

# *Factors Influencing and Summary of the Budget*

## **Overview**

The Howard County Public School System (HCPSS) confronts significant budgetary challenges in fiscal year 2025. Challenges not unlike what the state and other school districts are faced with—budgetary challenges stemming from the confluence of multiple factors on both the revenue and expenditure sides of the budget. Cost growth to fulfill the ambitious goals to reform public education in Maryland are coinciding with the lingering, but more targeted inflationary pressures on costs for health insurance as well as student transportation. Labor markets remain, tight influencing the need to maintain compensation growth to attract and retain the best talent. Yet, required revenues are declining as enrollment sensitive funding formulas are primarily responding to a number count and not the economic reality of increasing costs. Consequently, HCPSS, which has managed through structural deficits the last few budgets with one-time funds, will face a starker outlook of declining revenues and increasing costs with diminished fund balances to help manage the impacts on services. This leaves the school system's budget at a crossroads needing to decrease costs to close the deficit, absent a change in revenue increases from the state or county.

The Board of Education's Requested FY 2025 Operating Budget builds off the Superintendent's proposed budget which rethinks the development of the budget using a strategy that brings forward clear choices to manage the pressure that the structural deficit places on the request for new county funding. Listening to and working with Board members, County Council members, and the County Executive, the explicit goal was to incorporate their feedback and bring forward a budget request that seeks a sustainable amount of new funding. Building off that framework while incorporating the feedback expressed by the community through public hearings and written testimony, the Board's budget restores certain reductions seen as most vital to student instruction and the school system. These restorations required additional county funding. However, the increased request maintains the underlying intent of a reasonable request. Accordingly, the requested budget brings forward an Above-Maintenance of Effort (MOE) request that is much lower than the amounts requested in prior years. To balance expenditure growth needs to this funding level, the Requested Budget includes reductions to existing services that help to offset cost increases. These reductions are being brought forward now instead of during the final budget days during May. This was done to align with the requests of the Board and the county to prepare a budget that reallocates funding from existing services to help afford the fiscal obligations for FY 2025, and to do so in a manner that allows more time for consideration of those choices.

## **Understanding and Addressing the Structural Deficit**

A structural deficit occurs when recurring operating expenditures are outpacing recurring operating revenues. HCPSS has experienced structural deficits for the last few years. The deficits have been managed by using one-time funds, mostly fund balances. Going into FY 2025, the structural deficit deepens for multiple reasons:

- The FY 2024 budget used a large amount of one-time funds to pay for services with recurring costs, more than \$30 million in one-time funds were used.
- State law defines the funding formulas, which provide more than 95 percent of operating revenues. The revenue streams from the formulas are not growing much because they are primarily responsive to changes in enrollment and not to the changes in costs to deliver public education.

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- Growth in student enrollment is stagnant, and due to a technical change in the enrollment counts used to calculate funding formula revenues, the enrollment count for funding formulas is declining, resulting in a decrease in the required Maintenance of Effort (MOE) funding provided by the county.

As a result, even before any new costs are added to the FY 2025 budget, HCPSS faces a deficit of more than \$(27.6) million dollars. That means going into the FY 2025 budget, HCPSS has \$27.6 million less in revenue to pay for the costs of the existing services already budgeted. However, the continued implementation of the Blueprint in areas such as the next phase of full-day Prekindergarten expansion plus other mandates and priorities require budget growth that compounds the initial deficit.

In FY 2025, HCPSS has numerous needs that will increase the budget. The most significant of these needs are increases for:

- Employee compensation and benefits
- Transportation contract costs
- Blueprint implementation requirements
- Special Education service increases

Consequently, the initial \$(27.6) million deficit becomes much larger when adding in the costs for these needs and other priorities. These needs add another \$71.8 million to the FY 2025 budget, increasing the budget deficit to \$(99.4) million.

**Addressing the Structural Deficit.** HCPSS needs to solve a structural deficit of \$(99.4) million. One way to solve this deficit is to increase revenues. Another way to solve it is to decrease costs/expenditures. Or the deficit can be solved by doing a combination of increasing revenues and decreasing expenditures. Lastly, a short-term fix is to continue to use one-time funds, but this only defers addressing the disconnect between revenues and expenditures.

HCPSS does not have the authority to increase revenues. To increase revenues, HCPSS must request more funding from the county than the county's required MOE funding. This is called an Above-MOE request. The last few budgets, HCPSS has put forward a budget request with large Above-MOE requests, only to cut the budget in May to a funding level that the county can sustain. Based on budget discussions with the county, HCPSS should not expect that the county has the funding capacity to provide an Above-MOE increase that would be substantial enough to solve the deficit. Therefore, trying to solve the deficit in FY 2025 by asking the county for another huge Above-MOE request is not realistic, and would likely result in making last-minute budget cuts to balance the budget.

It is equally unrealistic for HCPSS to try and cut its way out of the deficit. The order of magnitude in budget reductions would start approaching 10 percent of the total budget. Cuts of this depth would irreparably impact the delivery of public education in Howard County and affect the local economy, given that HCPSS is the largest employer and public education is a major contributor to the desirability of Howard County.

**The Strategy to Balance the Budget.** The Board of Education's Requested FY 2025 Operating Budget maps out a strategy to balance the budget combining the approaches of increasing revenues, decreasing costs through budget reductions, and using one-time funds to balance the requested budget.

