

Expenditures

Budget Development Process

In order to understand how the fiscal 2018 budget was developed, the process by which the total expenditures were determined must first be discussed. The slow economic recovery continues to impact our ability to keep pace with rising costs such as healthcare, contracted obligations and aging infrastructure and buses. It has dramatically affected our ability to provide compensation increases to our more than 5,100 employees. Revenue is projected to remain relatively flat and for the tenth consecutive year, a portion of unassigned fund balance will be needed to sustain ongoing operations. Maintaining a competitive salary structure continues to be a top priority for fiscal 2018. With this in mind, budget managers were asked to examine their accounts in terms of potential realignment of current funding, cost saving measures, inflation and non-discretionary cost increases.

Base Budget Adjustments - Budget managers were asked to review current funding levels and, whenever possible, work to realign current dollars to meet changing program and service requirements. Base Budget Adjustments are simply a realignment of current funds with no additional financial impact. These adjustments are reflected throughout the document in the column entitled "FY 2018 Base Budget"

Cost Saving Measures – Each budget manager was asked to search current budget line items and practices for areas of cost savings and efficiencies.

Inflation and Non-Discretionary Cost Increases (Cost of Doing Business Adjustments) - Building the budget requires making assumptions about cost growth in areas of spending that are not directly tied to funding decisions regarding educational policies, collective bargaining commitments, or enrollment. These inflationary and non-discretionary costs include, but are not limited to:

- Expenditures for state and federal mandates relating to special education, instructional services, contracted instruction and student testing
- Anticipated increases in the rate structure for medical insurance premiums
- Annual increases in service contracts, software/hardware agreements, maintenance/performance contracts and liability/property insurance contracts
- Employee pension costs

Salary/Wages – The increase in salary/wage line items reflects our goal of maintaining a competitive salary structure within the market, especially with our neighboring counties. As a result of no step increases or Cost-of-Living Adjustments (COLA) for five of the past eight years, it is the intent of the Board of Education to avoid falling further behind in regard to employee wages. The Board of Education approved a wage and salary package that includes two STEPs (one regular and one make-up for eligible employees) and a 0.5% COLA July 1, 2017 and an additional 2.0% COLA mid-year.

In following the logic of distinguishing changes by how they were approved in the budget, each program outlines the changes by the same categories:

- Base Budget Adjustments
- Cost Saving Measures
- Cost of Doing Business
- Wage/Benefit changes for Active and Retired Employees

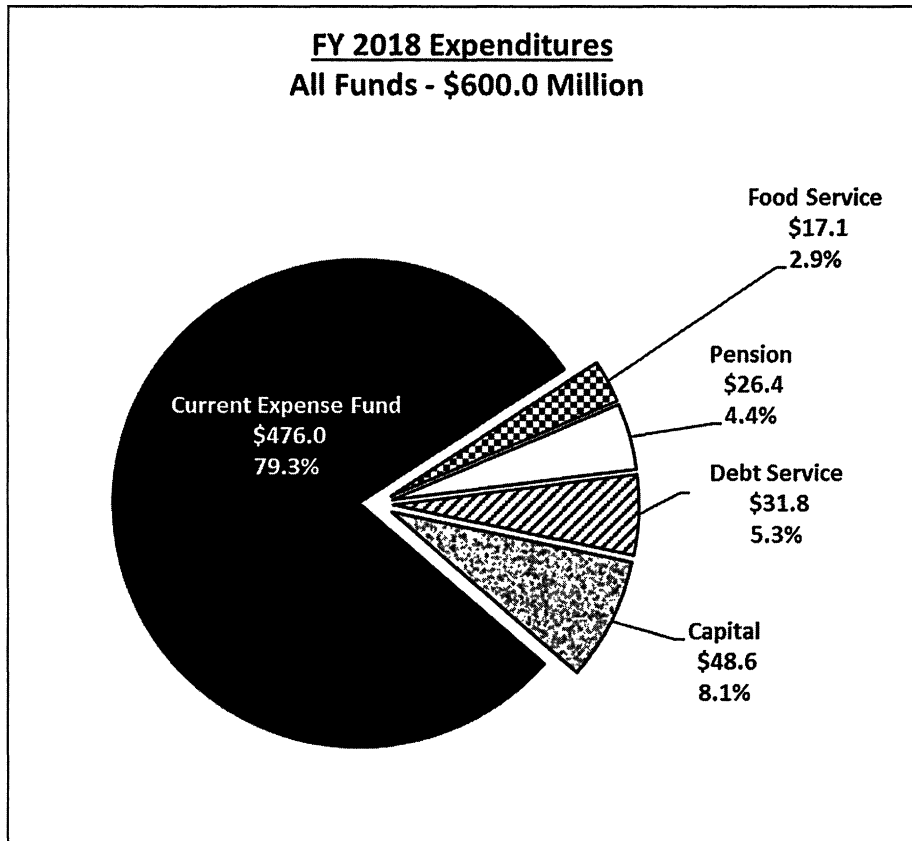
Expenditures

All Funds

Total expenditures by fund for Harford County Public Schools are summarized below. The combination of the Unrestricted Fund and Restricted Fund, generally referred to as the Current Expense Fund or Operating Budget, totals \$476.0 million for fiscal 2018. The Operating Budget will be discussed in greater detail in this section of the budget book.

The Food Service Fund is a self-supporting special revenue fund. The Food Service Fund is \$17.1 million for fiscal 2018. Additional detail is provided in the Food Service section of this document. Debt Service funds in the estimated amount of \$31.8 million are managed by the Harford County Government and additional detail is provided in the Debt Service section of this document. The Capital Projects Fund totaling \$48.6 million includes primarily state and local government funding. The Capital Budget Summary is contained in Capital Projects section. The Pension Fund is \$26.4 million which represents the State of Maryland's projected contribution to the teacher pension system for fiscal 2018. More detail on the Pension Fund is provided in the Pension section of this document.

