

Executive Summary

Overview of the School System

Public schools were authorized by the State Constitution of 1864 and 1867 and placed upon the Legislature the obligation of establishing "a thorough and efficient system of free public school"¹. The Harford County Public Schools System was founded in 1865. At that time, there were 3,230 children enrolled in 69 one room schools with one teacher per school. The first Superintendent of Schools was appointed in 1902. There have only been nine Superintendents of Schools since 1902.

The Harford County Board of Education was established under the Education Article of the Annotated Code of Maryland to have perpetual existence and be a body politic and corporate of the State of Maryland. It is empowered and required to maintain a reasonably uniform system of public schools designed to provide quality education and equal educational opportunities for all youth. Per Senate Bill 629, effective July 1, 2009, the Board of Education was changed from a fully appointed Board to an elected-appointed Board consisting of six elected members and three members appointed by the Governor of the State of Maryland for four-year terms to be phased in over a period of time. There is also a student representative to the Board who serves a one-year term while a high school senior. This student is elected by the Harford County Regional Association of Student Councils. The Board of Education appoints the Superintendent of Schools for a four year term. The Superintendent acts as the Executive Officer of the Board as well as Secretary and Treasurer. The Superintendent is responsible for the Administration of the Harford County Public School System which consists of fifty-four schools, thirty-three elementary, nine middle, nine comprehensive high, one technical high, a special education school serving students with disabilities, and an Alternative Education Program. There is a 245 acre Harford Glen Outdoor Education Center².

Harford County Public Schools (HCPS) is a fiscally dependent school system with an actual enrollment of 38,587 students in fiscal 2011. When ranked by student enrollment, HCPS ranked 140th largest school system of the 17,735 regular school districts the county when ranked by enrollment³. This places HCPS in the top one percent of school districts by size. HCPS is ranked 8th of the 24 school districts in the State of Maryland. The student body will be served by a projected 5,440 FTE faculty and staff positions for fiscal 2012.

With the August 2011 opening of Red Pump Elementary School, Harford County has 54 public schools and 47 non public schools⁴ located within the County. Citizens in the County have a choice of public or private schools. Approximately 39,000 students attend public schools. The number of students attending private schools is unknown. The April 1, 2010 Census reported 244,826 as the population for Harford County. The 2010 population of Harford County was 244,826⁵ and is projected to increase to 252,477 by 2015⁶. According to the Bureau of Census, the school age population in 2000 was 45,189 of which 39,540 or 87.5% attended public schools. School enrollment was 35,963 in 1994 and reached a peak in 2002 of 40,264 and has declined slightly to 38,413 in 2011. Through the recent military Base Realignment and Closure (BRAC) process, the County workforce and population is estimated to increase in excess of 10%, which should result in increased population for the public school system.

Harford County Age Distribution 1990 -2010						
Age	Population			Percent Change		
	1990	2000	2010	1990	2000	2010
Under 5	14,761	15,776	14,982	45.4%	6.9%	-5.0%
5 - 19	39,535	50,045	51,694	11.5%	26.6%	3.3%
20 - 44	77,554	78,899	76,162	20.9%	1.7%	-3.5%
45 - 64	35,248	51,710	71,424	31.7%	46.7%	38.1%
65 and Older	15,034	22,160	30,564	60.4%	47.4%	37.9%

¹ "Our Harford Heritage" by C. Milton Wright, copyright 1967.

² Harford County Government, 2012 Budget Document.

³ U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/ Secondary School Universe Survey," 2008-09, Version 1a and "Local Education Agency Universe Survey," 2008-09 Version 1a.

⁴ Maryland State Department of Education Fact Book for Fiscal Year 2009-2010.

⁵ 2010 U.S. Census, <http://census.maryland.gov>.

