



HARFORD COUNTY, MARYLAND

Office of the County Auditor

Harford County Public Schools Proposed Budget for Fiscal Year 2016

FISCAL IMPACT NOTE

April, 2015

Prepared by the Office of the County Auditor
Harford County, Maryland
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Summary of Board of Education Proposed FY2016 Budget

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Revenue					
Unrestricted Funding Sources					
Harford County	\$ 221,300,729	\$ 223,667,302	\$ 252,548,526	\$ 28,881,224	12.9%
State of Maryland	193,254,185	194,044,183	191,844,778	(2,199,405)	-1.1%
Federal Government	335,713	390,000	390,000	-	0.0%
Other	4,976,199	3,335,928	3,177,436	(158,492)	-4.8%
Fund Balance	6,100,000	5,533,875	3,000,000	(2,533,875)	-45.8%
Total - Unrestricted Revenue	\$ 425,966,826	\$ 426,971,288	\$ 450,960,740	\$ 23,989,452	5.6%
Restricted Funding Sources					
State of Maryland	\$ 10,539,646	\$ 11,243,533	\$ 12,249,000	1,005,467	8.9%
Federal Government	18,888,847	18,931,334	18,047,774	(883,560)	-4.7%
Other	299,320	208,513	209,500	987	0.5%
Total - Restricted Revenue	\$ 29,727,813	\$ 30,383,380	\$ 30,506,274	\$ 122,894	0.4%
TOTAL - REVENUE	\$ 455,694,639	\$ 457,354,668	\$ 481,467,014	\$ 24,112,346	5.3%
Expenditures					
Fund: Unrestricted					
Board of Education	\$ 615,890	\$ 652,668	\$ 690,623	\$ 37,955	5.8%
Business Services	32,726,564	34,224,800	37,340,800	3,116,000	9.1%
Curriculum and Instruction	4,770,320	6,024,064	6,419,399	395,335	6.6%
Education Services	173,196,765	171,542,062	180,560,996	9,018,934	5.3%
Executive Administration	1,540,687	1,626,573	1,681,389	54,816	3.4%
Extra Curricular Activities	3,446,556	3,667,785	3,766,621	98,836	2.7%
Human Resources	74,535,210	76,258,915	80,897,805	4,638,890	6.1%
Operations and Maintenance	68,041,156	68,236,493	70,198,815	1,962,322	2.9%
Safety and Security	862,128	919,765	896,302	(23,463)	-2.6%
Special Education	40,023,022	40,523,480	43,541,424	3,017,944	7.4%
Student Services	13,927,763	14,147,670	15,100,456	952,786	6.7%
Office of Technology & Information	8,633,008	9,147,013	9,866,110	719,097	7.9%
Total - Unrestricted Fund	\$ 422,319,069	\$ 426,971,288	\$ 450,960,740	\$ 23,989,452	5.6%
Fund: Restricted					
Restricted Fund	\$ 29,727,813	\$ 30,383,380	\$ 30,506,274	\$ 122,894	0.4%
Fund: Current Expense					
Food Service	\$ 15,426,454	\$ 15,778,740	\$ 16,288,745	\$ 510,005	3.2%
Debt Service	30,172,314	30,642,263	30,309,486	(332,777)	-1.1%
Capital	29,217,876	33,626,600	96,308,000	62,681,400	186.4%
Pension	29,187,145	29,257,412	29,257,412	-	0.0%
TOTAL - EXPENDITURES	\$ 556,050,671	\$ 566,659,683	\$ 653,630,657	\$ 86,970,974	15.3%
Statistics					
Current Expense Fund Employees	4,993.0	4,992.8	5,018.8	26.0	0.5%
Enrollment	37,842	37,537		(331.0)	-0.9%

EXECUTIVE SUMMARY

The Board of Education has proposed a fiscal year 2016 budget that is approximately \$87 million (15.3%) larger than the approved FY2015 budget. The largest increases are in the area of Capital Projects, Special Education and Business Services (for Pension funding). Excluding the Capital Projects and Debt Service, the budget has increased by approximately \$24.6 million or 4.9%. County funding requested has increased by \$28.9 million or 12.9%. The County Executive’s proposed budget is less than requested, but at \$228.2 represents an increase of \$4.5 million (2.0%) The County Executive’s proposed budget is as follows.

Key Notes

- Total proposed budget is \$653,630,657 (+15.3%)
- County funding requested is \$252,548,526 (+12.9%)
- County Executive has proposed local funding of \$228.2 million
- Proposed wage adjustments totaling \$16.5 million
- Other funding sources have decreased.
- Proposed Capital Projects are \$96,308,000 (+186.4%)

	2016		Percent	2015	2014
<u>Budget Request</u>	FY Budget	Change	Change	FY Budget	FY Budget
County Executive's Budget	\$ 228,208,971	\$ 4,541,669	2.0%	\$ 223,667,302	\$ 221,250,729
HCPS Request to County Exec.	252,548,526	(742,423)	-0.3%	253,290,949	241,010,440
Difference:	\$ (24,339,555)			\$ (29,623,647)	\$ (19,759,711)

