

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 schools, nine middle schools, nine comprehensive high schools, one technical high school, one special education school serving students with disabilities, and one Alternative Education Program.²

Harford County Public Schools (HCPS) is a fiscally dependent school system. Enrollment for the 2014 – 2015 school year totaled 37,537 students. When ranked by enrollment, HCPS is the 8th largest of the 24 school districts in the State of Maryland. The student body will be served by a projected 5,231 full-time equivalent (FTE) faculty and staff positions for fiscal 2016.

Harford County has 54 public schools and 46 non-public schools³ located within the county. Citizens in the county have a choice of public or private schools. Approximately 38,000 students attend public schools. The number of students attending private schools is unknown. The U.S. Census reported 244,826⁴ as the 2010 population of Harford County. The Harford County Department of Planning and Zoning projects the population to increase to 258,670 by 2020⁵. According to the U.S. Census, the school age population in 2010 was 51,694 of which 38,637 (74%) attended public schools. HCPS enrollment totaled 35,963 students in 1994 and reached a peak in 2004 of 40,294. Enrollment has declined to 37,537 in September 2014.

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, 2014, Harford County reported a population of 248,800⁶.

Local Economy⁷

The revenue outlook for fiscal year 2014 remained challenging while preparing the fiscal year 2015 budget. A lagging national economy and unfunded mandates from the State of Maryland have resulted in lean budgets for 2015.

The County's largest revenue source remains real property taxes even though there have been recent declines in the real estate market. The fiscal year 2014 taxable assessable base resulted in a decrease over the fiscal year 2013

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

² Harford County Approved Fiscal Year 2016 Annual Operating Budget, page 767.

³ Maryland State Department of Education Fact Book, 2013 – 2014, page 7.

⁴ 2010 U.S. Census, <http://census.maryland.gov>.

⁵ Harford County Demographic Data & Growth Trends, <http://www.harfordcountymd.gov/>

⁶ Harford County Maryland Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2014", page 140.

⁷ Harford County Maryland Comprehensive Annual Financial Report for the year ended June 30, 2014, Letter of Transmittal, pages A2 to A4, written by Kathryn Hewitt, County Treasurer.

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2015. General Fund property tax revenues net, of interest, discounts and credits are estimated to increase by 0.4 percent from fiscal year 2014 to fiscal year 2015. The real estate market appears to have bottomed out but it is too early to predict if the market will rebound in the coming year. The County property tax rate has remained the same since fiscal year 2011.

Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels, and personal income. Income tax revenue has shown increases beginning in 2010 through 2014 using the modified accrual basis of accounting. The year over year increase for 2011 to 2012, 2012 to 2013 and 2013 to 2014 has been 7.6%, 2.3% and 3.7%. Income tax is budgeted at \$198.7 million for fiscal year 2015.

Long-term financial planning⁸

Harford County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. Harford County received the highest rating from all three bond rating agencies for its general obligation bonds on March 11, 2014.

Completion of the Department of Defense Base Realignment and Closure (BRAC) 2005 implementation process was officially recognized on September 15, 2011. It brought \$1.3 billion dollars in construction and 3.0 million square feet of laboratory, office and testing space to Aberdeen Proving Ground. The positive influence of BRAC on Harford's economy may be mitigated in the future. Federal spending cuts known as sequestration went into effect on March 1, 2013. Aberdeen Proving Ground (APG), Harford County's largest employer and home to 11 major commands and more than 80 agencies, has approximately 11,500 Department of Defense civilian employees. Although the long term effect of sequestration is difficult to predict, we feel the results will moderate the growth rate for Harford County's workforce and economy.

The fiscal year 2015 budget once again faces fiscal challenges requiring the balancing of financial needs with the available uncertain or shrinking financial resources. Education continues to be a major concern of the County and its residents. The state mandated contribution to teacher pensions will be phased in over a four year period, with the County being responsible for 100 percent of the normal cost in fiscal year 2016. The County's share for teacher's pension liability was \$7,009,102 in fiscal year 2014 and will be \$7,475,675 in fiscal year 2015.

