Howard County
Public School System

FY 2028 Budget

Fiscal Outlook & Community Input

Community Group Presentations

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Overview

The fiscal outlook provides essential context for developing the Fiscal Year 2028 (FY28) budget strategy.

- Examine key budget trends
- Provide forward-looking projections to support informed decision-making.

While FY27 was a strong budget year, the financial challenges of recent years have not been fully resolved. The budget remains in a chronic structural deficit, with costs and requirements growing faster than revenues can support.



Objectives

- Assess our current fiscal position and future trajectory
- Identify budget requirements and needs to advance the Strategic Plan
- Equip leadership and the Board with the information needed to clarify strategic priorities and guide development of the FY28 budget.

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FY27 Budget

(General Fund)



Total	Expenditure Growth $	Expenditure Growth %	New Positions
$1.286 Billion	$69.3 Million	5.7%	95.7 Net

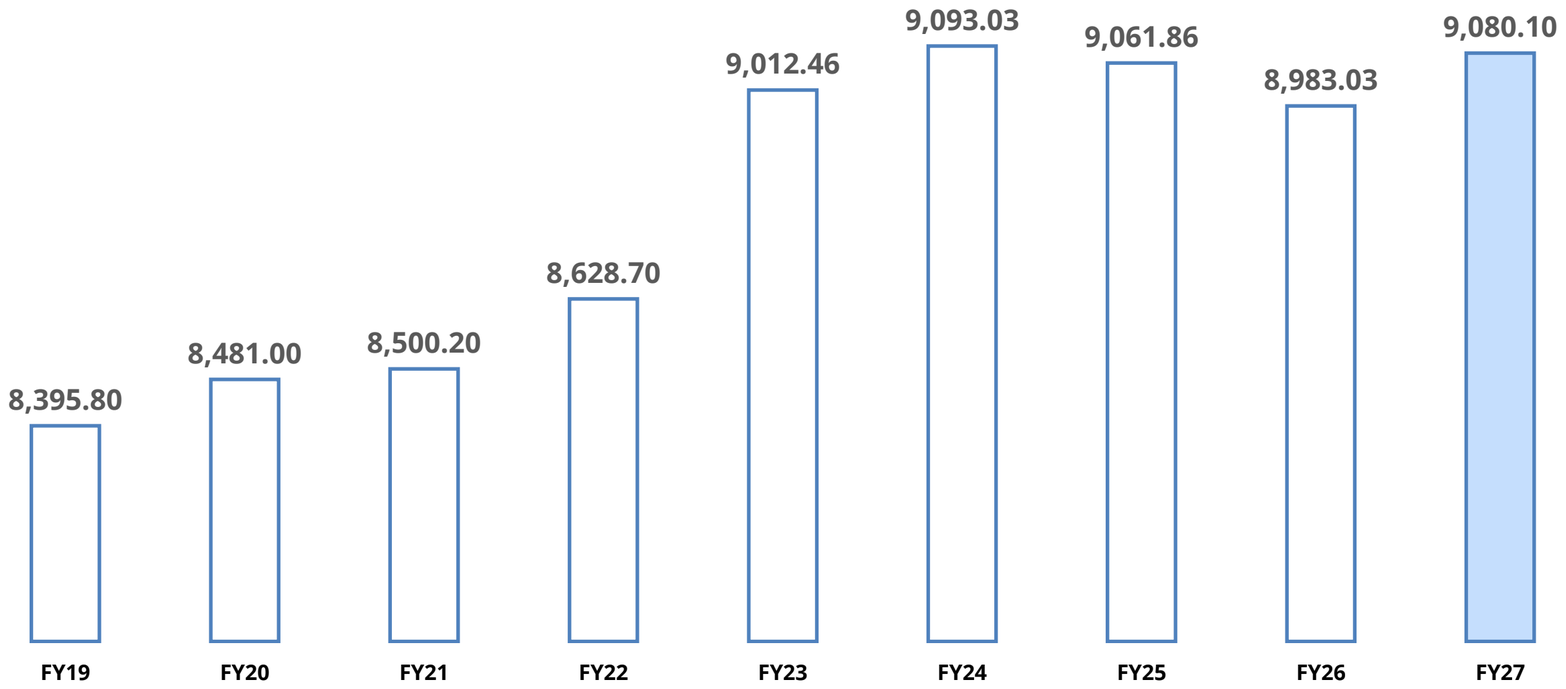
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FY27 Key Investments

Employee Compensation and Benefits	Special Education	Student Transportation	Multilingual Learners	PreK Expansion
$52.3M	$11.3M +84.1 FTE	$5.5M	$2.2M +31.0 Teachers	$1.6M +27.0 FTE

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Staffing Trends





- Total staffing grew for the first time since FY24.
- Despite the much-needed staffing increases in essential areas, total staffing levels remain below the peak staffing of FY24.

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Trend Analysis Expenditures



General Fund	FY27 Growth Rate	5yr Avg Annual Growth Rate	10yr Avg Annual Growth Rate
Total Budget	**5.7%**	**6.1%**	**4.7%**
Salaries and Wages Cost	4.0%	5.0%	3.8%
Contracted Services	2.6%	10.6%	7.4%
Supplies and Materials	4.2%	1.7%	-1.6%
Other Charges	10.5%	6.5%	6.1%
Health Insurance	*12.6%*	*8.2%*	*9.8%*
Equipment	-26.2%	-4.8%	6.3%
Transfers	16.3%	17.0%	15.3%
Nonpublic Placement	*22.2%*	*34.1%*	*16.3%*

Expenditure growth trends are averaging nearly 6% per year reflecting the cost pressures from:

- Blueprint
- Health insurance,
- Student transportation contract costs, and
- Special education costs

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Trend Analysis



General Fund	FY27 Budget	FY27 Dollar Change	FY27 Growth Rate	5yr Avg Annual Growth Rate	10yr Avg Annual Growth Rate
County Recurring Funding	$871.5M	$57.0M	5.7%	6.8%	4.5%
County One-Time	-	$(1.5)	-100%	na	na
State Funding	$393.3M	$17.2M	4.6%	7.0%	5.4%
Other Funding	$10.6M	$32K	0.3%	8.8%	6.8%
Use of Fund Balance & Transfers	$9.8M	$(3.3)M	-25.5%	na	na
Total	**$1.286B**	**$69.3M**	**5.7%**	**6.1%**	**4.7%**