⁶ www.harfordbusiness.org

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Economic Climate of Harford County, Maryland

Harford County is located 20 miles north of the City of Baltimore and adjacent to the Chesapeake Bay to the east, is bordered by the south and west by Baltimore County, to the northeast by Cecil County, and to the north by the State of Pennsylvania. The convenient location on the I-95 corridor in northeastern Maryland has made it one of Maryland's most desirable business locations. Harford County, Maryland was formed in 1773, and since 1972 has operated with a charter form of government with home rule. Harford County is governed by a full time County Executive and legislative power is vested in an elected seven member County Council, one member of which is elected as the President of the County Council. The demography of Harford County has changed over the last two decades from a predominantly rural area to a suburban rural mix. The County's land area of 448 square miles is the 11th largest in the State of Maryland. As of June 30, 2010, Harford County reported a population of 244,826⁷. The economic condition and outlook of the County has substantially improved during the past decade. Since 1999 the population of Harford County increased 12.1 percent, which has triggered significant construction activity and growth in the tax base⁸. Construction activity has slowed in the past several years.

Local Economy⁹

Over the last three years Harford County, and the nation, have faced the most serious economic challenges in several generations. The County has managed these challenges by recognizing problems early on and moving aggressively to mitigate the effects. Problems were first detected early in fiscal year 2009 when it appeared projected revenues might fall short. Management immediately initiated several belt tightening measures. County operating departments, the Board of Education, Harford Community College, the Libraries and most of the other outside agencies were asked to return up to 5 percent of their Fiscal Year 2009 budgets; or at least enough to avoid layoffs.

The revenue outlook for fiscal year 2010 appeared even bleaker. County operating departments were again cut, an average of more than 12 percent from fiscal year 2009. Other measures included laying-off 34 people, imposing 5 furlough days on County departmental and Library staff; reducing the number of take home vehicles and vehicles for department directors and again asking departments to hold back 5 percent of their already reduced budgets. The County also began monitoring each expenditure and reviewing every request to fill positions. Only the most vital of positions were filled. During the second half of fiscal year 2010, the County offered a retirement incentive for employees eligible to retire. The initiative was very successful; 53 employees opted to retire on or before June 30, 2010, which is expected to further reduce the workforce. Each retirement means a reduction in salary costs either by reducing staff or replacing a current employee with a lower paid employee.

As the fiscal year 2011 budget process began the revenue outlook remained sketchy. Because of layoffs, reduced hiring and staffing changes brought about by the retirement incentive; there has been a reduction in the workforce, resulting in estimated salary costs approximately \$3 million less in fiscal year 2011's budget than in 2010. Both in terms of staffing and overall spending the size of government has been cut. These changes allowed the 2011 budget to include a \$0.02 reduction to the Property Tax rate, as well as no layoffs or furlough days.

The County's largest revenue source remains real property tax in spite of recent declines in the real estate market. The taxable assessable base for the County continues to show increases in value but due to the economy and slow housing sales, the growth rate has decreased from double digit rates to an expected 1.7 percent growth rate for fiscal year 2011. The growth in the assessable base is expected to remain slow for the next several years. In fiscal year 2010 real property tax represented 55.8 percent of general fund budgeted revenue. With the fiscal year 2011 budget the County's property tax rate decreased \$0.02 but actual 2011 property tax revenues are expected to show a slight increase, 1.88 percent and to again be 55.8 percent of general fund budgeted revenues.

Income tax revenue, the second largest revenue source in the County, which is directly affected by population growth, employment levels and personal income, had shown steady growth until fiscal year 2008. Starting in fiscal year 2008 through 2010 income tax has been declining and this is expected to continue into fiscal year 2011. The drop in revenues is largely due to the slowdown in the overall economy, which is projected to continue through the early part of fiscal year 2011, as the credit crunch, carryover capital losses, high unemployment and the continued decrease in consumer spending combine to limit the growth of taxable income. In fiscal year 2010 income tax represented 34.8 percent of general fund budgeted revenue. In fiscal year 2011 income tax revenues are expected to decline (3.67 percent) and make-up 32.9 percent of general fund budgeted revenues.