Expenditures - All Funds							
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2017 Budget	FY 2018 Budget	Change	% Chg.
Unrestricted Fund	420,745,698	424,895,247	433,154,622	440,396,921	446,002,060	5,605,139	1.3%
Restricted Fund	31,402,459	29,539,443	30,351,483	29,965,484	29,972,386	6,902	0.0%
Current Expense Fund	\$ 452,148,157	\$ 454,434,690	\$ 463,506,105	\$ 470,362,405	\$ 475,974,446	\$ 5,612,041	1.2%
Food Service	15,964,573	16,761,751	17,264,329	16,886,709	17,148,763	262,054	
Debt Service	30,695,880	31,014,737	30,921,157	31,036,964	31,825,571	788,607	
Capital	33,669,871	33,285,201	23,576,768	20,348,948	48,615,000	28,266,052	
Pension	29,257,412	26,626,689	26,083,972	26,626,689	26,381,727	(244,962)	
Total - All Funds	\$ 561,735,893	\$ 562,123,068	\$ 561,352,331	\$ 565,261,715	\$ 599,945,507	\$ 34,683,792	



Expenditures

Current Expense Fund (Unrestricted and Restricted Funds) by Program

The Current Expense Fund is comprised of the Unrestricted Fund, usually referred to as the Operating Budget, and the Restricted Fund. Restricted Funds are primarily provided by the state and federal government, which require the money be spent on specific programs. Hence, the term "restricted" is used to classify these programs. Unrestricted Fund expenditures for fiscal 2018 increased \$5.6 million and Restricted Fund expenditures increased \$7,000. The total Current Expense Fund Budget for fiscal 2018 is \$476.0 million, an increase of \$5.6 million, or 1.2%, from fiscal 2017. The fiscal 2018 Current Expense Fund Budget is summarized below by program area:

Expenditures - Current Expense Fund						
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2017 Budget	FY 2018 Budget	Change
Board of Education	\$ 573,815	\$ 629,338	\$ 567,526	\$ 657,670	\$ 641,799	\$ (15,871)
Board of Education Services	196,032	228,786	206,980	275,753	245,966	(29,787)
Internal Audit Services	156,160	178,555	134,764	151,320	160,897	9,577
Legal Services	221,623	221,997	225,783	230,597	234,936	4,339
Business Services	\$ 33,649,740	\$ 34,881,745	\$ 34,198,345	\$ 35,740,987	\$ 36,047,372	\$ 306,385
Fiscal Services	32,782,338	33,995,904	33,392,694	34,903,138	35,164,292	261,154
Purchasing	867,402	885,841	805,651	837,849	883,080	45,231
Curriculum and Instruction	\$ 5,792,305	\$ 5,749,068	\$ 5,931,839	\$ 6,046,877	\$ 6,195,517	\$ 148,640
Curriculum Dev and Implementation	3,948,686	3,985,415	4,153,441	4,216,724	4,347,919	131,195
Office of Accountability	849,460	774,517	746,205	751,814	753,900	2,086
Professional Development	994,159	989,136	1,032,193	1,078,339	1,093,698	15,359
Education Services	\$ 169,110,438	\$ 172,216,622	\$ 175,800,623	\$ 177,985,985	\$ 179,435,982	\$ 1,449,997
Career and Technology Programs	7,314,988	7,314,619	7,770,828	7,849,892	8,270,636	420,744
Gifted and Talented Program	1,319,863	1,198,746	1,258,948	1,470,276	1,539,594	69,318
Intervention Services	963,518	716,300	422,461	428,866	417,939	(10,927)
Magnet Programs	1,507,865	1,531,844	1,589,883	1,609,985	1,614,814	4,829
Office of Elem/Mid/High Schools	566,789	575,493	607,372	624,525	642,156	17,631
Other Special Programs	2,742,992	2,823,871	2,877,242	2,922,236	3,028,604	106,368
Regular Programs	148,613,155	152,092,586	155,150,851	156,772,754	157,420,034	647,280
School Library Media Program	5,937,603	5,834,659	6,002,606	6,129,307	6,324,061	194,754
Summer School	143,665	128,504	120,432	178,144	178,144	0
Executive Administration	\$ 1,576,558	\$ 1,531,827	\$ 1,470,450	\$ 1,552,001	\$ 1,565,413	\$ 13,412
Communications	370,631	377,547	369,503	391,514	399,110	7,596
Equity and Cultural Proficiency	285,795	221,972	196,847	201,426	239,343	37,917
Executive Administration Office	920,132	932,308	904,099	959,061	926,960	(32,101)
Extra Curricular Activities	\$ 3,527,178	\$ 3,537,524	\$ 3,688,230	\$ 3,759,104	\$ 3,763,304	\$ 4,200
Interscholastic Athletics	2,752,504	2,757,618	2,812,007	2,902,315	2,902,315	0
Student Activities	774,674	779,906	876,223	856,789	860,989	4,200
Human Resources	\$ 76,191,370	\$ 76,852,968	\$ 79,482,391	\$ 79,595,352	\$ 82,110,457	\$ 2,515,105
Operations and Maintenance	\$ 66,032,780	\$ 64,844,761	\$ 67,483,858	\$ 68,058,063	\$ 67,744,115	\$ (313,948)
Facilities Management	21,300,382	22,125,603	22,453,985	22,401,470	22,570,996	169,526
Planning and Construction	788,744	808,053	844,585	892,835	916,725	23,890
Transportation	30,336,181	29,569,924	30,992,796	31,298,166	31,068,789	(229,377)
Utility Resource Management	13,607,473	12,341,181	13,192,493	13,465,592	13,187,605	(277,987)
Safety and Security	900,263	899,420	877,487	890,214	901,251	11,037
Special Education	40,616,607	40,604,926	40,621,052	41,987,588	42,459,149	471,561
Student Services	\$ 13,945,994	\$ 14,111,726	\$ 14,450,598	\$ 14,698,844	\$ 15,635,963	\$ 937,119
Health Services	3,355,916	3,250,722	3,373,446	3,440,602	3,853,712	413,110
Psychological Services	2,182,625	2,256,849	2,244,280	2,313,044	2,428,559	115,515
Pupil Personnel Services	1,644,312	1,693,217	1,714,422	1,741,126	1,764,376	23,250
School Counseling Services	6,763,141	6,910,938	7,118,450	7,204,072	7,589,316	385,244
Office of Technology & Information	8,828,650	9,035,322	8,582,224	9,424,236	9,501,738	77,502
Unrestricted Fund	420,745,698	424,895,247	433,154,622	440,396,921	446,002,060	5,605,139
Restricted Fund	31,402,459	29,539,443	30,351,483	29,965,484	29,972,386	6,902
Current Expense Fund	\$ 452,148,157	\$ 454,434,690	\$ 463,506,105	\$ 470,362,405	\$ 475,974,446	\$ 5,612,041

Expenditures

Current Expense Fund by Maryland State Reporting Category

The following tables reflect Current Expense Fund expenditures by object class and state reporting category, the method of reporting that is required by the Maryland State Department of Education:

Harford County Public Schools

Current Expense Fund - By State Category

SUMMARY BY CATEGORY	Unrestricted		Restricted		Current Expense	
	FY 2018		FY 2018		FY 2018	
	Budget	FTE	Budget	FTE	Budget	FTE
Administrative Services	\$10,816,522	116.7	\$500,000	0.5	\$11,316,522	117.2
Mid-Level Administration	\$26,550,477	341.0	\$673,318	9.0	\$27,223,795	350.0
Instructional Salaries	\$164,100,309	2,537.8	\$4,279,637	62.3	\$168,379,946	2,600.1
Textbooks & Classroom Supplies	\$7,007,435		\$1,011,556		\$8,018,991	0.0
Other Instructional Costs	\$2,659,736		\$904,050		\$3,563,786	0.0
Special Education	\$42,544,833	860.4	\$16,728,610	163.6	\$59,273,443	1,024.0
Student Services	\$1,764,376	20.5	\$0	9.0	\$1,764,376	29.5
Health Services	\$3,853,712	70.4	\$0	2.0	\$3,853,712	72.4
Student Transportation	\$30,926,715	188.4	\$51,657		\$30,978,372	188.4
Operation of Plant	\$27,996,759	339.8	\$0		\$27,996,759	339.8
Maintenance of Plant	\$13,648,436	125.5	\$0		\$13,648,436	125.5
Fixed Charges	\$113,048,988		\$5,606,179		\$118,655,167	0.0
Community Services	\$491,549	1.6	\$0		\$491,549	1.6
Capital Outlay	\$592,213		\$217,379		\$809,592	0.0
TOTAL	\$ 446,002,060	4,602.1	\$ 29,972,386	246.4	\$ 475,974,446	4,848.5



Current Expense Fund - By Object Class

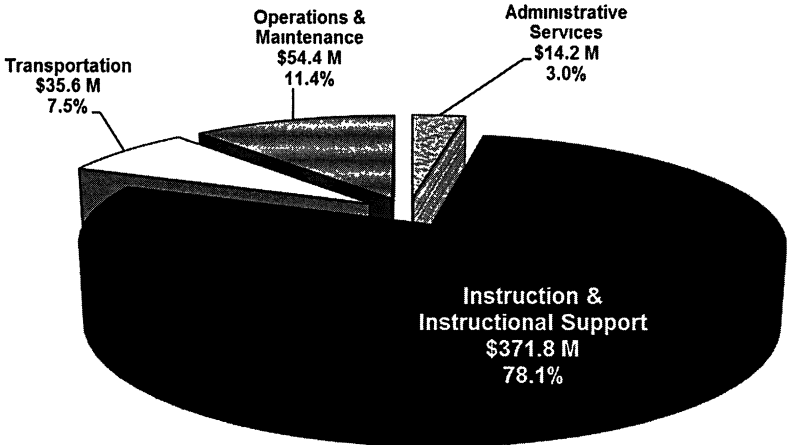
SUMMARY BY OBJECT	Unrestricted		Restricted		Current Expense	
	FY 2018		FY 2018		FY 2018	
	Amount	FTE	Amount	FTE	Amount	FTE
Salary and Wages	\$264,578,395	4,602.1	\$13,151,868	246.4	\$277,730,263	4,848.5
Contracted Services	\$39,102,511		\$8,631,448		\$47,733,959	
Supplies and Materials	\$12,928,816		\$1,323,932		\$14,252,748	
Other Charges	\$128,185,520		\$6,169,847		\$134,355,367	
Equipment	\$1,971,818		\$195,291		\$2,167,109	
Transfers	(\$765,000)		\$500,000		(\$265,000)	
TOTAL	\$ 446,002,060	4,602.1	\$ 29,972,386	246.4	\$ 475,974,446	4,848.5

Expenditures

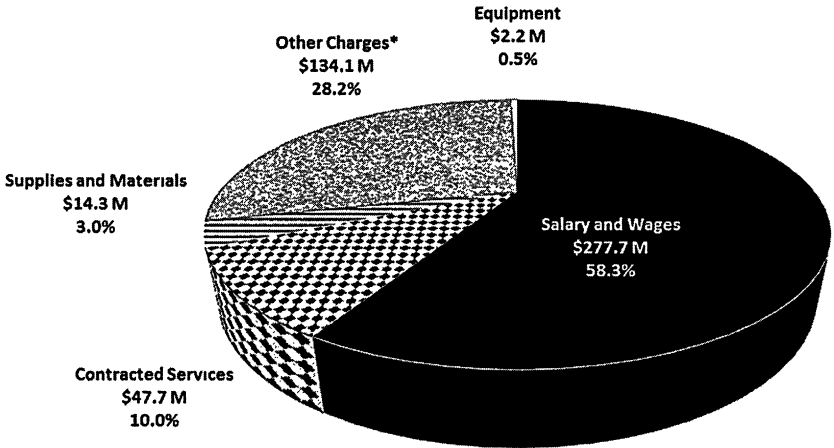
How does HCPS Spend Its Money?

FY 2018 Current Expense Fund - \$476.0 Million

By Program



By Expense Type



*Other Charges include such expenditures as employee/retiree health, dental & life insurance, pension payments, payroll taxes, workers compensation, unemployment & liability insurance and all utility costs (electricity, natural gas, fuel oil, diesel fuel, sewage and water charges).

Expenditures

Summary of Unrestricted Operating Budget Changes FY 2017 – FY 2018

Revenue

Revenue	FY 2017	Change	FY 2018
Local	233,534,504	5,181,141	238,715,645
MD State	196,035,003	2,236,598	198,271,601
Federal	390,000	30,000	420,000
Other	4,913,668	(1,784,906)	3,128,762
Fund Balance	5,523,746	(57,694)	5,466,052
Total	\$ 440,396,921	\$ 5,605,139	\$ 446,002,060

Expenditures

Positions 4,647.6	FY 2017 Unrestricted Budget - Revised	\$ 440,396,921
	Employee Wage/Salary Package:	14,149,774
	Salary Turnover Savings:	(4,292,116)
	Benefit Adjustments:	
	Teacher/Employee Pension System	(420,213)
	Net Health/Dental Insurance Adjustment	4,585,782
	4,165,569	
(2.5)	Base Budget Adjustments:	-
	Cost of Doing Business Adjustments:	
0.0	CDB - Operations	181,141
0.0	CDB - Administration	34,566
	215,707	
(43.0)	Cost Saving Measures	(7,168,949)
	Reversal of FY17 OPEB Supplemental Appropriation	(1,464,846)
(45.5)	Total - Change FY 2017 - FY 2018	\$ 5,605,139
4,602.1	FY 2018 Board Of Education Approved Unrestricted Budget	\$ 446,002,060

Positions

Position Description	FTE
Teachers/Counselors	(27.0)
Paraeducators/Technicians	13.0
Inclusion Helpers	(27.5)
Instructional Facilitator	(1.0)
Clerical 10 Month	(2.0)
Total School Based/Classroom Support Positions	(44.5)
Data Analyst	1.0
Clerical 12 Month	(2.0)
Total Other Support Positions	(1.0)
Total Change - Unrestricted Budget Positions	(45.5)

Expenditures

Salary/Wages – The increase in salary/wage line items reflects our goal of maintaining a competitive salary structure within the market, especially with our neighboring counties. As a result of no step increases or Cost-of-Living Adjustments (COLA) for five of the past eight years, it is the intent of the Board of Education to avoid falling further behind in regard to employee wages. The Board of Education approved a wage and salary package that includes two STEPs (one regular and one make-up for eligible employees) and a 0.5% COLA July 1, 2017 and an additional 2.0% COLA mid-year.

