

EXECUTIVE SUMMARY

Overview of the School System

Public schools were authorized by the State Constitution of 1864 and 1867 and placed upon the Legislature the obligation of establishing “a thorough and efficient system of free public school”¹. The Harford County Public Schools System was founded in 1865. At that time, there were 3,230 children enrolled in 69 one room schools with one teacher per school. The first Superintendent of Schools was appointed in 1902. There have only been seven Superintendents of Schools (including the current Superintendent) since 1902.

Harford County Public Schools (HCPS) is a fiscally dependent school system with an actual enrollment of 39,582 students in FY 2007 and a projected enrollment of 39,487 in FY 2008². HCPS is the 127th largest school system³ of the 17,512 regular school districts in the country⁴ when ranked by enrollment. There are 24 school districts in the State of Maryland. This places HCPS in the top one percent of school districts by size. The student body will be served by a projected 5,298.4 FTE faculty and staff positions for FY 2008.

Currently Harford County has 54 public schools along with 41 non public schools⁵ located within the County. Citizens in the County have a choice of public or private schools. Approximately 40,000 students attend public schools. The number of students attending private schools is unknown. The estimated population (as of June 30, 2006) for the County is 241,950 as determined by the County Department of Planning and Zoning. According to the Bureau of Census, the school age population in 2000 was 45,189 of which 39,540 or 87.5% attended public schools. School enrollment was 35,963 in 1994 and reached at peak in 2002 of 40,264 and has declined slightly to 39,487. Through the recent military Base Realignment and Closure (BRAC) process, the County workforce and population is estimated to increase in excess of 10%, which will result in increased population for the public school system. In the next several years, the Capital Budget proposes two new replacement high school schools and two new additional elementary school buildings.

The North Harford High School renovation is complete with an expansion to handle 1,600 students. Construction is also complete on the new Patterson Mill Middle/High School. Both North Harford and Patterson Mill were ready for the school opening at the end of August 2007. Planning and construction funding was approved for the replacement of Bel Air High School and Edgewood High School with construction beginning on Bel Air High School in the spring of 2007. Considerable construction and renovation funding has been approved for enhancement and upgrading of the school system buildings. Harford County Public Schools added an Alternative Education Program as the 51st school at the Center for Educational Opportunity in September 2004. Restoration Alternative Academy Charter School opened in September 2006 as the 52nd

¹ From “Our Harford Heritage” by C. Milton Wright, copyright 1967.

² “Enrollment Projections – HCPS Office of Research and Evaluation, Report on Enrollment at September 30, 2006.

³ “Characteristics of the 100 Largest Public Elementary and Secondary Schools Districts in the United States: 2004-2005, *Common Core of Data Survey*, U.S. Department of Education, National Center for Education Statistics, September 2006.

⁴ “Characteristics of the 100 Largest Public Elementary and Secondary Schools Districts in the United States: 2004-2005”, *Common Core of Data Survey*, U.S. Department of Education, National Center for Education Statistics, , September 2006.

⁵ Data from Maryland State Department of Education Fact Book for the Fiscal Year 2005-2006.

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school in the public school system. The combined Patterson Mill Middle/High School will become the 53rd and 54th schools in the district.

Economic Climate of Harford County, Maryland

Harford County is located 20 miles north of the City of Baltimore and adjacent to the Chesapeake Bay to the east, is bordered by the south and west by Baltimore County, to the northeast by Cecil County, and to the north by the State of Pennsylvania. The convenient location on the I-95 corridor in northeastern Maryland has made it one of Maryland's most desirable business locations. Harford County, Maryland was formed in 1773, and since 1972 has operated with a charter form of government with home rule. The County is governed by a full time County Executive and legislative power is vested in an elected seven member County Council, one member of which is elected as the President of the County Council. The demography of Harford County has changed over the last two decades from a predominantly rural area to a suburban rural mix. The County's land area of 448 square miles is the 11th largest in the State of Maryland. The County serves a population of 241,950 as of June 30, 2006. The economic condition and outlook of the County has substantially improved during the past decade. Since 1997 the population of Harford County has increased 14.5 percent, which has triggered significant construction activity and growth in the tax base.⁶