	2016		Percent	2015	2014
<u>County Appropriations</u>	FY Budget	Change	Change	FY Budget	FY Budget
Administrative Services	\$ 2,946,985	\$ -	0.0%	\$ 2,946,985	\$ 2,896,985
Mid-level Administration	10,565,437	-	0.0%	10,565,437	10,565,437
Instructional Salaries	129,854,586	3,100,000	2.4%	126,754,586	124,854,586
Textbooks & Classroom Supplies	6,877,305	-	0.0%	6,877,305	6,877,305
Other Instructional Costs	1,596,362	-	0.0%	1,596,362	1,596,362
Special Education	16,022,558	-	0.0%	16,022,558	16,022,558
Student Transportation	4,045,103	114,000	2.9%	3,931,103	3,931,103
Operation of Plant	13,097,775	-	0.0%	13,097,775	13,097,775
Maintenance of Plant	2,600,461	-	0.0%	2,600,461	2,600,461
Fixed Charges	36,146,904	1,327,669	3.8%	34,819,235	34,352,662
Student Personnel Services	2,644,795	-	0.0%	2,644,795	2,644,795
Health Services	1,767,627	-	0.0%	1,767,627	1,767,627
Community Service	43,073	-	0.0%	43,073	43,073
Total	\$228,208,971	\$ 4,541,669	2.0%	\$223,667,302	\$221,250,729

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. 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. We strongly recommend that the schools prepare a zero-based budget to demonstrate the specific programs, services and staffing levels that are needed. *This recommendation remains from the prior year.*

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. Per discussion with school officials, discussions with County officials related to combining functions have only been cursory, but they have proposed to hold significant discussions on the matter.

For background, 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.

The first section of this analysis addresses the budget's summary sections: Revenue, Expenditures, Positions and Priorities. Detailed analysis of each of the other budget sections 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 FY2016 Budget. Footnotes also refer to that document. 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 and the Board of Education to clarify

our understanding of the subject and to initiate conversations about overall fiscal efficiency.

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. Our focus was on the financial costs of operating the school system; we defer to the school officials for their expertise and experience with best practices for educating students.

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.

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. (See pages 13 and 16)
- School and County officials should consider including technology refresh costs in the operating budget, rather than in the capital budget. (See page 26)

See budget category summaries for more detail.

Additional Information

Report Version: 02
 04/28/15
 Based on Board of
 Education Proposed
 Budget

The following recommendations from FY2015 have been addressed and removed from our analysis.

- 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.

See departmental summaries for more detail.

HCPS MANAGEMENT RESPONSE

Thank you for providing Harford County Public Schools with a draft copy of the “Harford County Public Schools Proposed Budget for Fiscal Year 2016 – Fiscal Impact Note” prepared by the Office of the County Auditor. We acknowledge with gratitude the in-depth analysis and recommendations provided throughout the report. We appreciated the opportunity to meet personally with Ms. Brooks and Ms. Tucholski to discuss in detail the Board of Education’s Proposed Budget for Fiscal Year 2016.

We also fully support your recommendation that *“School and County officials should consider including technology refresh costs in the operating budget, rather than the capital budget”*.

We would like to emphasize that we utilize a comprehensive approach to budgeting not just an incremental approach. Each year as part of the annual budget process, all aspects of the HCPS budget are examined in detail to ensure optimal utilization of all resources. Annually, employee staffing is assessed, evaluated and assigned based on an in-depth analysis of enrollment changes, student and school needs, program requirements and assignments throughout the school system. Based on the limited growth in new resources since fiscal 2008, the need to reassess and repurpose all resources has been essential for the school system to function at an optimal level.

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

Revenues

The Board of Education (BoE) primarily receives funding from the County, State and Federal Governments. The County funding request is approximately \$28.9 million (12.9%) 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.

State funding is projected to decrease slightly from the FY2015 budget. Based on the State's proposed budget reconciliation (HB72/SB57) and the related fiscal impact note, HCPS may receive approximately \$2.5 million more funding than the amount included in the BoE proposal. School officials expect this number may be closer to \$1.8 million. State funding was decreased in FY2013 due to a change in the State's pension funding guidelines. Harford County increased its appropriation in subsequent years 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. In FY2015, Net Income Adjustments increased state funding more than the wealth factor reductions; net income adjustments will result in a reduction in the FY2016 proposed revenue. However, Compensatory Education and Public Transportation Aid will increase. The projected net reduction in State funding is \$2.1 million.

'Other revenue' includes a wide variety of sources. The net reduction in 'Other Revenue' is approximately 4.8%. Of note, the proposed FY2016 budget reduces Summer school Tuition revenue by \$97,500 (45.4%). The budgeted amount (\$117,439) remains significantly higher than prior years' results which averaged about \$74,300. Gate Receipts are projected to decrease by \$10,992 (2.6%) based on actual results. Out of County LEA revenue is expected to decrease by \$50,000 (14.3%). The Board of Education expects to use \$3 million of its fund balance (rainy day fund) to pay for operating expenses.

Expenditures

Overall, the proposed Unrestricted budget spending has increased by \$24 million or 5.6%. The Restricted Fund budget is 0.4% higher than the prior year.

As mentioned in the Executive Summary, 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. We strongly recommend that the schools prepare a zero-

based budget to demonstrate the specific programs, services and staffing levels that are needed. 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 because salaries and benefits are the largest costs of educating students. At this time, it is not clear that a baseline calculation of required school-based staff has been performed. However, the priorities section of the proposed budget includes a number of teaching positions that officials feel should be filled.