# Factors Influencing and Summary of the Budget

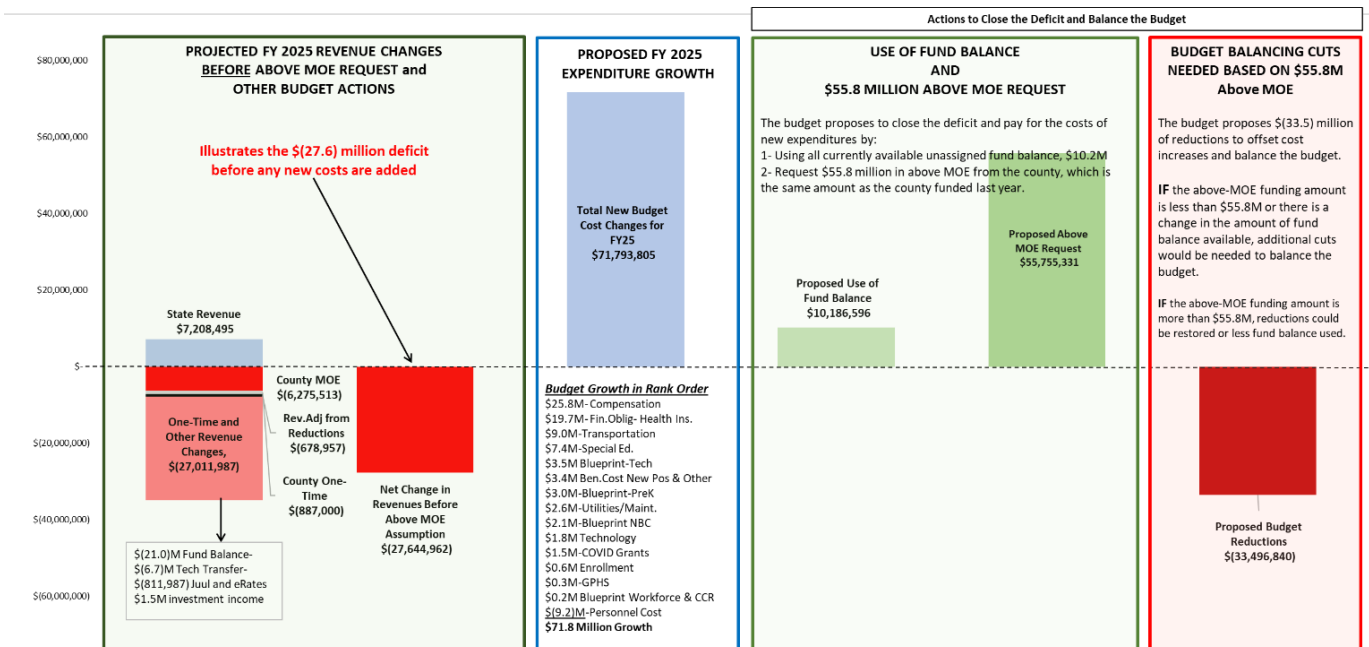
- Increasing Revenue – the Requested Budget includes a request for \$55.8 million in Above-MOE funding from the county. This funding will increase recurring revenues and start to bring recurring revenues more in alignment with recurring costs. However, that amount is slightly more than half of what is needed to close a (\$99.4) million deficit without impacting existing services.
- Budget Reductions – The Requested Budget reallocates funding from non-mandated services and service levels to partially offset the growth in costs. A total of \$(33.5) million in budget reductions are proposed, impacting (224.05) full-time equivalent (FTE) positions.

HCPSS has made reductions to its budget requests in prior years. These reductions were made in May and have been reductions to the amount the budget was growing. What is markedly different with the FY 2025 Requested Budget is that the budget cuts are being proposed earlier in the budget process and the reductions are to existing services levels—these are cuts to the base budget.

- Use of Fund Balance – as of June 30, 2023, the General Fund has \$10.2 million in available unassigned fund balance. The Requested Budget recommends using all the available fund balance to mitigate deeper reductions. This would exhaust all available unassigned fund balance as reported in the annual audit.

The amount of fund balance available will change. It could go higher if budget to actual trends for the current fiscal year come in under budget. Conversely, it could go lower if costs exceed the budget, and a supplemental appropriation is necessary. As the budget process proceeds, the amount of available fund balance will be updated to include a projection of the amount that could be available as of June 30, 2024.

The diagram below illustrates the initial deficit, the FY 2025 expenditure growth, and the three-pronged approach to increase revenues and decrease costs to close the deficit for FY 2025.



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The three-pronged strategy of using fund balance, requesting \$55.8 million in Above-MOE, and cutting \$(33.5) million does not solve the structural deficit. It provides a path forward to manage it through FY 2025. However, enrollment is projected to remain flat for the foreseeable future, pay and benefit costs will continue to grow, and there are more Blueprint requirements to be implemented in the coming years, specifically the Career Ladder. Therefore, absent a change in funding formulas and funding levels from state and county sources, HCPSS will need to continue managing the pressure of costs increasing faster than revenues.

The subsequent sections of this summary provide more detailed information on the changes in expenditures, including specific budget additions and proposed budget reductions, as well as the changes in revenues included in the requested FY 2025 budget.

### Summary of FY 2025 Board of Education Requested Operating Budget Expenditures

The FY 2025 Board of Education Requested Budget (hereinafter referred to as the budget) totals \$1.14 billion with a net change in expenditures of \$38.3 million or 3.5 percent above the FY 2024 budget. The budget adds \$71.8 million in new costs and also includes \$(33.5) million in budget reductions. For staffing, the budget includes an increase of 132.30 new positions and a decrease of (224.05) existing positions, resulting in a net decrease in funded positions of (91.75) Full-time equivalent (FTE).

**Budget Additions.** The budget adds new expenditures of \$71.8 million and 132.30 new positions. All budget additions in the FY 2025 Budget have been grouped as Mandates, Commitments, and Priorities.

- Mandates are budget changes necessary to meet a specific legal requirement. The mandated cost changes in this year's budget support the continued implementation of the Blueprint for Maryland's Future.
- Commitments are changes made in the budget to support the costs for existing obligations such as contracts and prior negotiated pay and benefits.
- Priorities represent those budget items to support existing policy, Superintendent or Board defined goals and objectives, and specific issues.

Each division budget summary page in the Financial Section provides information on the justification for budget additions. Highlights of this budget's investments include:

- Mandates – \$8.9 million and 55.60 new positions are added to meet cost increases to continue implementing the Blueprint for Maryland's Future:
  - \$3.0 million and 55.60 new positions for Prekindergarten expansion.
  - \$3.5 million for new instructional technology funding requiring per pupil funding of \$63 to be used for student devices, broadband, and/or technology staffing.
  - \$2.1 million for National Board Certification pay.
  - \$200,000 for College and Career Readiness costs.
  - \$31,446 for Workforce Development.
- Commitments – \$22.7 million and 2.00 new positions are being added to address funding commitments.
  - \$19.7 million for financial obligations, the bulk of which is for actuarially projected health insurance cost increases at about \$18.6 million and the remainder for property, liability, workers' compensation, and other insurance increases.
  - \$9.0 million for student transportation contract cost increases.

