



HARFORD COUNTY, MARYLAND  
Office of the County Auditor

**FISCAL IMPACT NOTE**

**Harford County Public Schools Budget  
for Fiscal Year 2015**

**June, 2014**

Prepared by the Office of the County Auditor  
Harford County, Maryland  
Inquires may be directed to (410) 638-3161

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**Summary of Board of Education Proposed FY2015 Budget**

	2013 FY Actual	2014 Amend. Budget	2015 FY Budget	Change	Percent Change
<b>Revenue</b>					
Unrestricted Funding Sources					
Harford County	\$ 219,821,368	\$ 221,300,729	\$ 223,667,302	2,366,573	1.1%
State of Maryland	\$ 197,012,274	\$ 193,231,482	\$ 194,044,183	812,701	0.4%
Federal Government	\$ 448,890	\$ 390,000	\$ 390,000	-	0.0%
Other	\$ 4,729,065	\$ 8,392,161	\$ 3,335,928	(5,056,233)	-60.2%
Fund Balance	\$ 7,800,000	\$ 6,100,000	\$ 5,533,875	(566,125)	-9.3%
<b>Total - Unrestricted Revenue</b>	<b>\$ 429,811,597</b>	<b>\$ 429,414,372</b>	<b>\$ 426,971,288</b>	<b>(2,443,084)</b>	<b>-0.6%</b>
Restricted Funding Sources					
State of Maryland	\$ 11,007,520	\$ 9,779,886	\$ 9,955,810	175,924	1.8%
Federal Government	\$ 19,416,174	\$ 18,121,117	\$ 18,655,313	534,196	2.9%
Other	\$ 221,954	\$ 186,629	\$ 188,168	1,539	0.8%
Fund Balance		\$ 206,500			
<b>Budget Reconciliation - Grants and Contracts</b>			\$ 2,187,848		
<b>Total - Restricted Revenue</b>	<b>\$ 30,645,648</b>	<b>\$ 28,294,132</b>	<b>\$ 30,987,139</b>	<b>2,693,007</b>	<b>9.5%</b>
<b>TOTAL - REVENUE</b>	<b>\$ 460,457,245</b>	<b>\$ 457,708,504</b>	<b>\$ 457,958,427</b>	<b>249,923</b>	<b>0.1%</b>

**Expenditures**

Fund: Unrestricted					
Board of Education	\$ 591,173	\$ 611,002	\$ 645,412	\$ 34,410	5.6%
Business Services	\$ 31,805,847	\$ 33,679,975	\$ 36,186,215	2,506,240	7.4%
Curriculum and Instruction	\$ 4,530,466	\$ 4,776,750	\$ 4,873,883	97,133	2.0%
Education Services	\$ 179,073,760	\$ 175,062,284	\$ 179,378,263	4,315,979	2.5%
Executive Administration	\$ 1,843,491	\$ 1,649,512	\$ 1,582,061	(67,451)	-4.1%
Extra Curricular Activities	\$ 3,544,901	\$ 3,577,129	\$ 3,677,433	100,304	2.8%
Human Resources	\$ 72,027,693	\$ 77,061,135	\$ 77,216,258	155,123	0.2%
Operations and Maintenance	\$ 66,984,483	\$ 68,793,551	\$ 69,333,184	539,633	0.8%
Safety and Security	\$ 876,245	\$ 924,541	\$ 929,519	4,978	0.5%
Special Education	\$ 39,912,925	\$ 40,027,993	\$ 42,425,948	2,397,955	6.0%
Student Services	\$ 14,343,587	\$ 14,189,628	\$ 15,133,708	944,080	6.7%
Office of Technology & Information	\$ 8,813,062	\$ 9,060,872	\$ 9,336,081	275,209	3.0%
<b>Budget Reconciliation - Wage Package</b>			\$ (13,746,677)		
<b>Total - Unrestricted Fund</b>	<b>\$ 424,347,633</b>	<b>\$ 429,414,372</b>	<b>\$ 426,971,288</b>	<b>\$ (2,443,084)</b>	<b>-0.6%</b>
Fund: Restricted					
Restricted Fund	\$ 30,645,648	\$ 28,087,632	\$ 29,411,452	1,323,820	4.7%
Fund: Current Expense					
Food Service	\$ 15,413,941	\$ 15,615,568	\$ 15,778,740	163,172	1.0%
Debt Service	\$ 29,736,815	\$ 30,628,653	\$ 30,298,127	(330,526)	-1.1%
Capital	\$ 37,191,795	\$ 32,678,346	\$ 33,626,600	948,254	2.9%
Pension	\$ 26,284,223	\$ 27,319,963	\$ 27,319,963	-	0.0%
<b>TOTAL - EXPENDITURES</b>	<b>\$ 563,620,055</b>	<b>\$ 563,744,534</b>	<b>\$ 563,406,170</b>	<b>\$ (338,364)</b>	<b>-0.1%</b>

**Statistics**

Current Expense Fund Employees	5,110.8	4,999.6	5,000.4	0.8	0.0%
Enrollment	37,868	37,842		(26.0)	-0.1%

## Fiscal Analysis

Each year, Harford County Public Schools' (HCPS) Superintendent prepares a proposed budget that is amended and approved by the Board of Education prior to submitting a funding request to the County Executive. HCPS additionally prepares a detailed budget book that includes many details to support the annual funding request. The County Executive recommends the amount of County funding in the annual appropriation ordinance. The County Council may amend the County Executive's proposed school funding upward, but may not reduce the proposed amount. It is relevant to note that the County Executive's budget includes the projected revenue, which cannot be changed by the County Council. The requirement for a balanced budget means that increases to the school budget must be funded by reductions in other County departments by the County Council or an increase in revenue by the County Executive. Further, the annual budget appropriation authorizes current expense funding to the Board of Education in the State mandated reporting categories, but does not provide any further restrictions on how the money may be spent.

This fiscal impact note is not intended to substitute for reading HCPS' budget book. Rather, it is intended to complement and summarize that information and provide recommendations for fiscal improvement. Information used in this analysis was provided by the HCPS Budget and Finance personnel. In preparing this document, we inquired of members of HCPS management, HCEA leadership and the Board of Education to clarify our understanding of the subject and to initiate conversations about overall fiscal efficiency. Our focus was on the financial costs of operating the school system in Harford County; we defer to the school officials for their expertise and experience with best practices for educating students.

The first section of this analysis addresses the budget's summary sections: Revenue, Expenditures, Positions and Priorities. Detailed analysis of each other budget section follows. Where appropriate, recommendations for further evaluation have been noted in the summaries. Throughout this analysis, section headers include numbers in parentheses; they refer to the section numbers in the Board of Education's Proposed FY2015 Budget. Footnotes also refer to that document. Changes related to the amended, approved budget are reflected in red font.

We strongly encourage all readers of this analysis to also read the proposed budget in full, giving particular attention to chapters 1 through 9, as they describe the HCPS background, objectives, results and approach to developing the budget.

Broadly, the budget prepared by HCPS is an incremental budget – it provides explanations for changes from the prior year budget and assumes that the prior year budget amounts are acceptable. For many changes proposed, the justification provided is an intention to restore services to the level of FY2012 or earlier. In part, the State's requirement for funding at the Maintenance of Effort level encourages this approach to budgeting. However, after a number of years, the base being used may not remain relevant because of changes in student needs, State and Federal mandates and the cost of doing business.

