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February 27, 2020

Howard County Board of Education
10910 Clarksville Pike
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Dear Chair Ellis and Members of the Board of Education,

It has come to the attention of HCEA leadership that the Board of Education was sent a letter from the County Executive's office regarding the bleak financial outlook for Howard County that is limiting revenue forecasts and as such may affect the school system budget request. Year after year, our school system is asked to provide more and more services to our students without the corresponding increase in revenues to do so. The lack of resources are impacting our staff, mentally and physically. We are concerned that a lack of recurring revenue increases is having an impact on our ability to attract and retain quality educators, and also our ability to continue to provide the level of services our community expects and our students deserve.

As we advocate at the county level to fulfill your request, to the extent possible, we would like you to consider the following analysis of county contributions on our fiscal outlook and the impact on our staff. Our analysis is based on available data from public budgets and state agencies. Although the county claims to be fiscally restrained, our analysis indicates a much different picture of the county's fiscal outlook.

2017: An audit uncovered operating needs were being paid for by the Employee Health Fund.

FY2019: County executive provided one-time funds to fortify school system revenues.

FY2021: HCPSS proposes class size increases, and deferred essential personnel for special education.

FY2019: Educators took a half-step increase to save class size in addition to cuts to programs and frozen positions.

FY2020: The school system was forced to cut several programs, resource and technology teachers, and paraeducators.

The impact of structural underfunding leaves our system priorities consistently short-changed. In one year, staff sacrifice their salary increases to save class sizes, and in another the school system is forced to cut essential positions. Until the county provides the recurring funding needed to sustain school system services, we will continue to be faced with drastic and unnecessary fiscal consequences.

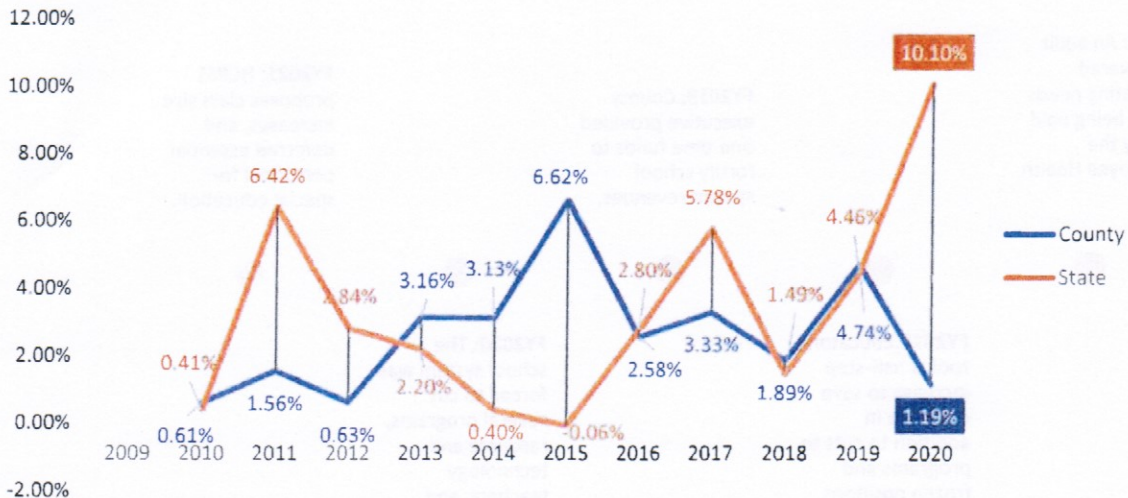
The best interests of students and staff are not served when HCPSS is faced with choices between compensating employees, position cuts, and class size increases. As advocates for school system funding, we want you to have an accurate picture of the county's historical contributions to school system revenues, and an accurate picture of its fiscal outlook. Consider the following facts:

Howard County Public Schools Funding Trends

- **The increase in the county's contribution to the school system's budget has steadily declined since 2015. In FY2020 HCPSS received the smallest since 2012 due to one-time funds in 2019.**
[SOURCE: HCPSS OPERATING BUDGETS]

Although total revenue grows every year with enrollment, in FY2020 the State picked up a larger share of that increase relative to the County. The graph below shows the annual change in contribution from the county and state governments. In 2 of the last 3 years, contributions from the state and county governments were similar, but in FY2020, the contribution from the state accounts for a larger share of the total increase to HCPSS's Operating Budget (General Fund). Generally, change in local funding increased every year until 2015, but has trended downward since that time. Without the state portion for the Kirwan salary grant, the school system would not have been able to fund negotiated salary increases in FY2020.