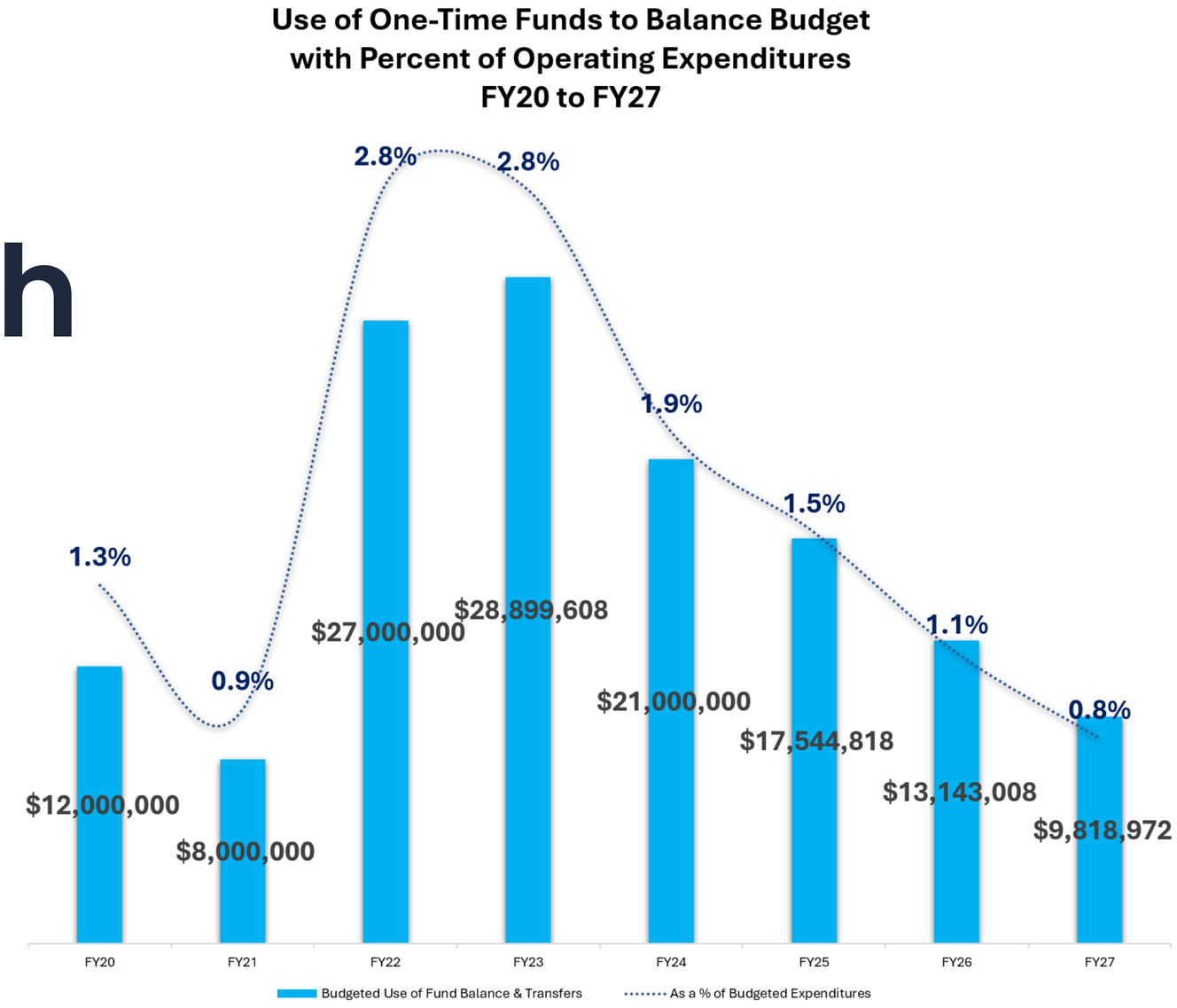
Strong County Revenue Growth

- Majority of the new revenue (82%) to pay for new costs came from County funding
- Growth rate was slightly less than prior years
- However, the total amount of new recurring funding was the highest level ever funded by the County.
- The County budget as well as the HCPSS budget benefited from a what is described by the county as a personal income tax revenue bubble in FY27.

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Budget Balancing with One-Time Funds

The FY27 budget continued the Board's efforts to decrease the dependence on one-time funding sources to pay for operating expenses.





Strategic Budget Needs

Preliminary Knowns

Our Strategic Plan defines the path forward for the school system.

- Priority 1: Strengthen Learning & Instruction
- Priority 2: Cultivate Student Belonging & Well-Being
- Priority 3: Foster Staff Growth & Engagement
- Priority 4: Enhance Systemic Planning & Procedures
- Priority 5: Partner with Families & Communities

Priority 1: Strengthen Learning & Instruction

- ✓ Faulkner Ridge Facility Opening
- ✓ Continued Prek Expansion
- ✓ Evening School
- ✓ CTEC Renovation
- ✓ Enrollment Changes
  - ✓ Special Education
  - ✓ K-12

Priority 3: Foster Staff Growth & Engagement

- ✓ HCEA Ratified Agreement
- ✓ Fully Fund FY27 Cost for AFSCME and HCASA Agreements
- ✓ Health Insurance
- ✓ Time to Care Act (FAMLI) Implementation
- ✓ Career Ladder
  - ✓ National Board Certification Pay (NBC)
  - ✓ Lead Teacher Model
- ✓ Compensation Marker for FY28 Negotiations

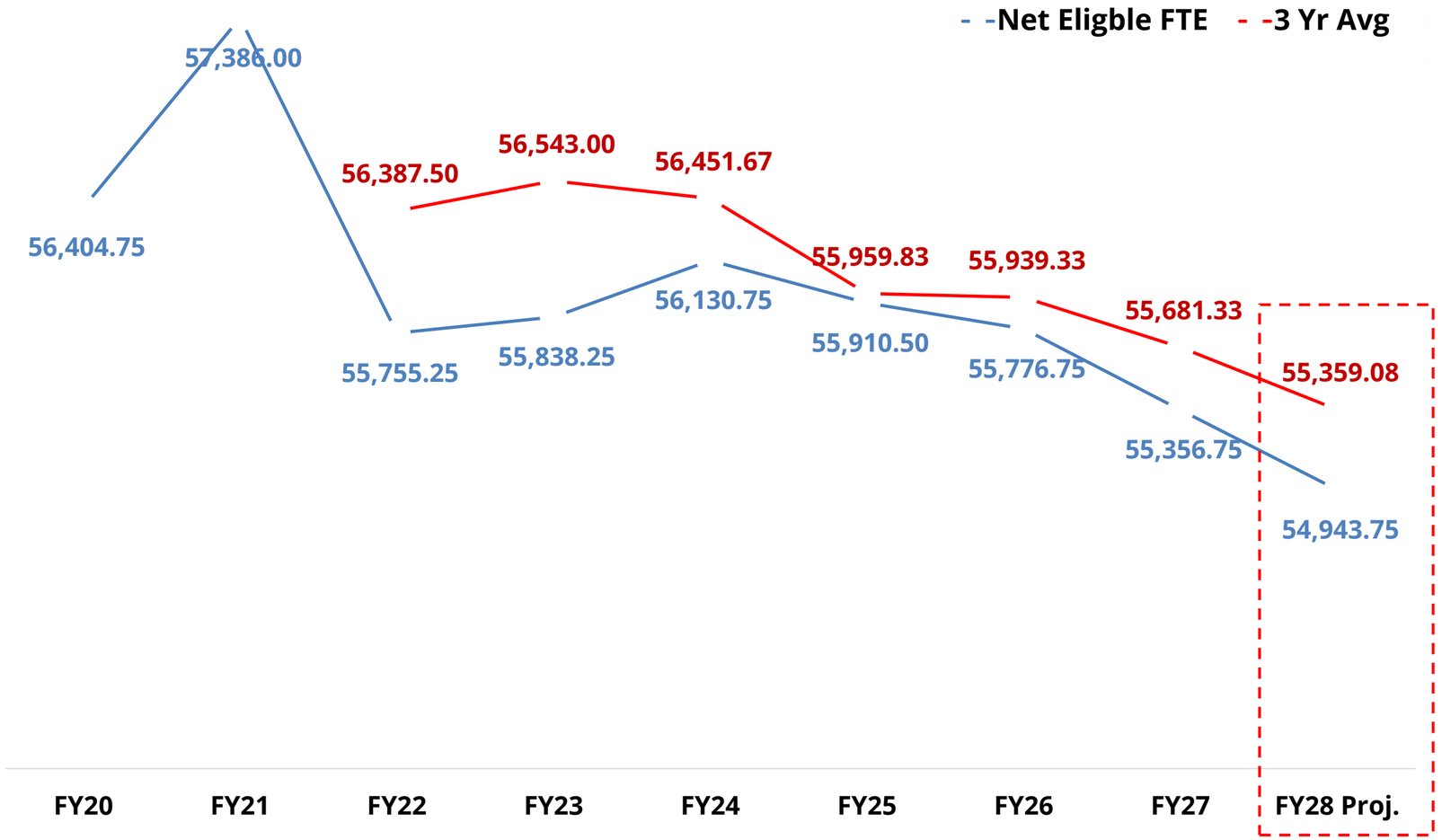
Priority 4: Enhance Systemic Planning & Procedures