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- \$2.9 million as a marker for the benefits (pension, FICA, and health) costs related to any new positions added in the budget.
- \$302,109 and 2.00 new positions and athletic supplies to add Grade 11 at the new Guilford Park High School.
- \$(9.2) million in Year-over-Year Personnel Cost Change, an adjustment that appears in all program budgets that have budgeted personnel. As part of developing the budget, a detailed analysis of salary costs for existing positions has been completed to compare the assumptions of budgeted costs in the prior year to the baseline assumptions for the budget year. This analysis is done before any new positions are added or assumptions for salary increases are applied. It is essential this analysis be done due to the time lag between budget planning and the beginning of each fiscal year. The staffing profile used to develop budget salary estimates is pulled in September of each year, a full 10-month period before the beginning of the fiscal year. During that period, actual salary costs will move from budget assumptions based on staffing changes in vacancies, turnover, position recruitment, pay and classification, and final negotiated salary schedules. In some instances, the salary cost increases, in other instances the cost decreases.
- **Priorities** – the budget adds \$40.3 million and 74.70 new positions to advance priority needs.
  - \$25.8 million is included as a placeholder for employee compensation increases, the actual amount will be determined after negotiations with bargaining units have concluded. This amount covers a marker for increasing teacher salaries as required by Blueprint Pillar 1, which requires all school districts to increase the minimum teacher salary to \$60,000 by July 1, 2026. The minimum teacher salary currently is \$58,477 with HCPSS ranking 3<sup>rd</sup> in the state for starting teacher salary.
  - \$7.4 million and 51.50 new positions are added to meet the instruction needs for students in Special Education services.
  - \$2.6 million is included for utility cost increases.
  - \$1.8 million to maintain the student device instructional delivery model and other technology cost increases.
  - \$1.5 million and 13.00 new positions to maintain services that were supported by expiring COVID-Relief grants.
  - \$559,470 and a net increase of 7.20 positions for staffing adjustments driven by enrollment changes.
  - \$537,935 and 3.00 new positions for other priorities and budget changes.

**Budget Reductions.** The budget includes \$(33.5) million in budget reductions to existing services and (224.05) in reductions to existing positions. These reductions have been grouped into two major groupings:

- Programmatic School-Based are reductions directly affecting school instruction and operation; and
- Programmatic Non-School-Based are reductions to Central Office services and systemwide costs that support students, staff, and the operation of schools.

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- Programmatic School-Based reductions total \$(14.8) million and (131.00) existing positions. Each division summary in the budget book provides detailed information about the reductions. Highlights of reductions include:
  - \$(4.2) million and (63.60) positions in reductions related to increasing class size ratios by 1.0 at all the secondary grade levels. No increases in class size for elementary grades.
  - \$(2.5) million and (1.0) position for reductions in Special Education.
  - \$(2.2) million and (5.00) positions in reductions related to other supports such as behavioral supports, health services, psychological services, and pupil personnel services. This grouping also includes reductions for last year's one-time funding related to opening Guilford Park High School.
  - \$(1.6) million and (23.40) positions in reductions related to period scheduling for Instructional Team Leaders.
  - \$(1.4) million for reductions in summer school programs.
  - \$(729,300) and (11.00) positions in reductions related to Elementary Gifted and Talented programming at schools with a free and reduced-price meals (FARMs) percentage less than 40 percent.
  - \$(720,395) and (16.00) positions in reductions for Custodial services.
  - \$(675,000) in reductions for College and Career Development programming.
  - \$(596,700) and (9.00) positions in reductions for Music programming at schools with a free and reduced-price meals (FARMs) percentage less than 40 percent.
  - \$(146,150) in reductions for curricular field trips.
  - \$(77,520) and (2.00) positions in reductions of Teachers' Secretary positions.
  
- Programmatic Non-School-Based reductions total about \$(18.7) million and (93.05) positions. Each division summary in the budget book provides detailed information about the reductions. A summary of these reductions by divisional areas include:
  - \$(5.1) million and (38.00) positions in the Division of Operations programs.
  - \$(1.3) million and (7.00) positions in Internal Service Fund programs Print Services and Technology Services.
  - \$(1.1) million and (4.00) positions of reductions in Executive function programs.
  - \$(1.1) million and (5.00) positions in Division of Administration programs.
  - \$(911,828) and (8.00) positions in the Division of Academics Central Office functions.
  - \$(879,864) and (10.00) positions in the Department of Program Innovation and Student Well-Being for Central Office functions.
  - \$(850,915) and (5.50) positions in Human Resources and Professional Development programs.
  - \$(727,871) and (7.00) positions in the Department of Curriculum, Instruction, and Assessment for Central Office functions.
  - \$(711,578) and (5.00) positions in the Department of Special Education programs.
  - \$(565,206) and (3.55) positions in the Division of School Management and Instructional Leadership Central Office functions; and
  - \$(5.3) million in Fixed Charges reductions as a marker for benefit (FICA, pension, and health insurance) cost reductions related to position reductions. This includes \$(775,000) in reductions to Fixed Charges for a reduction to the employee benefit credit.

# Factors Influencing and Summary of the Budget

A summary schedule of these budget changes by grouping and full-time equivalent (FTE) change in positions is provided.

Summary of FY 2025 Operating Budget Changes		
<b>FY 2024 Approved Budget</b>	<b>\$ 1,104,576,137</b>	
<b>BUDGET ADDITIONS</b>	<b>Amount</b>	<b>FTE</b>
<b>Mandates</b>		
Blueprint-PreK	3,010,633	55.60
Blueprint-Instructional Technology	3,528,425	-
Blueprint-National Board Certification	2,086,540	-
Blueprint- College and Career Readiness	200,000	-
Blueprint- Workforce Development	31,446	-
<b>Subtotal Mandates</b>	<b>\$ 8,857,044</b>	<b>55.60</b>
<b>Commitments</b>		
Year over Year Personnel Cost Change	(9,241,332)	-
Financial Obligations	19,711,337	-
Student Transportation	9,005,898	-
Guilford Park High School	302,109	2.00
Benefit Costs for New Positions	2,896,225	-
<b>Subtotal Commitments</b>	<b>\$ 22,674,237</b>	<b>2.00</b>
<b>Priorities</b>		
Employee Compensation Marker	25,814,058	-
Enrollment Changes	559,470	7.20
Special Education	7,424,580	51.50
Technology and Student Devices	1,823,040	-
Facilities	2,554,543	-
COVID-Grants Transition	1,548,898	13.00
Other	537,935	3.00
<b>Subtotal Priorities</b>	<b>\$ 40,262,524</b>	<b>74.70</b>
<b>TOTAL ADDITIONS</b>	<b>\$ 71,793,805</b>	<b>132.30</b>