Annual % Change in Operating Revenue by Source

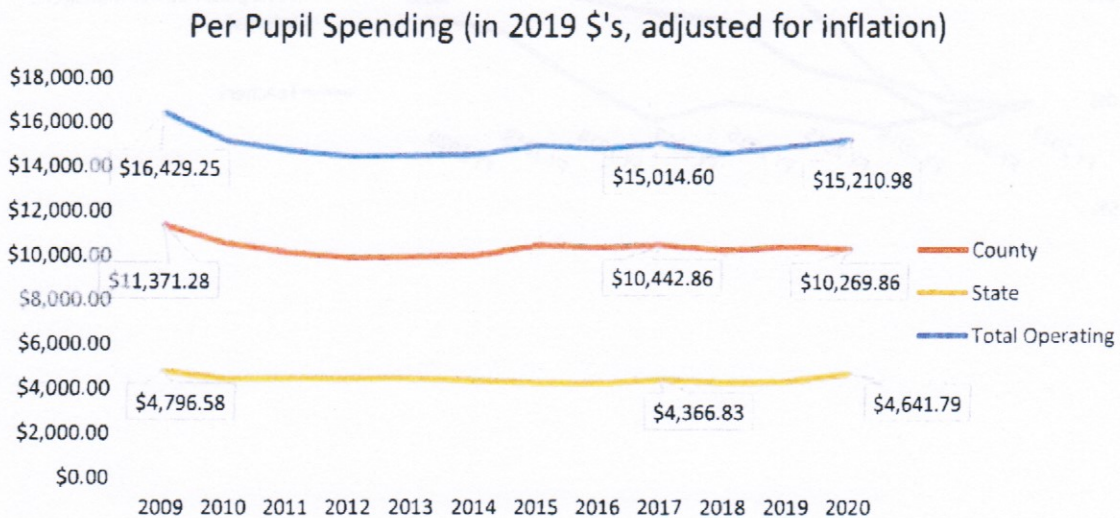


- In FY2020, the County's Contribution to the HCPSS Operating Budget (General Fund) represented the smallest proportion (from all sources) since 2009. [SOURCE: HCPSS OPERATING BUDGETS]

The table below shows each funding source's share of the overall budget for each fiscal year. In 2020, the county's share of the HCPSS operating budget (general fund) was the smallest on record since at least 2009, reflecting the smaller increase in its contribution to the school system.

<i>Fiscal Year</i>	County	Federal	Other	State
2009	69.21%	0.06%	1.53%	29.20%
2010	69.68%	0.06%	0.93%	29.33%
2011	68.81%	0.05%	0.78%	30.35%
2012	68.38%	0.05%	0.73%	30.83%
2013	68.55%	0.05%	0.78%	30.62%
2014	68.59%	0.05%	1.53%	29.83%
2015	69.91%	0.05%	1.55%	28.49%
2016	70.09%	0.05%	1.23%	28.63%
2017	69.55%	0.04%	1.32%	29.08%
2018	69.94%	0.05%	0.89%	29.13%
2019	69.62%	0.04%	1.42%	28.92%
2020	67.52%	0.04%	1.93%	30.52%