- ✓ Student Transportation Contracts
- ✓ Utility Costs

The budget funds the needs to advance strategic priorities

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STUDENT ENROLLMENT- REVENUE BASIS
FY20 TO FY28 PROJECTED

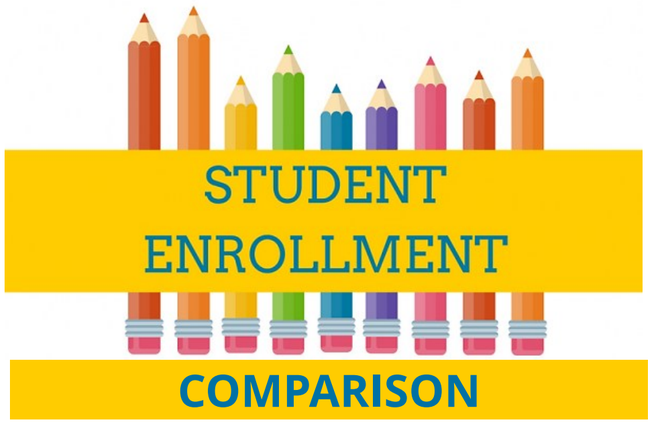


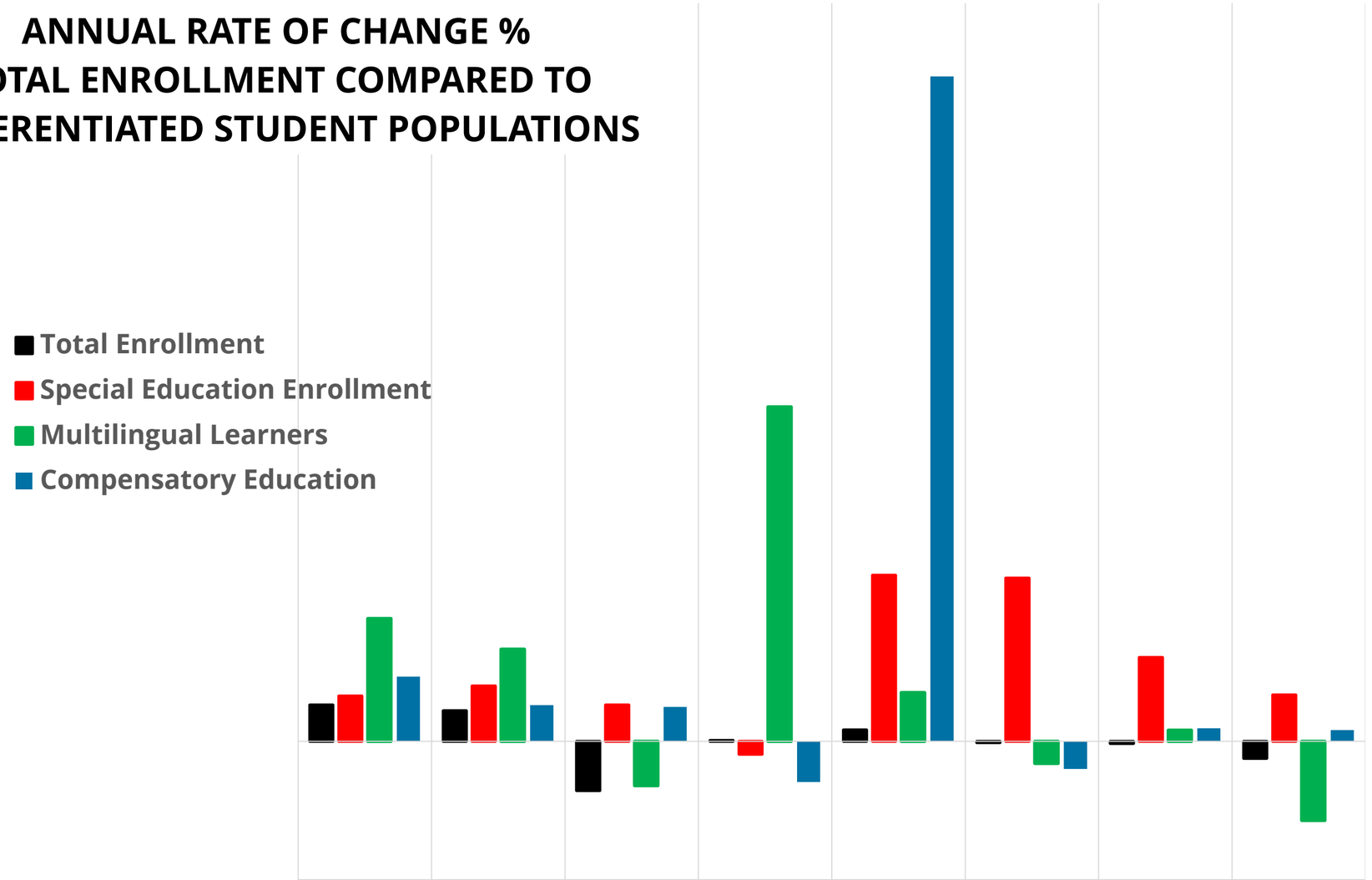


- Student enrollment is projected to further decrease in the current school year (SY26/27), which is used to determine FY28 per pupil funding.
- For formula funding, enrollment counts net off certain student population counts.
- The greater of the student count as of Sept 30 or the 3-year average count is used for revenue calculations.

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ANNUAL RATE OF CHANGE % TOTAL ENROLLMENT COMPARED TO DIFFERENTIATED STUDENT POPULATIONS

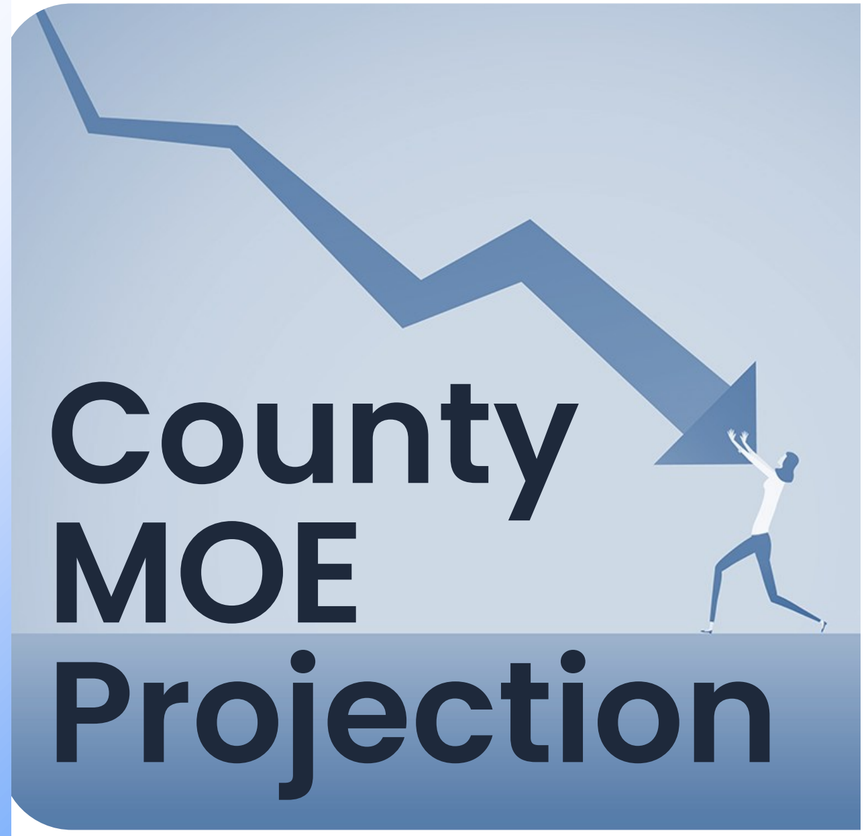




- While total enrollment continues to decline, the trend is not uniform for differentiated student counts.
- Students with special education needs are steadily increasing.

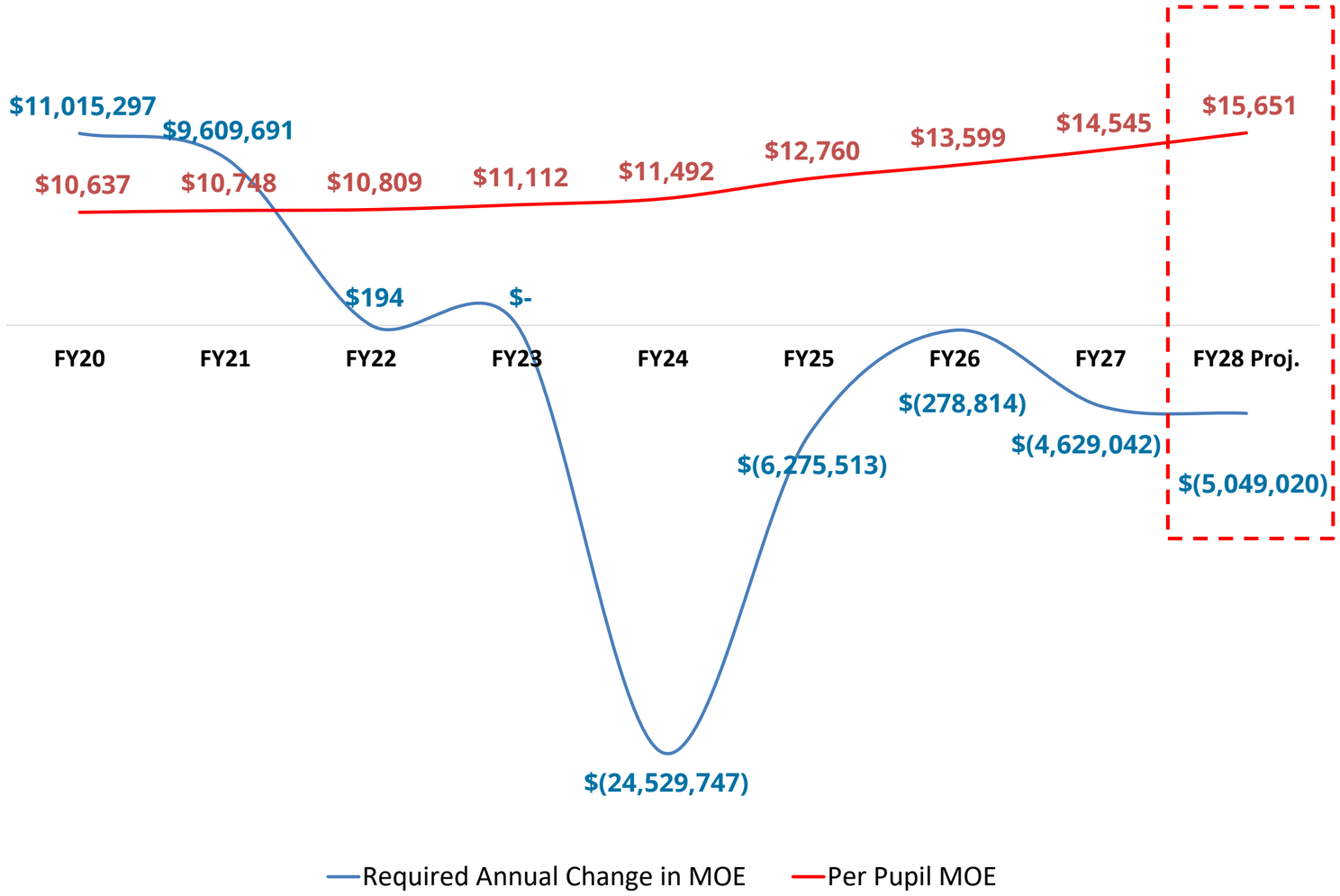
	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Total Enrollment	2.0%	1.7%	-2.7%	0.0%	0.6%	-0.1%	-0.1%	-0.9%
Special Education Enrollment	2.4%	3.0%	2.0%	-0.7%	9.0%	8.8%	4.5%	2.5%
Multilingual Learners	6.7%	5.0%	-2.4%	18.1%	2.6%	-1.2%	0.6%	-4.3%
Compensatory Education	3.5%	2.0%	1.9%	-2.2%	36.0%	-1.5%	0.7%	0.6%