⁷ 2010 U.S. Census, <http://census.maryland.gov>

⁸ Harford County Maryland Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009", Table 15.

⁹ Harford County Maryland Comprehensive Annual Financial Report for the year ended June 30, 2010, Letter of Transmittal, pages A2 to A4, written by Rick Pernas, Acting County Treasurer.

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The County must also contend with reductions in revenues tied to the State and affected by the State of Maryland's budget shortfalls. The most significant revenue reduction will be Highway User Tax revenue. The State's fiscal year 2011 budget projects a 96.2 percent decrease in the amount of Highway User Tax revenue that will be shared with the counties; nearly \$10.0 million will be lost to Harford County.

Long-term financial planning¹⁰

In spite of the current economic difficulties Harford County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. The County's fiscal strength has been attested to by two of three bond rating agencies with triple "A" ratings for its general obligation (GO) bonds. These independent rating agencies determined the County is a safe place to invest and do business. The triple "A" rating reflects the ongoing diversification and expansion of the County's economic base, fueled by significant growth of the Aberdeen Proving Ground, i.e. APG, and the County's strategic location within the Baltimore-Washington region. In spite of recent fiscal challenges the rating agencies affirmed the County's healthy financial position, characterized by conservative fiscal management, healthy reserve levels, long-term operating stability and a manageable direct debt burden.

The County's employment base has increased by more the 20,626 jobs or 21.4 percent from 2001 through 2006, driven by growth in professional services, technology and transportation sectors. Substantial employment growth is expected to continue as a result of the ongoing implementation of the Department of Defense Base Realignment and Closure (BRAC). The U.S. Army projects that APG will experience a net gain of 8,200 positions to its workforce; with perhaps another 7,000 indirect positions created by the influx of people coming to APG. As of December 2009, approximately 1,550 jobs have already moved to APG; another 6,000 to 7,000 jobs are anticipated to follow in 2010 and 2011 when the construction of new facilities is completed. APG is at the forefront of technical achievements in national defense, intelligence, medical research, and engineering and computer technology. The majority of jobs on base will be highly skilled and annual salary is expected to average \$87,000.

The County has been preparing for this influx of jobs and people with capital investments in schools and key infrastructure projects. With the fiscal year 2011 budget the County again faced daunting financial challenges requiring careful balancing of many needs and an equitable allocation of available resources. Education continues to be a major concern of the County and its residents. To meet the fiscal year 2011 Maryland State required Maintenance of Effort funding level of \$211,061,789, the budget included an additional \$146,989; plus an additional allocation of \$300,000 to support a new Agricultural Magnet Program and \$2,700,000 is provided to mitigate any employee wage reductions.