While HCPS began making significant cuts based on resource limitations in 2008 and 2009, it is not clear how much those programs or staffing levels might cost in the current year. We asked school officials if there was an ideal or target level of staffing, services, programs, etc. and were

advised that determining that information would be impractical given the expected resource limitations.

In our discussions with school officials, it was clear that they understand the fiscal restraints of the County and other funding sources. They expressed an intention to request funding for only the most essential functions. To that end, this year's proposed budget includes a new section – Priorities – which lists many high priority items that the Board of Education felt were important, but that could not be included in the proposed budget at the current funding level.

We commend the Board of Education for recognizing and acknowledging that some priorities are more critical than others. Further, we understand that significant increases in the schools' budget request each year may be offensive to some readers of the budget. However, we strongly recommend that the schools prepare a zero-based budget to demonstrate the specific programs, services and staffing levels that are needed.

School officials clearly want to provide the best education possible to Harford County's students. Given hypothetical unlimited resources, their expertise would likely generate a long list of programs and services that would help further that mission. A zero-based budget would provide justification for all requests, not just the changes from the prior year. This budgeting approach would require officials to identify the actual costs of each program and service provided. At a minimum, the zero-based budget should identify how many employees are needed and how they will be deployed. Salaries and benefits are the largest cost of educating students. At this time, it is not clear that a baseline calculation of required school-based staff has been performed.

As an additional consideration, the costs of operating the schools are supplemented by the efforts of the Parent Teacher Associations at each school. School Activity Funds in each school spent a total of nearly \$6.7 million in fiscal year 2013. These are amounts that should be considered in developing a zero-based budget.

We noted the Schools have many administrative functions that are similar to those of the County government. To our knowledge, there has never been a study of combining some of these functions. School officials advised us that they would be willing to discuss sharing resources to gain efficiency. Key areas that should be considered are Procurement, Human Resources, Payroll, Accounts Payable, Fleet Management and Maintenance. Additionally, some supporting functions such as Facilities Maintenance and Janitorial Services might be appropriate for consolidation. Information systems related to these departments might also be consolidated.

Overall, we noted several detailed line items are routinely budgeted significantly higher or lower than the actual spending, based on FY2012 and FY2013 results. The schools are required to stay within their approved budget for each state budget category and the over- and under-budgeted items should offset one another within those categories. However, when the budget is summarized at the State reporting category level, we can see that some categories are routinely under or over-utilized. The table below summarizes the schools' Unrestricted Fund results for the last three completed fiscal years. The 'Application of Variance' column, totaling negative \$6.4 million, represents the amount that would be unspent in FY2015 based on the prior years' results. (A positive number in this table means that the schools spent more than budgeted.)

Unrestricted Funds	2015	Average PY	Application of	2013		2012		2011	
	FY Budget	Variance	Variance	Actual-Budget		Actual-Budget		Actual-Budget	
Administrative Services	\$ 11,127,332	-4.8%	\$ (538,273)	\$ (338,619)	-3.1%	\$ (353,938)	-3.1%	\$ (938,139)	-8.3%
Mid-Level Administration	26,231,090	-1.9%	(495,292)	(333,147)	-1.3%	(536,209)	-2.1%	(576,749)	-2.2%
Instructional Salaries	169,830,511	-0.4%	(672,933)	(1,926,587)	-1.2%	988,669	0.6%	(1,036,464)	-0.6%
Textbooks & Classroom Supplies	7,488,098	-3.3%	(245,350)	(181,484)	-2.6%	(230,761)	-2.9%	(345,907)	-4.3%
Other Instructional Costs	2,995,396	-2.0%	(61,331)	265,030	11.6%	(309,742)	-10.0%	(258,770)	-7.7%
Special Education	43,214,278	0.3%	114,704	(3,673)	0.0%	(355,924)	-0.9%	654,743	1.7%
Student Services	1,742,457	-1.5%	(26,623)	(18,076)	-1.1%	(11,564)	-0.7%	(45,846)	-2.8%
Health Services	3,748,948	-3.0%	(113,899)	(112,293)	-3.3%	(52,537)	-1.6%	(141,330)	-4.2%
Student Transportation	31,800,694	0.0%	(5,207)	(249,583)	-0.8%	(12,198)	0.0%	229,974	0.8%
Operation of Plant	30,061,729	-4.0%	(1,213,905)	(1,082,541)	-3.7%	(92,635)	-0.3%	(2,561,321)	-8.1%
Maintenance of Plant	12,882,683	0.4%	55,174	(138,977)	-1.1%	79,646	0.6%	204,814	1.8%
Fixed Charges	112,084,920	-2.7%	(3,017,151)	787,353	0.8%	923,514	1.0%	(8,823,293)	-9.8%
Community Services	544,765	-22.4%	(121,860)	(85,287)	-16.2%	(147,385)	-28.3%	(117,456)	-22.6%
Capital Outlay	421,259	-3.2%	(13,583)	(2,993)	-6.0%	(8,540)	-2.3%	(5,148)	-1.4%
<b>TOTAL</b>	<b>\$ 454,174,160</b>		<b>\$(6,355,530)</b>	<b>\$(3,420,877)</b>	<b>-0.8%</b>	<b>\$(119,604)</b>	<b>0.0%</b>	<b>\$(13,760,892)</b>	<b>-3.3%</b>

We reviewed each line item in the proposed Unrestricted budget and identified a number of items that were over- or under-budgeted when compared to the FY2012 and FY2013 results. The total differences between the FY2015 proposed and FY2012 and FY2013 actual results for all categories were largely explained by proposed wage adjustments, new positions, pension and employee benefit changes. The table below includes a summary of the items with significant variances in the Unrestricted Fund that were not fully explained by the above reasons. The total of those amounts suggests potential areas for reduction or adjustment in the FY2015 budget and is summarized below. (Positive figures in the table below represent categories that could be adjusted downward.). Approximately \$760,000 of the identified variances were adjusted in the approved budget

State Category	For Items with		% of FY15 Budget
	Significant	All Items	
	Projected Over (Under)Budget	FY15 Budget	
Administrative Services	\$ 213,311	\$ 11,127,332	1.9%
Mid-Level Administration	69,003	26,231,090	0.3%
Instructional Salaries	18,778	169,830,511	0.0%
Textbooks and Class Supplies	(131,050)	7,488,098	-1.8%
Other Instructional Costs	22,170	2,995,396	0.7%
Special Education	1,873,434	43,214,278	4.3%
Student Personnel Services	5,332	1,742,457	0.3%
Health Services	35,379	3,748,948	0.9%
Student Transportation	157,868	31,800,694	0.5%
Operation of Plant	1,363,564	30,061,729	4.5%
Maintenance of Plant	202,250	12,882,683	1.6%
Fixed Charges	1,233,569	112,084,920	1.1%
Community Services	61,240	544,765	11.2%
Capital Outlay	8,720	421,259	2.1%
<b>Grand Total</b>	<b>\$ 5,133,569</b>	<b>\$ 454,174,160</b>	<b>1.1%</b>

## SUMMARY OF REVENUES (6), EXPENDITURES (7), POSITIONS (8) AND PRIORITIES (9)

The Board of Education (BoE) primarily receives funding from the County, State and Federal Governments. The County funding request is approximately \$32 million (14.5%) higher than the prior year. County funds are only used to support Unrestricted Fund expenditures. The larger request is primarily to accommodate proposed increases in expenditures. Expenditures are discussed later in this analysis. The County Executive’s proposed budget for FY2015 was substantially less than requested by the Board of Education. The increases have been allocated to the County’s increased share of Pension costs (\$466,573 in Fixed Charges) and to Instructional Salaries.