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Enrollment declines continue to force down required funding increases from the county despite the increasing per pupil funding

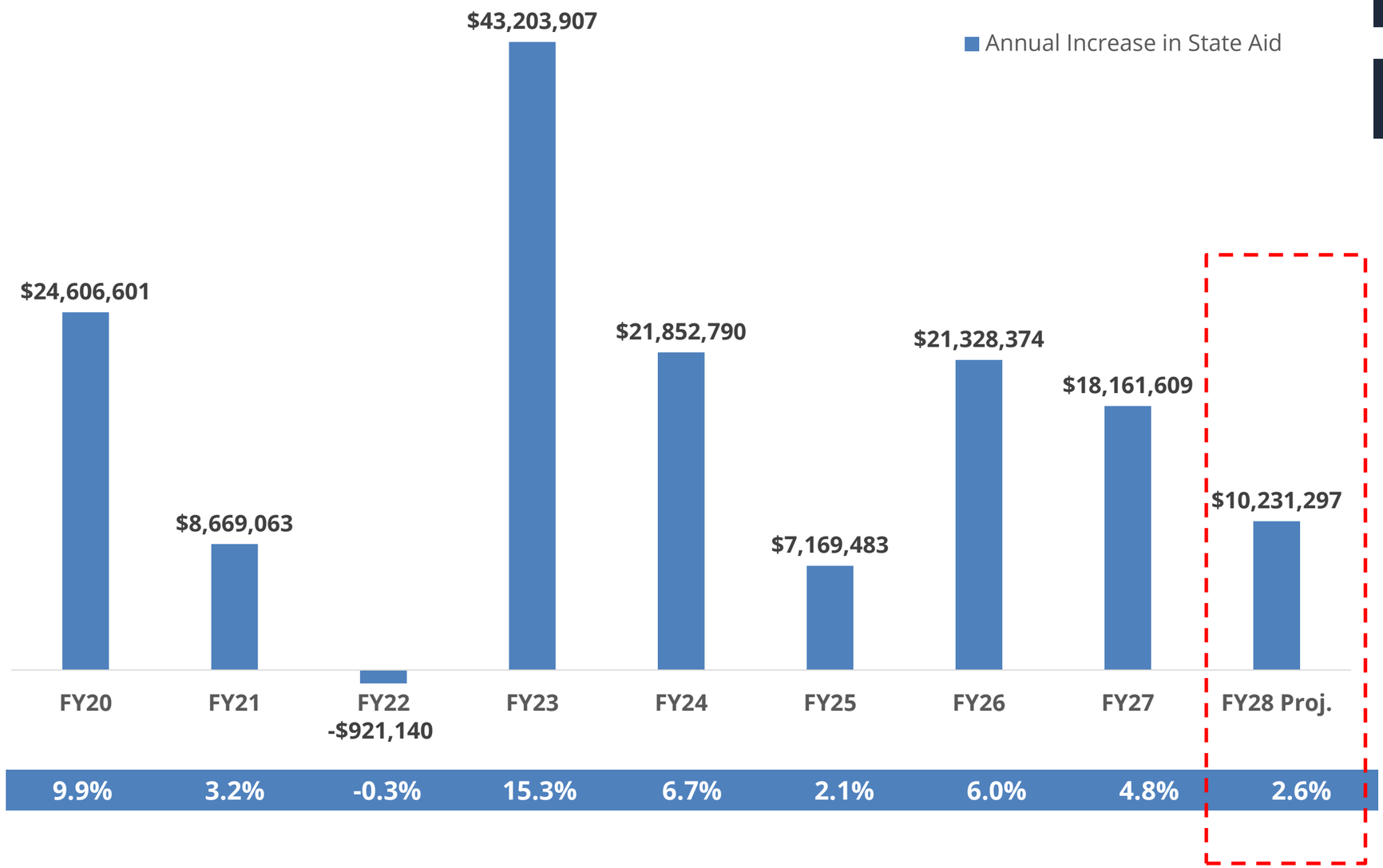
PER PUPIL MOE AND ANNUAL CHANGE IN MOE FUNDING AMOUNT



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State Aid Revenue Projection

Annual Increase in State Aid



Preliminary staff estimates of State Aid projects that revenue growth will slow in FY28 due to softened increases in per pupil funding amounts and the projected decline in total enrollment.

FY28 Budget Starting Point

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	Base Revenues	Base Expenditures
	$ 1,281,009,768	1,277,121,385
Net Starting Position for FY28	$ 3,888,383	

Capacity for New Expenditures before Above MOE Request

BASE REVENUE CHANGES

FY27 Approved	*$1,285,621,385*
FY27 One-Time Funding Sources (remove)	*(9,793,894)*
FY28 Preliminary Base Revenue	***$1,275,827,491***
Required Revenue Changes	
County New MOE Funding	*$(5,049,020)*
Estimated New State Aid	*$10,231,297*
FY28 Base Revenue	***$ 1,281,009,768***

BASE EXPENDITURE CHANGES

FY27 Approved	*$1,285,621,385*
YoY Personnel Cost Changes	*$(8,500,000)*
FY28 Base Expenditures	***$ 1,277,121,385***