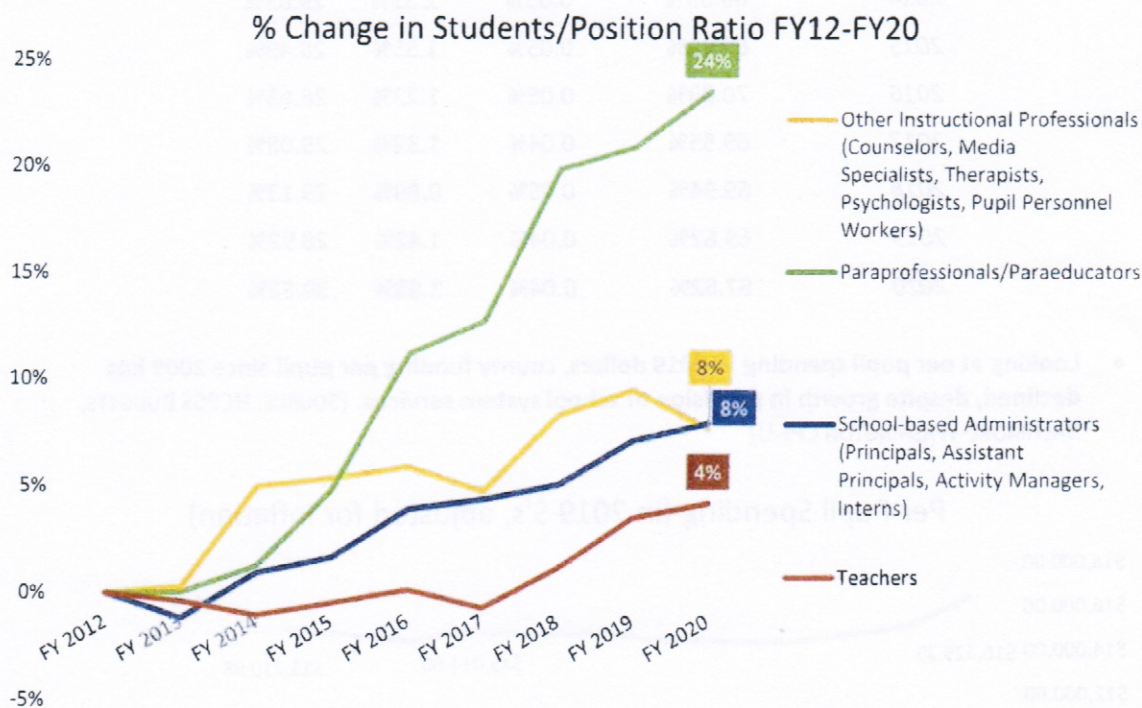
- Looking at per pupil spending in 2019 dollars, county funding per pupil since 2009 has declined, despite growth in provision of school system services. [SOURCE: HCPSS BUDGETS, BALTIMORE-WASHINGTON CPI-U]



Although per-pupil funding has increased in actual dollars, funding per pupil adjusted for inflation in 2020 is 9.7% lower than it was in 2009, while state contributions have decreased by 3.2%. This means that both total and county (and to a lesser extent, state) **per pupil contributions have not kept pace with inflation over the last decade**. That is particularly meaningful given rising percentages of students in our county requiring limited English proficient services and free and reduced price meals over the same time period.

- **Meanwhile, the ratio of pupil per staff has increased steadily over time, which has meant steadily higher workloads for school-based staff.** [SOURCE: HCPSS BUDGETS]

As enrollment continues to grow in our county, staffing should keep pace in order to effectively deliver school system services. However, freezes and cuts to positions have meant that the same or fewer school-based staff are serving more students on a per-capita basis. Position reductions have most acutely impacted our paraeducators, and are also impacting our other instructional professionals and school-based administrators.



Howard County Government Fiscal Trends

- Although the HCPSS budget is the largest County Expense, growth in county spending toward the School System has slowed compared to spending on other functions of the county government, and slower than the county overall. [SOURCE: HOWARD COUNTY OPERATING BUDGETS FY2012-FY2020]

The table below compares actual expenses in Howard County by Department/Agency from FY10-FY20. During that period, expenditures as a whole grew by 42% in the county, while county spending on the school system grew by 33%.