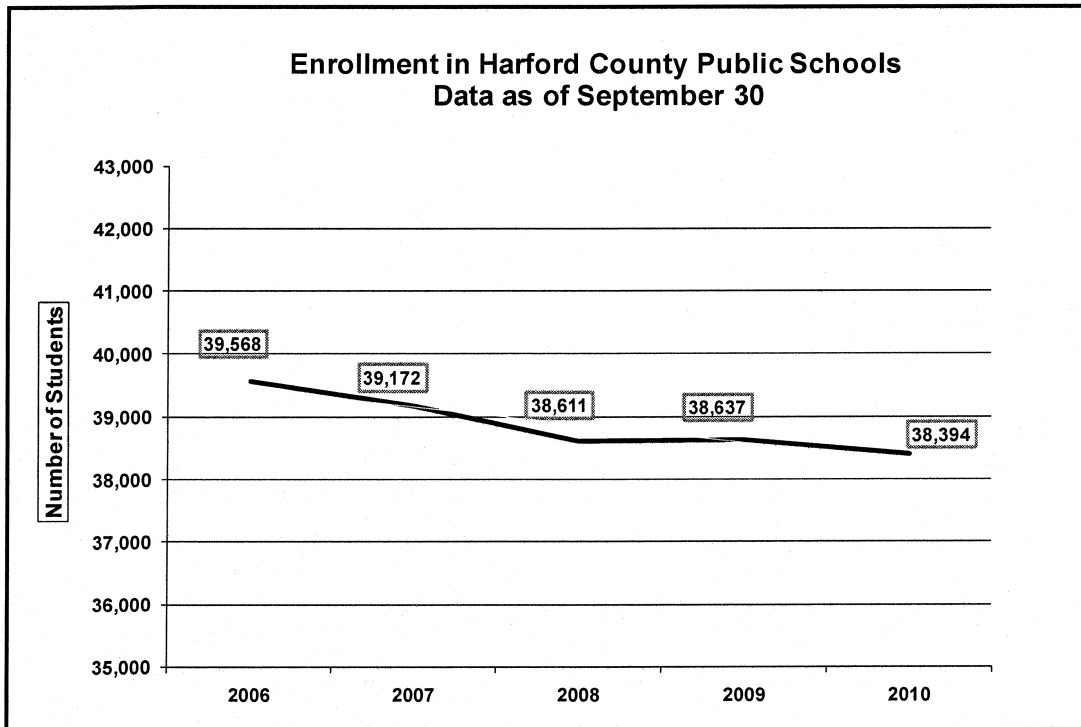
¹⁰ Harford County Maryland Comprehensive Annual Financial Report for the year ended June 30, 2010, Letter of Transmittal, pages A2 to A4, written by Rick Pernas, Acting County Treasurer.

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Demographics of School Enrollment

In fiscal 2006, the public school system enrollment was 39,568. At September 30, 2010, HCPS had 38,394 students, a decrease of 1,174 or 3.0 percent since September 30, 2006. Chart 1 below details enrollment trends since September 30, 2006 with an actual enrollment of 38,394 students for September 30, 2010.

Chart 1¹¹



Demographics of the School Population

Enrollment represents the number of students in grades prekindergarten through 12, including ungraded special education students, as counted on September 30th of each year. The Maryland State Department of Education reports this data by grade level/program (Table 1 and Chart 2).

Table 1¹²

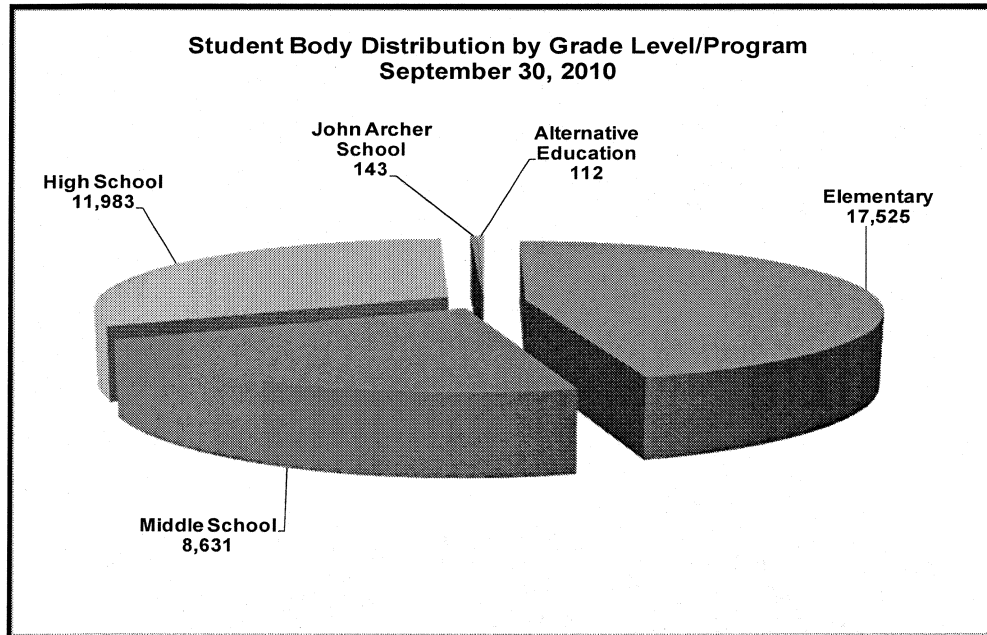
Student Body Distribution by Grade Level/Program as of September 30					
	2006	2007	2008	2009	2010
Elementary	17,928	17,744	17,574	17,607	17,525
Middle School	9,056	9,038	8,892	8,823	8,631
High School	12,264	11,998	11,800	11,984	11,983
John Archer	160	159	159	147	143
Alternative Education	139	155	107	76	112
Charter School	21	78	79	0	0
Totals	39,568	39,172	38,611	38,637	38,394