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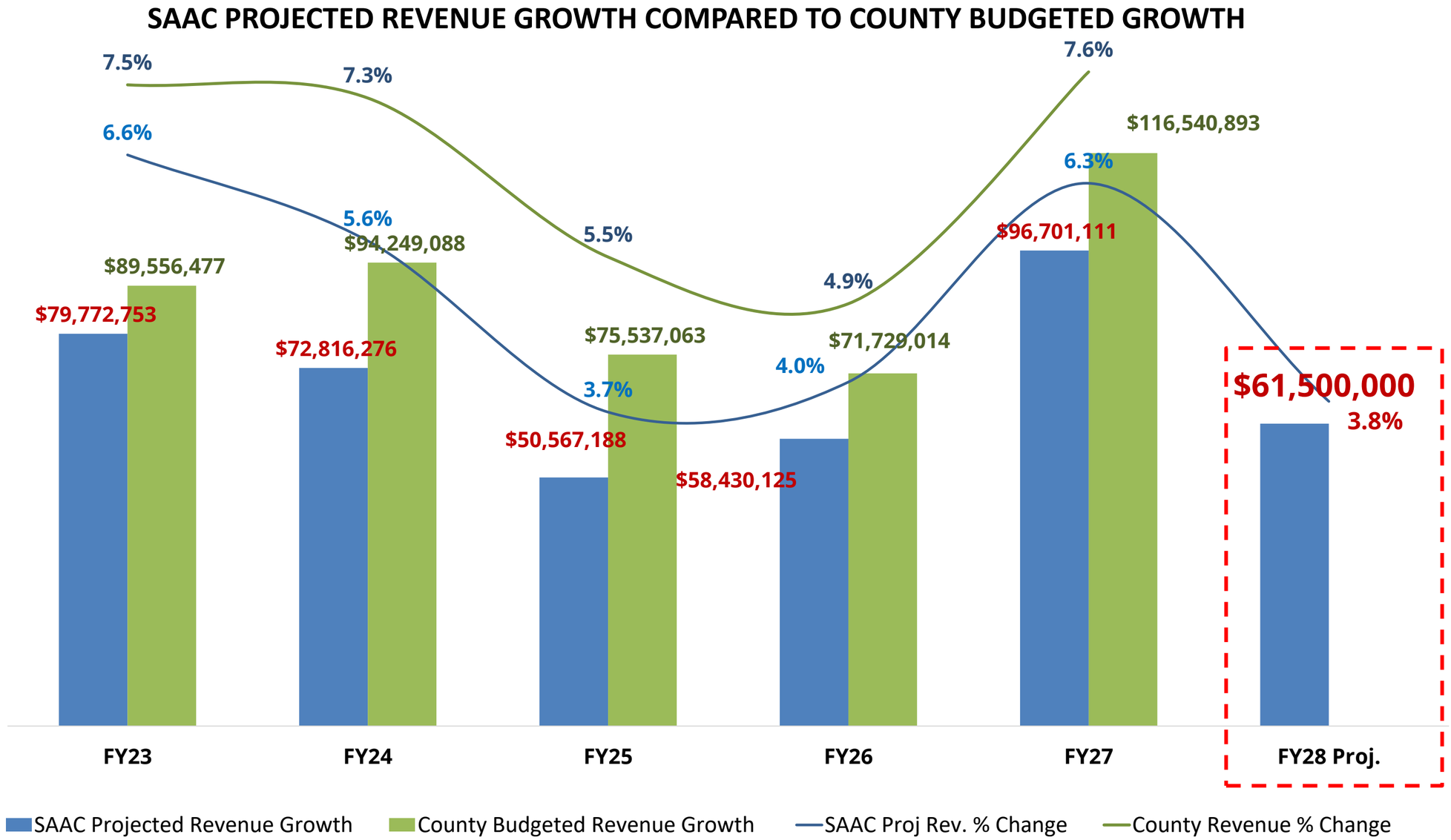
Expenditure Scenarios

- Expenditure scenarios are modeled based on incrementally increasing the expenditure growth rate.
- Each scenario compares the total cost increase for the percent change to the available base revenue capacity $3.9M to model the estimated Above MOE to fund the growth.

4.0% Budget Growth	4.5% Budget Growth	5.0% Budget Growth	5.5% Budget Growth	6.0% Budget Growth
$51.4M New Cost	$57.9M New Cost	$64.3M New Cost	$70.7M New Cost	$77.1M New Cost
Base Budget Capacity $3.9M	Base Budget Capacity $3.9M	Base Budget Capacity $3.9M	Base Budget Capacity $3.9M	Base Budget Capacity $3.9M
$47.5M Above MOE	$54.0M Above MOE	$60.4M Above MOE	$66.8M Above MOE	$73.2M Above MOE

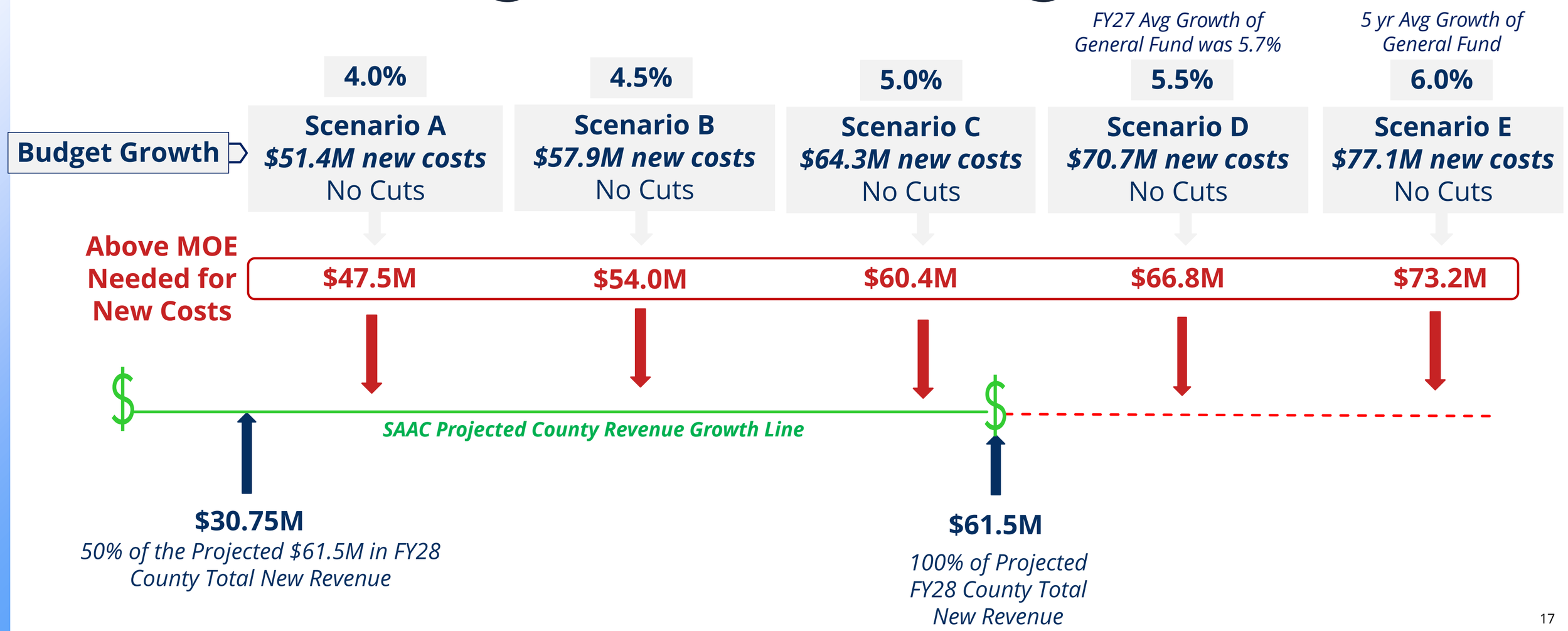
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SAAC Revenue Projections



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FY28 Budget Modeling Scenarios



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FY28 Budget Strategies

Limit budget growth to highest priority needs

Opportunities to reallocate funding and service delivery

Responsibly Maximize Above MOE Funding

Prudent use of one-time funding for recurring costs

Budget Balancing Approach

As in prior years, a combination of strategies will be necessary, with an even greater emphasis on:

- Prioritizing needs to ensure scarce resources are directed toward the most critical commitments.
- Innovating services to improve efficiency, effectiveness, and value.
- Bending cost curves to improve long-term financial sustainability.

Budget challenges will persist and balancing the FY28 budget requires a dual focus: near-term actions to close the immediate gap and longer-term strategies to strengthen fiscal stability.

Budget Timeline

August

Budget Analysis

- Expenditure trends
- Revenue trends
- Enrollment trends
- Health Insurance

Cabinet Budget Planning Begins

- Strategic plan
- Scan of upcoming needs and mandates

September

Preliminary projections

- Enrollment
- Revenues
- Expenditure modeling

Fiscal Outlook

- Presented to Board

Budget Development Begins

October

Budget Development

- Phase II Budget Requests
- Health insurance rate projections

Cabinet Budget Planning

- Early review of needs
- Strategic modeling

Community Budget Meetings

November

Official Enrollment Counts

Update State Aid Projections

Update MOE Projections

Budget Development

- Cabinet review of requests
- Cabinet Prioritization of requests
- Budget Modeling with update revenue projections

Community Budget Meetings

Labor Negotiation Process Begins

December

Cabinet Budget Recommendations to Superintendent

- Final budget calculations for Superintendent Proposed

Budget Office prepares Budget Book

Labor negotiations

January

Superintendent Presents Proposed Operating Budget to the Board of Education

Board Budget Work Sessions begin

Legislature Begins

Governor present Proposed Budget

MSDE issues preliminary state aid estimates

Labor negotiations

Budget Timeline

February

Board Budget Work Sessions

Board Public Hearings on budget

Legislature continues

Labor negotiations as needed

Board approves Operating Budget Request

March

Board Operating Budget Request submitted to County Executive

- No later than March 1 or date agreed to by County Finance Official

Legislature continues

Labor negotiations as needed

BOE Budget Book in Brief issued

April

Sine Die- Legislature Adjourns

State Budget sent to Governor

- Becomes law if not signed in 30 days or vetoed/signed within 6 days of receiving