The fiscal year 2015 operating budget continues its policy of maintaining a reserve of 5.0 percent of the total General and Highways Fund operating budget to preserve its high credit ratings and provide for emergencies. Any excess unassigned fund balance realized at the end of the fiscal year, above the 5.0 percent reserve, can be appropriated into the next fiscal year as one time funding for that fiscal year.

The County continues to invest 100 percent of cash held temporarily idle during the year using an equity-in-pooled-cash system, except for bond funds, Volunteer Firemen's Length of Service Award Program, Agricultural Preservation, Sheriff's Office Pension System, and the Other Post-Employment Benefits (OPEB) trust fund, which are invested separately. For fiscal year 2014, the weighted average yield on investments was 0.18 percent. The total amount of interest earned by the County on pooled investments was \$511,898.

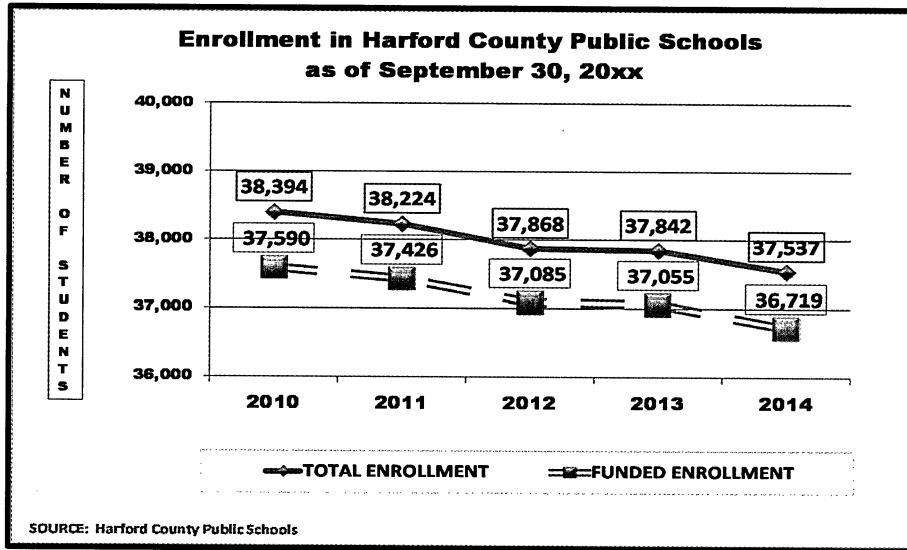
Demographics of School Enrollment

On September 30, 2010, total student enrollment at HCPS was 38,394. On September 30, 2014, total student enrollment was 37,537, a decrease of 857 students or 2.24 percent since September 30, 2010. In order to determine the number of students eligible for State Aid, adjustments are made to the total student enrollment. The adjustments are made for students in the following categories: prekindergarten, part time, evening, college, and other ineligible students.

In 1994, HCPS school enrollment was 35,963 students. Enrollment peaked to 40,264 students in 2002. The following chart details the enrollment trends from September 30, 2010 to September 30, 2014.

⁸ Harford County Maryland Comprehensive Annual Financial Report for the year ended June 30, 2013, Letter of Transmittal, pages A2 to A4, written by Kathryn Hewitt, County Treasurer.