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## Summary of FY 2025 Operating Budget Changes (continued)

BUDGET REDUCTIONS	Amount	FTE
<b>Programmatic-School Based</b>		
Class Size Ratios	(4,216,680)	(63.60)
Elementary Gifted and Talented	(729,300)	(11.00)
Music	(596,700)	(9.00)
Summer Programs	(1,448,092)	-
Curricular Field Trips	(146,150)	-
Teacher Secretaries	(77,520)	(2.00)
Special Education	(2,496,051)	(1.00)
College and Career Development	(675,000)	-
Instructional Team Leaders	(1,551,420)	(23.40)
Custodial	(720,395)	(16.00)
Other Supports	(2,175,693)	(5.00)
<b>Subtotal Programmatic School Based</b>	<b>\$ (14,833,001)</b>	<b>(131.00)</b>
<b>Programmatic-Non School Based</b>		
Personnel	(9,467,293)	(93.05)
Non-Personnel	(3,855,997)	-
Employee Benefits	(5,340,549)	-
<b>Subtotal Programmatic Non-School Based</b>	<b>\$ (18,663,839)</b>	<b>(93.05)</b>
<b>TOTAL REDUCTIONS</b>	<b>\$ (33,496,840)</b>	<b>(224.05)</b>
<b>GRAND TOTAL BUDGET CHANGES</b>	<b>\$ 38,296,965</b>	<b>(91.75)</b>
<b>FY 2025 Board Requested Operating Budget</b>	<b>\$1,142,873,102</b>	<b>3.5%</b>
<b>and year over year percent change from the FY 2024 Approved Budget</b>		



# Factors Influencing and Summary of the Budget

## Summary of FY 2025 Board Requested Operating Budget Expenditures by State Category

The Requested Operating Budget for FY 2025 contains \$71.8 million in budget additions and \$(33.5) million in reductions for a net change in the budget of \$38.3 million or 3.5 percent growth above the FY 2024 Approved Budget. The FY 2025 budget totals \$1.14 billion. A summary of the budget by the Maryland State Department of Education (MSDE) state categories, which is how the budget is appropriated, is shown in the following table.

General Fund	Board				
	Approved FY 2024	Superintendent Proposed FY 2025	Requested FY 2025	Year over Year \$ Change	Year over Year % Change
<b>Expenditures by State Category</b>					
Administration	\$ 15,946,385	\$ 14,878,405	\$ 14,878,405	\$ (1,067,980)	(6.7)%
Mid-Level Administration	70,543,148	69,280,971	69,682,871	(860,277)	(1.2)%
Instructional Salaries and Wages	416,759,697	410,118,210	418,002,742	1,243,045	0.3%
Instructional Textbooks/Supplies	9,511,736	8,344,778	8,380,778	(1,130,958)	(11.9)%
Other Instructional Costs	19,232,827	20,436,611	20,456,861	1,224,034	6.4%
Special Education	169,167,514	177,492,804	179,787,858	10,620,344	6.3%
Student Personnel Services	10,000,470	10,771,613	10,771,613	771,143	7.7%
Student Health Services	12,850,743	13,380,895	13,380,895	530,152	4.1%
Student Transportation	59,784,853	67,657,641	67,801,542	8,016,689	13.4%
Operation of Plant	55,260,568	56,276,359	56,276,359	1,015,791	1.8%
Maintenance of Plant	27,166,238	27,039,418	27,039,418	(126,820)	(0.5)%
Fixed Charges	232,745,184	248,697,028	250,996,303	18,251,119	7.8%
Community Services	4,411,212	4,164,811	4,258,333	(152,879)	(3.5)%
Capital Outlay	1,195,562	1,159,124	1,159,124	(36,438)	(3.0)%
<b>Total Expenditures</b>	<b>\$ 1,104,576,137</b>	<b>\$ 1,129,698,668</b>	<b>\$ 1,142,873,102</b>	<b>\$ 38,296,965</b>	<b>3.5%</b>

To illustrate the budget additions and budget reductions more clearly within the \$1.14 billion budget, the following schedules summarize the budget changes:

- Summary of Budget Additions by state category and by grouping
- Summary of Budget Reduction by state category and by grouping
- Summary of Budget Additions for Full Time Equivalent Positions by state category by grouping, and
- Summary of Budget Reductions for Full Time Equivalent Positions by state category by grouping.

The tables read like a matrix. The reasons and groupings for the additions and reductions are in the rows and the state categories are in the columns. Due to the number of categories, the table is split. The total change for the reason and grouping is shown in the last column in the second table and the total change for the state category is shown in the last row of the second table.

To provide full transparency about the potential budgetary impacts on positions, a list of positions by job classification is the final detailed table provided.

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## Requested FY 2025 Budget Additions by State Category

	Category 01	Category 02	Category 03	Category 04	Category 05	Category 06	Category 07
	Administration	Mid-Level Administration	Instructional Salaries and Wages	Instructional Textbooks/Supplies	Other Instructional Costs	Special Education	Student Personnel Services
<b>BUDGET ADDITIONS</b>							
<b>Mandates</b>							
Blueprint-PreK	-	60,000	1,115,720	104,525	-	1,730,388	-
Blueprint-Instructional Technology	49,398	388,127	-	-	1,481,939	493,980	52,926
Blueprint-National Board Certification	-	4,800	1,788,150	-	-	293,590	-
Blueprint- College and Career Readiness	-	-	-	-	200,000	-	-
Blueprint- Workforce Development	-	-	-	-	31,446	-	-
<b>Subtotal Mandates</b>	<b>\$ 49,398</b>	<b>\$ 452,927</b>	<b>\$ 2,903,870</b>	<b>\$ 104,525</b>	<b>\$ 1,713,385</b>	<b>\$ 2,517,958</b>	<b>\$ 52,926</b>
<b>Commitments</b>							
Year over Year Personnel Cost Change	54,050	(777,668)	(5,651,316)	-	-	(1,469,856)	161,639
Financial Obligations	-	8,080	300	-	-	600	1,440
Student Transportation	-	-	-	-	-	-	-
Guilford Park High School	-	152,109	-	150,000	-	-	-
Benefit Costs for New Positions	-	-	-	-	-	-	-
<b>Subtotal Commitments</b>	<b>\$ 54,050</b>	<b>\$ (617,479)</b>	<b>\$ (5,651,016)</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>\$ (1,469,256)</b>	<b>\$ 163,079</b>
<b>Priorities</b>							
Employee Compensation Marker	326,822	1,936,070	13,307,491	-	-	5,301,472	313,398
Enrollment Changes	-	-	559,470	-	-	-	-
Special Education	-	-	-	-	-	7,424,580	-
Technology and Student Devices	19,638	154,295	-	-	589,131	196,375	21,041
Facilities	-	-	-	-	-	-	-
COVID-Grants Transition	148,650	-	325,188	-	398,700	-	342,466
Other	503,935	24,000	-	-	-	4,000	-
<b>Subtotal Priorities</b>	<b>\$ 999,045</b>	<b>\$ 2,114,365</b>	<b>\$ 14,192,149</b>	<b>\$ -</b>	<b>\$ 987,831</b>	<b>\$ 12,926,427</b>	<b>\$ 676,905</b>
<b>TOTAL ADDITIONS</b>	<b>\$ 1,102,493</b>	<b>\$ 1,949,813</b>	<b>\$ 11,445,003</b>	<b>\$ 254,525</b>	<b>\$ 2,701,216</b>	<b>\$ 13,975,129</b>	<b>\$ 892,910</b>