The following chart provides a salary comparison between Harford County, Cecil County and Baltimore County, Maryland for the 2017-2018 school year.

Comparison of Salary Scales with Cecil and Baltimore Counties FY18					
Degree	Years of service	HCPS STEP	Harford	Cecil	Baltimore
Bachelor's SPC	0	2	\$ 44,346	\$ 45,886	\$ 46,974
Bachelor's SPC	5	4	\$ 47,047	\$ 49,858	\$ 49,747
Bachelor's SPC	10	7	\$ 51,409	\$ 57,799	\$ 53,593
Master's APC	2	2	\$ 47,047	\$ 49,158	\$ 48,803
Master's APC	5	4	\$ 49,913	\$ 52,658	\$ 51,411
Master's APC	10	7	\$ 54,541	\$ 60,599	\$ 60,120
Master's APC	15	12	\$ 63,227	\$ 71,287	\$ 69,689
Master's APC	20	NA	\$ 71,090	\$ 77,513	\$ 76,005
Master's + 30	2	2	\$ 48,457	\$ 50,233	\$ 51,110
Master's + 30	5	4	\$ 51,409	\$ 53,733	\$ 53,841
Master's + 30	10	7	\$ 57,451	\$ 61,674	\$ 62,961
Master's + 30	15	12	\$ 68,402	\$ 72,362	\$ 72,981
Master's + 30	20	NA	\$ 76,970	\$ 78,588	\$ 79,594
Master's + 60	2	2	\$ 51,457	\$ 51,283	\$ 52,435
Master's + 60	5	4	\$ 54,409	\$ 54,783	\$ 55,238
Master's + 60	10	7	\$ 60,451	\$ 62,724	\$ 64,597
Master's + 60	15	12	\$ 71,402	\$ 73,412	\$ 74,877
Master's + 60	20	NA	\$ 79,970	\$ 79,638	\$ 81,662

When comparing salaries between different school systems, it is also advisable to compare the benefits offered and their respective costs. This way you get a more accurate picture of the total compensation each system provides their employees. The chart on the following page compares the health care plans available in Harford, Cecil and Baltimore Counties and their cost for the 2017-2018 school year.

Expenditures

Comparison Of Health Care Plans with Cecil and Baltimore Counties FY18

Health Care Plan	Coverage	Yearly Premium-Employee			HCPS Savings	
		Harford	Cecil	Baltimore	Cecil	Baltimore
HCPS BlueChoice HMO	Individual	\$ 290	\$ 1,073	\$ 1,297	\$ 783	\$ 1,007
	Parent/Child	\$ 572	\$ 2,010	\$ 2,569	\$ 1,438	\$ 1,997
CCPS Aetna Select Open Access HMO	Employee/Spouse	\$ 684	\$ 2,214	\$ 3,094	\$ 1,530	\$ 2,410
BCPS Kaiser Permanente HMO	Parent Children	NA	\$ 2,676	NA	\$ 1,834	NA
	Family	\$ 842	\$ 3,106	\$ 3,488	\$ 2,264	\$ 2,646
Average HCPS Employee Savings					\$ 1,570	\$ 2,015
HCPS Care First Core	Individual	\$ 649	\$ 1,059	\$ 1,159	\$ 410	\$ 510
	Parent/Child	\$ 1,412	\$ 2,012	\$ 2,297	\$ 600	\$ 885
CCPS Care First CORE	Employee/Spouse	\$ 1,670	\$ 2,277	\$ 2,767	\$ 607	\$ 1,097
BCPS CIGNA In Network	Parent Children	NA	\$ 2,648	NA	\$ 837	NA
	Family	\$ 1,811	\$ 3,018	\$ 3,120	\$ 1,207	\$ 1,309
Average HCPS Employee Savings					\$ 732	\$ 950
HCPS Triple Option	Individual	\$ 1,023	\$ 2,924	\$ 1,745	\$ 1,901	\$ 722
	Parent/Child	\$ 2,225	\$ 5,556	\$ 3,458	\$ 3,331	\$ 1,233
CCPS BCBS PPO PLUS	Employee/Spouse	\$ 2,632	\$ 6,288	\$ 4,165	\$ 3,656	\$ 1,533
BCPS CIGNA In/Out Network	Parent Children	NA	\$ 7,311	NA	\$ 4,457	NA
	Family	\$ 2,854	\$ 8,335	\$ 4,696	\$ 5,481	\$ 1,842
Average HCPS Employee Savings					\$ 3,765	\$ 1,333

Notes:

- 1) Baltimore County's HMO is Kaiser Permanente and has no deductibles; co-pays similar.
 BCPS's CIGNA OAP plan is close to our Triple Option; \$200/\$400 Individual/Family deductibles; co-pays similar.
 BCPS's CIGNA OAPIN is used as a comparison to HCPS's BCBS CORE plan no deductibles; co-pays similar
- 2) Cecil County does not have the Triple Option. The BCBS PPO PLUS is shown for comparison.
 CCPS's Aetna HMO plan has \$200/\$400 Individual/Family deductible; co-pays are higher
 CCPS's BCBS CORE plan has \$500/\$1500 Individual/Family deductible; co-pays are higher.
 CCPS's BCBS PPO PLUS plan has \$300/\$900 Individual/Family deductible; co-pays are higher
- 3) HCPS's BlueChoice HMO and BCBS CORE Plans have \$100/\$200 Individual/Family deductibles.