¹¹ Harford County Public Schools, Office of Accountability, Annual Enrollment Report dated September 30, 2010.

¹² Maryland State Department of Education, 2011 Maryland Report Card.

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Chart 2¹³



The Maryland State Department of Education also reports the student demographics by ethnic group (Table 2). There are now seven racial codes instead of the previous five codes. The changes go beyond just adding categories. The identification of race and ethnicity requires a two part question for determining the code and allows for certain students to identify themselves as more than one racial/ethnic group.

Table 2¹⁴

Student Body by Racial Composition by Percentage as of September 30					
	2006	2007	2008	2009	2010
American Indian/Alaskan Native	0.59%	0.58%	0.56%	0.55%	0.40%
Asian	2.74%	2.92%	3.09%	3.29%	3.04%
African American	19.11%	19.90%	20.17%	20.46%	18.09%
Hispanic or Latino	3.06%	3.40%	3.72%	3.88%	5.23%
Native Hawaiian/Pacific Islander					0.15%
White	74.50%	73.20%	72.46%	71.82%	68.57%
Two or more races					4.53%
Total Students	100%	100%	100%	100%	100%

¹³ Maryland State Department of Education, 2011 Maryland Report Card

¹⁴ Maryland State Department of Education, 2011 Maryland Report Card

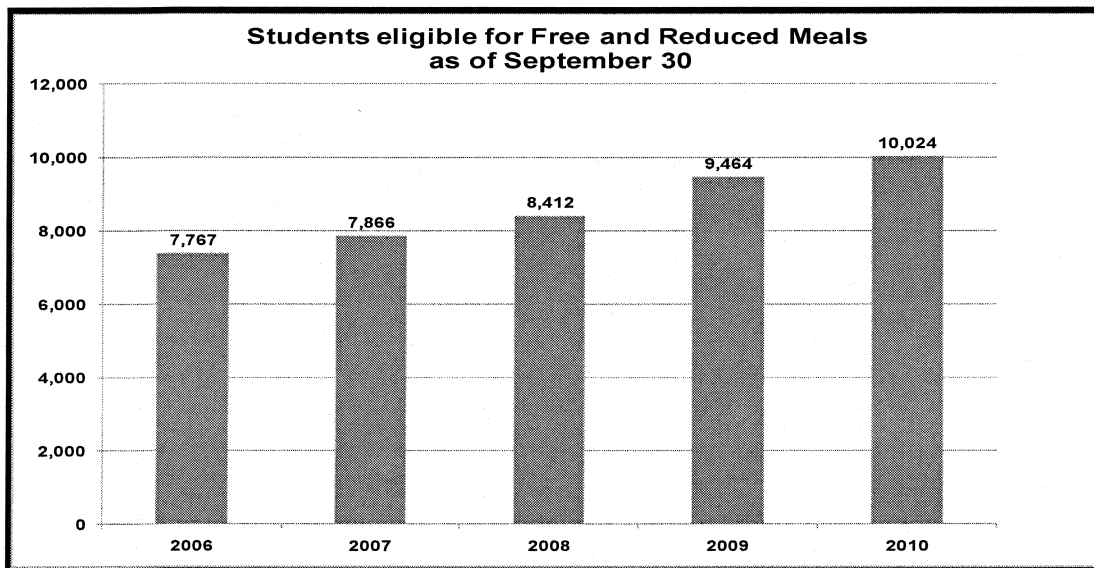
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Two of the most important changes in demographics correlating to student achievement are poverty and language proficiency. Both groups of students are considered *Academically at Risk* if they require frequent special instruction and/or support to reach the levels of academic achievement needed in the information age.

