

CHAPTER VII: BUDGET AND FINANCE

At the time this document was presented to the Howard County Board of Education for preliminary approval and the County Council for review, the official FY2004 budgets for federal grants had not yet been received; the current document comprises the application for FY2004 state funds (not yet approved); and, the HCPSS Operating and Capital Budgets for FY2004, which were approved on June 1, 2003. The discussion presented here must be somewhat speculative, historical, and theoretical. It will be factually amended in the first annual update of this application for state funds.

Federal Funds

Particular amounts of federal funds for Howard County have not yet been allocated for FY 2004 at the time of this writing. However, all federal funds will be used for programs described in this application, and particularly in the Attachments hereto. Budget rubrics are included in each attachment (in some cases as *pro forma* statements if actual amounts are not yet known).

State Funds

The current document is the Howard County application for state education funding in FY2004, and since neither the amounts nor the purposes to which available funds will be put has yet been approved, it is only possible to describe funding intentions (which this document, in its entirety, does) and the historical purposes to which state funding has been applied. The following charts represents recent spending of state funds by the HCPSS in connection with State Accountability Funding for Excellence (SAFE) grants. It is speculated that future state funds, based on this application, will be expended in the same (or similar) categorical proportions:

**Percent of Expenditures by Category
SAFE 1999-2000 through 2002-2003**

Object Level	2002-2003		2001-2002		2000-2001		1999-2000	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Salaries and Wages	4,562,707	70percent	4,114,114	70percent	3,286,285	72percent	3,048,777	71percent
Contracted Services	291,822	4percent	190,612	3percent	64,249	1percent	48,234	1percent
Supplies and Materials	266,447	4percent	208,333	4percent	103,565	2percent	132,537	3percent
Other Charges	1,265,872	19percent	1,203,274	20percent	990,410	22percent	955,010	22percent

Object Level	2002-2003		2001-2002		2000-2001		1999-2000	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Equipment	0	0percent	57,500	1percent	25,950	1percent	44,500	1percent
Transfers	171,641	3percent	117,833	2percent	91,189	2percent	85,129	2percent
Total Expenditures	6,558,489	100percent	5,891,666	100percent	4,561,648	100percent	4,314,185	100percent

**Average Percent of Expenditures by Category for Four Consecutive Years
School Accountability Funding for Excellence (SAFE)**

Object Level	Average Amount	Average Percent
Salaries and Wages	3,752,971	70percent
Contracted Services	148,729	3percent
Supplies and Materials	177,721	3percent
Other Charges	1,103,642	21percent
Equipment	31,988	1percent
Transfers	116,448	2percent
Total Expenditures	5,331,497	100percent

HCPSS Operating Budget

The entire operating budget of the Howard County Public School System is dedicated to school improvement, and will always be so.

As noted above, the FY2004 HCPSS Operating Budget was approved on June 1, 2003. The following descriptive excerpt is drawn from the Howard County Public School System Fiscal 2004 Operating Budget, approved by the Howard County Board of Education after submission to the Howard County Executive and County Council.

HCPSS Capital Budget

As with the HCPSS FY2004 Operating Budget, the FY2004 Capital Budget is not yet fully approved. However, in its current state, it makes complete provisions for expanded kindergarten and pre-kindergarten programs. Any necessary corrections to the figures herein will be made in the first annual update to this application.

In Howard County, quality of life truly begins in the classroom. Howard County's public schools are major factors in the economic strength of the county. Families and businesses move to Howard County because the school system has a national reputation for excellence. As a result, the county is faced with providing services, including public schools, to accommodate the subsequent growth.

