



# Harford County Public Schools

## Transmittal Letter and Budget in Brief for Fiscal Year 2014

June 10, 2013

Dear School Community,

The Fiscal Year 2014 Board of Education Budget for Harford County Public Schools addresses the essential components of federal legislation known as No Child Left Behind (NCLB), state legislation known as the Bridge to Excellence Act (BTE), and continues to address the Strategic Plan and Master Plan. In May 2012, The United States Department of Education approved Maryland's application for flexibility from some of the long-standing requirements of NCLB. The flexibility waiver is intended to support the education reform underway through the Race to the Top grant and the new Common Core State Standards (CCSS).

The Common Core State Standards (CCSS) Initiative is a state-led effort coordinated by the National Governor's Association and the Council of Chief State School Officers that establishes a single set of clear and rigorous educational standards for grades K-12 in reading/English/ Language Arts and mathematics that states voluntarily adopt. The standards are designed to ensure that students graduating from high school are prepared to enter credit bearing entry courses in two- or four-year college programs or enter the workforce. The new State Curriculum will be implemented in all Maryland schools, including Harford County Public Schools, beginning in the 2013-2014 school year.

Throughout the school year, each one of the more than 5,258 employees of the Harford County Public Schools (HCPS) takes on the challenge of working towards our common goal of connecting with our students and preparing them for success. HCPS is the second largest employer in Harford County. We work to accomplish our goals as effectively and efficiently as possible. We are all committed to inspiring each of our 37,868 students to become life-long learners and responsible citizens.

Educators in Harford County have the unique responsibility of impacting the future of thousands of students every year. After all, school-age children spend almost as much time in school or in school-related activities as they do at home. Our faculty and staff are involved in every aspect of the child's academic life, from writing curriculum, serving as advisors for extracurricular activities, mentoring at-risk youth, to providing additional tutoring, and many, many 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 annual budget document will show you some examples of our successes, as well as our challenges. 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 I encourage you to join us as we impact the lives of our students in Harford County Public Schools.

The difficult economic times of the past several years have had a significant impact on state and local funding for school systems. From fiscal year 2010 through 2014, Harford County Public Schools operating costs increased by \$55.8 million and revenue decreased by \$9.1 million, resulting in a budget shortfall of \$64.9 million. The budget shortfall was resolved through the reduction of 240 positions representing \$12.1 million, salary savings from employee turnover of \$10.9 million, other cost reductions of \$37.4 million and the use of \$4.5 million in fund balance. It is important to note that HCPS employees did not receive a wage increase during four of the five years in this period.

The fiscal year 2014 budget includes the following increased costs: \$1.3 million in teacher pension costs, other cost of doing business expenses of \$2.1 million and health/dental insurance increase of \$3.8 million. Combined with a decrease in revenue of \$5.4 million, HCPS faced a budgetary shortfall of \$12.6 million. The budgetary shortfall was absorbed via employee turnover savings of \$2.8 million, elimination of 113 positions saving \$6.4 million, \$1.0 million of operating cost reductions and the elimination of non-recurring costs of \$2.4 million. Interscholastic athletics, student activities and transportation fees were also approved as a new revenue source projected to generate \$.7 million and provide the funding equivalent to retain 12.5 positions in the budget.

The fiscal 2014 approved Unrestricted Operating, Restricted and Capital budgets are \$424.7 million, \$27.7 million and \$32.5 million, respectively.



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Continuing to meet our goals and objectives, as defined by the Board of Education of Harford County, will require commitment, planning and effective leadership. Harford County Public Schools is prepared to meet the challenges that currently exist and provide the high quality education that our students, parents and community have come to expect.

*Harford County Public Schools will be a community of learners in which our public schools, families, public officials, businesses, community organizations, and other citizens work collaboratively to prepare all of our students to succeed academically and socially in a diverse, democratic, change-oriented, and global society.*

### **Mission**

*The Mission of Harford County Public Schools is to promote excellence in instructional leadership and teaching and to provide facilities and instructional materials that support teaching and learning for the 21<sup>st</sup> century. The Harford County Board of Education will support this mission by fostering a climate for deliberate change and monitoring progress through measurable indicators.*

### **Board of Education Strategic Plan Goals**

- 1. To prepare every student for success in postsecondary education and a career.**
- 2. To encourage and monitor engagement between the school system and the community to support student achievement.**
- 3. To hire and support skilled staff who are committed to increasing student achievement.**
- 4. To provide safe, secure, and healthy learning environments that are conducive to effective teaching and learning.**

Since the passage of *NCLB* in January 2002, and the Maryland enactment of the *BTE*, the annual update to our Master Plan has been revised for the tenth year and has received approval of the Maryland State Department of Education (MSDE). The Plan identifies the design and implementation of programs, services, and instructional strategies that will accelerate learning for all students.