<u>Budget Request</u>	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
County Executive's Budget	\$ 219,821,368	\$ 221,300,729	\$ 223,667,302	\$ 2,366,573	1.1%
HCPS Request to County Exec.	238,283,466	241,010,440	253,290,949	12,280,509	5.1%
Difference:	\$ (18,462,098)	\$ (19,709,711)	\$ (29,623,647)		

<u>County Appropriations</u>	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Administrative Services	\$ 2,946,985	\$ 2,946,985	\$ 2,946,985	\$ -	0.0%
Mid-level Administration	10,565,437	10,565,437	10,565,437	-	0.0%
Instructional Salaries	124,854,586	124,854,586	126,754,586	1,900,000	1.5%
Textbooks & Classroom Supplies	6,877,305	6,877,305	6,877,305	-	0.0%
Other Instructional Costs	1,596,362	1,596,362	1,596,362	-	0.0%
Special Education	16,022,558	16,022,558	16,022,558	-	0.0%
Student Transportation	3,931,103	3,931,103	3,931,103	-	0.0%
Operation of Plant	13,097,775	13,097,775	13,097,775	-	0.0%
Maintenance of Plant	2,600,461	2,600,461	2,600,461	-	0.0%
Fixed Charges	32,873,301	34,352,662	34,819,235	466,573	1.4%
Student Personnel Services	2,644,795	2,644,795	2,644,795	-	0.0%
Health Services	1,767,627	1,767,627	1,767,627	-	0.0%
Community Service	43,073	43,073	43,073	-	0.0%
<b>Total</b>	<b>\$ 219,821,368</b>	<b>\$ 221,300,729</b>	<b>\$ 223,667,302</b>	<b>\$ 2,366,573</b>	<b>1.1%</b>

State funding is projected to increase slightly from the FY2014 budget, although, it remains less than FY2013. Based on the State’s budget reconciliation, HCPS expects their funding to be approximately \$835,000 less than the amount included in the BoE proposal. This change would make the State revenue essentially the same as the prior year. State funding was decreased in FY2013 due to a change in the State’s pension funding guidelines. Harford County increased its FY2013 appropriation to make up for the pension expense shift. State funding is also adjusted based upon comparative wealth factors between counties. Harford County’s wealth has not changed substantially, but other jurisdictions have seen declines. The wealth factor is only one component of determining State funding. Because of Net Income Adjustments, HCPS’ state funding will increase despite its wealth factor reductions.

'Other revenue' includes a wide variety of sources. Of note, the proposed FY2015 budget does not include revenue for Sports Participation and Student Activity Fees. Gate Receipts are projected to increase by \$87,656 (26%) to the actual amount received in FY2013. An additional \$105,000 (87.5%) is expected to come from Energy Rebates. In prior years, HCPS has received a refund for health insurance overpayments; however, premiums are expected to rise and, therefore, that revenue has not been included in the proposal for FY2015. The Board of Education expects to use \$3.5 million of its fund balance (rainy day fund) to pay for operating expenses.

Overall, the proposed Unrestricted budget spending has increased by \$29.4 million or 6.9%. The Restricted Fund budget is 3.1% less than the prior year.

Budget increases are grouped into "Wages and Benefits", "Base Budget Adjustments" and "Cost of Doing Business". Wages and Benefits are, by far, the majority of the increase, adding approximately \$20.5 million to the budget. Of that amount, approximately \$4.85 million is related to Insurance costs; \$1.95 million is related to Pension changes and nearly \$1 million represents the increased payroll taxes resulting from higher wages.<sup>1</sup>

Wage adjustments are based on current employees receiving two (2) step increases on the applicable salary schedules and a 1% cost of living adjustment (COLA). This results in an individual increase of between 1% and 7% depending on an employee's current placement on the wage schedules. Applying the step increases first, the 1% COLA will cost approximately \$2.63 million. Each step will cost approximately \$5.15 million.

To the credit of the HCPS leadership, while teaching positions are being added, we noted that the Executive Administration staff is 22% smaller than in FY2012.

Base Budget Adjustments net to \$0.

The proposed increase in Cost of Doing Business is summarized in great detail on pages 93 through 97 of the Board of Education Proposed Budget. Some of the more significant increases are related to restoring teaching positions to the school year 2012-2013 levels in order to reduce class sizes at all levels (elementary classes below 25), increase reading intervention availability in middle schools and increase upper level and Advanced Placement course offerings in High Schools. Further, increases of approximately \$582,000<sup>2</sup> for services and positions previously funded by Race to the Top grants. Overall, those federal grant funds are expected to decrease by approximately \$730,000<sup>3</sup>. Funds have also been included to restore a portion of library funding cut in FY2012; this funding provides for new and increased subscription costs for databases for student reference.

The proposed budget includes 5,077.3 positions, an increase of approximately 1.6%. Of the new positions, 79.5 full time equivalents (FTE) are Teacher or Teacher Specialists; 4.4 new FTE positions are support positions. Some of the new positions result from grant-funded positions that were in the Restricted fund, but will be maintained after the grant funding ends.<sup>4</sup> The total

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<sup>1</sup> Expenditures, pages 101-106

<sup>2</sup> \$582,344 = Expenditures, Page 95, lines 18-21; page 97, line 45

<sup>3</sup> Expenditures, page 98

<sup>4</sup> Positions, page 112

positions includes 2,871.4 Teacher/Counselor positions, while the prior year budget proposals included 2,810.7 (FY2014) and 2,864.8 (FY2013). We inquired about how the staffing levels are determined and were advised that budget managers and school principals provide requests of their needs and then final determinations are made at the Central Office level. It is not clear how the requested new positions will be deployed across the district.

As we compared the FY2015 proposed budget to actual results from FY2012 and FY2013, we noted that some Salary items were not fully utilized. This is, in part, because HCPS does not budget for employee turnover in the proposed budget. Officials have indicated that turnover generally results in a savings of approximately \$2 million per year. After revenue numbers are confirmed, employee turnover will be included as a reconciling item in the Approved version of the budget. Since the County Executive’s proposed budget includes additional funding for Instructional Salaries, the Board of Education will need to determine if the funding should be allocated towards pay increases or additional teacher positions.

The Board of Education and HCPS Administration have identified many priorities that are not included in the FY2015 budget proposal. These funding needs total \$4.5 million. Further, the Priorities List acknowledges Other Post-Employment Benefits of \$37,220,000 for FY2015. In FY2013, HCPS contributed approximately \$20 million to its OPEB trust fund to pay for current retiree benefits. More detail regarding the OPEB obligation is in the Pension and OPEB section of this analysis.