	Category 08	Category 09	Category 10	Category 11	Category 12	Category 14	Category 15	Totals
	Student Health Services	Student Transportation	Operation of Plant	Maintenance of Plant	Fixed Charges	Community Services	Capital Outlay	
<b>BUDGET ADDITIONS</b>								
<b>Mandates</b>								
Blueprint-PreK	-	-	-	-	-	-	-	3,010,633
Blueprint-Instructional Technology	67,040	42,341	35,284	882,106	-	21,171	14,113	3,528,425
Blueprint-National Board Certification	-	-	-	-	-	-	-	2,086,540
Blueprint- College and Career Readiness	-	-	-	-	-	-	-	200,000
Blueprint- Workforce Development	-	-	-	-	-	-	-	31,446
<b>Subtotal Mandates</b>	<b>\$ 67,040</b>	<b>\$ 42,341</b>	<b>\$ 35,284</b>	<b>\$ 882,106</b>	<b>\$ -</b>	<b>\$ 21,171</b>	<b>\$ 14,113</b>	<b>8,857,044</b>
<b>Commitments</b>								
Year over Year Personnel Cost Change	28,746	(112,395)	(350,981)	265,227	(1,273,535)	(114,532)	(711)	(9,241,332)
Financial Obligations	-	231,000	473,500	10,900	18,985,517	-	-	19,711,337
Student Transportation	-	9,005,898	-	-	-	-	-	9,005,898
Guilford Park High School	-	-	-	-	-	-	-	302,109
Benefit Costs for New Positions	-	-	-	-	2,896,225	-	-	2,896,225
<b>Subtotal Commitments</b>	<b>\$ 28,746</b>	<b>\$ 9,124,503</b>	<b>\$ 122,519</b>	<b>\$ 276,127</b>	<b>\$ 20,608,207</b>	<b>\$ (114,532)</b>	<b>\$ (711)</b>	<b>\$ 22,674,237</b>
<b>Priorities</b>								
Employee Compensation Marker	295,813	72,966	939,824	303,675	2,968,601	14,423	33,503	25,814,058
Enrollment Changes	-	-	-	-	-	-	-	559,470
Special Education	-	-	-	-	-	-	-	7,424,580
Technology and Student Devices	26,650	16,832	104,027	681,024	-	8,416	5,611	1,823,040
Facilities	-	-	2,554,543	-	-	-	-	2,554,543
COVID-Grants Transition	333,894	-	-	-	-	-	-	1,548,898
Other	2,000	-	2,000	-	-	-	2,000	537,935
<b>Subtotal Priorities</b>	<b>\$ 658,357</b>	<b>\$ 89,798</b>	<b>\$ 3,600,394</b>	<b>\$ 984,699</b>	<b>\$ 2,968,601</b>	<b>\$ 22,839</b>	<b>\$ 41,114</b>	<b>\$ 40,262,524</b>
<b>TOTAL ADDITIONS</b>	<b>\$ 754,143</b>	<b>\$ 9,256,642</b>	<b>\$ 3,758,197</b>	<b>\$ 2,142,932</b>	<b>\$ 23,576,808</b>	<b>\$ (70,522)</b>	<b>\$ 54,516</b>	<b>\$ 71,793,805</b>

# Factors Influencing and Summary of the Budget

## Requested FY 2025 Budget Reductions by State Category with Net Total Change

	Category 01	Category 02	Category 03	Category 04	Category 05	Category 06	Category 07
	Administration	Mid-Level Administration	Instructional Salaries and Wages	Instructional Textbooks/Supplies	Other Instructional Costs	Special Education	Student Personnel Services
<b>BUDGET REDUCTIONS</b>							
<b>Programmatic-School Based</b>							
Class Size Ratios	-	-	(4,216,680)	-	-	-	-
Elementary Gifted and Talented	-	-	(729,300)	-	-	-	-
Music	-	-	(596,700)	-	-	-	-
Library Media	-	-	-	-	-	-	-
Summer Programs	-	-	(1,409,192)	(44,000)	5,100	-	-
Curricular Field Trips	-	-	-	-	(2,250)	-	-
Teacher Secretaries	-	(77,520)	-	-	-	-	-
Paraeducators	-	-	-	-	-	-	-
Special Education	-	-	-	-	-	(2,496,051)	-
College and Career Development	-	-	-	(168,000)	(435,000)	-	-
Instructional Coaches	-	-	-	-	-	-	-
Instructional Team Leaders	-	-	(1,551,420)	-	-	-	-
Custodial	-	-	-	-	-	-	-
Other Supports	-	(412,000)	(407,679)	(526,483)	(513,703)	-	(106,000)
<b>Subtotal Programmatic School Based</b>	<b>\$ -</b>	<b>\$ (489,520)</b>	<b>\$ (8,910,971)</b>	<b>\$ (738,483)</b>	<b>\$ (945,853)</b>	<b>\$ (2,496,051)</b>	<b>\$ (106,000)</b>
<b>Programmatic-Non School Based</b>							
Personnel	(1,472,757)	(2,482,700)	(1,173,814)	-	(441,469)	(718,989)	(15,767)
Non-Personnel	(695,716)	(133,890)	(123,153)	(347,000)	-	(139,745)	-
Employee Benefits	-	-	-	-	-	-	-
<b>Subtotal Programmatic Non-School Based</b>	<b>\$ (2,168,473)</b>	<b>\$ (2,616,590)</b>	<b>\$ (1,296,967)</b>	<b>\$ (347,000)</b>	<b>\$ (441,469)</b>	<b>\$ (858,734)</b>	<b>\$ (15,767)</b>
<b>TOTAL REDUCTIONS</b>	<b>\$ (2,168,473)</b>	<b>\$ (3,106,110)</b>	<b>\$ (10,207,938)</b>	<b>\$ (1,085,483)</b>	<b>\$ (1,387,322)</b>	<b>\$ (3,354,785)</b>	<b>\$ (121,767)</b>
<b>TOTAL BUDGET CHANGES by STATE CATEGORY</b>	<b>\$ (1,065,980)</b>	<b>\$ (1,156,297)</b>	<b>\$ 1,237,065</b>	<b>\$ (830,958)</b>	<b>\$ 1,313,894</b>	<b>\$ 10,620,344</b>	<b>\$ 771,143</b>

