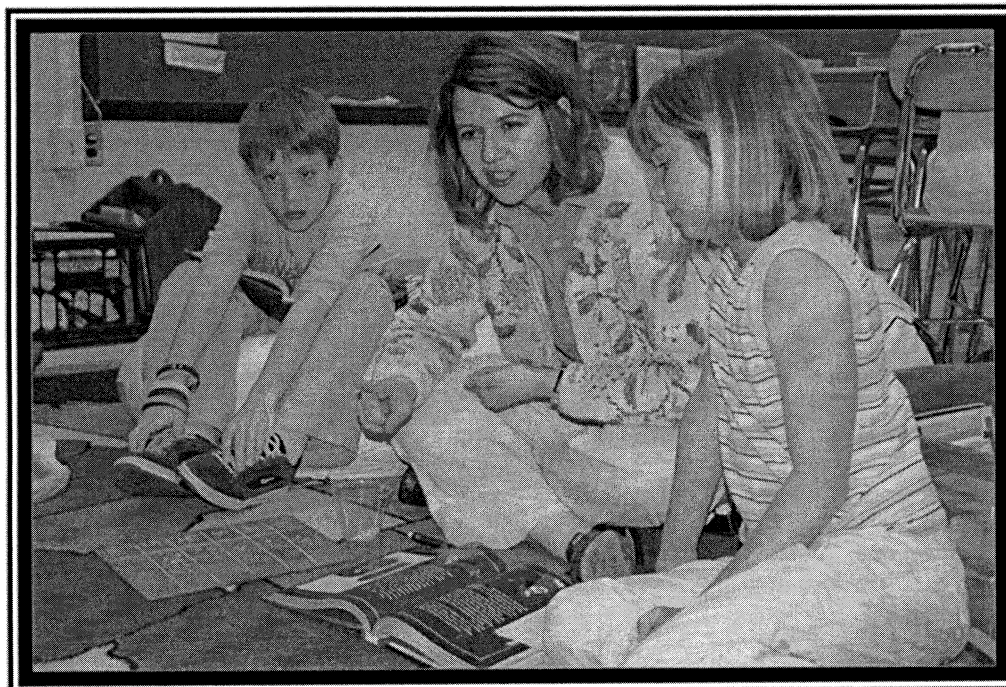
In fiscal year 2012, HCPS lost over \$9.4 million in ARRA funds resulting in a reduction of 47.8 full time equivalent positions. Positions funded under ARRA were temporary assignments with a focus on supporting initiatives in Title I schools as well as in Special Education. In fiscal 2013, the only remaining ARRA funding is Race to the Top. The funding and the positions associated with the Race to the Top initiative will continue through fiscal 2014.

Fiscal 2013 restricted funding is projected to increase slightly by 1.0%. Although funding is projected to increase slightly, 10.0 full time equivalent positions will be reduced. Most of these positions are associated with special education programs and will be eliminated through attrition.

The table below summarizes restricted expenditures by major categories:

Restricted Fund Categories	FY 2012		FY 2013	
	Amount	FTEs	Amount	FTEs
American Recovery and Reinvestment Act (ARRA)	1,293,621	6.2	972,251	6.2
Career and Technology Programs	360,728	-	453,980	-
Master Plan/Bridge to Excellence	5,214,878	44.9	5,701,734	46.9
Special Education	17,592,079	164.0	18,231,123	154.0
Special Programs	1,745,353	4.1	1,105,069	2.5
<b>Total</b>	<b>\$26,206,659</b>	<b>219.2</b>	<b>\$26,464,157</b>	<b>209.6</b>

Details for the Restricted Funds fiscal 2013 budget and individual grants are in the Restricted Section of this Budget Book, Tab 21.



# Expenditures

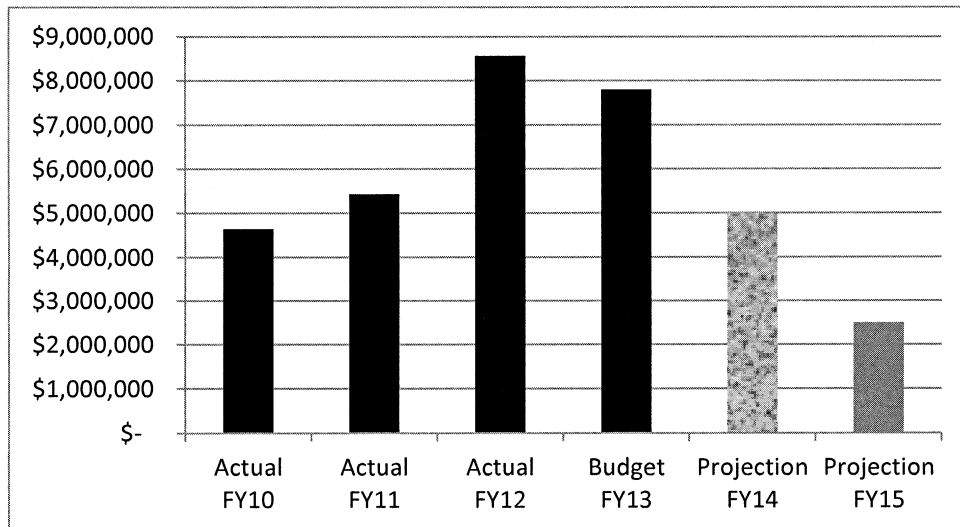
## Long Term Budgetary Issue Facing HCPS

**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 proposed fiscal year 2013 budget reduces the use of fund balance to \$7.8 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 2015.