The Board of Education approved its budget on June 9, 2014. Significant changes include:

- Eliminating pay increases
- Eliminating most requested new positions
- Eliminating elementary and middle school summer school programs
- Restoring participation fees for Interscholastic Athletics

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## SUMMARY OF RECOMMENDATIONS

- We strongly recommend that the schools prepare a zero-based budget to demonstrate the specific programs, services and staffing levels that are needed. (See page 3)
- We recommend HCPS and the County Administration evaluate the feasibility and potential cost savings of consolidating some administrative functions and related information systems. (See pages 12 and 17)
- We recommend HCPS determine if any of its software packages will require upgrade or replacement in the next year. (See page 23)
- We recommend HCPS identify or estimate specific computer equipment purchases that are needed. (See page 23)

See budget category summaries for more detail.



**Additional Information**

Previous Introductions: None

Fiscal Analysis was prepared by Chrystal Brooks, County Auditor.

Inquiries may be directed to (410)638-3161.

Version: Board of Education Approved Budget – June 10, 2014

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**TABLE OF CONTENTS**

SUMMARY OF REVENUES (6), EXPENDITURES (7), POSITIONS (8) AND PRIORITIES (9) ..... 6

SUMMARY OF RECOMMENDATIONS..... 8

BOARD OF EDUCATION (10) ..... 11

BUSINESS SERVICES (11) ..... 12

CURRICULUM AND INSTRUCTION (12) ..... 13

EDUCATION SERVICES (13)..... 14

EXECUTIVE ADMINISTRATION (14)..... 15

EXTRA-CURRICULAR ACTIVITIES (15) ..... 16

HUMAN RESOURCES (16)..... 17

OPERATIONS AND MAINTENANCE (17)..... 18

SAFETY AND SECURITY (18)..... 19

SPECIAL EDUCATION (19) ..... 20

STUDENT SERVICES (20)..... 21

OFFICE OF TECHNOLOGY AND INFORMATION SERVICES (21)..... 22

RESTRICTED (22)..... 23

FOOD SERVICE (23)..... 24

DEBT SERVICE (24)..... 25

PENSION (26) AND OTHER POST-EMPLOYMENT BENEFITS (27) ..... 26

CAPITAL IMPROVEMENT PROGRAM (25) ..... 27

## BOARD OF EDUCATION (10)

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### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Board of Education Services	\$ 230,006	\$ 244,807	\$ 256,522	\$ 11,715	4.8%
Internal Audit Services	\$ 154,986	\$ 158,285	\$ 161,134	2,849	1.8%
Legal Services	\$ 206,181	\$ 207,910	\$ 227,756	19,846	9.5%
<b>Total</b>	<b>\$591,173</b>	<b>\$611,002</b>	<b>\$645,412</b>	<b>\$34,410</b>	<b>5.6%</b>
Personnel	5	5	5	-	0.0%

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### Budget Proposal Analysis

The Board of Education departmental budget includes salaries for Board members, their clerical staff, Legal Counsel and Internal Audit.

Changes to the budget are primarily related to wage adjustments. Wage adjustments for legal services appear high, but are related to a vacated position being filled at a higher salary.

## BUSINESS SERVICES (11)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Fiscal Services	\$ 30,897,144	\$ 32,797,281	\$ 35,278,779	2,481,498	7.6%
Purchasing	908,703	882,694	907,436	24,742	2.8%
<b>Total</b>	<b>\$31,805,847</b>	<b>\$33,679,975</b>	<b>\$36,186,215</b>	<b>\$2,506,240</b>	<b>7.4%</b>
Personnel	35	34	34	-	0.0%

### Budget Proposal Analysis

The Business Services budget captures costs related to Finance, Budget, Payroll, Risk Management, and Purchasing. These functions are similar to functions that the County also performs. There may be some benefit to consolidation of common functions. This matter has not been studied.

The FY2015 budget includes an increase in the pension contribution of \$1,957,713. The amount is now required because of changes in state law. It also includes \$968,609 for payroll taxes related to wage adjustments. The first principal installment on the Administration building lease is due, costing approximately \$371,000 more than the prior year. In accordance with the Council’s approved resolution 11-12, the prior payments were interest only.

HCPS projected an increase in Worker’s Compensation premiums of 15%<sup>5</sup>, the actual increase is 5% or about \$100,000; HCPS has indicated that this line item will be reduced by \$244,000. Amendments to the budget reflect the insurance premium rates and reductions in advertisements for Purchasing. Additionally approximately \$1.5 million in pension costs has been transferred to grant funding.

Other increases are related to wage adjustments.

### Recommended Actions

- We recommend HCPS and the County Administration evaluate the feasibility and potential cost savings of consolidating some administrative functions and related information systems.

<sup>5</sup> Business Services, page147, line 25

## CURRICULUM AND INSTRUCTION (12)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Curriculum Development and Implementation	\$ 2,883,851	\$ 3,105,929	\$ 3,285,450	179,521	5.8%
Office of Accountability	766,518	774,711	851,261	76,550	9.9%
Professional Development	880,097	896,110	737,172	-158,938	-17.7%
<b>Total</b>	<b>\$ 4,530,466</b>	<b>\$ 4,776,750</b>	<b>\$ 4,873,883</b>	<b>\$ 97,133</b>	<b>2.0%</b>
Personnel	37	39.3	42.7	3.4	8.7%

### Budget Proposal Analysis

The Division of Curriculum and Instruction provides support to educators by developing curriculum and connecting educators with opportunities for Professional Development. The Division leads the organizational effort in “development, implementation, evaluation and coordination of curriculum and instruction” within HCPS.

Curriculum Development Professional Salaries and Curriculum Development Professional Substitutes have increased by approximately \$200,000 in an effort to restore these categories to the FY2009 levels, but were later eliminated to reconcile the budget.<sup>6</sup> The former category pays for curriculum development work performed outside the normal work day; the latter pays for substitutes to cover classes while teachers attend training during the school day. The proposed budget includes 3.4 new positions:

- Full-time Executive Secretary
- Part time clerical support
- Instructional Data Specialist
- Teacher Instruction Coordinator

The first position was transferred from another department; the other three were previously funded by federal grants that have ended.

<sup>6</sup> Curriculum and Instruction, page 167, line 17 and page 168, line 20

## EDUCATION SERVICES (13)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Career and Technology Programs	\$ 8,416,038	\$ 7,931,241	\$ 8,336,093	\$ 404,852	5.1%
Gifted and Talented Program	1,548,646	1,619,130	1,643,521	24,391	1.5%
Intervention Services	1,262,520	1,199,570	1,246,184	46,614	3.9%
Magnet and Signature Programs	2,079,803	1,762,549	1,788,971	26,422	1.5%
Office of Elem/Mid/High Schools	705,233	591,825	628,750	36,925	6.2%
Other Special Programs	2,860,781	2,919,704	3,076,667	156,963	5.4%
Regular Programs	155,329,614	152,261,294	158,884,114	6,622,820	4.3%
School Library Media Program	6,279,536	6,068,346	6,354,960	286,614	4.7%
Summer School	591,589	668,625	267,614	-401,011	-60.0%
<b>Budget Reconciliation - Turnover</b>			<b>(2,848,611)</b>	<b>(2,848,611)</b>	
<b>Total</b>	<b>\$179,073,760</b>	<b>\$175,022,284</b>	<b>\$179,378,263</b>	<b>\$ 4,355,979</b>	<b>2.5%</b>
Personnel	2890.1	2795	2869.5	74.5	2.7%

### Budget Proposal Analysis

The Education Services budget reflects many costs most commonly associated with educating students - teachers and principals, books, supplies, magnet and career programs.