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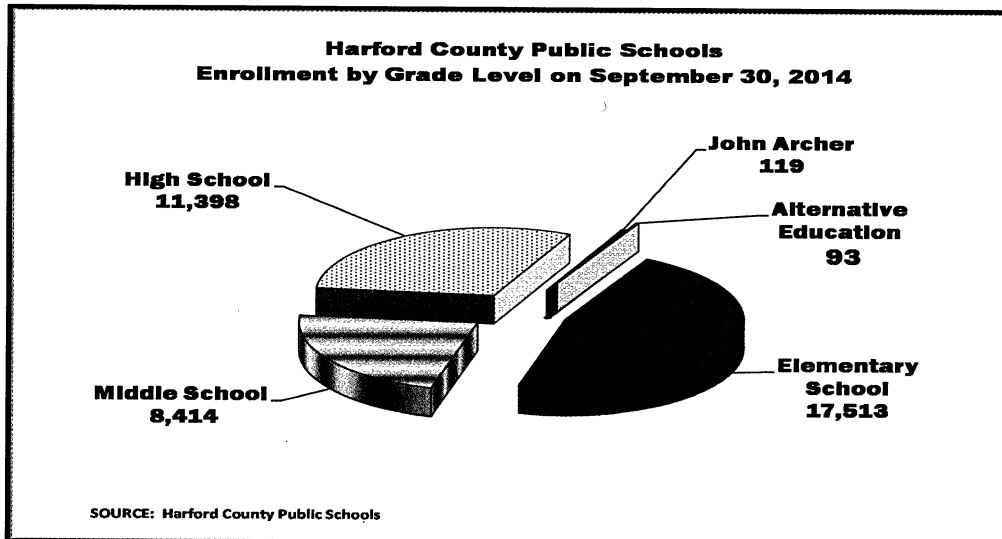
Demographics of the School Population

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 following demographic data is reported by grade level/program.

**Student Body Distribution by Grade Level/Program
as of September 30, 20xx**

	2010	2011	2012	2013	2014
Elementary	17,521	17,561	17,561	17,638	17,513
Middle School	8,607	8,359	8,359	8,552	8,414
High School	11,855	11,737	11,737	11,459	11,398
John Archer	128	125	125	112	119
Alternative Education	113	86	86	81	93
Totals	38,394	38,224	37,868	37,842	37,537

SOURCE: Harford County Public Schools

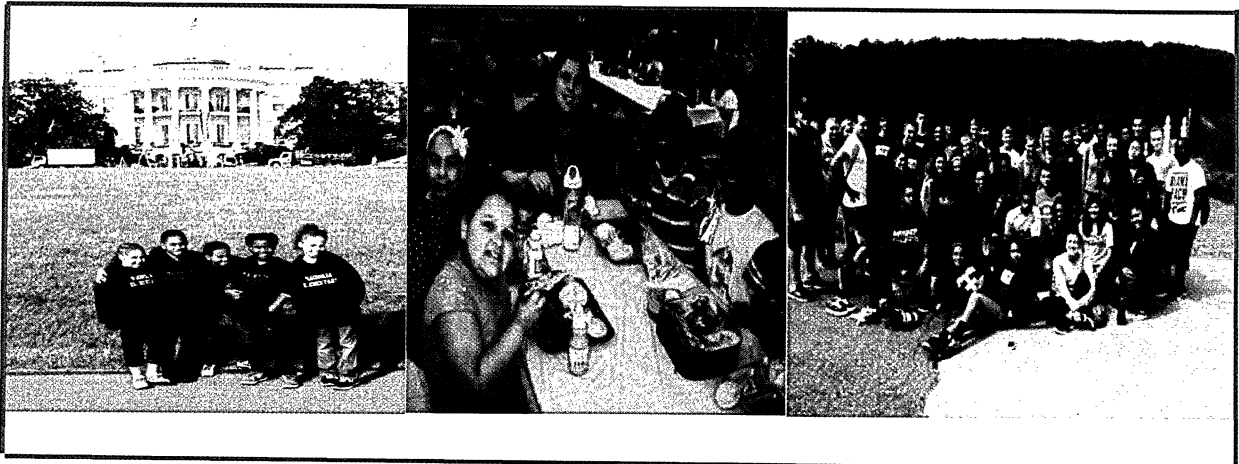


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The Maryland State Department of Education also reports the student demographics by ethnic group. There are now seven racial codes instead of the previous five codes. The changes go beyond just adding categories. The identification of race and ethnicity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