Local Economy⁷

Harford County's convenient location on the I-95 corridor in northeastern Maryland offers easy access to prominent research institutions such as the U.S. Army Aberdeen Proving Ground (APG), Johns Hopkins, and the University of Maryland. Desirable location, combined with the County's highly skilled work force, serve to provide the draw for a wide variety of companies and industry sectors to Harford County. Harford County's 5,130 businesses employ 61,300 workers. The U.S. Army Aberdeen Proving Ground is the major county employer and a technology resource for the region. Through the recent military Base Realignment and Closure (BRAC) process, it is projected that APG will experience a net gain of 8,200 jobs on post and as many as 10,000 off-post positions for contractors supporting APG activities. Population growth which is expected to result from these newly created positions, as well as jobs which will be indirectly created, could reach 55,000 over the next ten years. In response to the challenges which will be created by BRAC, the County Executive appointed the BRAC Planning and Advisory Commission, to identify opportunities and analyze infrastructure needs.

Property tax, the County's largest revenue source, which represented 38.0 percent of total budgeted revenue for Fiscal Year 2006, has shown steady growth over the years. The average rate of growth for property tax revenues over the last ten fiscal years has been 8.8 percent; the property tax growth rate for Fiscal Year 2006 was 7.8 percent. Property tax revenues are directly affected by the market value of homes, and the number of new housing starts. The State of Maryland is realizing remarkable growth in real property assessments. Nationwide, real estate values have risen at a pace of more than five times the rate of inflation and in Maryland the rate of increase has

⁶ "Harford County, Maryland Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2006", Table 14.

⁷ Harford County, Maryland Comprehensive Annual Financial Report for the year ended June 30, 2006, Letter of Transmittal, pages A3 to A4, John R. Scotten, Jr. County Treasurer.

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surpassed the national average. Over the past three years property values in Maryland have soared statewide by 60.2 percent, which equates to an average annual increase of 20.1 percent for each of the next three years. The median sales value of owner occupied homes in the County, according to the Maryland Department of Assessments and Taxation, increased from \$230,000 in Fiscal Year 2005 to \$260,000 in Fiscal Year 2006, a 13.0 percent increase, while the average percent increase in the State of Maryland was 19.8 percent. This trend will impact the County's property tax revenue stream for a number of years. Properties in the County, and in the State of Maryland, are assessed on a triennial system; in addition, the County has a real property tax assessments cap of 10.0 percent for residential properties. The staggered assessments and growth cap will spread the property tax increases over a number of years.

Although construction activity has slowed from the pace of the 1980's when the County averaged 2,854 permits per year; in Fiscal Year 2006 residential permits totaled 1,483. Moderate building activity, when combined with rising sale values contribute to a growing property tax base. The income tax base, like the property tax base, has shown steady growth over the last ten years. Income tax revenue, at 30.0 percent of the total budgeted revenue for Fiscal Year 2006, is directly affected by population growth, employment levels and personal income levels. Over the last five years the County's population has steadily risen, from 218,590 in Fiscal Year 2000 to an estimated 241,950 in Fiscal Year 2006; an increase of 11.0 percent. Growth in population is expected to continue in the foreseeable future; with the BRAC process the population estimates increase significantly.

The County is experiencing excellent job growth locally and the regional employment picture has also brightened. The State of Maryland and the County unemployment rate in Fiscal Year 2006 averaged just 3.9 percent. In addition to steady population growth and low unemployment, the County is also seeing a rise in median household income. According to the 2000 census, the median household income for the County was \$57,250 in 1999. It is now estimated for 2005 that the median income⁸ has reached \$71,450, exceeding the estimated median household income of \$61,592 for the State of Maryland, the second highest median household income in the nation.