The proposed budget summarizes the changes in expenditures as “Wages and Benefits”, “Base Budget Adjustments”, “Net Cost Savings Measures” and “Cost of Doing Business”.

Wages and Benefits are, by far, the majority of the increase, adding approximately \$16.5 million to the budget. Of that amount, approximately \$1.2 million represents the increased payroll taxes resulting from higher wages.¹ Because of ongoing labor negotiations, schools officials have not advised how many step increases or COLA percentages are included in the proposed total wages. However, they have advised that the budget proposal includes the maximum that the school system can afford. [The County Executive has included funding for \\$500 merit increases for each employee.](#)

HCPS underwent a compensation study which included 69 of HCPS’ job classifications. The study was completed in 2014 using the latest available data. The results showed that HCPS teacher salaries were between 2.8% and 11.5% behind their peers in other jurisdictions. For all other HCPS employee groups the average was 10.2% below the market average salaries.

Base Budget Adjustments net to \$0. Items included are generally transfers between departments and reallocation of expenses.

Net Cost Savings Measures reduce the budget by approximately \$1.3 million and reflect changes that have been made over the last year that impact the upcoming budget. A key item in this category is employee turnover (salaries and benefits). HCPS does not generally include turnover in its proposed budget, but the savings noted (-\$688,144) reflect a large number of retirements in the summer of 2014. Cost Savings also include the elimination of a one-time software purchase (-\$180,000) and the impact of new energy efficiency equipment (-\$200,000). There is also a reduction to actual spending in summer

¹ Expenditures, pages 95

school for the high schools (-\$60,860).

The proposed increase in Cost of Doing Business (CODB) is detailed on pages 91 and 92 of the Board of Education Proposed Budget and total approximately \$3.24 million. The most significant changes are related to Special Education. The Board has requested 27 new positions and related funding to support Autism Programming (+\$842,669). Special Education funding has also been requested for non-public placements that were formerly funded by Federal grants (+\$700,000). CODB changes also reflect required increases in the local contribution to the Teachers’ Pension System (+\$1,342,581). Debt service for the BOE Administration Building and Energy Equipment will increase a total of \$943,000. Within the Operations budget, transportation expenses have increased by \$114,000 for Bus Contractor per vehicle allotments. Other significant increases include the purchase of PARCC assessments, hardware and software maintenance and increases for various insurances.

In the prior year, we noted several detailed line items are routinely budgeted significantly higher or lower than the actual spending, based on prior years’ results. For FY2016, using the FY2012-2014 results, we found that the differences between budgeted and actual were much lower – an average of -0.67% (compared to -1.4% in the prior year). The table below summarizes the schools’ Unrestricted Fund results for the last two completed fiscal years. The ‘Application of Variance’ column, totaling negative \$3 million, represents the amount that would be unspent in FY2016 based on the prior years’ results. (A positive number in this table means that the schools spent more than budgeted.)

Unrestricted Funds	2016	Average PY	Application of	2014		2013	
	FY Budget	Variance	Variance	Actual	-Budget	Actual	-Budget
Administrative Services	\$ 10,775,227	-3.6%	\$ (385,168)	\$ (474,691)	-4.5%	\$ (338,619)	-3.1%
Mid-Level Administration	25,838,585	-1.4%	(371,303)	(217,562)	-0.9%	(333,147)	-1.3%
Instructional Salaries	165,343,596	-0.5%	(863,928)	(1,583,472)	-1.0%	(1,926,587)	-1.2%
Textbooks & Classroom Supplies	7,614,205	-3.0%	(232,187)	(257,572)	-3.7%	(181,484)	-2.6%
Other Instructional Costs	2,775,963	0.3%	8,743	(19,316)	-0.6%	265,030	11.6%
Special Education	43,625,021	-0.3%	(128,968)	(1,063)	0.0%	(3,673)	0.0%
Student Services	1,723,126	-1.1%	(18,978)	(24,830)	-1.5%	(18,076)	-1.1%
Health Services	3,861,518	-3.0%	(116,453)	(140,564)	-4.2%	(112,293)	-3.3%
Student Transportation	31,022,854	-1.4%	(422,132)	(1,017,100)	-3.2%	(249,583)	-0.8%
Operation of Plant	31,109,031	-1.1%	(357,018)	165,373	0.6%	(1,082,541)	-3.7%
Maintenance of Plant	13,111,978	-0.5%	(68,583)	(135,445)	-1.1%	(138,977)	-1.1%
Fixed Charges	113,244,477	0.1%	152,381	(1,416,862)	-1.4%	787,353	0.8%
Community Services	536,740	-19.5%	(104,727)	(74,248)	-14.0%	(85,287)	-16.2%
Capital Outlay	558,419	-22.3%	(124,553)	(29,332)	-58.7%	(2,993)	-6.0%
TOTAL	\$ 451,140,740		\$(3,032,877)	\$ (5,226,684)	-1.2%	\$ (3,420,877)	-0.8%

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 FY2013 and FY2014 results. The differences were largely explained by proposed wage adjustments, new positions, pension and employee benefit changes. We considered that expenditures may be reflected in categories other than the ones budgeted, so we analyzed the budget data at the level of category and department. The table below summarizes the categories, by department, 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 FY2016 budget and is summarized below. (Positive figures in the table below represent categories that could be adjusted downward.)