County Executive presents Proposed County Budget to County Council

- Usually 3rd week of April

County Council Work Sessions

Labor negotiations as needed

May

County Council Work Sessions

Board Budget Work Sessions

Board Public Hearings

County Council Budget Bill adoption

Final State Aid Estimates from MSDE

Board Adoption of the Budget

June

Board Budget Deliberations if needed to balance the budget

Amended Final Budget with Categorical Transfers and Supplemental appropriations if needed

Budget Office prepare Approved Budget Book

July

Budget Posted

Fiscal Year Begins

- July 1
- **Approved Budget Book Issued**

Stop

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Discussion

Community Priorities and Focus Areas



Howard County
Public School System

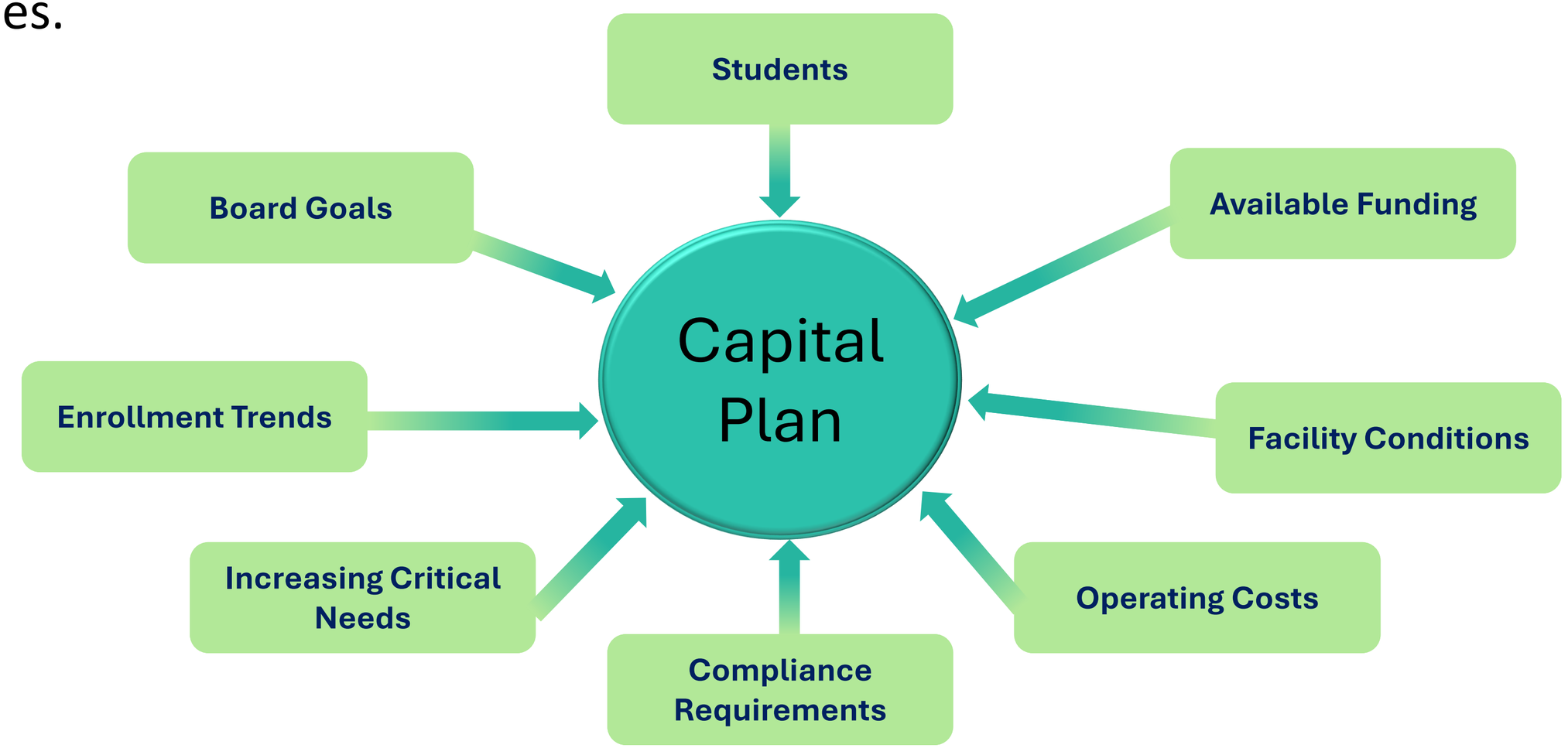
FY 2028 Budget

Capital Budget and Capital Planning

PTACHC Presentations

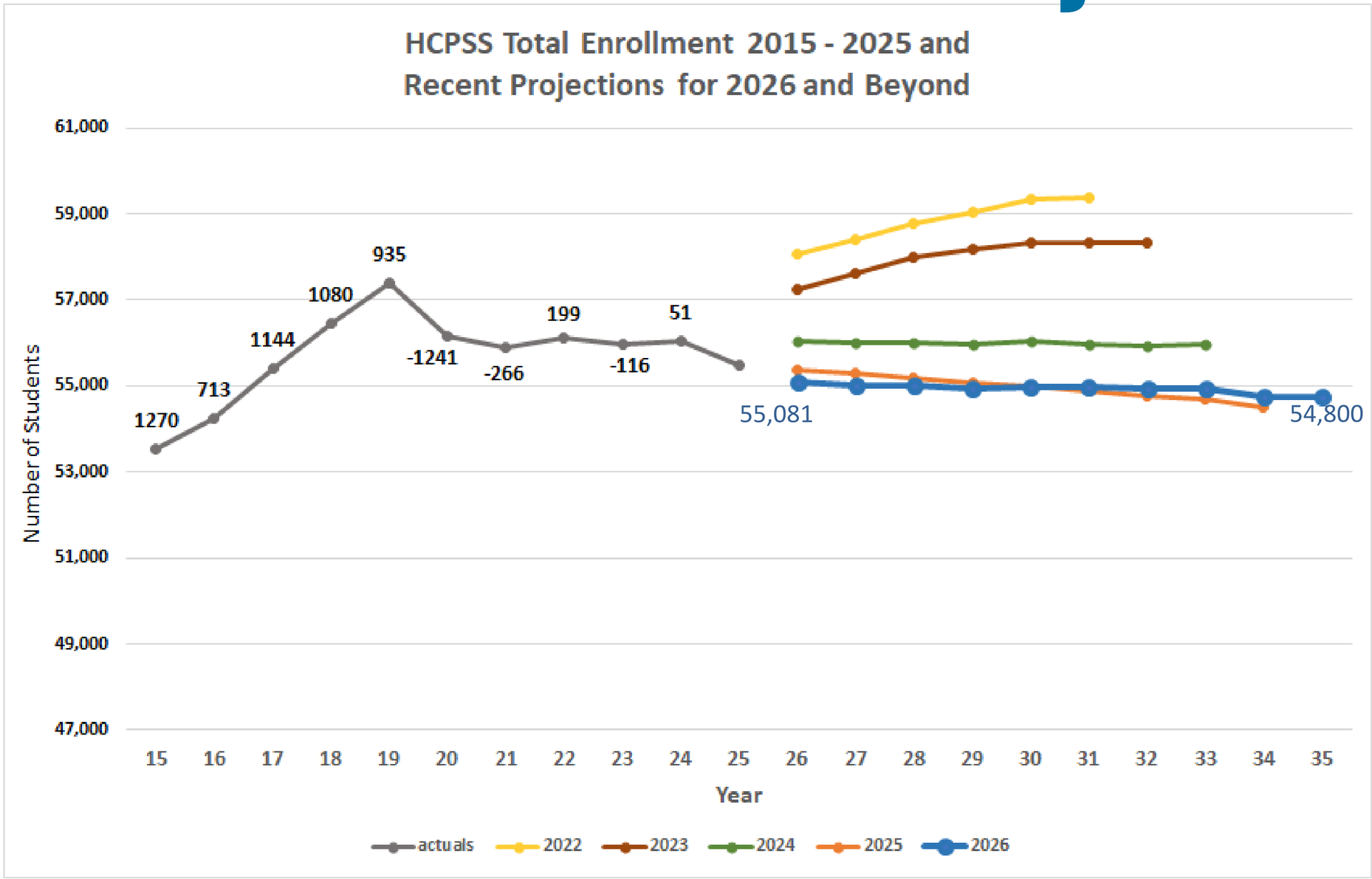
HCPSS Capital Planning

Capital Planning: Aligning resources with student needs and long-term facility priorities.