	Category 08	Category 09	Category 10	Category 11	Category 12	Category 14	Category 15	Totals
	Student Health Services	Student Transportation	Operation of Plant	Maintenance of Plant	Fixed Charges	Community Services	Capital Outlay	
<b>BUDGET REDUCTIONS</b>								
<b>Programmatic-School Based</b>								
Class Size Ratios	-	-	-	-	-	-	-	(4,216,680)
Elementary Gifted and Talented	-	-	-	-	-	-	-	(729,300)
Music	-	-	-	-	-	-	-	(596,700)
Library Media	-	-	-	-	-	-	-	-
Summer Programs	-	-	-	-	-	-	-	(1,448,092)
Curricular Field Trips	-	(143,900)	-	-	-	-	-	(146,150)
Teacher Secretaries	-	-	-	-	-	-	-	(77,520)
Paraeducators	-	-	-	-	-	-	-	-
Special Education	-	-	-	-	-	-	-	(2,496,051)
College and Career Development	-	(72,000)	-	-	-	-	-	(675,000)
Instructional Coaches	-	-	-	-	-	-	-	-
Instructional Team Leaders	-	-	-	-	-	-	-	(1,551,420)
Custodial	-	-	(720,395)	-	-	-	-	(720,395)
Other Supports	(77,520)	(132,308)	-	-	-	-	-	(2,175,693)
<b>Subtotal Programmatic School Based</b>	<b>\$ (77,520)</b>	<b>\$ (348,208)</b>	<b>\$ (720,395)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (14,833,001)</b>
<b>Programmatic-Non School Based</b>								
Personnel	(144,971)	(76,873)	(1,269,094)	(1,553,248)	-	(6,307)	(111,304)	(9,467,293)
Non-Personnel	(1,500)	(814,872)	(763,817)	(598,504)	(75,000)	(76,050)	(86,750)	(3,855,997)
Employee Benefits	-	-	-	-	(5,340,549)	-	-	(5,340,549)
<b>Subtotal Programmatic Non-School Based</b>	<b>\$ (146,471)</b>	<b>\$ (891,745)</b>	<b>\$ (2,032,911)</b>	<b>\$ (2,151,752)</b>	<b>\$ (5,415,549)</b>	<b>\$ (82,357)</b>	<b>\$ (198,054)</b>	<b>\$ (18,663,839)</b>
<b>TOTAL REDUCTIONS</b>	<b>\$ (223,991)</b>	<b>\$ (1,239,953)</b>	<b>\$ (2,753,306)</b>	<b>\$ (2,151,752)</b>	<b>\$ (5,415,549)</b>	<b>\$ (82,357)</b>	<b>\$ (198,054)</b>	<b>\$ (33,496,840)</b>
<b>TOTAL BUDGET CHANGES by STATE CATEGORY</b>	<b>\$ 530,152</b>	<b>\$ 8,016,689</b>	<b>\$ 1,004,891</b>	<b>\$ (8,820)</b>	<b>\$ 18,161,259</b>	<b>\$ (152,879)</b>	<b>\$ (143,538)</b>	<b>\$ 38,296,965</b>

# Factors Influencing and Summary of the Budget

## Requested FY 2025 Budget Additions for Full Time Equivalent Positions by State Category

	Category 01	Category 02	Category 03	Category 05	Category 06	Category 07
	Administration	Mid-Level Administration	Instructional Salaries and Wages FTE	Other Instructional Costs FTE	Special Education FTE	Student Personnel Services FTE
	FTE	FTE	FTE	FTE	FTE	FTE
<b>BUDGET ADDITIONS</b>						
<b>Mandates</b>						
Blueprint-PreK	-	-	20.60	-	35.00	-
Blueprint-Instructional Technology	-	-	-	-	-	-
Blueprint-National Board Certification	-	-	-	-	-	-
Blueprint- College and Career Readiness	-	-	-	-	-	-
Blueprint- Workforce Development	-	-	-	-	-	-
<b>Subtotal Mandates</b>	<b>-</b>	<b>-</b>	<b>20.60</b>	<b>-</b>	<b>35.00</b>	<b>-</b>
<b>Commitments</b>						
Year over Year Personnel Cost Change	-	-	-	-	-	-
Financial Obligations	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Guilford Park High School	-	2.00	-	-	-	-
Benefit Costs for New Positions	-	-	-	-	-	-
<b>Subtotal Commitments</b>	<b>-</b>	<b>2.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Priorities</b>						
Employee Compensation Marker	-	-	-	-	-	-
Enrollment Changes	-	-	7.20	-	-	-
Special Education	-	-	-	-	51.50	-
Technology and Student Devices	-	-	-	-	-	-
Facilities	-	-	-	-	-	-
COVID-Grants Transition	2.00	-	2.00	-	-	5.00
Other	3.00	-	-	-	-	-
<b>Subtotal Priorities</b>	<b>5.00</b>	<b>-</b>	<b>9.20</b>	<b>-</b>	<b>51.50</b>	<b>5.00</b>
<b>TOTAL FTE ADDITIONS</b>	<b>5.00</b>	<b>2.00</b>	<b>29.80</b>	<b>-</b>	<b>86.50</b>	<b>5.00</b>