Student Body by Racial Composition by Percentage as of September 30, 20xx					
	2010	2011	2012	2013	2014
American Indian/Alaskan Native	0.40%	0.36%	0.33%	0.32%	0.27%
Asian	3.04%	3.22%	3.24%	3.24%	3.29%
African American	18.09%	17.66%	17.77%	18.06%	18.09%
Hispanic or Latino	5.23%	5.41%	5.66%	5.98%	6.30%
Native Hawaiian/Pacific Islander	0.15%	0.17%	0.17%	0.18%	0.22%
White	68.57%	68.12%	67.37%	66.67%	66.00%
Two or more races	4.53%	5.05%	5.46%	5.55%	5.83%
Total Students	100%	100%	100%	100%	100%

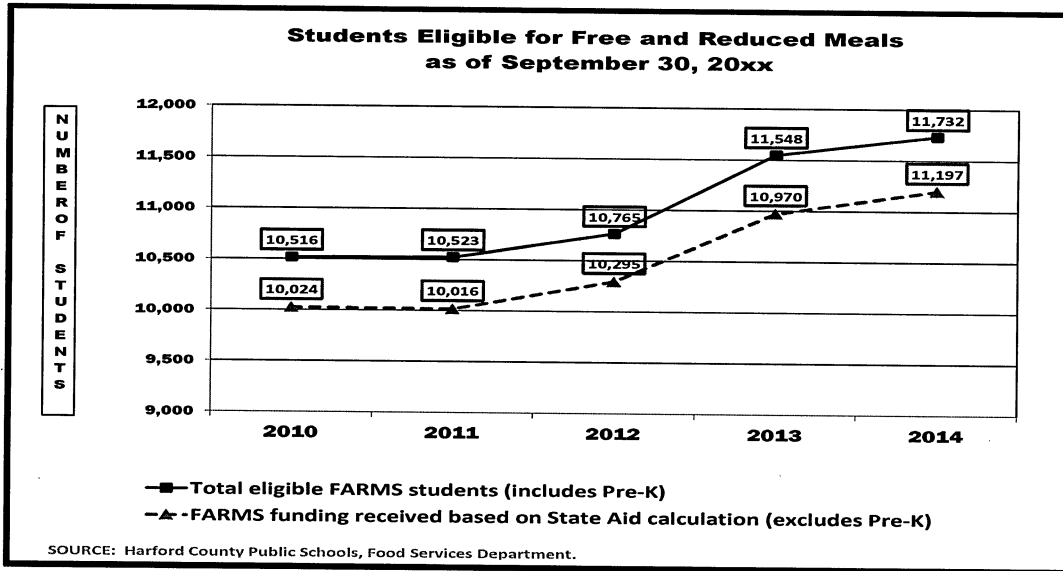
SOURCE: Harford County Public Schools



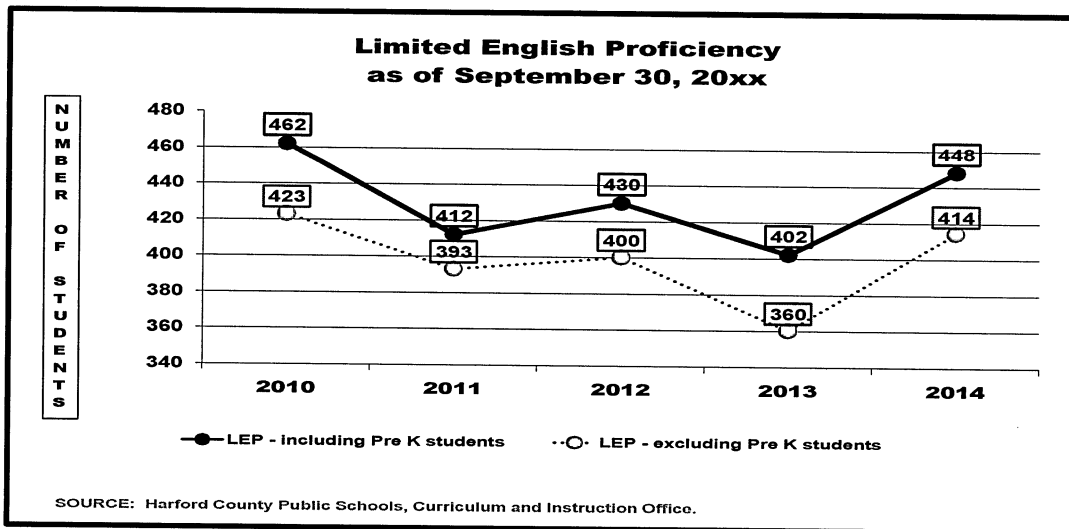
Two of the most important changes in demographics correlating to student achievement are poverty and language proficiency. Both groups of students are considered *Academically at Risk* if they require frequent special instruction and/or support to reach the levels of academic achievement needed in the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

Generally, the most reliable measure of poverty in school systems is the number of students eligible for free and reduced price lunches (FaRMS). For the 2014 – 2015 school year, students were eligible