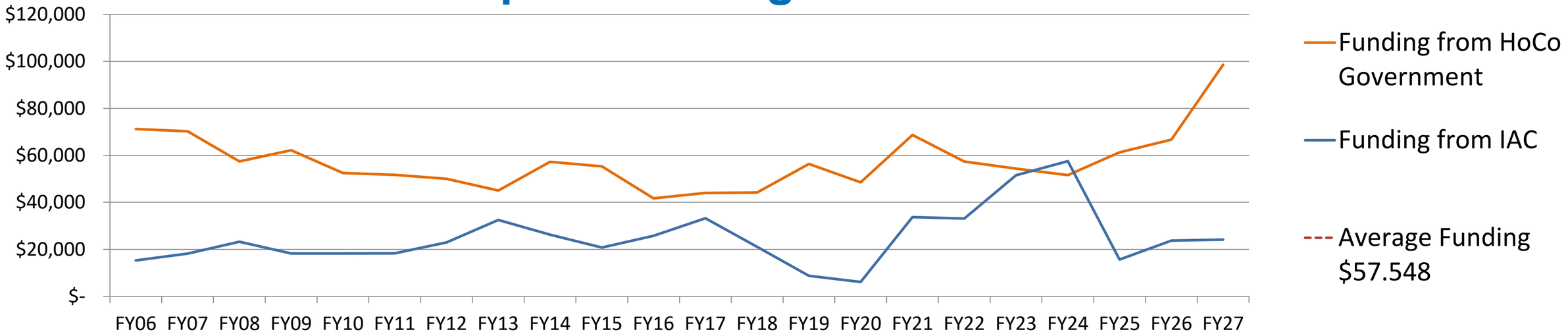
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Enrollment and Projections



HCPSS Historic Limited Funding

Historic Local Capital Funding



Howard County Historic State and Local Cost Share for eligible items

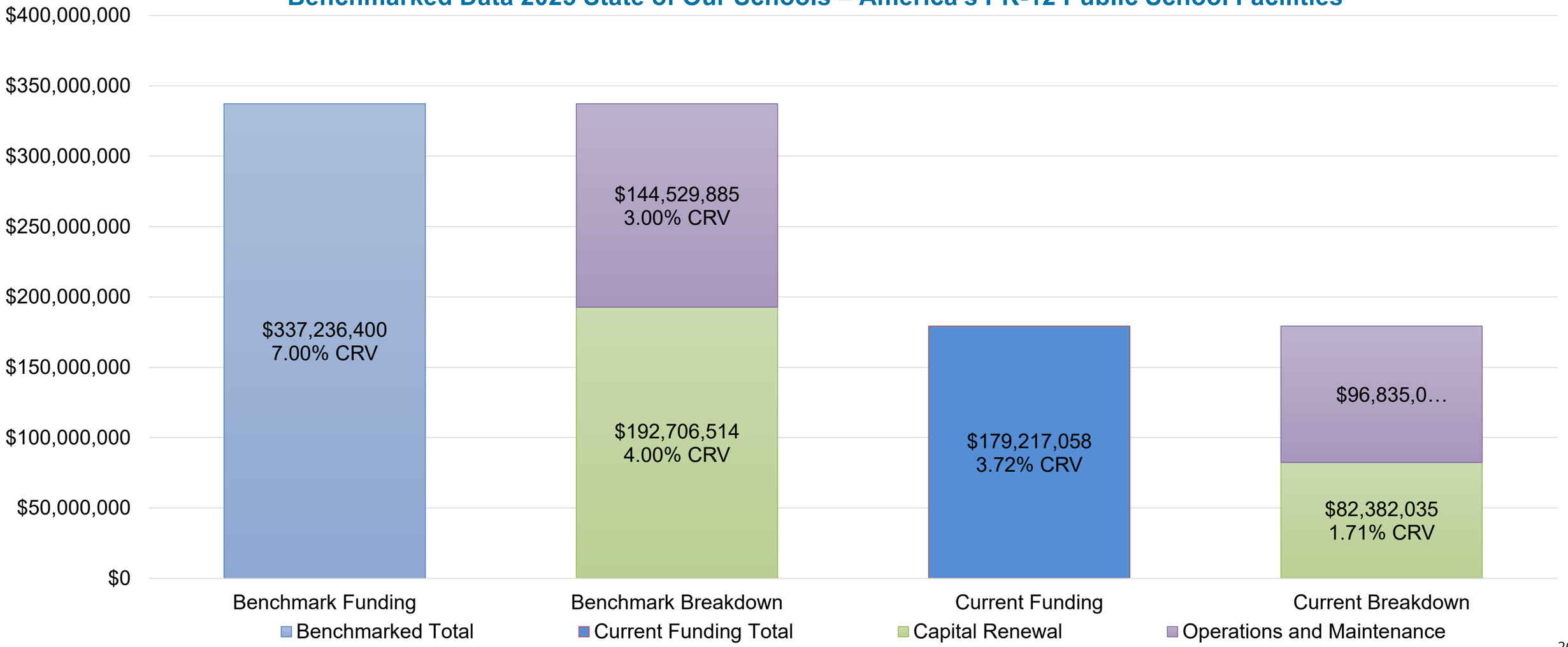
Fiscal Year	2012-2014	2015-2017	2018	2019	2020	2021-2022	2023-2024	2025	2026	2027	2028
State	61	60	55	55	55	55	56	54	51	50	50
Local	39	40	45	45	45	45	44	46	49	50	50

❖State cost per square foot (SF) $513/SF New, $431/SF Building (Risen 63% since FY 2018)

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- State FY 2028 Anticipated Funding
  - CIP - $13,186,877
  - Reserve - $1,300,000
  - Total - $14,.486,877
- Local FY 2027 Funding Level
  - $98,566,000
- Potential FY 2028 Funding Level
  - $113,052,877 (2.35% CRV)

Benchmarked Data 2025 State of Our Schools – America's PK-12 Public School Facilities



FY28 State and Continued Projects

FY 2028 State Projects

- Dunloggin MS Renovation/Addition
- Roofs - Ilchester ES ***and*** Hollifield Station ES
- Long Reach HS Roof/Envelope

Continuation of funding

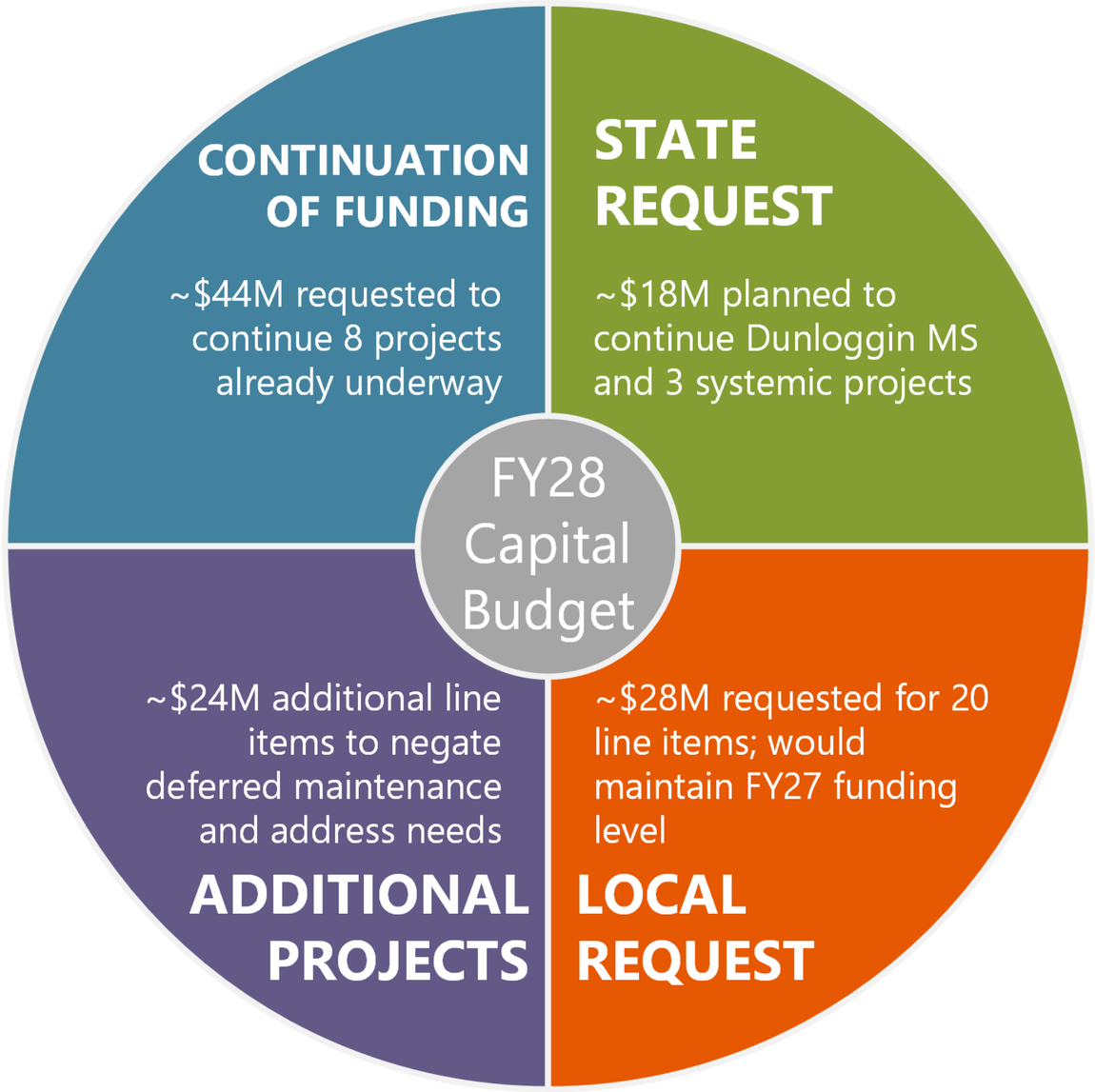
- Oakland Mills MS Renovation/Addition
- New ES #43
- Patapsco MS Replacement
- HVACs - Ilchester ES, Atholton ES ***and*** Jeffers Hill ES
- Multi-Systemics - Worthington ES ***and*** Bonnie Branch MS