	Total of Significant Variances	Total Sum of FY16 Budget	% of Total Budget
10 Board of Education	\$ 37,154	\$ 690,623	5.4%
Contracted Services	16,525	172,530	9.6%
Other Charges	20,629	100,102	20.6%
11 Business Services	5,476	37,340,800	0.0%
Contracted Services	5,476	85,439	6.4%
Equipment	1,883	10,352	18.2%
Supplies	3,592	29,900	12.0%
12 Curriculum and Instruction	212,332	6,419,399	
Contracted Services	3,274	495,479	0.7%
Equipment	429	25,796	1.7%
Other Charges	25,476	132,630	19.2%
Salaries	177,292	5,620,061	3.2%
Supplies	5,861	145,433	4.0%
13 Education Services	32,554	180,560,996	
Contracted Services	84,477	1,047,758	8.1%
Equipment	(193,073)	585,444	-33.0%
Other Charges	47,851	285,422	16.8%
Salaries	(82,810)	173,081,833	0.0%
Supplies	176,108	5,560,539	3.2%
14 Executive Administration	34,173	1,681,389	
Contracted Services	13,320	69,999	19.0%
Supplies	20,852	83,456	25.0%
15 Extra-curricular Activities	95,817	3,766,621	
Supplies	95,817	610,202	15.7%
16 Human Resources	85,744	80,897,805	
Contracted Services	42,570	284,161	15.0%
Salaries	43,175	2,056,191	2.1%

	Total of Significant Variances	Total Sum of FY16 Budget	% of Total Budget
17 Operations and Maintenance	128,317	70,198,815	
Contracted Services	266,113	26,067,567	1.0%
Supplies	(137,795)	4,208,308	-3.3%
18 Safety and Security		896,302	
Contracted Services		522,019	21.3%
19 Special Education	106,482	43,541,424	
Supplies	106,482	326,187	32.6%
20 Student Services	200,524	15,100,456	
Contracted Services	4,241	49,213	8.6%
Equipment	142,754	162,828	87.7%
Other Charges	4,744	34,589	13.7%
Supplies	48,785	273,128	17.9%
Grand Total	\$938,573	\$ 450,960,740	0.14%

Positions

The proposed budget includes 5018.8 positions, an increase of approximately 0.5%. Of the new positions, 5 full time equivalents (FTE) are Teacher or Counselors; 1 is a Psychologist and 20 are Paraeducators. All are in support of expanding Autism Programming.

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.

Priorities

Given hypothetical unlimited resources, their expertise would likely generate a long list of programs and services that would help further that mission. 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, the proposed budget includes a Priority List section which details many high priority items that the Board of Education felt were important, but that could not be included in the proposed budget at the requested funding level. The Priority List items require total funding of \$9.5 million.

The most significant items on the list are new positions district-wide:

- 6.0 FTE - FTE Special Education Teachers
- 70.5 FTE- Regular Program Teachers
- 11 FTE - School based Support (Pupil Personnel Workers, Nurses, Counselors, Assistant Principals)
- 16.5 FTE - Elementary Math Coaches
- 15.0 FTE – Teacher Mentors

- 10.0 FTE - Operations Employees
- 2.0 FTE – Curriculum and Instruction Support Staff

Other priorities included instructional and operational furniture and equipment as well as professional development to support classroom technology. Library Materials and Technology Programs are also priorities.

BOARD OF EDUCATION (10)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Board of Education	\$ 226,221	\$ 273,377	\$ 276,983	\$ 3,606	1.3%
Internal Audit	155,936	157,796	186,644	28,848	18.3%
Legal Services	233,733	221,495	226,996	5,501	2.5%
Total	\$615,890	\$652,668	\$690,623	\$37,955	5.8%

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

Key Changes

- New School Activity Fund Software
- Wage Adjustments

Review of School Activity Funds and procurement card transactions are key components of the Internal Auditor’s function. The proposed budget includes \$24,100 to purchase a new web-based system for use in the schools to manage the School Activity Funds.

BUSINESS SERVICES (11)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Fiscal Services	\$ 31,849,944	\$ 33,353,741	\$ 36,424,876	\$ 3,071,135	9.2%
Purchasing	876,620	889,040	933,905	44,865	5.0%
Total	\$32,726,564	\$34,242,781	\$37,358,781	\$3,116,000	9.1%

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. In the prior year, we recommended the County and Schools consider if there would be a

Key Changes

- Increased Pension Contributions per

<p>State law</p> <ul style="list-style-type: none"> • Wage Adjustments <p>Recommended Actions</p> <ul style="list-style-type: none"> • We recommend HCPS and the County Administration evaluate the feasibility and potential cost savings of consolidating some administrative functions. 	<p>benefit to consolidation of some common functions. This matter has been discussed, but has not been studied.</p> <p>The FY2016 budget includes an increase in the County’s required pension contribution of \$1,342,581. Beginning in FY2016, local school systems will be responsible to 100% of the normal cost of teacher pensions. The phased-in increase in the local contribution began in FY2013.</p> <p>The proposed budget also includes \$1,155,914 for payroll taxes related to wage adjustments. The debt service on the Administration building lease has increased by approximately \$125,000. The increase is in accordance with the Council’s approved resolution 11-12, authorizing the building’s financing terms.</p>
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CURRICULUM AND INSTRUCTION (12)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Curr. Dev. and Implement.	\$ 3,137,254	\$ 4,008,178	\$ 4,199,569	\$ 191,391	4.8%
Office of Accountability	771,196	838,080	996,596	158,516	18.9%
Professional Development	861,870	1,090,106	1,135,534	45,428	4.2%
Total	\$4,770,320	\$5,936,364	\$6,331,699	\$395,335	6.7%

