

HCPSS FY21 BUDGET PTACHC OVERVIEW

Based Upon: Superintendent's request
BOE official request to be submitted to the County Executive
on February 13, 2020

HCPSS Budget Process

- Superintendent compiled a budget based upon the needs of the school system, in order to continue educational services at **CURRENT LEVELS**.
- BOE reviews budget: holds public hearings & work sessions on budget, then submits a finalized budget to the County Executive.
- County Executive reviews the HCPSS Budget and recommends to the County Council how much funding to allocate based upon the total amount of county revenues, as well as the submitted budget requests of ALL other Howard County Departments.
- County Council reviews the HCPSS budget, in addition to all other Howard County Departments.
- County Council may **ADD** back into its funding allocation money and/or specific items that may have been removed by the County Executive. However, the County Council **MAY NOT ADD MORE THAN WAS ORIGINALLY REQUESTED BY THE BOE**.

FACTS:

- The FY21 Operating Budget begins on July 1, 2020 and ends June 30, 2021. The HCPSS budget corresponds to the 2020-21 school calendar year.
- The Howard County Board of Education does **NOT** have taxing authority. ALL taxing authority rests with the County Council in each jurisdiction.
- The State of Maryland funds their portion of each county school system by using a M.O.E. (Maintenance of Effort) Model.
- The FY21 Budget Cycle M.O.E. will be based on the September 30, 2019 official enrollment count. This enrollment is noted at 58,878 students.
- The actual enrollment as of December 30, 2019 was 59,060.
- Based upon this calculation, we are already behind in state funding by 182 students.

FACTS CONT.:

- HCPSS projects an additional 773 (726 in K-12 & 47 Pre-K) students will enroll over the summer.
- HCPSS consistently experiences enrollment that outpaces funding.
- HCPSS was the fourth fastest growing county for public school students last year. Frederick County was the fastest growing in FY20, based upon the Official Enrollment Data submitted on September 30, 2019.

Action Items – Calendar these dates

Public Hearings – Attend / Submit Testimony

- **March 12th, 2020** **6:00 pm**
County Executive Public Hearing – ALL County Budget Departments
George Howard Building
3430 Court House Drive
Ellicott City, MD 21043
- **April 16th, 2020** **6:30 pm**
County Council Public Hearing on Proposed HCPSS Capital Budget
George Howard Building
3430 Court House Drive
Ellicott City, MD 21043

Action Items Cont.

- **April 20th, 2020** **6:30 pm**
County Executive Presentation of Proposed Howard County Budget (All Departments)
3430 Court House Drive
Ellicott City, MD 21043
- **April 22, 2020** **6:30 pm**
County Council Public Hearing on HCPSS Operating Budget
3430 Court House Drive
Ellicott City, MD 21043
- **April 30th, 2020** **7:00 pm**
BOE Public Hearing on County Executive's FY21 Operating, Capital Budgets and FY22-26 Capital Improvement Plan
Board of Education/Central Office
10910 Clarksville Pike (Route 108)
Ellicott City, MD 21042

Action Items Cont.

- **May 7th, 2020** **4:00 pm**
BOE Work Session to Discuss Adjustments to Projected Funding Amount of FY21 Budget
Board of Education/Central Office
10910 Clarksville Pike (Route 108)
Ellicott City, MD 21042
- **May 11th, 2020** **1:00 pm**
County Council Public Hearing on HCPSS Capital & Operating Budget
George Howard Building
3430 Court House Drive
Ellicott City, MD 21043
- **May 22nd, 2020** **1:00 pm**
County Council Finalizes Budget & Work Session
George Howard Building
3430 Court House Drive
Ellicott City, MD 21042

Action Items Cont.