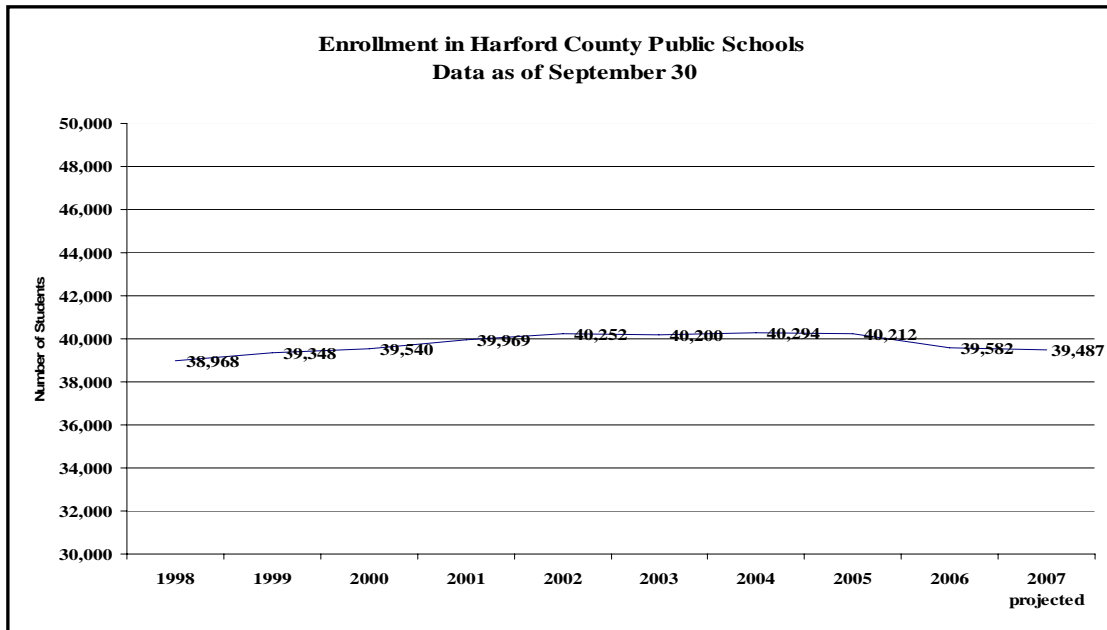
Demographics of School Enrollment

In FY 1999, the public school system enrollment was 38,968. At September 30, 2006, HCPS had 39,582 students, an increase of 614 or 1.6 percent since June 30, 1998. Chart 1 represents enrollment trends since September 30, 1998 with a projection of 39,487 students for FY 2008.

⁸ Median income shown is most current information available.

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Chart 1⁹



Previously, enrollments were projected to decline slightly over the next several years. The deployment of new civilian workers to the Aberdeen Proving Ground Facilities will change the projections in student enrollments in the future.

Demographics of the School Population

Enrollment represents the number of students in grades prekindergarten through 12, including ungraded special education students, as counted on September 30th of each year. The Maryland State Department of Education reports this data by ethnic group. The most current information available is shown in Table 1 by fiscal year.

Table 1¹⁰

| Student Body by Racial Composition by Percentage | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| For the Fiscal Year | | | | | |
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| American Indian/Alaskan Native | 0.50% | 0.52% | 0.53% | 0.54% | 0.57% |
| Asian/Pacific Islander | 2.20% | 2.24% | 2.30% | 2.41% | 2.67% |
| African American | 14.80% | 15.54% | 16.35% | 17.39% | 18.33% |
| White | 80.20% | 79.21% | 78.11% | 76.84% | 75.52% |
| Hispanic | 2.40% | 2.48% | 2.70% | 2.82% | 2.90% |
| Total Students | 100% | 100% | 100% | 100% | 100% |

⁹ Source: Harford County Public Schools, Office of Research and Evaluation, Annual Enrollment Report dated September 30, 2005.