FY28 Locally Funded Projects

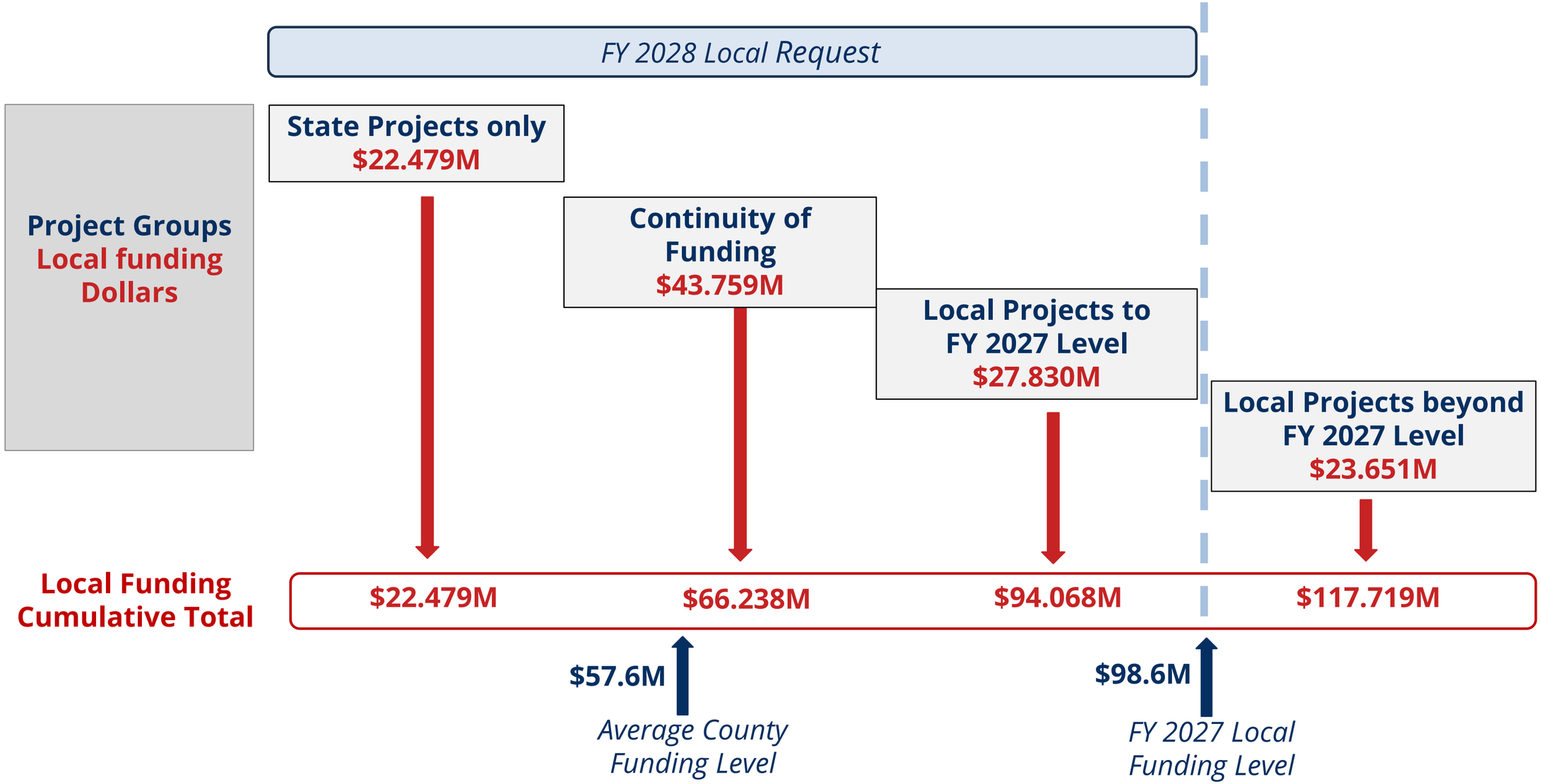
FY 2028 Local Request

- Continuation of Funding Projects
- Technology
- Planning and Design
- Systemic Renovations and Modernizations
- Relocatable Classrooms
- Playgrounds
- Barrier Free

*8 additional locally funded projects are identified requiring funding above the FY27 level



FY28 Local Funding Groups



Long Range Plan Projects

Preserved order of projects from FY27 Capital Budget

FY28-FY37

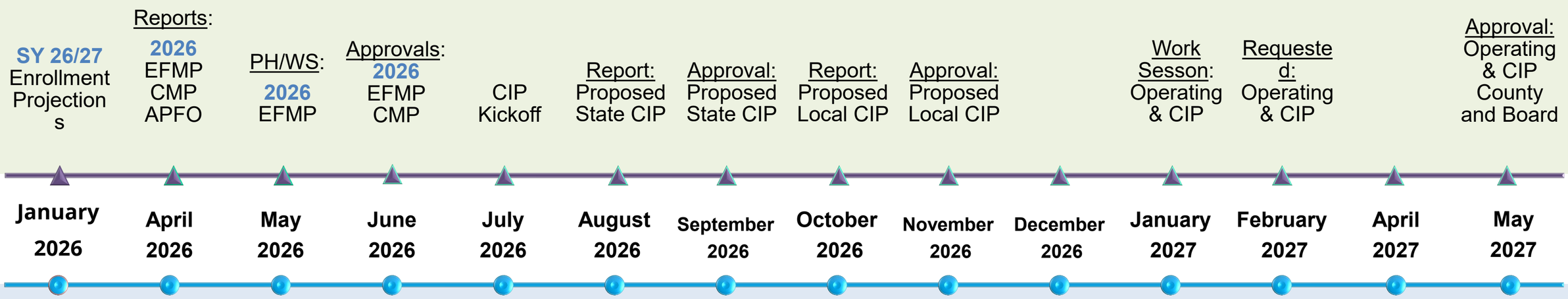
Superintendent's Proposed Local and State Budget Projects

	Project
Major Construction Projects	Oakland Mills MS Renovation/Addition
	Dunloggin MS Renovation/Addition
	New ES #43 (Southeast)
	Patapsco MS Replacement
	Long Reach HS Roof/Envelope
	Oakland Mills HS Renovation/Addition
	Murray Hill MS Renovation/Addition
	Bryant Woods ES Renovation/Addition
	Centennial HS Renovation/Addition
	Thomas Viaduct MS Addition
	Mayfield Woods MS Renovation
Ongoing Projects	Systemic Renovations/Modernizations
	Roofing Projects
	Playground Equipment
	Relocatable Classrooms
	Site Acquisition & Construction Reserve
	Technology
	School Parking Lot Expansions
	Planning and Design
	Barrier Free

Projects included in FY 2028 Request

Capital Planning Timeline

FY 2028 CAPITAL BUDGET PROCESS



- ▲ - FY 2028 Capital Budget Process
- ● - FY 2029 Capital Planning Process

EFMP – Educational Facilities Master Plan
CMP – Comprehensive Maintenance Plan
APFO – Adequate Public Facilities Ordinance
CIP – Capital Improvement Plan

FY 2029 CAPITAL PLANNING PROCESS



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Next Steps:

- Nov. 12 – Local Capital Budget Public Hearing & Work Session
- Nov. 19 – Local Capital Budget Approval
- Jan. 2027 – Full Budget Review Process
- Feb. 2027 – Budget Submission



Discussion