Nancy Reynolds,  
President of the Board of Education

Barbara P. Canavan.,  
Interim Superintendent of Schools



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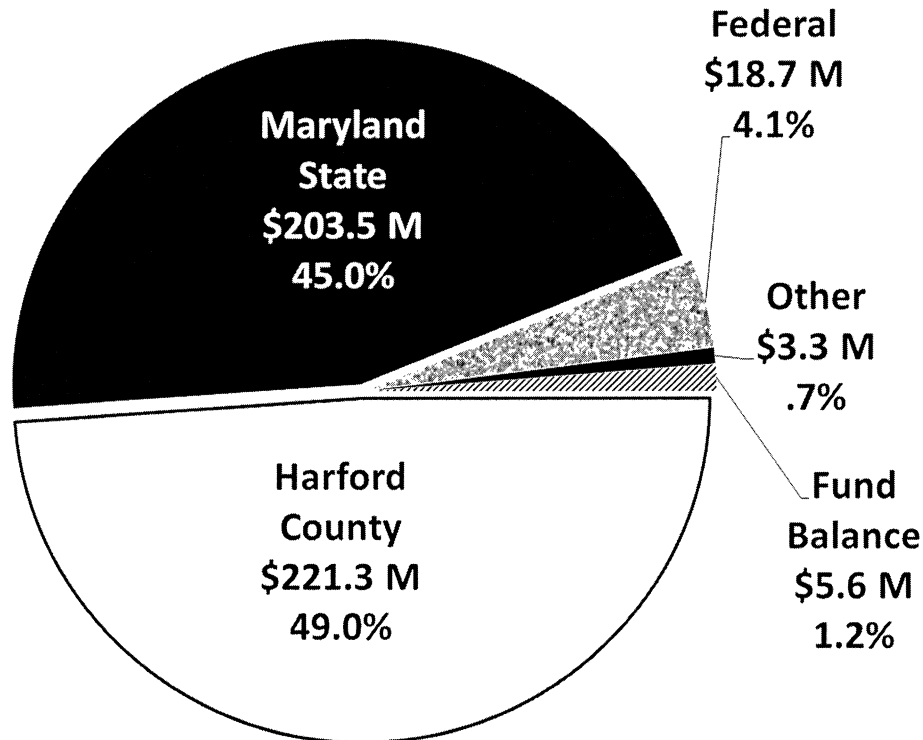
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Revenue - Current Expense Fund							
Sources	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2013 Budget	FY 2014 Budget	Change FY13 - FY14	%
Unrestricted Fund	\$ 416,290,452	\$ 435,605,566	\$ 429,811,597	\$ 430,108,097	\$ 424,737,271	\$ (5,370,826)	-1.2%
Restricted Fund	\$ 41,571,808	\$ 28,787,162	\$ 30,645,648	\$ 29,302,413	\$ 27,697,222	\$ (1,605,191)	-5.5%
Current Expense Fund	\$ 457,862,260	\$ 464,392,728	\$ 460,457,245	\$ 459,410,510	\$ 452,434,493	\$ (6,976,017)	-1.5%

*Where the money comes from...*

### FY 2014 Current Expense Fund - by Source

**\$452.4 Million**



**Maryland State Aid** – Includes Unrestricted funds and Restricted funds (grants).

**Harford County Government Aid** – includes County allocation that represents Maintenance of Effort level of funding under State Law and additional funding as allocated and approved by the County Executive and County Council.

**Federal Aid** – includes Impact Aid, ISEA, and categorical grants. (Federal stimulus funding included as a source).

**Other Sources** – Includes building use fees, gate receipts for athletic events, fees for out of county students, interest income, and student fees.

**Fund Balance** – includes funds set aside from prior fiscal years to support ongoing operations and one time expenditures.