for free and reduced priced meals if their household annual income did not exceed \$43,568 for a family of four. The total number of students eligible for free and reduced price meals as of October 31, 2013 was 11,548. The Maryland State Department of Education uses an adjusted FaRMs count to calculate State Aid under the Compensatory Education formula. The funding projected for fiscal 2015 is based on the adjusted FaRMs count of 10,970. The average amount of per pupil funding in FY 2014 was \$3,025 per student.

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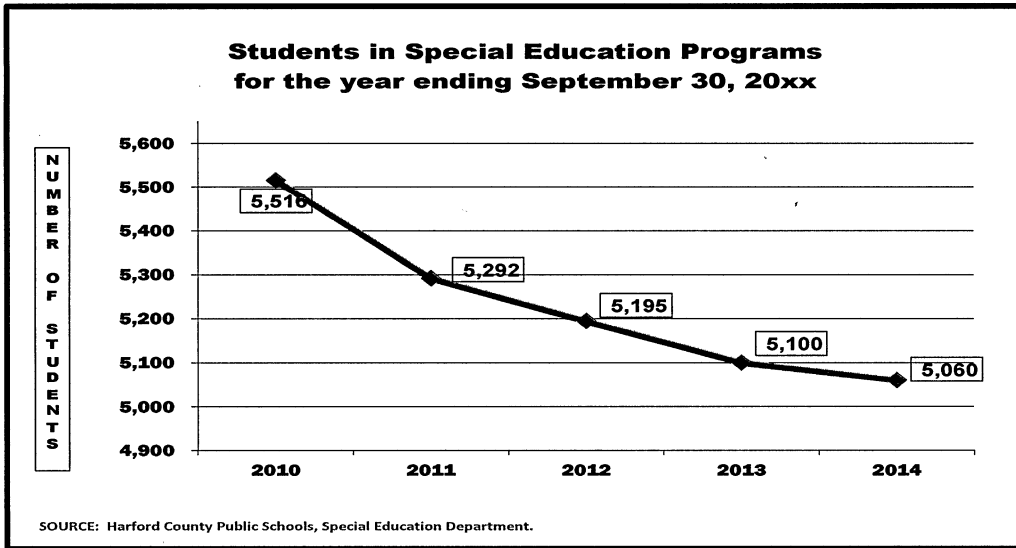


As of September 30, 2014, 448 students were enrolled in limited English proficiency programs, or 1.19 percent of the total HCPS enrollment.



Special education programs served over 5,000 students (including 248 nonpublic placement students) in FY14 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.

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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. 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 average entrance rates of 10.54 percent and average withdrawal rates of 8.26 percent for 2014.