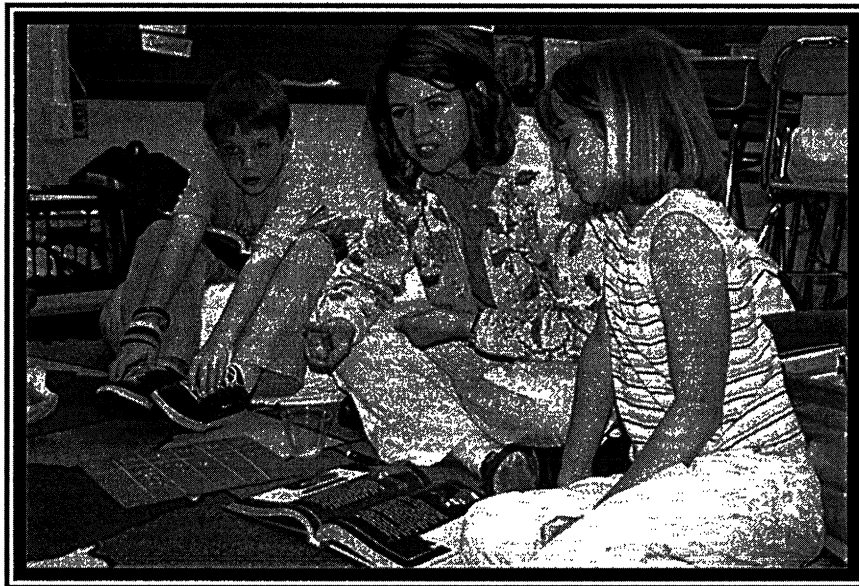
Expenditures

Rising Health & Dental Care Costs

Harford County Public Schools provides health and dental care coverage to over 4,100 employees and policies for over 3,350 retirees. Like all businesses, especially labor intensive school districts, HCPS has experienced significant increases in the cost of providing health care benefits. In the past ten years, the cost of providing health care insurance to employees and retirees has risen from \$44.1 million in fiscal year 2007 to over \$70.4 million in fiscal 2017, an increase of 60.0%. The cost of providing dental care insurance to employees and retirees has risen from \$2.9 million in fiscal year 2007 to over \$3.9 million in fiscal 2017, an increase of 34.0%.

Employee/Retiree Benefits - For fiscal year 2018, health and dental care insurance rates are projected to increase by 5.5%. In total, \$4.6 million was added to the FY 2018 budget to fund the rate increase for health/dental care and the projected cost associated with new enrollees and retirees.

Employee Pension - Prior to fiscal year 2013, the State of Maryland funded all teacher pension contributions for the twenty four school districts. The State of Maryland addressed their ongoing structural deficit by sharing teacher pension costs with the counties. The cost sharing was structured over a four-year phase in period beginning in fiscal 2013 and was fully implemented in fiscal 2016. For fiscal year 2018 and beyond, the Unrestricted Operating Budget for pension expenditures should remain relatively stable. In fiscal 2018 HCPS's contribution to pension decreased by \$0.4 million.



Expenditures

Cost of Doing Business— The following chart includes Cost of Doing Business Adjustments for a net total of \$4.4 million.

Cost of Doing Business for FY 2018			
Line	Description	FTE	Total
Operations:			
1	Transportation - Increase in PVA for contracted buses	0.0	181,141
	Total - Operations	0.0	181,141
Administration:			
2	Property Insurance	0.0	(24,799)
3	Liability Insurance	0.0	100,923
4	Workers Compensation	0.0	(27,558)
5	Unemployment Compensation	0.0	(74,000)
6	Reduction in projected restricted indirect cost recovery due to a lower IDC rate for FY18	0.0	60,000
	Total - Administration	0.0	34,566
	Total - Cost of Doing Business Adjustments	0.0	215,707
Benefits/Fixed Charges :			
7	Health Rate Increase	0.0	4,585,782
8	Teacher/Employee Pension	0.0	(420,213)
	Total - Fixed Charges/Benefits	0.0	4,165,569
	Grand Total	0.0	4,381,276

Expenditures

Cost Saving Measures – HCPS has, in recent years, taken a number of proactive steps to address budget challenges, including aggressively reducing costs and eliminating positions. Each budget manager was asked to search current budget line items and practices for areas of cost savings and efficiencies. The following cost saving measures allowed HCPS to reduce expenditures by \$7.2 million for fiscal year 2018. These reductions combined with additional revenue and employee turnover savings allowed for the funding of an \$14.1 million employee wage package, benefits adjustments and cost of doing business increases.

Cost Savings Measures			
<i>Line</i>	<i>Description</i>	<i>FTE</i>	<i>Amount</i>
1	Eliminate 36.0 Full-time Teaching Positions	(36.0)	(2,381,548)
2	Realize Transportation Savings		(1,000,000)
3	Special Education (Reduce Non-Public \$1,000,000)		(1,000,000)
4	Reduce Utilities		(1,000,000)
5	Saving from conversion to Fiber Optics from WAN		(436,741)
6	Eliminate 7.0 Non-Teaching Positions	(7.0)	(376,834)
7	Reduction in Energy Lease Payment		(182,208)
8	Restructure of Instructional Facilitator position to 10 Month		(172,958)
9	Reduce Out of County Placements Budget		(96,793)
10	Copier Lease (Non-school allocated various accounts)		(75,693)
11	Reduce Bus Driver Subs		(75,000)
12	OTIS Temp Help		(62,182)
13	Eliminate McKinney Vento Driver Salary		(45,320)
14	Reduce Home and Hospital Salaries		(40,392)
15	Guidance Consultants		(32,000)
16	Reduce Materials of Instruction - Software		(30,000)
17	Reduce Community Services Custodial Overtime		(30,000)
18	Reduce BOE Legal Fees		(30,000)
19	Reduce Print Shop Printing Supplies		(25,000)
20	Reduce HR Consultants		(18,400)
21	Reduce Community Services Supplies		(15,000)
22	Eliminate Psych. Services Other Equipment		(12,234)
23	Reduce HR Empl Background Checks		(10,000)
24	Reduce Print Shop Other Equipment		(7,966)
25	Reduce BOE Audit Fee to actual		(5,030)
26	Reduce Ed Services Office Supplies		(3,000)
27	Eliminate BOE Mileage account		(2,000)
28	Reduce BOE Board Member Allowance to actual		(1,000)
29	Reduce Ed Services Printing		(1,000)
30	Reduce Ed Services Postage		(400)
31	Reduce Print Shop Conference		(250)
Total Cost Saving Measures		(43.0)	(7,168,949)