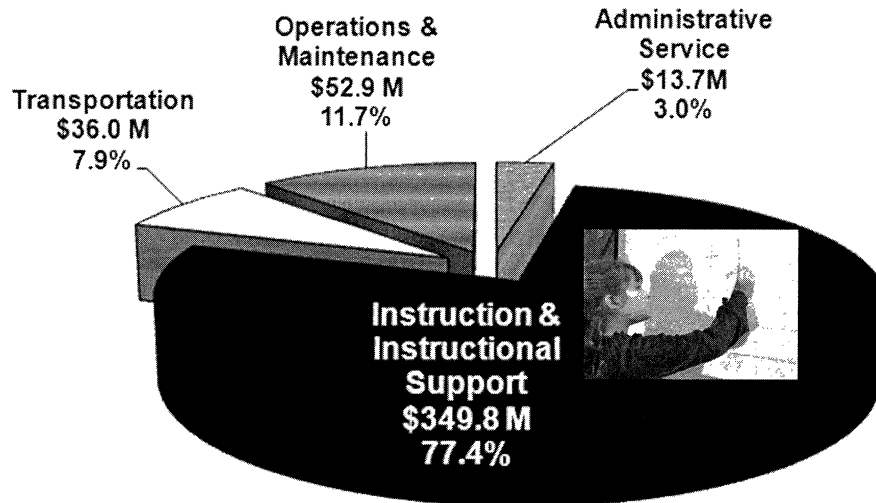
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Expenditures - Current Expense Fund						
	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2013 Budget	FY 2014 Budget	FY13 - FY14 Budget Chg.
Unrestricted Fund	408,767,830	427,412,633	424,347,633	430,108,097	424,737,271	(5,370,826)
Restricted Fund	41,571,808	28,787,162	30,645,648	29,302,413	27,697,222	(1,605,191)
<b>Current Expense Fund</b>	<b>\$ 450,339,638</b>	<b>\$ 456,199,795</b>	<b>\$ 454,993,281</b>	<b>\$ 459,410,510</b>	<b>\$ 452,434,493</b>	<b>\$ (6,976,017)</b>

*Where the money goes...*

### FY 2014 Current Expense Fund \$452.4 Million



All expenditure accounts include a share of fringe benefit costs based on FTE count which includes health, dental, & life insurance, taxes, workers compensation and unemployment compensation charges.

**Administrative Services** – includes Board of Education, Executive Administration, Business Services, Human Resources, and the Office of Technology and Information Services.

**Student Instruction** – includes Education Services, Mid-Level Administration, Instructional Salaries, Textbooks & Classroom Supplies, Other Instructional Costs, Special Education, and Health Services.

**Transportation** - includes fuel for vehicles, system operated buses for special education and contracted bus services for regular students.

**Operations and Maintenance** – includes Facilities management of buildings and grounds, utility costs and Planning and Construction expenditures for capital projects.



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### Highlights of the Fiscal Year 2014 Unrestricted Budget

#### Wage – No Increase

The Board of Education's Proposed Budget for fiscal year 2014, released in January 2013, included a salary/wage package increase of \$7.7 million for Harford County Public School employees. The proposed wage package reflected the Board of Education's goal of maintaining a competitive salary structure within the market, especially with our neighboring counties. However, new funding was not adequate to cover the proposed wage increase. The proposed wage package was subsequently removed from the final budget approved by the Board of Education for fiscal year 2014. Even with the removal of the wage package, 112.6 positions were eliminated in order to redirect available funding to balance the fiscal year 2014 Unrestricted Budget. For the 2011 – 2012 school year, the beginning salary for Harford County teachers ranked 21<sup>st</sup> of Maryland's 24 Local Education Authorities (LEAs)<sup>1</sup>.

#### State Teacher Pension Shift - \$1.3 million

For fiscal year 2014, HCPS will be required to absorb an additional \$1.5 million of teacher pension costs previously funded by the State of Maryland. In accordance with Maryland law passed in 2012, Harford County Government fully funded this pension increase. HCPS's costs of non-teaching pension costs decreased by \$.2 million in FY 2014.

#### Fringe Benefits – \$3.8 million

Health care and dental costs for fiscal year 2014 increased by \$3.8 million due to a 3.5% rate increase and projected changes in utilization and enrollment.

#### Cost of Doing Business - \$2.1 million

Increases classified as cost of doing business are limited to costs necessary to maintain existing level of services and other contractual, mandated or previously authorized programs or projects. Cost of doing business increases included in the proposed budget for fiscal year 2014 have been summarized below:

- Instructional Programs & Special Education - \$.6 million;
- Insurance - \$.4 million;
- Transportation - \$.7 million; and,
- Operations and Administration - \$.4 million.

#### Cost Savings Measures – Savings of \$7.4 million

- Reduction of 113 positions saving \$6.3 million
- Transportation savings \$.9 million
- Other reductions \$.7 million

### **Other Funds**

**Food Services Fund** – \$15,615,568; a self-supporting fund.

**Pension Fund** – \$27,319,963; the amount to be paid by the State of Maryland on behalf of HCPS employees who are members of the Teachers Retirement and Pension System.

**Debt Service Fund** - \$30,628,653; the amount paid for the financing of capital projects by Harford County Government for the Board of Education.

**Capital Project Fund** - \$32,471,846; represents the capital budget for construction and major repairs and assets for the school system. Projects are funded by state and county sources of revenues.

<sup>1</sup> MSDE 2012 Fact Book