Generally, the most reliable measure of poverty in school systems is the number of students eligible for free and reduced price lunches (Chart 3). Students qualifying for free lunches must not exceed an income level of \$28,655 for a family of four. Students qualifying for reduced price lunches must not exceed an income level of \$40,793 for a family of four. According to data provided by the Food and Nutrition Department, in fiscal 2011, 11,277 students received free and reduced price lunch services, or 28.6% percent of total HCPS enrollment.

The number of students eligible for free and reduced price meals as of October 2010 is 10,516. The pre-k students included in that number is 434. The Maryland State Department of Education in computing state aid for compensatory education in fiscal 2012 uses the FaRMs count of 10,024. The value per student for compensatory education represents \$3,247 per student in the projected funding of the fiscal 2012 unrestricted budget.

Chart 3

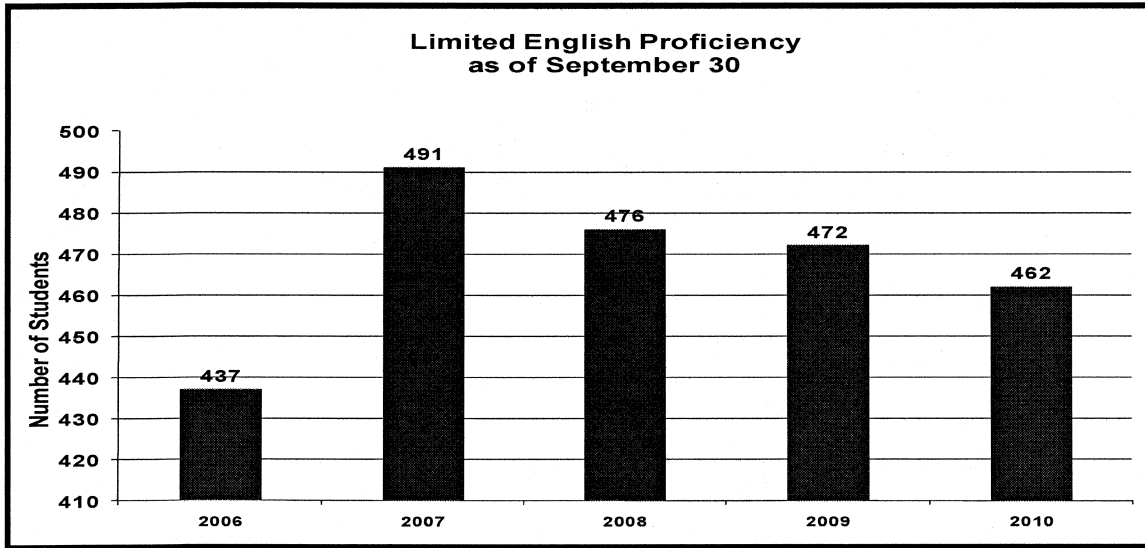


Enrollment of students with limited English-speaking proficiency has remained steady over the past few years (Chart 4). A total of 462 students are enrolled in limited English proficiency programs for fiscal 2011, or 1.2% of the total enrollment in HCPS. Enrollment growth is not the only factor changing the services provided the student population. In addition to more students, the composition of membership growth has added to the cost of educating students as has the need for instructional assistance and translation services.

¹⁵ Harford County Public Schools, Food Services Office.