Most of the proposed increase in Education Services is related to wage adjustments and the creation of new teacher positions. As indicated in the first section of this report, it is not clear how the new teachers will specifically be deployed. Per school officials, “Annually the Executive Directors with assistance from Curriculum Supervisors, Principals and the HCPS Leadership Team review and assess current class-size ratios, program offerings, program/curriculum requirements, legal mandates and student needs in order to determine staffing requirements for the next school year. It is not until school schedules are finalized and enrollment by class is determined, that specific information regarding the reallocation or assignment of positions by school and program can be finalized.” When the budget was approved, most of the new positions were eliminated.

As noted above, our review of the FY2015 proposed budget to actual results from FY2012 and FY2013, showed that some Salary items were not fully utilized. This is, in part, because HCPS does not budget for employee turnover. Officials have indicated that turnover generally results in a savings of approximately \$2 million per year and is primarily recognized in Education Services.

The library media budget has increased by approximately \$325,000<sup>7</sup>, in part, to accommodate increased prices of reference databases and new databases. Each school librarian has their own budget to manage, so some purchases are made independently. However, school officials indicated that 97% of the database resources are centrally purchased to reduce costs. In some cases the centralized purchases are funded by the individual schools’ library budgets, not the central office. The increase to library was removed from the approved budget.

The approved budget also eliminates elementary and middle school summer school programs – a reduction of \$381,000.

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## EXECUTIVE ADMINISTRATION (14)

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### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Communications	\$ 401,688	\$ 440,496	\$ 422,439	\$ (18,057)	-4.1%
Equity and Cultural Proficiency	204,419	170,938	175,570	4,632	2.7%
Executive Administration Office	1,237,384	1,038,078	984,052	(54,026)	-5.2%
<b>Total</b>	<b>\$ 1,843,491</b>	<b>\$ 1,649,512</b>	<b>\$1,582,061</b>	<b>\$(67,451)</b>	<b>-4.1%</b>
Personnel	17	15.5	14.5	(1.0)	-6.5%

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### Budget Proposal Analysis

Executive Administration includes the Superintendent and Assistant Superintendent, Chief of Administration, Communications and a number of clerical staff

The Executive Administration has 22% fewer employees than in FY2012. Reducing the staff by 1 person is the most significant budget adjustment. The communications budget has increases related to wage adjustments, but they are offset by a reduction in contractual services. The reduction comes from sponsorships for various programs such as the teacher of the year banquet, service recognition programs, and student handbook/calendar and community budget booklet.

The budget reconciliation included reductions totaling \$34,000 allocated to Communications postage and Legal Services.

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<sup>7</sup> Education Services, page 238, line 12

## EXTRA-CURRICULAR ACTIVITIES (15)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Interscholastic Athletics	\$ 2,792,037	\$ 2,730,555	\$ 2,845,835	\$ 115,280	4.2%
Student Activities	752,864	846,574	853,598	7,024	0.8%
<b>Budget Reconciliation - Salaries</b>			<b>(22,000)</b>		
<b>Total</b>	<b>\$ 3,544,901</b>	<b>\$ 3,577,129</b>	<b>\$ 3,677,433</b>	<b>\$100,304</b>	<b>2.8%</b>

### Budget Proposal Analysis

There are salaries, but no full-time equivalent positions associated with Extra-Curricular Activities. Extra compensation is paid to existing staff who are involved in these activities. Accordingly, the proposed budget includes wage adjustments. The amended budget reduces salaries by \$22,000, based on historical spending.

The budget for sports and supplies has increased by \$87,656<sup>8</sup>, which is expected to be offset by an equal increase in Gate Receipts<sup>9</sup>. Each high school is allocated a portion of this budget item based on its share of gate receipts collected in 2012 and 2013. Each may use the funds at their discretion based upon their specific needs. School officials noted that gate receipts had increased for 8 of the 10 high schools.

<sup>8</sup> Extra-Curricular Activities, page 268, line 3

<sup>9</sup> Revenues, page 81



## HUMAN RESOURCES (16)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Human Resources	\$ 72,027,693	\$ 72,884,034	\$ 77,216,258	\$ 4,332,224	5.9%
Personnel	29	29	29	-	0.0%

### Budget Proposal Analysis

Human Resources is responsible for hiring employees, benefits enrollment, teacher quality initiatives, contract management and other employee compliance matters.

The costs of employee benefits are captured in the HR department’s budget. HCPS participates in the same Health Care Consortium as Harford County Government. The budget reflects a projected 10% increase in health insurance and 5% increase in dental insurance costs. Of the nearly \$6 million increase for benefits, approximately \$1.1 is related to new positions. The remainder is related to changes in rates and enrollment. Actual FY2013 payments issued by the Health Care Consortium were \$71,635,849. The amended budget includes a reduction of approximately \$1.7 to reflect actual insurance rates.

In 2009, the Society of Human Resource Management reported a median HR-to-employee ratio of 0.87 for comparably sized organizations. We noted that the HCPS HR department has 29 employees, which represents 184 employees per HR professional. (HR-to-employee ratio: 0.543) Comparatively, Harford County has approximately 230 employees per HR staff (HR-to-employee ratio: 0.435). Both are near the 25<sup>th</sup> percentile according to the SHRM report. There may be some benefit to these groups working together to improve efficiency. However, this approach has not been studied.

### Recommended Actions

- We recommend HCPS and the County Administration evaluate the feasibility and potential cost savings of consolidating some administrative functions and related information systems.

## OPERATIONS AND MAINTENANCE (17)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Facilities Management	\$ 21,478,610	\$ 21,817,012	\$ 22,576,465	\$ 759,453	3.5%
Planning and Construction	818,624	857,195	884,884	27,689	3.2%
Transportation	31,218,016	31,443,916	31,168,522	(275,394)	-0.9%
Utility Resource Management	13,469,233	14,175,428	14,703,313	527,885	3.7%
<b>Total</b>	<b>\$66,984,483</b>	<b>\$68,293,551</b>	<b>\$69,333,184</b>	<b>\$1,039,633</b>	<b>1.5%</b>
Personnel	665.3	665.3	665.3	-	0.0%

### Budget Proposal Analysis

Operations and Maintenance is comprised of several highly-visible, non-instructional areas required to operate the school system – Facility Maintenance, Janitorial Services, Construction and Transportation.