<p>Key Changes</p> <ul style="list-style-type: none"> • Purchase of PARCC assessments • Wage Adjustments 	<p>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.</p> <p>The school system does not currently have assessments in place for Reading, English and Language Arts. The proposed budget includes funding for the purchase of PARCC (Common Core) assessments in those subjects and in Mathematics. The Board has determined that purchasing the assessments is more cost effective than developing them internally. Assessments will be purchased for students in grades 3-8 for \$8.00 each. School officials noted that the State will cover the costs of these exams in FY2016, but future year funding is unknown and will depend upon State requirements.</p>
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EDUCATION SERVICES (13)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Career and Technology Programs	\$ 7,729,956	\$ 7,489,876	\$ 7,906,974	\$ 417,098	5.6%
Gifted and Talented Program	1,416,884	1,497,987	1,579,611	81,624	5.4%
Intervention Services	992,010	1,018,951	1,072,245	53,294	5.2%
Magnet and Signature Programs	1,581,615	1,591,596	1,633,971	42,375	2.7%
Office of Elem/Mid/High Schools	569,870	588,062	630,412	42,350	7.2%
Other Special Programs	2,805,427	2,843,106	3,009,591	166,485	5.9%
Regular Programs	151,612,212	150,267,134	158,481,086	8,213,952	5.5%
School Library Media Program	5,963,340	6,017,051	6,069,195	52,144	0.9%
Summer School	525,451	228,299	177,911	(50,388)	-22.1%
Total	\$173,196,765	\$171,542,062	\$180,560,996	\$9,018,934	5.3%

Key Changes

- Turnover Savings
- Wage Adjustments

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

The proposed increase in Education Services is related to wage adjustments. There are no new positions requested in the proposed budget for Education Services.

The budget has been reduced by projected turnover (\$676,593), elimination of a position on loan to the State Department of Education (\$62,957) and the transfers of funding (\$291,335) from School Libraries to Information Technology for the consolidated purchase of reference databases.

Although, the proposed budget reflects known turnover savings, HCPS does not generally budget for employee turnover. In the prior year, officials indicated that turnover generally results in a savings of approximately \$2 million per year and is primarily recognized in Education Services.

EXECUTIVE ADMINISTRATION (14)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Communications	\$ 352,176	\$ 407,285	\$ 423,284	\$ 15,999	3.9%
Equity and Cultural Proficiency	281,953	304,022	318,870	14,848	4.9%
Executive Administration Office	906,558	915,266	939,235	23,969	2.6%
Total	\$1,540,687	\$1,626,573	\$1,681,389	\$54,816	3.4%

Key Changes

- Wage Adjustments

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. Adjustments to the budget are primarily related to proposed wage increases. However, there is also a reduction for turnover of \$7,355.

EXTRA-CURRICULAR ACTIVITIES (15)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Interscholastic Athletics	\$ 2,715,843	\$ 2,843,211	\$ 2,908,027	\$ 64,816	2.3%
Student Activities	730,713	824,574	858,594	34,020	4.1%
Total	\$3,446,556	\$3,667,785	\$3,766,621	\$98,836	2.7%

Key Changes

- Wage Adjustments

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 budget for sports and supplies has decreased by \$10,992², which reflects the projected decrease in Gate Receipts³. Each high school is

² Extra-Curricular Activities, page 253, line 3

³ Revenues, page 79

allocated a portion of this budget item based on its share of gate receipts collected in prior years. Each may use the funds at their discretion based upon their specific needs.

HUMAN RESOURCES (16)

2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
\$74,535,210	\$76,258,915	\$80,897,805	\$4,638,890	6.1%

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

Key Changes

- Insurance rate increases
- Wage Adjustments

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 5% increase in health insurance costs. Of the nearly \$4.5 million increase for benefits, approximately \$830,000 is for new retiree policies and \$330,000 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.

Recommended Actions

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

Human Resources is a function that HCPS and the County Government have in common. There may be some benefit to these groups working together to improve efficiency. However, this approach has been discussed, but has not been studied.

OPERATIONS AND MAINTENANCE (17)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Facilities Management	\$ 21,285,372	\$ 21,604,241	\$ 22,616,566	\$ 1,012,325	4.7%
Planning and Construction	786,683	857,063	884,122	27,059	3.2%
Transportation	30,411,148	30,849,648	31,150,674	301,026	1.0%
Utility Resource Management	15,557,953	14,925,541	15,547,453	621,912	4.2%
Total	\$68,041,156	\$68,236,493	\$70,198,815	\$1,962,322	2.9%

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.