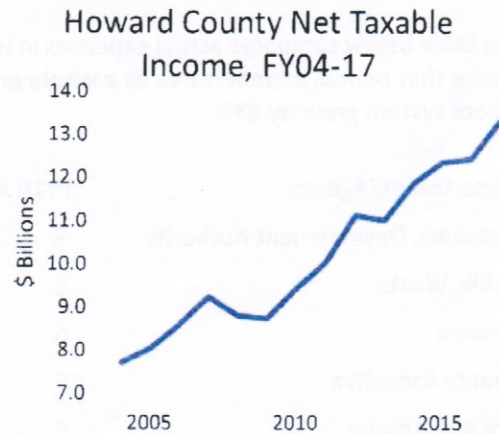
Department/Agency	FY10 Actual	FY 20 Approved	% Change
Economic Development Authority	\$ 1,312,066	\$ 3,730,482	184%
Public Works	\$ 106,909,897	\$ 271,103,379	154%
Finance	\$ 7,927,273	\$ 19,539,055	146%
County Executive	\$ 953,239	\$ 2,011,151	111%
Fire and Rescue	\$ 66,927,057	\$ 138,519,420	107%
Technology/Communication	\$ 14,797,338	\$ 29,032,065	96%
Debt Service	\$ 87,375,302	\$ 162,284,384	86%
Employee Benefits	\$ 35,269,497	\$ 64,642,820	83%
Recreation and Parks	\$ 26,692,193	\$ 48,916,709	83%
County Council	\$ 2,995,828	\$ 5,430,859	81%
Contractual Services	\$ 149,327,972	\$ 269,244,463	80%
County Administration	\$ 67,515,630	\$ 114,528,903	70%
Police	\$ 76,268,923	\$ 127,081,300	67%
Corrections	\$ 13,349,137	\$ 20,464,864	53%
Sheriff	\$ 5,774,411	\$ 8,320,001	44%
All Funds Expenditures	\$ 1,221,514,180	\$ 1,738,239,441	42%
Community College	\$ 25,195,470	\$ 35,843,000	42%
Courts	\$ 2,819,302	\$ 3,973,958	41%
Library	\$ 15,229,779	\$ 21,451,000	41%
State's Attorney	\$ 6,525,231	\$ 9,086,269	39%
Public School System	\$ 457,560,424	\$ 607,200,000	33%
Planning and Zoning	\$ 22,786,644	\$ 30,205,503	33%
Housing/Community Development	\$ 10,160,691	\$ 8,640,090	-15%

Economic Picture for Howard County

- **The county claims that the school system's budget request is unaffordable, however, the county's taxable income continues to rise compared to the rest of the state.** [SOURCE: MARYLAND DEPARTMENT OF LEGISLATIVE SERVICES, OVERVIEW OF MARYLAND LOCAL GOVERNMENTS 2019]

In FY2017 (the last comparable year available from the state's Department of Legislative Services), the county's net taxable income was \$13.3 billion. Divided by its 2017 population, the county's net taxable income per capita was \$41,472 – the 2nd highest in Maryland (see table below).

The chart at the right shows the county's net taxable income from FY2004 through FY2017. With the exceptions of FY08, FY09 and FY13, Howard's income base has been growing steadily. Between FY07 and FY17, Howard's net taxable income grew by 44% - the 2nd best performance in Maryland.



Rank	County	Per Capita Net Taxable Income	Rank	County	Net Taxable Income Growth
1	Montgomery	\$43,513.00	1	Talbot	8.8%
2	Howard	\$41,472.00	2	Garrett	8.3%
3	Talbot	\$33,302.00	3	Howard	7.0%
4	Anne Arundel	\$33,099.00	4	Montgomery	6.9%
5	Queen Anne's	\$31,171.00	5	Frederick	6.5%
6	Carroll	\$30,385.00	6	Kent	6.4%
7	Calvert	\$29,647.00	7	Charles	5.8%
8	Frederick	\$29,637.00	8	Dorchester	5.7%
9	Baltimore	\$28,426.00	9	Baltimore	5.7%
10	Harford	\$27,986.00	10	Queen Anne's	5.5%

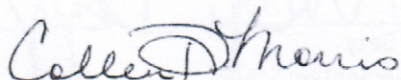
Conclusion

In FY2019, the previous county executive provided \$11.1m in one-time funds to our school system that were used to fund recurring school system needs. This left our current county executive in the position of both finding recurring funds to replenish the one-time funds, and also finding additional funds for continuing needs. Although we are appreciative of his contributions, we cannot continue to meet recurring needs with one-time funds.

Our county is the second wealthiest in our state, and as recently as 2017, we grew at a rate that outpaced neighboring jurisdictions. The county government must now do its part by meeting the expectations of our community, and finding the recurring revenue needed to deliver the services that

parents and students demand. Howard County prides itself, and every resident benefits from, the quality education that is provided to our students. The service HCPSS provides continues to take a toll on employees when we must sacrifice positions, programs, and the resources our students' need. Our county's wealth is one that has grown *because* of our public-school system, and not in spite of it. We urge you to do your homework and to advocate for the funding our students deserve.

Sincerely,



Collen Morris, *President*; and the Howard County Education Association Board of Directors

cc: The Honorable Deb Jung, *Chairwoman*, Howard County Council
The Honorable Calvin Ball, *Howard County Executive*
Dr. Michael Martirano, *Superintendent of Schools*
HCEA Members