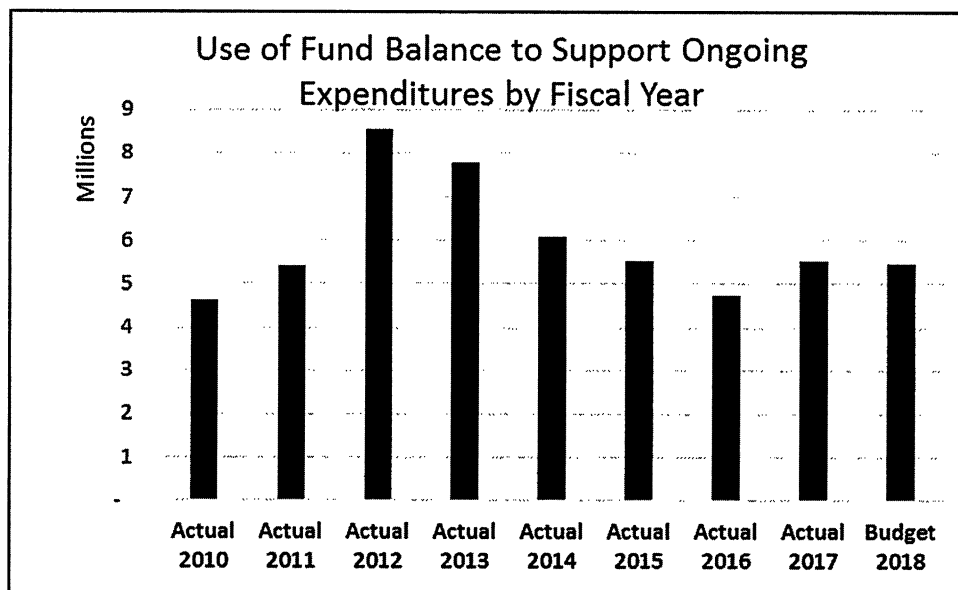
Expenditures

Long Term Budgetary Issue Facing HCPS

**Structural Deficit – Ongoing expenditures exceed revenue;
Use of one time money to fund ongoing expenditures.**

Harford County Public Schools continue to face ongoing budget challenges as revenue has not kept pace with system demands, legal mandates and cost drivers such as pension and health care costs for employees and retirees. It is important to note that HCPS employees have not received a wage increase in five of the last eight years. Even with the many cost saving measures implemented in the past several years, HCPS has been forced to use \$5.5 million of fund balance to support ongoing operations in fiscal year 2018.

HCPS has an ongoing structural deficit created by spending one-time year-end funds (fund balance) for ongoing expenditures. The use of fund balance to support ongoing operations peaked in fiscal year 2012 at \$8.5 million. As of June 30, 2017, the HCPS unassigned fund balance totaled \$10.8 million. We are optimistic that improved economic conditions will allow for additional support from Harford County Government and eliminate the use of fund balance to support ongoing operations in the near future.



The long term structural deficit issue can only be addressed by:

- **Increasing Revenue, and/or**
- **Permanent Reductions to Ongoing Expenditures**

Summary of Fiscal 2018 Unrestricted Operating Changes

The following table "Summary of Fiscal Year 2018 Unrestricted Operating Budget Changes" reflects expenditure changes by program. Changes are identified in the expenditure categories of: Wages & Benefits, Base Budget Adjustments, Cost Saving Measures and Cost of Doing Business.

HARFORD COUNTY PUBLIC SCHOOLS
Summary of Fiscal 2018 Unrestricted Operating Budget Changes

Fiscal 2017 Adjusted Unrestricted Operating Budget

\$ 440,396,921

Program	Wages & Benefits	Base Budget Adjustments & Yr End Reversals	Cost Saving Measures	Cost of Doing Business	Fiscal 2018 Budget
Board of Education					
Board Services					
Salary and Wage Adjustments	8,243				8,243
Reduce legal fees			(30,000)		(30,000)
Reduce audit fee			(5,030)		(5,030)
Eliminate mileage reimbursement			(2,000)		(2,000)
Reduce board member allowance			(1,000)		(1,000)
Board Services	8,243	-	(38,030)	-	(29,787)
Internal Audit Services					
Salary and Wage Adjustments	9,577				9,577
Internal Audit Services	9,577	-	-	-	9,577
Legal Services					
Salary and Wage Adjustments	4,339				4,339
Legal Services	4,339	-	-	-	4,339
Total Board of Education					
	\$22,159	\$0	(\$38,030)	\$0	(\$15,871)
Business Services					
Fiscal Services					
Salary and Wage Adjustments	67,602				67,602
Projected rate increase for liability insurance				100,923	100,923
Workers compensation insurance adjustments related to position changes and wage increases	68,235	2,510	(15,030)	(27,558)	28,157
Pension adjustment based on change in State of Maryland pension contribution	(420,213)	18,609	(120,323)		(521,927)
Reduce indirect cost recovery credit due to reduction in IDC percentage				60,000	60,000
Social Security adjustments related to position and salary changes	660,749	25,476	(159,826)		526,399
Increase in equipment maintenance contract expense		140			140
Reduce computer expense equipment		(140)			(140)
Increase in meetings/conference expense		2,000			2,000
Reduce mileage/parking/tolls		(2,000)			(2,000)
Change in debt service interest		(17,169)			(17,169)
Change in debt service principal		17,169			17,169
Fiscal Services	376,373	46,595	(295,179)	133,365	261,154
Purchasing					
Salary and Wage Adjustments	17,731				17,731
Reversal of year end transfer from salaries		27,500			27,500
Increase other contracted services		800			800
Increase equipment repairs		400			400
Reduce other supplies		(100)			(100)
Reduce office supplies		(200)			(200)
Reduce books/periodicals		(40)			(40)
Reduce mileage/parking/tolls		(300)			(300)
Reduce professional dues		(307)			(307)
Increase other equipment		300			300
Reduce computers/business equipment		(553)			(553)
Purchasing	17,731	27,500	-	-	45,231
Total Business Services					
	\$394,104	\$74,095	(\$295,179)	\$133,365	306,385
Curriculum & Instruction					
Curriculum Development					
Salary and Wage Adjustments	143,995				143,995
Reduce copier/machine rental			(12,800)		(12,800)
Curriculum Development	143,995	-	(12,800)	-	131,195
Office of Accountability					
Salary and Wage Adjustments	22,955				22,955
Addition of 1.0 FTE Data Analyst		45,999			
Reduction temporary help		(30,385)			(30,385)
Reduce consulting fees		(925)			(925)
Reduce copier/machine rental		(1,500)	(1,500)		(3,000)

HARFORD COUNTY PUBLIC SCHOOLS
Summary of Fiscal 2018 Unrestricted Operating Budget Changes