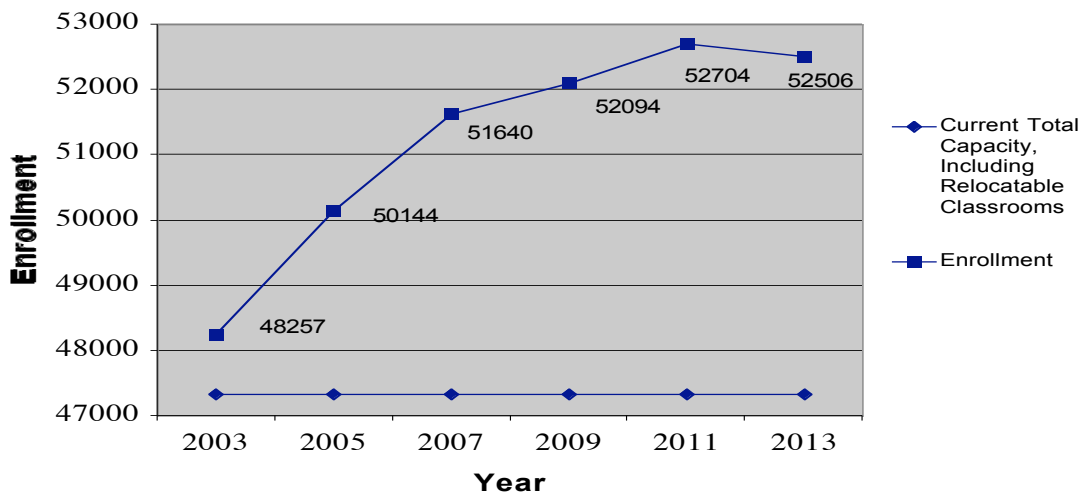
Enrollment Growth Continues

The Howard County Public School System has realized an increase of nearly 14,000 students over the past decade. Projections show that enrollments will continue to increase, although at a decreasing rate, over the next 10 years. To provide for this growth, the school system has built 26 new facilities—13 elementary schools, 9 middle schools, and 4 high schools—since 1994.

Between 2003 and 2013, the system anticipates enrolling an additional 3,500 students—the equivalent of seven elementary schools. The annual capital budget, the five-year capital improvement program, and the ten-year long master plan identifies school capacity needs and the funding required to meet those needs (see: Ten Year Facilities Master Plan). The determination of need is based on:

- a comparison of anticipated enrollment and capacities of existing schools
- a comparison of spaces within schools and instructional programs, and the feasibility of adjusting school boundary lines to accommodate and balance anticipated enrollments.

Projected Enrollment Growth



New facilities or additions to existing schools are proposed when projected enrollments cannot reasonably be accommodated within available capacity. Relocatable classrooms are used to provide temporary capacity to a school. Currently, there are 107 relocatable classrooms in use by the Howard County Public School System to resolve over-capacity situations.

But school construction has not kept pace with growth for several reasons:

- The economic downturn in the early 1990s resulted in reductions to capital budgets.
- Over the years, the state has contributed less to school construction, leaving the county to fund a greater proportion of capital costs. The state does not fund school projects based on projections. A school system must show seats are needed for existing students before the state will fund a new school or addition.
- The housing boom has continued in the county despite a slow economy.

Construction and Land Costs Increase

At the same time that school enrollments have been increasing in Howard County, the costs associated with school construction and land acquisition increase. Project costs in the fiscal year 2004 are 3.74 percent higher than in fiscal year 2003. Increases in school construction costs have been addressed at the state level state through adjustments to the square foot cost for school construction (see: State Cost Per Square Foot Chart). The average state construction cost is used to calculate the cost of Howard County school projects. Additionally, the supply of available land for school projects has decreased, while the cost of acquiring land has increased.

School System Responds With Cost Saving Measures

In the mid-1990s the school system reduced the size of elementary and middle school facilities to lower the overall cost of capital projects. While the capacities did not change, the size of elementary schools was reduced 11 percent, from approximately 77,000 to 69,000 square feet. The size of middle schools was reduced by more than 12 percent, from 104,400 to 93,000 square feet. The school system also developed prototype elementary and middle school plans to reduce planning costs associated with new facilities.

Facilities Change as Instructional Needs Change

The Howard County Public School System has been able to maintain a high quality instructional program because it has adapted quickly to demographic and academic changes. In some cases, those changes have required additional space in our schools. Program changes that have required additional space include:

- Class size reduction in first and second grade from 25 to 19 students
- Growth in the non-English speaking student population
- Increases in the number of students needing special education services.