Key Changes

- Per Vehicle Allotment

<ul style="list-style-type: none"> contingency increase • Equipment lease increases • Wage Adjustments 	<p>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 (\$80,000).</p> <p>Transportation is a significant expense for the school district. Increases in the Transportation budget are primarily related to wage increases. Increases in the Per Vehicle Allotment that is paid to contractors for bus replacement are projected at \$114,000. <u>The County Executive's proposed budget includes conditional appropriations for the PVA contingency.</u> The amended approved FY2015 budget includes \$180,000 for new routing software. That one-time purchase is reflected by a reduction in the proposed FY2016 budget.</p> <p>Utility Resource Management costs are projected to increase by \$818,180 for payments for Energy Equipment leases. The lease terms were approved by the County Council in resolution 34-12. Prior year payments were interest only; the FY2016 is the first year that principal payments will be required. The increased costs should be partially offset by \$200,000 in energy savings.</p>
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SAFETY AND SECURITY (18)

<p>Key Changes</p> <ul style="list-style-type: none"> • Wage Adjustments 	<table border="1"> <thead> <tr> <th>2014 FY Actual</th> <th>2015 FY Budget</th> <th>2016 FY Budget</th> <th>Change</th> <th>Percent Change</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$862,128</td> <td style="text-align: right;">\$919,765</td> <td style="text-align: right;">\$896,302</td> <td style="text-align: right;">\$(23,463)</td> <td style="text-align: right;">-2.6%</td> </tr> </tbody> </table>	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change	\$862,128	\$919,765	\$896,302	\$(23,463)	-2.6%
2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change							
\$862,128	\$919,765	\$896,302	\$(23,463)	-2.6%							
	<p>The Safety and Security budget provides funding for two employees. Personnel costs are only about 14% 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. However, we noted that the amounts budgeted for Contracted Services is significantly (22.7%) higher than the amounts spent in FY2013 or FY2014. Officials have advised that current year spending is higher than prior years and new equipment has increased annual monitoring fees for the upcoming year.</p> <p>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. Some costs will be transferred to Information Technology for a net decrease of \$29,000. The department works to create and revise critical incident plans for the schools.</p>										

SPECIAL EDUCATION (19)

2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
\$40,023,022	\$40,523,480	\$43,541,424	\$3,017,944	7.4%

Key Changes

- 24 New Positions for Autism programs
- Wage Adjustments

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. There are 4 new teacher and 20 new para-educator positions in the proposed budget as described below.

The next largest increase in the Special Education budget is for non-public placement costs, which are projected to increase by approximately \$700,000 which were paid with restricted funds in prior years. Those funds are no longer available.

HCPS has identified autism support as a critical need. To address that need, the proposed budget includes approximately \$300,000 for the Elementary Autism Program (+14 FTE) and \$173,000 to expand and enhance the Secondary Autism Program (+8 FTE). Further, approximately \$64,000 has been budgeted for the Classroom Support Program at Edgewood Middle School (+2 FTE). Officials have noted that the program should be partially offset by a reduction in non-public placements (\$269,914).

STUDENT SERVICES (20)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Health Svcs.	\$ 3,229,471	\$ 3,504,222	\$ 3,681,518	\$ 177,296	5.1%
Psychological Svcs.	2,220,408	2,234,261	2,435,319	201,058	9.0%
Pupil Personnel Svcs.	1,640,337	1,656,292	1,723,126	66,834	4.0%
School Counseling	6,837,547	6,752,895	7,260,493	507,598	7.5%
Total	\$13,927,763	\$14,147,670	\$15,100,456	\$952,786	6.7%

Key Changes

- 3 New positions for Autism Program efforts
- Wage Adjustments

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 proposed budget includes funding for a new psychologist to support the Elementary Autism Program and two new counselor positions to support the Classroom Support Program. Other changes are primarily related to wage adjustments.

The FY2015 budget included \$133,857 to replace 105 Automated External Defibrillators (AED). That amount remains included in the proposed budget. However, school officials advised that the funds will be removed from the budget. The next AED refresh will be due in 2022.

OFFICE OF TECHNOLOGY AND INFORMATION SERVICES (21)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
	\$8,633,008	\$9,147,013	\$9,866,110	\$719,097	7.9%

Key Changes

- Transfers for consolidated software purchases

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 proposed budget includes a list of objectives planned for FY2016

• Wage Adjustments

and includes various hardware and software upgrades and maintenance that will be needed. The new costs include increased maintenance costs for scanners and networked devices, adding \$114,000. Other software maintenance costs have increased by \$69,600. Funds have been transferred from School Libraries and an additional \$43,360 has been requested for centralized purchase of library software.

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.

RESTRICTED (22)

2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
\$29,727,813	\$30,383,380	\$30,506,274	\$ 122,894	0.4%

Key Changes

- None

The Restricted Fund is used to account for Grant revenue and other funding that must be spent in a prescribed manner. Federal grants have decreased, but State grants have increased. Overall, the budget has remained stable. A total of 210 positions are funded by restricted funds.