### 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**

# Expenditures

## Summary of Fiscal 2013 Unrestricted Operating Changes

The following table represents changes within programs, changes are identified in the expenditure categories of: Salaries, Contracted Services, Supplies & Materials, Other Charges, Equipment or Transfers. The following table "Summary of Fiscal Year 2013 Unrestricted Operating Budget Changes" reflects the dollar changes in this format by program.

Summary of Fiscal 2013 Unrestricted Operating Budget Changes							\$ 435,643,868
Fiscal 2012 Amended Unrestricted Operating Budget							
Program	Salaries	Contracted Services	Supplies & Materials	Other Charges	Equipment	Transfers	Total
<b>Board of Education</b>							
Board of Education Services	916	10,000	-	6,200	-	-	17,116
Legal Services	5,859	-	-	(2,250)	-	-	3,609
Internal Audit Services	4,139	-	-	(750)	-	-	3,389
<b>Executive Administration</b>							
Executive Administration Office	(39,460)	-	-	(22,500)	-	-	(61,960)
Community Engagement	(6,392)	-	1,000	(2,737)	(40)	-	(8,169)
Communications	(9,997)	(4,821)	321	(1,675)	(1,643)	-	(17,815)
<b>Education Services</b>							
Office of Education Services	(12,875)	-	-	(4,530)	(9,680)	-	(27,085)
Regular Programs	(1,350,576)	(23,096)	(694,633)	(19,305)	(627,109)	-	(2,714,719)
Career and Technology Programs	113,372	-	(15,000)	(7,500)	(32,876)	-	57,996
School Library Media Program	105,793	1,007	(665,444)	(4,360)	(8,055)	-	(571,059)
Gifted and Talented Program	23,196	-	14,058	(4,320)	-	-	32,934
Intervention Services	(200,281)	(45,821)	(36,321)	(9,563)	-	-	(291,986)
Magnet and Signature Programs	24,539	(1,000)	(18,775)	(14,484)	(13,902)	-	(23,622)
Summer School	(89,983)	-	(10,000)	10,000	-	-	(89,983)
Other Special Programs	34,570	(500)	-	-	-	-	34,070
<b>Special Education</b>	288,307	(1,575,000)	-	(13,335)	(47,908)	-	(1,347,936)
<b>Extra-Curricular Activities</b>							
Student Activities	6,954	-	(15,000)	-	-	-	(8,046)
Interscholastic Athletics	14,913	(5,000)	22,430	-	(35,108)	-	(2,765)
<b>Safety and Security</b>	(10,935)	4,000	-	(1,688)	(172,529)	-	(181,152)
<b>Student Services</b>							
School Counseling Services	154,000	11,500	-	(1,875)	(316)	-	163,309
Psychological Services	39,783	-	-	(1,680)	(4,519)	-	33,584
Pupil Personnel Services	(33,490)	(13,050)	-	-	(2,715)	-	(49,255)
Health Services	30,368	(7,500)	-	(3,750)	(16,438)	-	2,680
<b>Curriculum Dev. and Implementation</b>							
Curriculum Dev. and Implementation	(475,977)	(10,000)	-	(46,450)	(3,643)	-	(536,070)
Professional Development	(162,353)	-	-	(25,800)	(3,340)	-	(191,493)
Office of Accountability	(43,190)	25,000	-	(3,750)	(4,153)	-	(26,093)
<b>Operations and Maintenance</b>							
Transportation	128,678	369,933	(52,250)	(93,813)	(4,059)	-	348,489
Facilities Management	159,906	1,000	(1,000)	30,392	(111,087)	-	79,211
Utility Resource Management	2,221	(114,637)	-	-	(317)	-	(112,733)
Planning and Construction	(2,041)	-	-	(6,300)	(2,244)	-	(10,585)
<b>Business Services</b>							
Fiscal Services	34,885	-	(10,000)	4,661,748	(8,148)	(50,000)	4,628,485
Purchasing	(37,671)	(1,796)	(211)	(6,450)	(2,595)	-	(48,723)
<b>Human Resources</b>	17,944	(10,000)	-	(6,427,109)	(4,706)	-	(6,423,871)
<b>Office of Technology</b>	(138,530)	(73,724)	177,259	(122,875)	(377,243)	-	(535,113)
<b>CHANGE</b>	(1,423,408)	(1,463,505)	(1,303,566)	(2,140,509)	(1,494,373)	(50,000)	(7,875,361)
<b>Fiscal 2013 Unrestricted Operating Budget</b>							<b>\$ 427,768,507</b>