State Mandates Full-Day Kindergarten

In 2002, legislation titled “A Bridge to Excellence in Public Schools Act” (Thornton Commission) was passed by the Maryland General Assembly. This legislation mandates the

provision of full-day kindergarten and preschool for identified populations by the 2007-08 school year. This mandate will create additional capital needs for the school system. An estimated cost of implementing the full-day kindergarten initiative will require funding approximately 80 classrooms. Providing preschool spaces would add to this cost. A school system committee is currently studying how the school system will implement this initiative. Although funding needs will be better understood at the completion of the committee's work, estimated costs totaling \$24 million are included in the capital budget.

Ten Year Facilities Master Plan*

Project	To Open	FY 04		FY 06		FY08	FY 09	FY10	FY11	FY12
Oakland Mills HS Addition/Renovation	Aug 04	\$1,500								
Manor Woods ES Addition	Aug 04	\$3,176								
Rockburn ES Addition	Aug 04	\$2,016								
Clarksville MS Addition	Aug 04	\$2,312								
Glenelg HS Addition/renovation	Aug 05	\$8,651	\$5,767							
Cedar Lane School Replacement	Aug 05	\$10,070	\$6,714							
Northfield ES Addition	Aug 05	\$354	\$3,520							
Lisbon ES Addition	Aug 05		\$2,464							
New Northern HS	Aug 05	\$25,456	\$20,450							
Gorman Crossing ES Addition	Aug 05	\$354	\$2,685							
Waverly ES Addition	Aug 05		\$2,116							
Howard HS Addition/Renovation	Aug 06	\$3,800	\$2,900	\$2,800						
Bellows Spring ES Addition	Aug 06		\$163	\$1,239						
Bushy Park ES Addition/Renovation	Aug 06		\$5,524	\$4,469						
Hammond ES Addition	Aug 06		\$163	\$1,239						
Hammond MS Addition	Aug 06		\$315	\$2,390						
New Western ES	Aug 06	\$1,409	\$13,377							
New Northern ES	Aug 06	\$1,409	\$13,377							
New Northeastern ES	Aug 06	\$1,409	\$13,377							
Ilchester ES Addition	Aug 07			\$190	\$1,870					
State Mandated Full-day Kindergarten			\$3,000	\$9,000	\$9,000	\$3,000				
Systemic Renovations		\$12,699	\$9,895	\$13,981	\$14,049	\$13,507	\$11,865	\$11,028	\$11,028	\$11,028
Relocatable Classrooms		\$1,500	\$500	\$500	\$1,500	\$500	\$500	\$500	\$500	\$500
Partitions		\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Playground Equipment		\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Site Acquisition and Construction Reserve		\$7,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Roofing Projects		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Barrier-Free Projects		\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Technology Equalization		\$2,000	\$2,000	\$2,000	\$2,500	\$2,500	\$2,500	\$3,000	\$3,000	\$3,000
Mt. Hebron Athletic Field		\$250								
TOTALS		\$87,065	\$112,007	\$41,508	\$32,619	\$23,207	\$18,562	\$18,228	\$18,228	\$18,228

* Thousands (000) omitted

State Cost per Square Foot Chart

Year	State Cost Per Square Foot (Less Site Development)	State Cost Per Square Foot (Including Site Development)
1988	\$85.19	\$95.41
1989	\$91.32	\$102.28
1990	\$87.05	\$97.50
1991	\$87.05	\$97.50
1992	\$78.35	\$87.75
1993	\$78.35	\$87.75
1994	\$78.35	\$87.75
1995	\$82.27	\$92.14
1996	\$82.27	\$92.14
1997	\$87.50	\$98.00
1998	\$92.00	\$103.00
1999	\$94.75	\$106.12
2000	\$104.25	\$116.76
2001	\$122.00	\$136.64
2002	\$133.75	\$149.80
2003	\$138.75	\$155.40

Financial Stability

One of the major Key Results Areas of the HCPSS is financial stability, for without financial stability, no school system can prosper. This topic was thoroughly discussed in Chapter VI. (Refer to pages 119-142 in this document.)