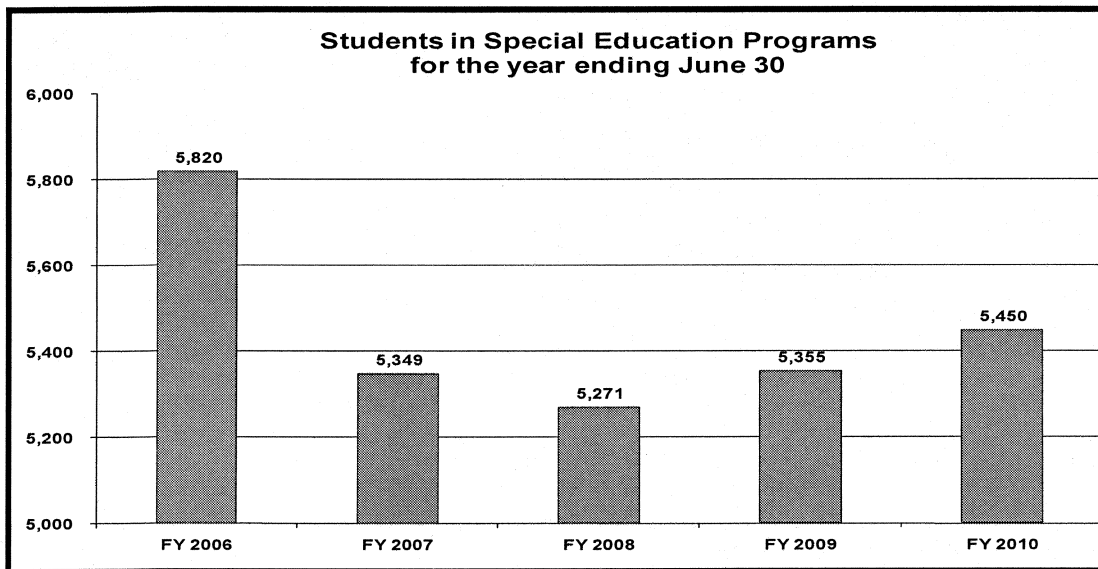
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Chart 4¹⁶



Special education programs serve 5,450 students (including 143 students at John Archer School and not including 193 nonpublic placement students) in fiscal 2010 with an Individual Education Program (IEP). These students range in age from three through twenty one. Students receiving these services were identified through the eligibility criteria established for any of the 14 categories of disabilities established through applicable state and federal regulations. Special Education services are provided in all schools by faculty members and support staff members. This includes those positions funded with unrestricted and restricted funds.

Chart 5¹⁷



¹⁶ Harford County Public Schools, Curriculum and Instruction Office with Sept. 30 2010 data.

¹⁷ Maryland State Department of Education, 2010 Maryland Report Card and HCPS Office of Special Education.