¹⁰ Source: Maryland State Department of Education, Md. Report Card.

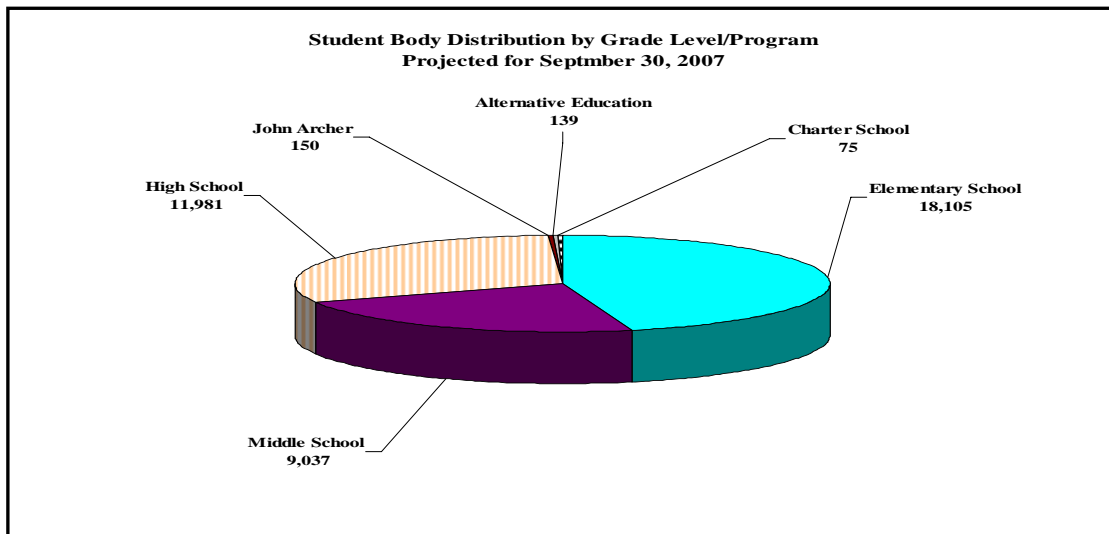
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The actual distribution of students occurs throughout twelve grade levels, kindergarten, prekindergarten, and ungraded special education. The data indicates that while elementary enrollment over the last four years has declined slightly, enrollment in the middle school has remained steady and high school enrollment has increased. The high school population is expected to increase in the future as the student population moves through the grade levels. Information shown is by school year as of September 30th.

Table 2¹¹

| Student Body Distribution by Grade Level/Program as of September 30 | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Elementary | 18,634 | 18,477 | 18,540 | 18,364 | 17,933 |
| Middle School | 9,785 | 9,624 | 9,373 | 9,289 | 9,056 |
| High School | 11,681 | 11,948 | 12,249 | 12,407 | 12,270 |
| John Archer | 155 | 155 | 158 | 152 | 160 |
| Alternative Education | | | | 113 | 143 |
| Charter School | | | | | 20 |
| Totals | 40,255 | 40,204 | 40,320 | 40,212 | 39,582 |

Chart 2¹²



¹¹ Source: Harford County Public Schools, Office of Research and Evaluation, Annual Enrollment Report dated September 30, 2006.

¹² Source: Harford County Public Schools, Enrollment Projections September 30 2006 to September 30, 2014.

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The county wide population statistics would also suggest that the school age population will continue to grow. During the previous decade, the school age population increased 32.8 percent from the 1990 to the 2000 Census (Table 3). At the same time the senior population grew by almost 50 percent. Population projections will change as a result of civilian employment influx to the U. S. Army Base at Aberdeen Proving Ground.