FOOD SERVICE (23)

Fund: Food Service	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
Revenue					
Student Payments	\$ 6,928,478	\$ 7,412,229	\$ 7,475,234	\$ 63,005	0.9%
State	389,349	361,000	432,420	71,420	19.8%
Federal	8,147,123	8,005,511	8,381,091	375,580	4.7%
Other	189,108	-	-		
Total	\$15,654,058	\$15,778,740	\$16,288,745	\$ 510,005	3.2%
Expenses					
Salaries	\$ 5,221,894	\$ 5,476,573	\$ 5,709,522	232,949	4.3%
Contracted Services	305,479	353,000	339,261	(13,739)	-3.9%
Supplies	7,636,546	7,551,793	7,725,968	174,175	2.3%
Other Charges	2,069,413	2,132,374	2,258,994	126,620	5.9%
Equipment	193,120	265,000	255,000	(10,000)	-3.8%
Total	\$15,426,452	\$15,778,740	\$16,288,745	\$ 510,005	3.2%
Net Income (Loss)	\$ 227,606	\$ -	\$ -		

Key Changes

- Food Cost Increases
- Health Insurance Increases
- Wage Adjustments

Food Service is accounted for in a dedicated fund. The projected revenue for FY2016 is higher than the prior year. Student payments and Federal reimbursements for free and reduced price lunches and snacks are projected higher. State revenue is significantly 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. ‘Other Charges’ have primarily increased related to Health Insurance costs.

DEBT SERVICE (24)

	2014 FY Actual	2015 FY Budget	2016 FY Budget	Change	Percent Change
HCPS Leases					
Energy Leases - Prin.	\$ 771,609	\$ 786,555	\$ 1,624,094	\$ 837,539	106.5%
Energy Leases - Int.	368,160	342,835	323,478	(19,357)	-5.6%
Administration Bldg -Prin.	-	371,258	508,418	137,160	N/A
Administration Bldg -Int.	327,544	327,544	315,404	(12,140)	-3.7%
Total	\$ 1,467,313	\$ 1,828,192	\$ 2,771,394	\$ 943,202	51.6%
County Debt Service					
Principal	\$ 17,533,083	\$ 18,497,996	\$ 19,032,160	\$ 534,164	2.9%
Interest	12,639,231	12,144,267	11,277,326	(866,941)	-7.1%
Total	\$30,172,314	\$30,642,263	\$30,309,486	\$(332,777)	-1.1%

Key Changes

- Principal for Energy Equipment Leases

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)

	2014	2015	2016		Percent
Fund: Pension	FY Actual	FY Budget	FY Budget	Change	Change
State of Maryland Contribution	\$ 29,187,145	\$ 29,257,412	\$ 29,257,412	\$ -	0.0%
HCPS Funds to Teachers' Plan	6,462,804	7,475,675	8,803,344	1,327,669	17.8%
HCPS Funds to Employees' Plan	3,163,299	3,170,403	3,221,420	51,017	1.6%
Restricted Fund Contribution		1,491,140	1,506,052	14,912	1.0%
Total	\$38,813,248	\$41,394,630	\$42,788,228	\$1,393,598	3.4%
Fund: OPEB					
Annual OPEB Cost	59,125,000	56,570,000	59,695,000	3,125,000	5.5%
Contributions to Plan Payments	(2,000,000)	(3,500,000)	(3,500,000)	-	0.0%
Expected Plan Payments	(19,945,000)	(21,068,000)	(22,439,000)	(1,371,000)	6.5%
Increase in OPEB Liability	37,180,000	32,002,000	33,756,000	1,754,000	5.5%

Key Changes

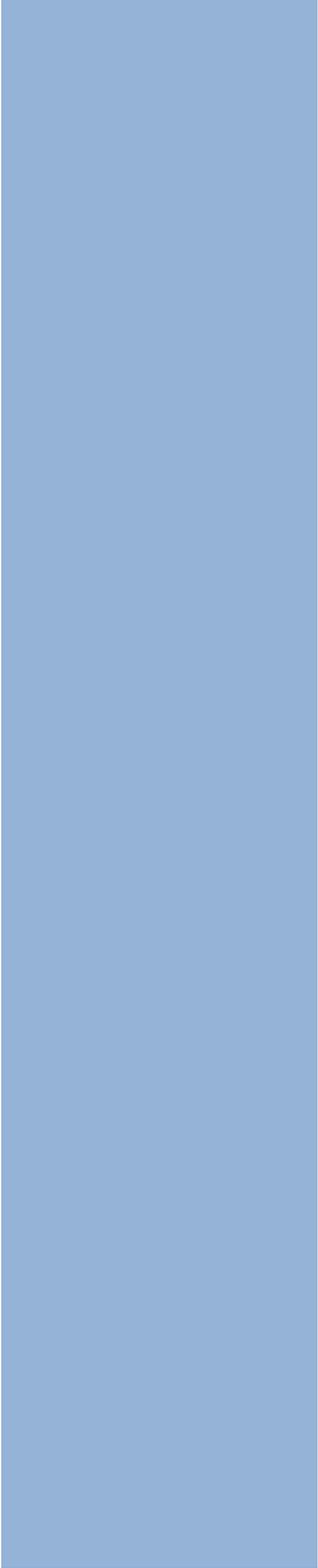
- Increase in locally-funded pension contribution

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 \$10.3 million in FY2016.⁴ FY2016 is the first year that the County is responsible for 100% of the pension’s normal cost.

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 7/1/2014 Accrued Actuarial Liability is approximately \$673 million; while the plan’s assets are less than 5% of that amount.⁵

⁴ Pension, page 425

⁵ OPEB, page 441



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. School officials will need to consider how to best structure benefit plans to balance full-funding and maintaining an attractive benefit package for employees.