	Category 09	Category 10	Category 11	Category 14	Category 15	
	Student Transportation	Operation of Plant FTE	Maintenance of Plant FTE	Community Services FTE	Capital Outlay FTE	Totals FTE
	FTE	FTE	FTE	FTE	FTE	FTE
<b>BUDGET ADDITIONS</b>						
<b>Mandates</b>						
Blueprint-PreK	-	-	-	-	-	55.60
Blueprint-Instructional Technology	-	-	-	-	-	-
Blueprint-National Board Certification	-	-	-	-	-	-
Blueprint- College and Career Readiness	-	-	-	-	-	-
Blueprint- Workforce Development	-	-	-	-	-	-
<b>Subtotal Mandates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.60</b>
<b>Commitments</b>						
Year over Year Personnel Cost Change	-	-	-	-	-	-
Financial Obligations	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Guilford Park High School	-	-	-	-	-	2.00
Benefit Costs for New Positions	-	-	-	-	-	-
<b>Subtotal Commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.00</b>
<b>Priorities</b>						
Employee Compensation Marker	-	-	-	-	-	-
Enrollment Changes	-	-	-	-	-	7.20
Special Education	-	-	-	-	-	51.50
Technology and Student Devices	-	-	-	-	-	-
Facilities	-	-	-	-	-	-
COVID-Grants Transition	-	-	-	-	-	13.00
Other	-	-	-	-	-	3.00
<b>Subtotal Priorities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74.70</b>
<b>TOTAL FTE ADDITIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132.30</b>

# Factors Influencing and Summary of the Budget

## Requested FY 2025 Budget Reductions for Full Time Equivalent Positions by State Category

	Category 01	Category 02	Category 03	Category 05	Category 06	Category 07	Category 08
	Administration	Mid-Level Administration	Instructional Salaries and Wages	Other Instructional Costs	Special Education	Student Personnel Services	Student Health Services
	FTE	FTE	FTE	FTE	FTE	FTE	FTE
<b>BUDGET REDUCTIONS</b>							
<b>Programmatic-School Based</b>							
Class Size Ratios	-	-	(63.60)	-	-	-	-
Elementary Gifted and Talented	-	-	(11.00)	-	-	-	-
Music	-	-	(9.00)	-	-	-	-
Library Media	-	-	-	-	-	-	-
Teacher Secretaries	-	(2.00)	-	-	-	-	-
Paraeducators	-	-	-	-	-	-	-
Special Education	-	-	-	-	(1.00)	-	-
College and Career Development	-	-	-	-	-	-	-
Instructional Team Leaders	-	-	(23.40)	-	-	-	-
Custodial	-	-	-	-	-	-	-
Other Supports	-	-	(2.00)	-	-	(1.00)	(2.00)
<b>Subtotal Programmatic School Based</b>	<b>-</b>	<b>(2.00)</b>	<b>(109.00)</b>	<b>-</b>	<b>(1.00)</b>	<b>(1.00)</b>	<b>(2.00)</b>
<b>Programmatic-Non School Based</b>							
Personnel	(13.07)	(20.60)	(13.00)	(2.10)	(5.70)	(0.08)	(1.10)
Non-Personnel	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-
<b>Subtotal Programmatic Non-School Based</b>	<b>(13.07)</b>	<b>(20.60)</b>	<b>(13.00)</b>	<b>(2.10)</b>	<b>(5.70)</b>	<b>(0.08)</b>	<b>(1.10)</b>
<b>TOTAL FTE REDUCTIONS</b>	<b>(13.07)</b>	<b>(22.60)</b>	<b>(122.00)</b>	<b>(2.10)</b>	<b>(6.70)</b>	<b>(1.08)</b>	<b>(3.10)</b>
<b>NET TOTAL CHANGES in FTE POSITIONS</b>	<b>(8.07)</b>	<b>(20.60)</b>	<b>(92.20)</b>	<b>(2.10)</b>	<b>79.80</b>	<b>3.93</b>	<b>0.91</b>

	Category 09	Category 10	Category 11	Category 14	Category 15	Totals FTE
	Student Transportation	Operation of Plant	Maintenance of Plant	Community Services	Capital Outlay	
	FTE	FTE	FTE	FTE	FTE	
<b>BUDGET REDUCTIONS</b>						
<b>Programmatic-School Based</b>						
Class Size Ratios	-	-	-	-	-	(63.60)
Elementary Gifted and Talented	-	-	-	-	-	(11.00)
Music	-	-	-	-	-	(9.00)
Library Media	-	-	-	-	-	-
Teacher Secretaries	-	-	-	-	-	(2.00)
Paraeducators	-	-	-	-	-	-
Special Education	-	-	-	-	-	(1.00)
College and Career Development	-	-	-	-	-	-
Instructional Team Leaders	-	-	-	-	-	(23.40)
Custodial	-	(16.00)	-	-	-	(16.00)
Other Supports	-	-	-	-	-	(5.00)
<b>Subtotal Programmatic School Based</b>	<b>-</b>	<b>(16.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(131.00)</b>
<b>Programmatic-Non School Based</b>						
Personnel	(1.06)	(18.05)	(17.25)	(0.03)	(1.02)	(93.05)
Non-Personnel	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-
<b>Subtotal Programmatic Non-School Based</b>	<b>(1.06)</b>	<b>(18.05)</b>	<b>(17.25)</b>	<b>(0.03)</b>	<b>(1.02)</b>	<b>(93.05)</b>
<b>TOTAL FTE REDUCTIONS</b>	<b>(1.06)</b>	<b>(34.05)</b>	<b>(17.25)</b>	<b>(0.03)</b>	<b>(1.02)</b>	<b>(224.05)</b>
<b>NET TOTAL CHANGES in FTE POSITIONS</b>	<b>(1.06)</b>	<b>(34.05)</b>	<b>(17.25)</b>	<b>(0.03)</b>	<b>(1.02)</b>	<b>(91.75)</b>