Table 3

| Age Distribution 1980 - 2000 | | | | | | |
|---------------------------------|------------|---------|------------|--------|------------|--------|
| Age | 1980 | | 1990 | | 2000 | |
| | Population | Change* | Population | Change | Population | Change |
| Under 5 | 10,150 | -8.8% | 14,761 | 45.4% | 15,776 | 6.9% |
| 5 - 17 | 35,472 | 9.5% | 34,021 | -4.1% | 45,189 | 32.8% |
| 18 - 44 | 64,168 | 38.0% | 83,068 | 29.5% | 83,755 | 0.8% |
| 45 - 64 | 26,769 | 39.2% | 35,248 | 31.7% | 51,710 | 46.7% |
| 65 and Older | 9,400 | 54.1% | 15,000 | 59.6% | 22,200 | 48.0% |

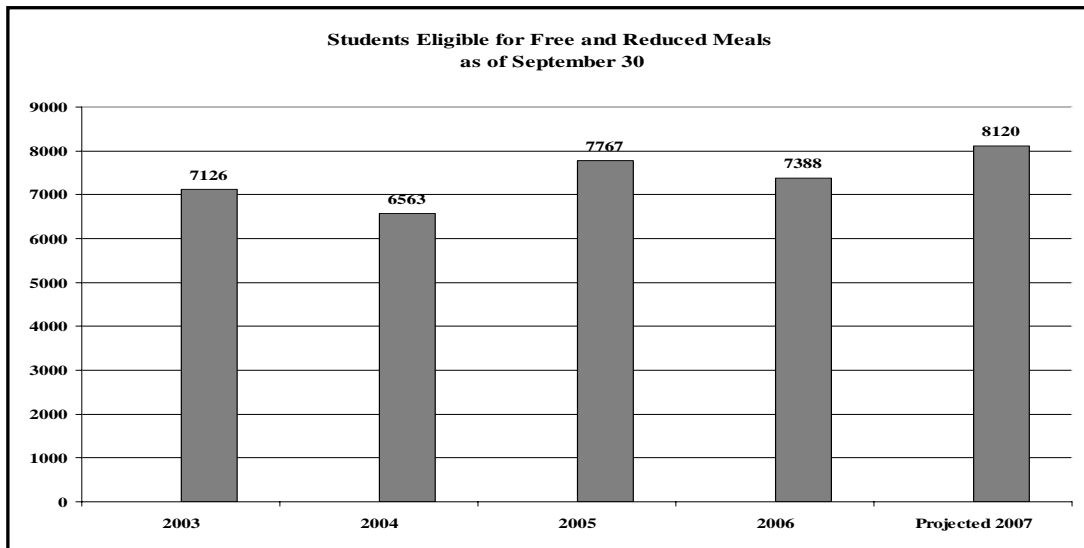
*percentage change from previous Census

Two of the most important changes in demographics correlating to student achievement are poverty and language proficiency. Both groups of students are considered *Academically At Risk* if they require frequent special instruction and/or support to reach the levels of academic achievement needed in the information age.

Generally, the most reliable measure of poverty in school systems is the number of students eligible for free and reduced price lunches (Chart 3). Students qualifying for free lunches must not exceed an income level of \$25,155 for a family of four. Students qualifying for reduced price lunches must not exceed an income level of \$35,798 for a family of four. According to data provided by the Food and Nutrition Department, in FY 2007, more than 8,120 students are projected to be eligible for free and reduced price lunch services, or more than 20 percent of total HCPS enrollment.