As in other departments, wage adjustments account for a significant portion of the proposed budget increase. Increases in the Facilities budget include Property Insurance rate changes and contractual tree removal at Harford Glen. We noted several line items included in the Facilities Management budget were significantly higher than the FY2012 or FY2013 actual spending. We understand that it can be difficult to project specific maintenance and repair needs in the future; some over and under-spending is expected, but should generally offset and approximate the projected budget. We calculated \$1.56 million in significant variances from the prior years’ average use. The most significant variances were in Custodial Salaries, Contracted Services and Environmental Services. Approximately \$100,000 of the variance is related to projected increases in Property Insurance for FY2014 and \$25,000 for FY2015.<sup>10</sup>

Transportation is a significant expense for the school district. Changes in the Transportation budget are primarily related to wage increases and changes in the Per Vehicle Allotment that is paid to contractors for bus replacement. (PVA and other bus contract increases were not included in the approved budget.) In January 2014, the Board of Education accepted the results of a School Bus Consultants’ report related to transportation effectiveness and efficiency. The report noted that the system is comparable to other systems, but recommended implementation of a transportation information management system for more efficient routing of school buses. School officials have not included a transportation management system in the proposed budget, but have been reviewing the recommendation. In particular, they are considering whether existing systems

<sup>10</sup> Operations and Maintenance, page 291, line 30

may be used to accomplish this objective and are researching potential vendors, if an existing system is not suitable.

The amended approved budget includes \$180,000 for new routing software. Additionally, \$535,000 was added for expected increases in energy costs.

## SAFETY AND SECURITY (18)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Safety and Security	\$ 876,245	\$ 924,541	\$ 929,519	\$ 4,978	0.5%
Personnel	2	2	2	-	0.0%

### Budget Proposal Analysis

The Safety and Security budget provides funding for two employees. Personnel costs are only about 17% of the department’s budget. The majority of the department’s funding is for Contracted Services- security guards for interscholastic athletics and special events hosted by HCPS and contracted alarm monitoring and camera services. Security guard services are provided by Harford County Sheriff’s Office, Town of Bel Air Police, Aberdeen Police and Havre de Grace Police. The budget also funds materials and installation of security systems and cameras. The department works to create and revise critical incident plans for the schools.

The proposed budget increase is related to wage adjustments.

## SPECIAL EDUCATION (19)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Special Education	\$ 39,912,925	\$ 40,027,993	\$ 42,425,948	\$ 2,397,955	6.0%
Personnel	916	903.6	905.6	2.0	0.2%

### Budget Proposal Analysis

Special Education provides staffing and services to the students in Harford County with special needs. These students may require smaller class sizes, specialized equipment and/or placement in non-public schools. As a result, the cost per pupil is significantly higher than the school system as a whole. Wage adjustments and staffing changes account for the majority of the increase in the budget.

The next largest increase in the Special Education budget is for non-public placement costs, which are projected to increase by approximately \$1.1 million. HCPS officials have explained the increase is related to increased costs of services and a reduction in Medical Assistance funds that were carried over from previous years but are no longer available.

One ‘Other’ line item has increased by \$67,000<sup>11</sup>; school officials advised that this amount will be used for “Speech and Occupational Therapist licensures; expenses related to expanding the Wilson Sustainability Plan including training for grade two and special education teachers; non-verbal crisis prevention institute (CPI) training and differentiated behavior training is also included.” The Wilson Sustainability Plan provides teachers with training to “help students become fluent, independent readers” and in hopes of closing “the achievement gap for students reading significantly below grade level”.

Of the proposed increases, only the non-public placement costs were funded in the approved budget. Additionally, \$365,000 of the proposed increase will be funded by grants.

<sup>11</sup> Special Education, page 335, line 81

## STUDENT SERVICES (20)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Health Services	\$ 3,283,239	\$ 3,360,035	\$ 3,674,807	\$ 314,772	9.4%
Psychological Services	2,303,721	2,262,778	2,519,096	256,318	11.3%
Pupil Personnel Services	1,623,005	1,665,167	1,742,457	77,290	4.6%
School Counseling Services	7,133,622	6,891,648	7,197,348	305,700	4.4%
<b>Total</b>	<b>\$14,343,587</b>	<b>\$14,179,628</b>	<b>\$15,133,708</b>	<b>\$ 954,080</b>	<b>6.7%</b>
Personnel	250	246.3	249.3	3.0	1.2%

### Budget Proposal Analysis

Student Services seeks to remove the obstacles that may impede student achievement. The budget includes funding for school nurses, psychologists and counselors, as well as administrative staff who help coordinate support services. The approved budget includes funding for a new psychologist, but not the requested nursing position.

The proposed budget includes an additional floating nurse position and two psychologist positions. Additionally, \$133,857<sup>12</sup> has been included to replace 105 Automated External Defibrillators. Other changes are primarily related to wage adjustments.

<sup>12</sup> Student Services, page 344, line 20

## OFFICE OF TECHNOLOGY AND INFORMATION SERVICES (21)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Fund: Unrestricted					
Office of Technology & Information Services	\$ 8,813,062	\$ 9,110,872	\$ 9,346,081	\$ 235,209	2.6%
Personnel	54.5	54.5	56.5	2.0	3.7%

### Budget Proposal Analysis

The Office of Information Technology Services provides support to the schools through network and application maintenance. The department also serves as a centralized point for coordination of computer equipment purchases and support.

The budget proposal includes a request for two new positions at a cost of approximately \$180,000<sup>13</sup>. The two requested positions were not funded in the approved budget.

The FY2015 Proposed budget indicates that the Lawson ERP upgrade was completed in FY2013. However, in FY2014, HCPS requested an additional \$206,500 appropriation from its fund balance to pay for upgrades of their Accounting and Procurement systems. While the FY2014 budget included \$55,500 for annual maintenance/support of these packages, the appropriation request was for system upgrades because products were at the end of their support life. This fact should have been known in advance.

Funding has increased for Computer Equipment by \$208,000.<sup>14</sup> A portion of this increase will pay for laptop carts and computers for teacher specialists. Part of the increase is attributed to restoring funding to prior year levels. It is not clear how the restored funding or base budget amount will be spent. (The additional amount was not funded in the approved budget.) Additional computer equipment funding is being requested for the Technology Infrastructure capital project. The FY2015 Technology Infrastructure project cost is \$21.9 million.<sup>15</sup>

<sup>13</sup> Office of Technology, page 363, lines 3 and 5

<sup>14</sup> Office of Technology, page 366, line 34

<sup>15</sup> Capital Budget, page 406

**Recommended Actions**

- We recommend HCPS determine if any of its software packages will require upgrade or replacement in the next year.
- We recommend HCPS identify or estimate specific computer equipment purchases that are needed.

**RESTRICTED (22)**

**Operating Budget Data**

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
Restricted	\$ 30,645,648	\$ 28,087,632	\$ 29,411,452	\$ 1,323,820	4.7%
Personnel	209.85	210.1	203.9	(6.2)	-3.0%

**Budget Proposal Analysis**

The Restricted Fund is used to account for Grant revenue and other funding that must be spent in a prescribed manner.

The proposed budget reflects a significant reduction in Federal funding because the American Recovery and Reinvestment Act (ARRA) related programs will expire at the end of FY2014. Consequently, Restricted Fund programs must be eliminated or absorbed by the HCPS Unrestricted Fund. HCPS has chosen the latter option. Six positions have been moved to other areas of the budget.

The approved budget increases the restricted fund expenditures by approximately \$2.2 million to accommodate additional grants and contracts revenue.