CAPITAL IMPROVEMENT PROGRAM (25)

Description	Project Number	FY2016 Total Budget Request	CE Proposal	Total Project Cost	Prior Apprpr.	Percent Complete
Fund: General						
Youth's Benefit ES Replacement	B074127	\$ 17,139,000	\$ 17,139,000	\$ 40,874,754	\$ 22,566,866	55.2%
Havre de Grace HS Replacement	B144111	35,000,000	-	86,551,000	3,700,000	4.3%
Joppatowne HS Systemic Project	B144112	-	-	33,767,000	7,400,000	21.9%
Churchville ES Roof Replacement	New	825,000	825,000	10,471,689	-	0.0%
Center for Educ. Oppor. - HVAC	New	4,625,000	4,625,000	4,625,000	-	0.0%
Prospect Mill ES HVAC	New	4,685,000	4,685,000	4,685,000	-	0.0%
Open Space Renovation Projects	New	2,650,000	-	2,650,000	-	0.0%
North Harford MS Water Improvements	B154108	500,000	500,000	1,000,000	500,000	50.0%
Technology Refresh	B044118	17,487,000		88,216,402	14,285,802	16.2%
Career & Tech Education Equipment Refresh	B064130	100,000		1,100,000	500,000	45.5%
Music Technology Lab	B144114	150,000		774,390	150,000	19.4%
Special Ed Facility Improvements	B114120	100,000		800,000	200,000	25.0%
Technology Education Lab Refresh	B994124	250,000	250,000	2,165,000	725,000	33.5%
Textbook/Supplemental Refresh	B064129	2,500,000		12,960,000	6,210,000	47.9%
Fire Alarm & ER Communications	B004112	450,000		2,525,000	825,000	32.7%
Security Measures	B144134	465,000		2,230,000	640,000	28.7%
ADA Improvements	B064143	100,000		1,100,000	500,000	45.5%
Environmental Compliance	B974118	150,000		2,017,619	1,247,619	61.8%
Major HVAC Repairs	B064145	1,485,000		11,532,363	6,252,363	54.2%
Septic Facility Code Upgrades	B114126	500,000		7,910,592	4,910,592	62.1%
Stormwater Mgmt, Erosion, Sediment Control	B064128	850,000		2,050,000	200,000	9.8%
Paving - Overlay and Maintenance	B064127	650,000		2,400,000	450,000	18.8%
Athletic Field Repair and Restoration	B114112	70,000		907,000	487,000	53.7%
Backflow Prevention	B054111	100,000		1,050,000	450,000	42.9%
Band Uniform Refresh	N/A	150,000		702,340	72,340	10.3%
Bleacher Replacement	B094130	100,000		500,000	300,000	60.0%
Building Envelope Improvements	B144107	200,000		1,400,000	200,000	14.3%
Energy Conservation Measures	B114116	250,000		2,000,000	-	0.0%
Equipment and Furniture Replacement	B004113	100,000		1,555,000	955,000	61.4%
Floor Covering Replacement	B114117	100,000		800,000	100,000	12.5%
Folding Partition Replacement	New	100,000		600,000	-	0.0%
Locker Replacement	B094131	125,000		960,000	210,000	21.9%
Music Equipment Refresh	B144113	50,000		350,000	50,000	14.3%
Outdoor Track Reconditioning	B114119	25,000		350,000	200,000	57.1%
Paving - New Parking Areas	B064126	350,000		650,000	300,000	46.2%
Playground Equipment	B144117	350,000		2,450,000	350,000	14.3%
Relocatable Classrooms	B094120	130,000		2,013,000	1,323,000	65.7%
Replacement Buses	B024118	2,352,000		17,121,197	8,743,197	51.1%
Replacement Vehicles	B034115	945,000		9,208,396	3,538,396	38.4%
Swimming Pool Renovations	B104120	150,000		810,000	100,000	12.3%

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

Key Changes

- Various project priorities

Recommended Actions

- School and County officials should consider including technology refresh costs in the operating budget, rather than in the capital budget.

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 it deems priorities through its Capital Improvement Plan. The proposed Capital Improvement Plan for FY2016 consists of 40 projects totaling \$96,308,000. The local government funding request is \$78,321,000.

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 improvements, replacement buses and new school buildings (Havre de Grace HS, Youth's Benefit ES). [The County Executive's proposed budget funds the largest requests, with the exception of the Havre de Grace HS project.](#)

Technology Refresh has approximately \$17.5 million budgeted. This project was not funded in the capital program in 2014 or 2015 so a portion of the request is applied to the prior years' annual server refresh. Funds will be used for a computer refresh at Bel Air High School, instructional software and hardware, phone system upgrades and sound and lighting system maintenance. For FY2015, the Board of Education requested approximately \$21.9 million for Technology Infrastructure. Of that amount, \$14.4 million was planned to fund 19,000 portable devices for Common Core testing daily instruction. Approximately \$2.5 million of the request was funded. This year's Technology Refresh request includes \$14.4 million for the previously unfunded portable devices. [The County Executive's proposed budget does not include funding for this project.](#)

The purchases funded by the Technology Refresh project are in the capital budget, but are more accurately classified as operating expenses because they represent the ongoing cost of maintaining the hardware and software used in classrooms and by administrators.