- **May 22nd thru May 27th, 2020** **TBD**
BOE Adjusts (Cuts) Budget Based upon Results of May 22nd County Council Meeting
Board of Education/Central Office
10910 Clarksville Pike (Route 108)
Ellicott City, MD 21042
- **May 27th, 2020** **10:00 am**
County Council Adoption of FY21 Budget
3430 Court House Drive
Ellicott City, MD 21043
- **May 28th, 2020** **3:00 pm**
BOE Adoption of FY21 Operating & Capital Budgets
10910 Clarksville Pike (Route 108)
Ellicott City, MD 21042

Superintendent Budget Financials:

- Total ask from State & County for FY21 is \$964.1M
 - This is an increase of \$62.7M or 7% over FY20.
- Total Howard County Increased Revenues from all sources is ONLY EXPECTED to be 2-3% above FY20.
- As presented in the Superintendent's Budget, Howard County's share of the HCPSS Budget will be \$670.4M.
 - This is an increase of \$63.2M or 10.4% over FY20.

Budget Financial Overview

This Includes:

- \$10.4M increase required by M.O.E.
- 43.8M requested above M.O.E.
- \$9.0M of one-time funds requested to reduce the Health Fund Deficit

The balance of changes in revenue include:

- \$12.1M increase in state funding support
- \$0.3M increase in federal and other funding support
- \$12.0M decrease in use of one-time funds from the HCPSS fund balance
- \$0.9M decrease in Blueprint for Maryland Future (Kirwan) funds, due to a shift in grant funds.

Highlights of the proposal include:

- \$617.6M based on the M.O.E. funding formula, calculated using FY19 enrollment levels
- \$5.0M for 58.4 new positions to support anticipated student growth
- \$1.2M to support enrollment growth for instructional supplies and transportation
- \$3.8M for transportation contract and fuel cost increases plus redistricting decisions
- \$24.7M to fulfill salary increases and benefits based on negotiated agreements
- \$4.9M for actuarially projected costs for employee and retiree health benefits

Budget Financials (Cont.)

Special Education is a particular focus of this budget proposal. Funding includes...

- \$9.2M for 216.8 new positions to address staffing shortages and support 299 additional students
- \$2.5M in non-public placement tuition and \$2.8M in contracted labor costs

Also included are budget-neutral position additions to advance critical priorities:

- 3 positions to staff the Diversity, Equity, and Inclusion Department by building capacity and addressing gaps at the school level, fulfilled through repurposing existing unfilled positions (a painter, & 2 IT Techs)
- 2 Network security positions, fulfilled through re-purposing existing unfilled positions

Budget Offsets:

- \$1.1M reduction in technology expenses, due to a modification in budgeting for depreciation
- \$991T in additional projected turnover savings, aligning salary lapse with actual expenditures
- Anticipated annual savings through bringing the hiring process in-house for Special Education temporary staff which was formerly handled by an outside agency
- Realignment of multiple positions related to fleet management to increase efficiency and savings.

Cost per Pupil & Class Size Ratios

Cost per Pupil

FY19	\$84.83 per day	\$15,270 per year
FY20	\$85.22 per day	\$15,340 per year

Average Class Size Ratios across All Schools

Kindergarten	1:22:0
Grades 1 thru 2	1:20:0
Grades 3 thru 5	1:26:0
Middle School	1:21:0
High School	1.4:28

Health Fund Deficit

What & Why?

- Currently \$39.2M
- Using the Health Fund to fund Operating Expenses over several years that occurred under supervision of previous Superintendent & BOE.
- Adverse Opinion Letter from an outside auditor due to the fact that the County Council and BOE have not entered into an Actionable Plan that identifies a specific time and proof of action.
- BOE Attempted to use \$12.1M in Fund Balance Savings last year, but the County Council applied these funds to the FY20 Operating Budget instead.
- BOE has requested to use \$15.2M in Fund Balance Savings this year. **The request has been submitted to the County Council with no action taken as of now.**
- FY21 Budget Request includes a one-time request of a \$9.0M in one-time funding from the County Council. This amount would come from the Rainy Day Fund that currently exceeds the State Mandated Balance that counties are required to maintain this fund.
- Not paying the Health Fund Deficit down and constantly begging the County Council to make the necessary transfer among categories, while being denied, is directly hurting our students.

Proposed Cuts

- An increase in class size by one student saves \$8M.
- Discussion of possibly an increase in class size by two or more students!
- Discussion of Removing Programs in Elementary Schools, such as:
 - 3rd Grade Strings Program – Savings of \$1.2M
 - Elementary IT Program – Savings of (unknown at this time)
 - G/T Program Offerings – Savings of (unknown at this time)