## FOOD SERVICE (23)

### Operating Budget Data

Fund: Food Service	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
<b>Revenue</b>					
Student Payments	\$ 7,253,840	\$ 7,880,000	\$ 7,630,179	\$(249,821)	-3.2%
State	343,782	341,870	361,000	19,130	5.6%
Federal	7,673,359	7,393,698	8,005,511	611,813	8.3%
Other	87,328	0	0	-	
<b>Total</b>	<b>\$15,358,309</b>	<b>\$15,615,568</b>	<b>\$15,996,690</b>	<b>\$ 381,122</b>	<b>2.4%</b>
<b>Expenses</b>					
Salaries	\$ 5,288,154	\$ 5,459,973	\$ 5,695,276	235,303	4.3%
Contracted Services	309,277	383,500	353,000	(30,500)	-8.0%
Supplies	7,631,721	7,273,120	7,551,793	278,673	3.8%
Other Charges	2,012,383	2,114,554	2,131,621	17,067	0.8%
Equipment	172,406	384,421	265,000	(119,421)	-31.1%
<b>Reconciliation</b>			<b>(217,950)</b>		
<b>Total</b>	<b>\$15,413,941</b>	<b>\$15,615,568</b>	<b>\$15,778,740</b>	<b>\$ 163,172</b>	<b>1.0%</b>
Net Income (Loss)	\$ (55,632)	\$ -	\$ 217,950		
Personnel	263.5	263.5	263.5	-	0.0%

### Budget Proposal Analysis

Food Service is accounted for in a dedicated fund. The projected revenue for FY2015 is higher than the prior year. Although, student payments are projected lower, Federal reimbursements for free and reduced lunches and snacks are projected higher.

For expenses, wage adjustments account for the changes in ‘Salaries’. ‘Supplies’ is comprised primarily of food, paper products and cleaning supplies. There are numerous adjustments between the line items in this category. Of note, budgets have increased for Canned, Dry & Frozen Foods and Produce<sup>16</sup>, while being reduced for Chips, Pretzels & Cakes<sup>17</sup>.

The Food Services Account must have a balanced budget. The budget for Equipment has been reduced and is slightly higher than the FY2012 and FY2013 average results. The approved budget is \$217,950 less than proposed; it is not clear if revenues are also expected to decrease.

<sup>16</sup> Food Service, page 384, lines 14 and 24

<sup>17</sup> Food Service, page 384, line23



## DEBT SERVICE (24)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change	Percent Change
<b>HCPS Leases</b>					
Energy Leases - Principal	\$ 591,422	\$ 771,609	\$ 786,555	\$ 14,946	1.9%
Energy Leases - Interest	78,384	368,160	342,835	\$ (25,325)	-6.9%
Administration Building -Principal	0	0	371,258	371,258	N/A
Administration Building -Interest	246,568	327,544	327,544	-	0.0%
<b>Total</b>	<b>\$ 916,374</b>	<b>\$ 1,467,313</b>	<b>\$ 1,828,192</b>	<b>\$ 360,879</b>	<b>24.6%</b>
<b>County Debt Service</b>					
Principal	\$ 16,887,929	\$ 17,454,984	\$ 18,304,937	\$ 849,953	4.9%
Interest	12,848,886	13,173,669	11,993,190	(1,180,479)	-9.0%
<b>Total</b>	<b>\$29,736,815</b>	<b>\$30,628,653</b>	<b>\$30,298,127</b>	<b>\$(330,526)</b>	<b>-1.1%</b>

### Budget Proposal Analysis

Harford County Public Schools has entered into leases for its Administration Building and Energy Efficiency Equipment. The lease for the Administration Building was refunded in 2012 and approved by the County Council via resolution 11-12. The payments are included in the Business Services section of the budget.

Energy equipment leases were approved by the County Council via resolutions 12-12 and 34-12. The related payments are included in the Utility Resource Management section of the Operations and Maintenance budget.

HCPS may not issue long term debt. Instead, long term debt is issued by the County government. Projected County debt service for school projects is \$30.3 million.

## PENSION (26) AND OTHER POST-EMPLOYMENT BENEFITS (27)

### Operating Budget Data

	2013 FY Actual	2014 FY Budget	2015 FY Budget	Change
Fund: Pension				
State of Maryland Contribution	\$ 26,284,223	\$ 27,319,963	\$ 27,319,963	\$ -
HCPS Contribution to Teachers' Plan	5,529,741	7,009,102	8,966,815	1,957,713
HCPS Contribution to Employees' Plan	3,677,974	3,486,942	3,431,462	(55,480)
				-
<b>Total</b>	<b>\$35,491,938</b>	<b>\$37,816,007</b>	<b>\$39,718,240</b>	<b>\$1,902,233</b>
Fund: OPEB				
Annual OPEB Cost	55,980,000	59,125,000	56,570,000	(2,555,000)
Contributions towards Plan Payments	(20,608,000)		-	-
Expected Plan Payments		(19,945,000)	(21,068,000)	(1,123,000)
				-
<b>Increase in OPEB Liability</b>	<b>35,372,000</b>	<b>39,180,000</b>	<b>35,502,000</b>	<b>(3,678,000)</b>

### Budget Proposal Analysis

HCPS employees participate in pension plans administered by Maryland’s State Retirement Agency. In the past, the State has contributed the employer’s share to the pension. Beginning in FY2013, the schools were required to absorb a portion of the employer’s contribution. The phase-in system requires a contribution of approximately \$9 million in FY2015.<sup>18</sup>

When employees retire, a portion of their health and dental costs are paid by HCPS. Those costs are paid by the Other Post-Employment Benefits (OPEB) trust which is funded to help pay for future costs. The Annual Required Contribution (ARC) is the actuarial estimate of how much the employer should contribute today to fund future costs plus an amount that is needed to catch up for earlier unfunded years. The annual OPEB cost is the ARC after being adjusted for interest and amortization of the net obligation. In prior years, HCPS has not funded its entire ARC. This contributes to a growing future liability. The current Accrued Actuarial Liability is approximately \$670 million; while the plan’s assets are less than 5% of that amount.<sup>19</sup>

School officials indicated that they have considered Post-Employment Health Plans, but noted that the future obligation would not be reduced without a reduction in employee benefits. We agree with their assessment, but note that the current practice of large benefits and partial funding is not sustainable. Schools officials will need to consider how to best structure benefit plans to balance full-funding and maintaining an attractive benefit package for employees.