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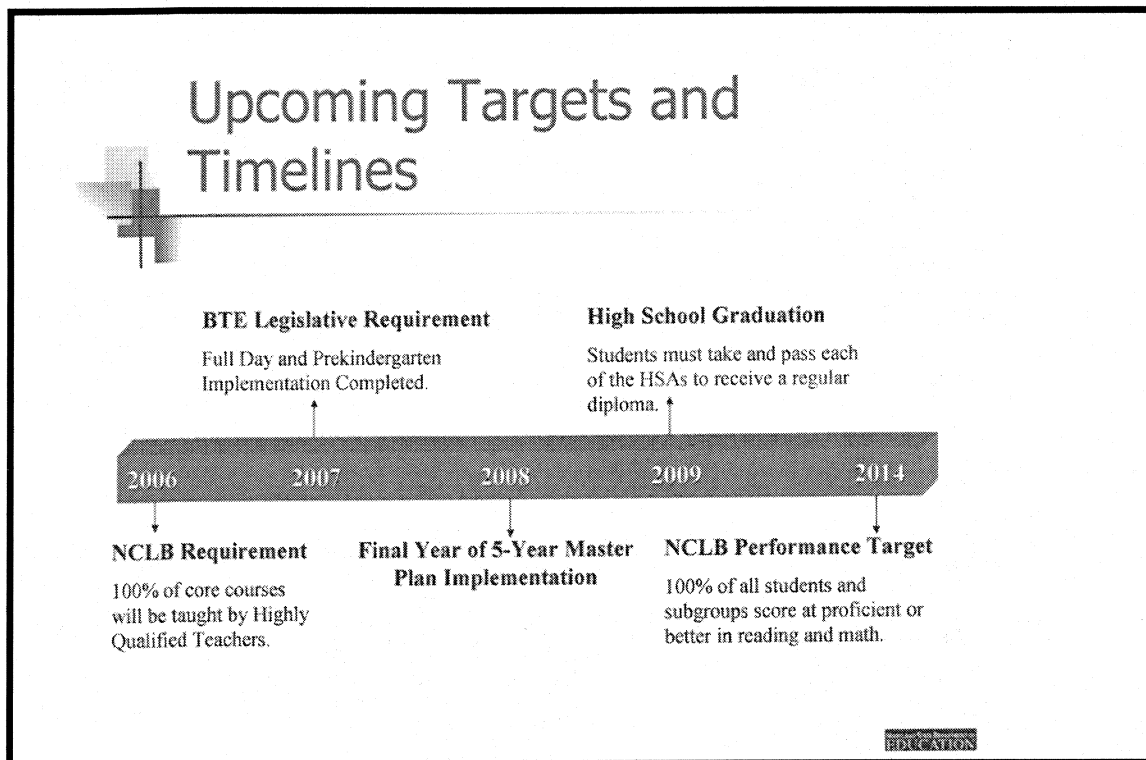
Another demographic feature that has an impact on the classroom is "mobility." Mobility is reported as the number and percentage of students entering or leaving school during the year after the first day of class (Table 4). This factor requires flexible management and instruction to deal with changes in the school and classroom, particularly given that more students may enter than leave and the turnover may not occur on an equivalent schedule throughout the year. The HCPS mobility statistic is well below the state average for recent years. State statistics indicate entrance rates of 11.0 to 12.9 percent and withdrawal rates of 9.5 to 11.7 percent for the most recent year.

Table 4¹⁸

Student Mobility for the school year ended June 30										
	2006		2007		2008		2009		2010	
	Entrants	Withdrawals	Entrants	Withdrawals	Entrants	Withdrawals	Entrants	Withdrawals	Entrants	Withdrawals
Total Students	3030	3322	2964	3242	2892	3197	2875	2815	2474	2411
% of Student Enrollment	7.80%	8.55%	7.72%	8.44%	7.56%	8.36%	7.64%	7.48%	6.57%	6.40%

No Child Left Behind, Federal Legislation and Bridge to Excellence Requirements, Maryland State Legislation

Harford County Public Schools must meet these requirements and the Superintendent and the Board of Education are committed to the Upcoming Targets and Timelines. These are ambitious challenges for which Harford County Public Schools has prepared a Master Plan. The Budget Plan is aligned in accordance with the approved Master Plan. Within the Master Plan section of the budget, goals and objectives are identified to meet these challenges and mandates. The following chart reflects the mandatory legislative requirements from the federal and state governments. The chart below was prepared by the Maryland State Department of Education.



¹⁸ Maryland State Department of Education, 2010 Maryland Report Card.

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Summary

Throughout the budget development process, the Board and staff have attempted to balance the ambitious vision of Harford County Public Schools with financial constraint. While this balance is not easy, the Board has developed a budget that will empower Harford County Public Schools to effectively and efficiently strive to carry out the educational mission to provide quality educational services for all students every day. Our ability to provide an ambitious vision is dependent upon State of Maryland and Harford County Government funding.