Student Mobility for the school year ended June 30										
	2010		2011		2012		2013		2014	
	Entrants	Withdrawals	Entrants	Withdrawals	Entrants	Withdrawals	Entrants	Withdrawals	Entrants	Withdrawals
Total Students	2474	2411	2505	2514	2414	2571	2554	2364	2543	2365
% of Student Enrollment	6.57%	6.40%	6.76%	6.79%	6.47%	6.45%	6.89%	6.38%	6.87%	6.39%

Source : MD Report Card

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Integration of Race to the Top with Maryland's Bridge to Excellence Master Plan

In August 2010, Maryland was awarded one of the Race to the Top (RTTT) education grants. Beginning in 2011, Maryland integrated the RTTT with the existing Bridge to Excellence Master Plan (BTE). The Harford County Board of Education (BOE) is accelerating efforts and making necessary changes to the current way of doing business, and has approved a Strategic Plan that aligns with Maryland's RTTT goals. Harford County Public Schools (HCPS) believes all students can meet high standards. To that end, HCPS commits to the following elements of the State's reform plan as described in the *American Recovery and Reinvestment Act (ARRA)*:

- Supporting the transition to enhanced standards and high-quality assessments;
- Using data to improve instruction;
- Supporting great teachers and great leaders; and
- Turning around HCPS lowest-achieving schools.

Common Core and Partnership for Assessment of Readiness for College and Career (PARCC)

The Common Core State Standards (CCSS) Initiative is a state-led effort coordinated by the National Governor's Association and the Council of Chief State School Officers that establishes a single set of clear and rigorous educational standards for grades K-12 in Reading/English/Language Arts and Mathematics that states voluntarily adopt. The standards are designed to ensure that students graduating from high school are prepared to enter credit bearing entry courses in two- or four-year college programs or enter the workforce.

The State Board of Education adopted the standards by unanimous vote in June 2010. The CCSS form the foundation for Maryland's new State Curriculum. Hundreds of classroom educators, instructional leaders, administrators, and higher education representatives continue to assist state officials in developing the new Maryland Common Core State Curriculum to support the implementation of these new standards. The new State Curriculum will be implemented in all Maryland schools in the 2013-2014 school year.

HCPS has been, and continues to prepare for the shift to CCSS. Priorities and initiatives identified by HCPS are as follows: Educator Effectiveness Academy; County-wide Professional Development; Specific Content Area Professional Development; Curriculum Writing and Assessment Production; and Communication with Stakeholders.

A parallel effort has also been underway to develop a new assessment system that can measure the critical content and skills found in the CCSS. In spring 2010, Maryland became a Governing State in the PARCC – a consortium of 22 states working together to develop a common set of K-12 assessments in English and Mathematics anchored in what it takes to be ready for college and careers. The transition from the State's current curriculum content standards and the Maryland School Assessment (MSA) to the Common Core Curriculum Standards and the PARCC assessments will be complete by 2014-2015.

School Progress Index (the following overview was prepared by MSDE)

In 2012, the United States Department of Education (USDE) gave states the opportunity to develop a new accountability system for measuring how well students and their school were progressing. Under this new system, Maryland has adopted the goal of cutting in half the number of students in each school who are not achieving at the proficient level by 2017, with annual improvement targets set for every school and every subgroup of students individually. In addition to achievement and growth, the system focuses strongly on new measures of a school's ability to close gaps between its highest performing student groups and its lowest, and for high schools to graduate students on time and College- and Career-Ready. With the help of teachers and principals across the State, Maryland has developed new measures of school progress that are not tied to one test result, but rather reflect multiple Indicators of progress. This new system is called School Progress Index (SPI).

Summary

Throughout the budget development process, the BOE and staff have attempted to balance the ambitious vision of HCPS with real financial constraints. While this balance is not easy, the BOE has developed a budget that will empower HCPS 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. Our ability to provide an ambitious vision is dependent upon State of Maryland and Harford County Government funding.