<sup>18</sup> Pension, page 443

<sup>19</sup> OPEB, page 457

## CAPITAL IMPROVEMENT PROGRAM (25)

### Capital Budget Data

Description	Project Number	BoE Local Request	CE Local Funding Proposal	Other Funding Sources	FY2015 Total Capital Funding Budget	Total Project Cost	Prior Apprpr.	Percent Complete	Total Cost Increase (Decrease)
Fund: General									
Fallston HS HVAC	B144110	\$ 4,233,060	\$ 4,230,000	\$ 4,817,000	\$ 9,047,000	\$ 18,096,940	\$ 9,049,940	50.0%	\$ (3,049)
Youth's Benefit ES Replacement	B074127	11,748,000	11,745,000	2,230,000	13,975,000	44,815,489	16,700,600	37.3%	2,044,889
Joppatowne HS Systemic Project	B144112	-	-	-	-	27,356,556	13,673,000	50.0%	-
Havre de Grace MS/HS Replacement	B144111	-	-	-	-	88,802,000	3,950,000	4.4%	11,506,000
Dublin ES HVAC	New	2,055,600	2,055,000	1,939,000	3,994,000	3,994,000	-	0.0%	3,994,000
Darlington ES HVAC	New	1,536,240	1,535,000	603,000	2,138,000	2,138,000	-	0.0%	2,138,000
Ring Factory ES HVAC	New	470,000	470,000	629,000	1,099,000	1,099,000	-	0.0%	1,099,000
Technology Infrastructure	B044118	21,886,900	-	-	-	70,249,855	22,679,930	32.3%	(8,873,675)
Open Space Renovation Projects	New	3,144,150	-	-	-	1,500,000	-	0.0%	1,500,000
North Harford MS Water Improvements	New	1,000,000	500,000	-	500,000	1,000,000	-	0.0%	1,000,000
Fountain Green ES Technology	New	-	200,000	-	200,000	200,000	-	0.0%	200,000
Hickory ES Technology	New	-	100,000	-	100,000	200,000	-	0.0%	200,000
ADA Improvements	B064143	100,000	-	-	-	1,075,000	600,000	55.8%	(25,000)
Athletic Field Repair and Restoration	B034113	70,000	-	-	-	837,000	487,000	58.2%	-
Backflow Prevention	B054111	100,000	-	-	-	1,075,000	600,000	55.8%	(25,000)
Band Uniform Refresh	BB13008	150,000	-	-	-	362,340	72,340	20.0%	(10,000)
Bleacher Replacement	BB13013	100,000	-	-	-	675,000	500,000	74.1%	(25,000)
Building Envelope Improvements	B144107	200,000	-	-	-	1,650,000	700,000	42.4%	(50,000)
Career & Tech Education Equipment Refresh	B064130	100,000	-	-	-	1,000,000	500,000	50.0%	-
Energy Conservation Measures	BB13014	250,000	-	-	-	1,700,000	500,000	29.4%	1,700,000
Environmental Compliance	B974118	150,000	-	-	-	1,947,619	1,497,619	76.9%	(50,000)
Equipment and Furniture Replacement	B004113	100,000	-	-	-	1,530,000	1,055,000	69.0%	(25,000)
Fire Alarm & ER Communications	B004112	450,000	-	-	-	2,100,000	1,075,000	51.2%	(50,000)
Floor Covering Replacement	BB13015	100,000	-	-	-	575,000	100,000	17.4%	(25,000)
Folding Partition Replacement	New	100,000	-	-	-	475,000	-	0.0%	(25,000)
Locker Replacement	BB13016	125,000	-	-	-	1,030,000	430,000	41.7%	(25,000)
Major HVAC Repairs	B064145	1,600,000	-	-	-	12,375,134	8,190,134	66.2%	(5,575,000)
Music Equipment Refresh	B144113	50,000	-	-	-	300,000	50,000	16.7%	-
Music Technology Lab	B144114	150,000	-	-	-	699,000	345,000	49.4%	(64,000)
Outdoor Track Reconditioning	BB13018	25,000	-	-	-	325,000	200,000	61.5%	-
Paving - New Parking Areas	New	300,000	-	-	-	300,000	-	0.0%	300,000
Paving - Overlay and Maintenance	B064127	650,000	-	-	-	3,030,630	1,430,630	47.2%	260,000
Playground Equipment	B144117	350,000	-	-	-	2,050,000	350,000	17.1%	(50,000)
Relocatable Classrooms	B094120	260,000	-	-	-	4,238,022	3,588,022	84.7%	(150,000)
Replacement Buses	B024118	1,200,000	-	-	-	18,815,197	11,325,197	60.2%	(2,574,000)
Replacement Vehicles	B034115	945,000	-	-	-	10,809,396	6,084,396	56.3%	-
Security Measures	B054113	325,000	-	-	-	2,960,000	1,735,000	58.6%	(185,000)
Septic Facility Code Upgrades	BB13011	500,000	-	-	-	7,310,592	4,910,592	67.2%	(100,000)
Special Ed Facility Improvements	BB13012	100,000	-	-	-	700,000	200,000	28.6%	-
Stormwater Mgmt, Erosion, Sediment	B064128	600,000	-	-	-	1,975,000	725,000	36.7%	700,000
Swimming Pool Renovations	BB13019	150,000	-	-	-	810,000	300,000	37.0%	(50,000)
Technology Education Lab Refresh	B994124	250,000	-	-	-	2,575,000	1,375,000	53.4%	(50,000)
Textbook/Supplemental Refresh	B064129	2,500,000	-	-	-	9,300,000	4,681,644	50.3%	2,500,000
<b>Total</b>		<b>\$58,123,950</b>	<b>\$20,835,000</b>	<b>\$ 10,218,000</b>	<b>\$ 31,053,000</b>	<b>\$354,056,770</b>	<b>\$ 119,661,044</b>	<b>33.8%</b>	<b>\$ 11,132,165</b>

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## Budget Proposal Analysis

Prioritization of capital projects should be recommended by subject matter experts and approved by those in leadership. As a result, budget analysis of the capital projects is limited to general descriptions, current and prior appropriations and background information. The overall appropriateness of the Capital Improvement Program, including projected future funding, has not been assessed.

The Capital Improvement Plan includes the proposed projects that the Harford County Board of Education will undertake over the next six years that will add to, support or improve the physical infrastructure, capital assets or productive capacity of educational services. In accordance with §123-12.1 of the County Code, the Capital Program, which includes projects for the Board of Education, must be adopted by the County Council annually. The Board of Education requests funding for capital projects they deem priorities through its Capital Improvement Plan. The proposed Capital Improvement Plan for FY2015 consists of 39 projects totaling \$72,363,590. The local government funding request is \$58,123,950.

Many projects are generic (Building Envelope Improvements, Fire Alarm and ER Communications, Paving, Replacement Buses, Textbook/Supplemental Refresh, Playground Equipment, etc.) and address needs that exist in multiple locations. These projects have been planned to address 1 or 2 schools each year. Buses are replaced every 12 years as required by the State Department of Education and other vehicles are replaced, as needed, using the American Public Works Association standards. Some of the largest projects are for major building system enhancements such as HVAC and septic improvements.

Technology Infrastructure was not funded in the capital program in 2014 so a portion of the request is applied to the FY2014 unfunded portion of the annual server refresh. Funds will be used for a computer refresh at Aberdeen High School, annual server refreshes, instructional software version upgrades and new purchases. The Technology Department intends to use the majority of the Technology Infrastructure funds (\$14.4 million) to fund 19,000 portable devices. This equates to 1 device for every 2 students. The devices are needed for Common Core testing and will be used for daily instruction. After the Board of Education's budget proposal was approved, the State Board of Education extended the deadline for implementation of online testing, allowing more time for completion of these infrastructure projects.

The capital budget also includes replacement of Youth's Benefit Elementary School. The project recently received approval from the State's school construction group. Joppatowne High School Systemic Project and Havre de Grace High School Replacement have been approved by the State's school construction group for planning. The County confirmed, in the FY2015 Budget Ordinance, that the FY2014 budget language will allow use of the funds appropriated to those projects for certain costs.

The County Executive's proposed budget includes funding for only 5 of the projects requested. The proposed funding is indicated in the above table. The Board of Education approved a Capital Budget of \$33,626,600.