Fiscal 2017 Adjusted Unrestricted Operating Budget

\$ 440,396,921

Program	Wages & Benefits	Base Budget Adjustments & Yr End Reversals	Cost Saving Measures	Cost of Doing Business	Fiscal 2018 Budget
Reduce printing supplies		(500)			(500)
Reduce other supplies		(500)			(500)
Reduce postage/courier service supplies		(1,500)			(1,500)
Increase in meetings/conference expense		1,000			1,000
Reduce other equipment		(500)			(500)
Reduce office furniture expense		(305)			(305)
Reduce testing supplies/contracted service		(30,253)			(30,253)
Office of Accountability	22,955	(19,369)	(1,500)	-	2,086
Professional Development					
Salary and Wage Adjustments	16,259				16,259
Reduce copier/machine rental			(900)		(900)
Professional Development	16,259	-	(900)	-	15,359
Total Curriculum and Instruction	\$ 183,209	(\$ 19,369)	(\$ 15,200)	\$ 0	\$ 148,640
Education Services					
Career & Technology					
Salary and Wage Adjustments	424,047				424,047
Reverse year end transfer from CTE supplies		20,000			20,000
Reverse year end transfer from CTE equipment		(20,000)			(20,000)
Reduce commencement expense		(3,024)			(3,024)
Reduce bulletins/guides expense		(500)			(500)
Increase textbooks expense		500			500
Reduce training supplies		(500)			(500)
Reduce consultant expense		(300)			(300)
Increase program evaluation consultant expense		500			500
Reduce miscellaneous other expense		(100)			(100)
Reduce mileage/parking/tolls		(500)			(500)
Increase conferences/meetings expense		300			300
Reduce Family & Consumer Science other equip.		(698)			(698)
Increase Trades/Industry other equipment		1,019			1,019
Career & Technology	424,047	(3,303)	-	-	420,744
Gifted & Talented					
Salary and Wage Adjustments	69,318				69,318
Gifted & Talented	69,318	-	-	-	69,318
Intervention Services					
Salary and Wage Adjustments	7,489				7,489
Eliminate 1.0 FTE Intervention Paraeducator			(18,416)		(18,416)
Intervention Services	7,489	-	(18,416)	-	(10,927)
Magnet Programs					
Salary and Wage Adjustments	7,150				7,150
Increase International Baccalaureate (IB) other supplies		1,500			1,500
Reduce IB postage/courier expense		(1,500)			(1,500)
Reduce contracted software maintenance		(2,000)			(2,000)
Reduce IB other equipment expense		(321)			(321)
Magnet Programs	7,150	(2,321)	-	-	4,829
Office of Elementary, Middle & High School Performance					
Salary and Wage Adjustments	26,431				26,431
Reduce copier/machine rental			(4,400)		(4,400)
Reduce office supplies			(3,000)		(3,000)
Reduce printing supplies			(1,000)		(1,000)
Reduce postage/courier service supplies			(400)		(400)
Total Office of Elem, Mid & High School	26,431	-	(8,800)	-	17,631
Other Special Programs					
Salary and Wage Adjustments	156,760				156,760
Reduce home & hospital expense		(10,000)	(40,392)		(50,392)
Other Special Programs	156,760	(10,000)	(40,392)	-	106,368

HARFORD COUNTY PUBLIC SCHOOLS
Summary of Fiscal 2018 Unrestricted Operating Budget Changes

Fiscal 2017 Adjusted Unrestricted Operating Budget

\$ 440,396,921

Program	Wages & Benefits	Base Budget Adjustments & Yr End Reversals	Cost Saving Measures	Cost of Doing Business	Fiscal 2018 Budget
<u>Regular Programs</u>					
Salary and Wage Adjustments	7,886,030				7,886,030
Turnover Adjustment	(2,919,759)				(2,919,759)
Increase commencement expense		3,024			3,024
Reduce contracted instruction - music		(4,000)			(4,000)
Increase music equipment		500			500
Reverse year end transfer for computer equipment		(2,100,000)			(2,100,000)
Reduce contracted instruction			(96,793)		(96,793)
Reverse year end transfer for professional substitutes		(150,000)			(150,000)
Reversal of year end transfer from other salaries		160,000			160,000
Reversal of year end transfer to professional salaries		(120,000)			(120,000)
Reversal of year end transfer to clerical additional hours		(50,000)			(50,000)
Reduce 12.0 FTE Elementary Teachers			(559,368)		(559,368)
Reduce 24.0 FTE Secondary Teachers			(1,118,736)		(1,118,736)
Eliminate 1.0 FTE Instructional Facilitator			(88,461)		(88,461)
Eliminate 2.0 FTE 10 month Clerical positions			(43,026)	-	(43,026)
Convert Instructional Facilitators to 10 month positions			(152,131)	-	(152,131)
Regular Programs	4,966,271	(2,260,476)	(2,058,515)	-	647,280
<u>School Library Media Programs</u>					
Salary and Wage Adjustments	304,729				304,729
Eliminate 1.0 FTE Media Technician			(21,489)		(21,489)
Eliminate 2.0 FTE Library Processing Center Clerical personnel			(88,486)		(88,486)
School Library Media Programs	304,729	-	(109,975)	-	194,754
Total Education Services	\$5,962,195	(\$2,276,100)	(\$2,236,098)	\$0	\$1,449,997
<u>Executive Administration</u>					
<u>Communications</u>					
Salary and Wage Adjustments	12,970				12,970
Turnover Adjustment	(2,400)				(2,400)
Reduce copier/machine rental			(2,974)		(2,974)
Communications	10,570	-	(2,974)	-	7,596
<u>Equity & Cultural Proficiency</u>					
Salary and Wage Adjustments	3,917				3,917
Reverse year end transfer from salaries		34,000			34,000
Community Engagement Office	3,917	34,000	-	-	37,917
<u>Executive Administration Office</u>					
Salary and Wage Adjustments	17,806				17,806
Turnover Adjustment	(47,600)				(47,600)
Reduce copier/machine rental			(2,307)		(2,307)
Executive Administration Office	(29,794)	-	(2,307)	-	(32,101)
Total Executive Administration	(\$15,307)	\$34,000	(\$5,281)	\$0	\$13,412
<u>Extra-Curricular Activities</u>					
<u>Student Activities</u>					
Increase music consultants expense		4,500			4,500
Reduce music consultants travel expense		(800)			(800)
Increase music supplies		500			500
Student Activities	-	4,200	-	-	4,200
Total Extra-Curricular	\$0	\$4,200	\$0	\$0	\$4,200

HARFORD COUNTY PUBLIC SCHOOLS
Summary of Fiscal 2018 Unrestricted Operating Budget Changes