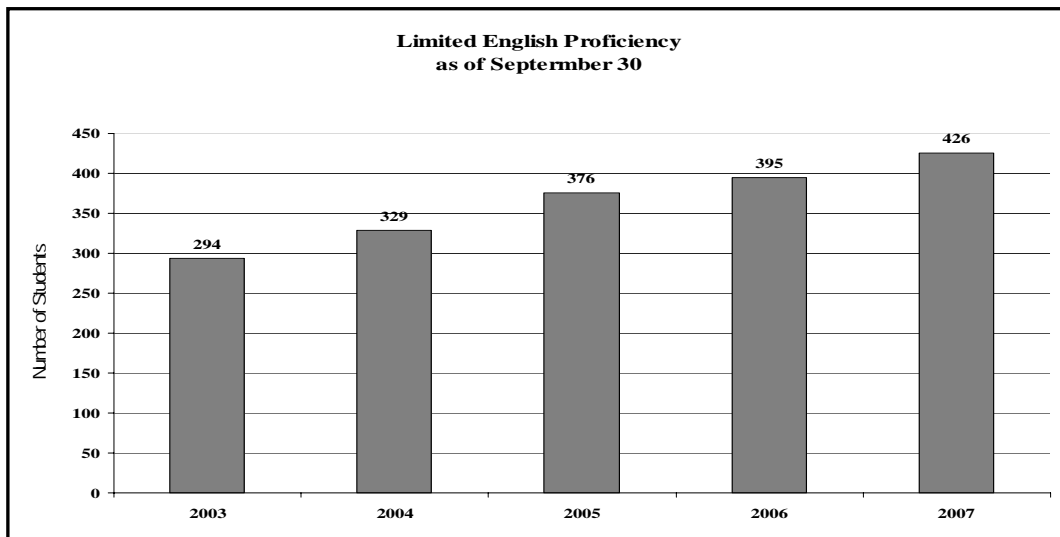
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Chart 3¹³



Enrollment of students with limited English-speaking proficiency has started to climb over the past few years (Chart 4). There are 426 students projected in Fiscal Year 2008 to be enrolled in Limited English Proficiency programs, or one percent of the total projected enrollment in HCPS.

Chart 4¹⁴



Enrollment growth is not the only factor changing the services provided the student population. In addition to more students, the composition of membership growth has added to the cost of educating students as has the need for instructional assistance and translation services.

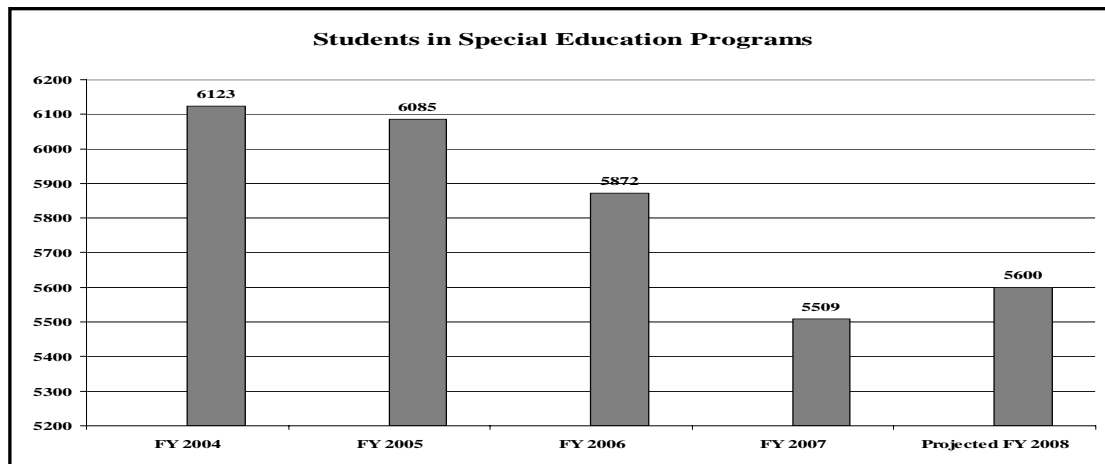
¹³ Source: Harford County Public Schools, Food Services Office.

¹⁴ Source: Harford County Public Schools, Curriculum and Instruction Office.

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Special education programs served 5,509 students (including 152 students at John Archer School and 181 non-public placement students) in Fiscal Year 2007 with Individualized Education Programs (IEP). These students ranged in age from three through twenty one. Students receiving these services were identified through the eligibility criteria established for any of the 14 categories of disabilities established through applicable state and federal regulations. Special Education services are provided in all schools by faculty members and support staff members. This includes those positions funded with unrestricted and restricted funds.

Chart 5¹⁵



Another demographic feature that has an impact on the classroom is “mobility.” Mobility is reported as the number and percentage of students entering or leaving school during the year after the first day of class (Table 4). This factor requires flexible management and instruction to deal with changes in the school and classroom, particularly given that more students may enter than leave and the turnover may not occur on an equivalent schedule throughout the year.

Table 4¹⁶

| Student Mobility by Fiscal Year | | | | | | | | | | |
|---------------------------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|
| | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | |
| | Entrants | Withdrawals | Entrants | Withdrawals | Entrants | Withdrawals | Entrants | Withdrawals | Entrants | Withdrawals |
| Total Students | 3270 | 3054 | 3151 | 3086 | 3289 | 3304 | 3132 | 3256 | 3191 | 3411 |
| % of Student Enrollment | 8.18% | 7.64% | 7.83% | 7.67% | 8.40% | 8.44% | 8.00% | 8.31% | 7.94% | 8.48% |

The Harford County Public Schools mobility statistic is well below the state average for recent years. State statistics indicate entrance rates of 11.3 to 13.2 percent and withdrawal rates of 10.5 to 12.5 percent for the most recent year.

¹⁵ Source: Harford County Public School, Special Education Office, December 2006.

¹⁶ Source: Maryland State Department of Education, 2006 Maryland Report Card.

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Summary

With the enactment of the Maryland Public Charter School Act, one new Public Charter School opened in FY 2007. Funding is on a per pupil expenditure basis. HCPS received funding in the FY 2008 Budget to continue the public charter school. Throughout the budget development process, the Board and staff have attempted to balance the ambitious vision of Harford County Public Schools with real financial constraints. While this balance is not easy, the Board of Education has developed a budget that will empower Harford County Public Schools to effectively and efficiently strive to carry out the educational mission to provide high quality educational services for all students every day. Our ability to provide an ambitious vision is dependent upon State of Maryland and Harford County Government funding.

The County Government funded a \$10.2 million increase to the Fiscal Year 2008 budget for improvements. This budget allows for significant improvements in key areas:

- 1) To provide HCPS with staff compensation as a recruitment and retention tool;
- 2) To provide for the opening of the Patterson Mill Middle/High School;
- 3) To fund Special Education costs for our special needs students and the increasing costs of non-public placements; and,
- 4) To provide funds for After School Intervention Programs for students in need of academic assistance.

Increases in the Fiscal Year 2008 Budget are identified by the four Board Goals, and further identified by Base Budget Changes, Wages and Benefits, Patterson Mill Middle/High School opening costs, Special Education needs, Cost of Doing Business including reversal of prior year one time items and Charter Schools, and Intervention Programs. Priority List items for educational enhancements were not funded.

No Child Left Behind Federal Legislation and State of Maryland Legislation, Bridge to Excellence Requirements

Harford County Public Schools must meet these requirements and the Superintendent and the Board of Education are committed to the Upcoming Targets and Timelines. These are ambitious challenges for which Harford County Public Schools has prepared a Master Plan. The Budget Plan is aligned in accordance with the approved Master Plan. Within the Master Plan section of the Budget, goals and objectives are identified to meet these challenges and mandates. A chart is included on the next page reflecting mandatory legislative requirements from the federal and state governments. The chart was prepared by the Maryland State Department of Education.

The final two pages in this section are a summary of revenue sources and expenditures for the Operating Budget and School Construction Fund. These pages provide an “at a glance” view of the total Harford County Public Schools Fiscal Year 2008 Budget.