Fiscal 2017 Adjusted Unrestricted Operating Budget **\$ 440,396,921**

Program	Wages & Benefits	Base Budget Adjustments & Yr End Reversals	Cost Saving Measures	Cost of Doing Business	Fiscal 2018 Budget
Human Resources					
Salary and Wage Adjustments	61,809				61,809
Turnover Adjustment	(5,246)				(5,246)
Health Insurance adjustments to include a projected 5.5% rate increase	4,585,782				4,585,782
Health Insurance adjustments related to net position changes		(30,300)	(513,781)		(544,081)
Dental Insurance related to net position changes		(1,645)	(27,970)		(29,615)
Life Insurance related to net position changes and wage adjustments	20,702	833	(4,297)		17,238
Reduce consultant expense			(18,400)		(18,400)
Reduce background checks expense			(10,000)		(10,000)
Reduce copier/machine rental			(3,536)		(3,536)
Reduce unemployment compensation expense				(74,000)	(74,000)
Reversal of year end OPEB transfer		(1,464,846)			(1,464,846)
Total Human Resources	4,663,047	(1,495,958)	(577,984)	(74,000)	\$2,515,105
Operations & Maintenance					
Facilities Management					
Salary and Wage Adjustments	636,936				636,936
Turnover Adjustment	(412,185)				(412,185)
Rental increase		810			810
Property insurance decrease				(24,799)	(24,799)
Reversal of year end transfer to other equipment		(160,000)			(160,000)
Reversal of year end transfer from custodial salaries		175,000			175,000
Increase contracted services for science equipment		4,000			4,000
Reduce contracted services for family consumer science equipment		(900)			(900)
Reduce contracted services for industrial arts equipment		(28)			(28)
Increase contracted services for magnet and CTE program equipment		1,528			1,528
Reduce copier/machine rental			(2,326)		(2,326)
Reduce art related supplies		(200)			(200)
Reduce science related supplies		(2,000)			(2,000)
Reduce music related supplies		(500)			(500)
Realign community service custodial salaries and supplies		(810)			(810)
Reduce community service overtime/add'l hours			(30,000)		(30,000)
Reduce community service custodial supplies			(15,000)		(15,000)
Facilities Management	224,751	16,900	(47,326)	(24,799)	169,526
Planning and Construction					
Salary and Wage Adjustments	23,890				23,890
Planning and Construction	23,890	-	-	-	23,890
Transportation					
Salary and Wage Adjustments	168,796				168,796
Turnover Adjustment	(108,994)				(108,994)
Reverse year end transfer from bus contracts		500,000			500,000
Reverse year end transfer from McKinney Vento		45,320	(45,320)		-
Reverse year end transfer from Fuel Oil		104,680			104,680
Contracted bus service has been reduced by \$854,00 due to efficiencies realized through the assistance of the routing software as well as the lower cost of diesel fuel.			(854,000)		(854,000)
Reduce summer salaries expense			(138,500)		(138,500)
Reduce special education fuel/oil supplies			(7,500)		(7,500)
Reduce bus driver/attendant substitute expense			(75,000)		(75,000)
Reduce bus contract expense		(564,275)			(564,275)
Increase McKinney Vento bus contract expense		200,000			200,000
Increase in contracted repairs/maintenance for vehicles		124,775			124,775

HARFORD COUNTY PUBLIC SCHOOLS
Summary of Fiscal 2018 Unrestricted Operating Budget Changes

Fiscal 2017 Adjusted Unrestricted Operating Budget **\$ 440,396,921**

Program	Wages & Benefits	Base Budget Adjustments & Yr End Reversals	Cost Saving Measures	Cost of Doing Business	Fiscal 2018 Budget
Increase in vehicle maintenance supplies		204,500			204,500
Increase Highroads bus contract expense		35,000			35,000
Bus contract increase				181,141	181,141
Transportation	59,802	650,000	(1,120,320)	181,141	(229,377)
Utility Resource Management					
Salary and Wage Adjustments	4,221				4,221
Reduction in energy lease payment			(182,208)		(182,208)
Reversal of year end transfer		900,000			900,000
Reduce utilities expense			(1,000,000)		(1,000,000)
Utility Resource Management	4,221	900,000	(1,182,208)	-	(277,987)
Total Operations & Maintenance	\$312,664	\$1,566,900	(\$2,349,854)	\$156,342	(\$313,948)
Safety and Security					
Salary and Wage Adjustments	11,037				11,037
Total Safety and Security	\$11,037	\$0	\$0	\$0	\$11,037
Special Education					
Salary and Wage Adjustments	1,771,181				1,771,181
Turnover Adjustment	(303,506)				(303,506)
Reduce non-public expense			(1,000,000)		(1,000,000)
Conversion of 27.5 FTE Inclusion Helpers to additional teachers and paraeducators		(407,412)			(407,412)
9.0 FTE additional Special Education Teachers		419,526			419,526
15.0 FTE additional Special Education Paraeducators		274,905			274,905
Reduce staff development for Extended Summer Year (ESY)		(15,000)			(15,000)
Reduce non public placement costs based on the decline of students assigned to non public facilities		(200,000)			(200,000)
Reduction in Inclusion Helper Substitutes		(68,133)			(68,133)
Total Special Education	\$1,467,675	\$3,886	(\$1,000,000)	\$0	\$471,561
Student Services					
Health Services					
Salary and Wage Adjustments	420,271				420,271
Turnover Adjustment	(7,161)				(7,161)
Total Health Services	413,110	-	-	-	413,110
Psychological Services					
Salary and Wage Adjustments	117,749				117,749
Reduce other equipment expense			(12,234)		(12,234)
Increase in consultant expense to provide translated information for non-English speaking students		10,000			10,000
Total Psychological Services	117,749	10,000	(12,234)	-	115,515
Pupil Personnel Services					
Salary and Wage Adjustments	75,896				75,896
Turnover Adjustment	(46,046)				(46,046)
Reduce copier/machine rental			(6,600)		(6,600)
Total Pupil Personnel Services	29,850	-	(6,600)	-	23,250
School Counseling					
Salary and Wage Adjustments	417,244				417,244
Reduce consulting expense			(32,000)		(32,000)
Total School Counseling	417,244	-	(32,000)	-	385,244
Total Student Services	\$977,953	\$10,000	(\$50,834)	\$0	\$937,119
Office of Technology & Information					
Salary and Wage Adjustments	102,491				102,491
Turnover Adjustment	(58,000)				(58,000)
Eliminate temporary help expense			(62,182)		(62,182)
Reduce print shop supplies			(25,000)		(25,000)
Reduce institutes, conferences and meetings			(250)		(250)
Eliminate print shop other equipment			(7,966)		(7,966)
Reduce copier/machine rental			(38,350)		(38,350)

HARFORD COUNTY PUBLIC SCHOOLS
Summary of Fiscal 2018 Unrestricted Operating Budget Changes

Fiscal 2017 Adjusted Unrestricted Operating Budget **\$ 440,396,921**

Program	Wages & Benefits	Base Budget Adjustments & Yr End Reversals	Cost Saving Measures	Cost of Doing Business	Fiscal 2018 Budget
Reversal of year end transfer from other contracted services		179,800			179,800
Reversal of year end transfer from salaries		178,700			178,700
Reversal of year end transfer from hardware maintenance		275,000			275,000
Increase in mileage/parking and tolls		7,000			7,000
Reduce other equipment		(7,000)			(7,000)
Increase in communications other expenses		11,000			11,000
Increase in internet access fees		6,000			6,000
Reduce other contracted service expense		(7,000)			(7,000)
Reduce contracted service for safety/security		(7,000)			(7,000)
Increase contracted service for business machines		14,000			14,000
Increase in software maintenance expense		33,000			33,000
Savings from conversion to Fiber Optics from WAN		(50,000)	(436,741)		(486,741)
Reduce materials of instruction-software			(30,000)		(30,000)
Total Office of Technology & Information	\$44,491	\$633,500	(\$600,489)	\$0	\$77,502
Change	\$14,023,227	(\$1,464,846)	(\$7,168,949)	\$215,707	\$5,605,139

Fiscal 2018 Board of Education's Approved Unrestricted Operating Budget **\$446,002,060**