# Factors Influencing and Summary of the Budget

## Summary Schedule of Requested Position Reductions by Job Classification

Division/Dept	Classification Job Title	FTE Count	Division/Dept	Classification Job Title	FTE Count
<b>Academics</b>	COORDINATOR	(1.00)	<b>Academics-SPED</b>	TEACHER RESOURCE	(2.00)
	EXECUTIVE ASSISTANT	(1.00)		PARAEDUCATOR	(1.00)
	INSTRUCTIONAL FACILITATOR	(3.00)		INSTRUCTIONAL FACILITATOR	(1.00)
	SECRETARY	(2.00)		INSTRUCTIONAL FACILITATOR	(1.00)
	TECHNICAL ASSISTANT	(1.00)		INTERPRETER-EDUCATIONAL	(1.00)
<b>Academics Total</b>		<b>(8.00)</b>	<b>Academics-SPED Total</b>		<b>(6.00)</b>
<b>Academics-CIA</b>	TEACHER RESOURCE	(1.00)	<b>Administration</b>	ACCOUNTANT	(1.00)
	TEACHER RESOURCE	(1.00)		ACCOUNTING ANALYST	(1.00)
	TEACHER RESOURCE	(1.00)		EXECUTIVE ASSISTANT	(1.00)
	TEACHER RESOURCE	(1.00)		MANAGER	(1.00)
	TEACHER GT ES CLASSROOM	(11.00)		TECHNICAL ASSISTANT	(1.00)
	TEACHER RESOURCE	(1.00)		AUDIOVISUAL PRODUCER	(1.00)
	TEACHER ENSEMBLE	(9.00)		REPRO EQUIPMENT OPERATOR	(1.00)
	TEACHER RESOURCE	(1.00)		ANALYST	(1.00)
	TEACHER RESOURCE	(1.00)		MANAGER	(1.00)
<b>Academics-CIA Total</b>		<b>(27.00)</b>	TECHNICIAN	(2.00)	
<b>Academics-PISWB</b>	ALTERNATIVE EDUCATION TEACHER	(1.00)	TECHNOLOGY SUPPORT	(1.00)	
	PARAEDUCATOR OTHER	(2.00)	<b>Administration Total</b>		<b>(12.00)</b>
	TEACHER RESOURCE	(1.00)	<b>Executive</b>	TECHNICAL ASSISTANT	(1.00)
	TECHNICIAN COMPUTER	(1.00)	MPIA COMPLIANCE ADMINISTRATOR	(1.00)	
	HEALTH ASSISTANT	(2.00)	DIRECTOR	(1.00)	
	SUPERVISOR	(1.00)	SECRETARY	(1.00)	
	DATA ASSISTANT	(1.00)	<b>Executive Total</b>		<b>(4.00)</b>
	TEACHER HIGH	(1.00)	<b>HR-PD</b>	EXECUTIVE ASSISTANT	(0.50)
	PSYCHOLOGIST	(1.00)	COORDINATOR	(1.00)	
	PUPIL PERSONNEL WORKER	(1.00)	EXECUTIVE ASSISTANT	(0.50)	
	COUNSELOR RESOURCE	(1.00)	COORDINATOR	(1.00)	
	SPECIALIST	(1.00)	FACILITATOR	(1.00)	
	TECHNICAL ASSISTANT	(1.00)	PARAEDUCATOR	(0.50)	
<b>Academics-PISWB Total</b>		<b>(15.00)</b>	SECRETARY	(1.00)	
			<b>HR-PD Total</b>		<b>(5.50)</b>

# Factors Influencing and Summary of the Budget

## Schedule of Proposed Position Reductions by Job Classification (continued)

Division/Dept	Classification Job Title	FTE Count
Operations	ASSISTANT MANAGER	(2.00)
	BOILER BURNER SPECIALIST	(1.00)
	CARPENTER	(2.00)
	ELECTRICIAN	(1.00)
	ELECTRONICS TECHNICIAN	(1.00)
	HVAC MASTER MECHANIC	(1.00)
	LEADMAN CARPENTER	(1.00)
	MECHANIC PREVENTIVE MAINTENANCE	(2.00)
	SECRETARY	(1.00)
	PLUMBER JOURNEYMAN	(1.00)
	CUSTODIAN	(16.00)
	SECRETARY	(1.00)
	ASSISTANT MANAGER	(1.00)
	SECRETARY	1.00
	LEADMAN MECHANIC	(1.00)
	MECHANIC	(1.00)
	GROUNDS WORKER	(11.00)
	LEADMAN GROUNDS	(1.00)
	SECRETARY	(1.00)
	CLERK TYPIST	(1.00)
	EXECUTIVE DIRECTOR	(1.00)
	PURCHASING TECHNICIAN	(1.00)
	SPECIALIST	(1.00)
SECRETARY	(1.00)	
PROJECT MANAGER	(1.00)	
OFFICER INVESTIGATION/SECURITY	(1.00)	
SECURITY ASSISTANT	(1.00)	
TRANSPORTATION ANALYST/PLANNER	(1.00)	
<b>Operations Total</b>		<b>(54.00)</b>
SMIL	DIRECTOR OF CONTINUOUS IMPROVEMENT INITIATIVES FOR SCHOOL LEADERS	(1.00)
	EXECUTIVE ASSISTANT	(1.00)
	EXECUTIVE DIRECTOR, COMMUNITY, PARENT & SCHOOL OUTREACH	(1.00)
	STUDENT CONDUCT & ENGAGEMENT OFFICER	(0.55)
	TEACHER HS STAFFING	(63.70)
	TEACHER MS STAFFING	(23.30)
	SECRETARY TEACHER	(2.00)
	<b>SMIL Total</b>	
<b>Grand Total</b>		<b>(224.05)</b>

# Factors Influencing and Summary of the Budget

## Summary of FY 2025 Operating Budget Revenues

HCPSS must present a balanced budget where revenues equal expenditures. The FY 2025 budget increases revenues by the \$38.3 million necessary to support the expenditure needs in the Requested Budget. The sources of revenue to support the FY 2025 new expenditure growth are:

- County Revenue, \$769.8 million
  - A net increase of \$48.6 million
- State Revenue, \$353.2 million
  - A net increase of \$7.2 million
- Other Revenue, \$9.7 million
  - A net increase of \$9,056
- Use of Fund Balance and Transfers, \$10.2 million
  - A net decrease of \$(17.5) million

This table summarizes FY 2025 revenues showing the year-over-year change from the FY 2024 budget.

General Fund	Approved FY 2024	Superintendent Proposed FY 2025	Board		
			Requested FY 2025	Year over Year \$ Change	Year over Year % Change
County Revenue	\$ 721,187,000	\$ 761,623,167	\$ 769,779,818	\$ 48,592,818	6.7%
State Revenue	346,004,494	348,195,206	353,212,989	7,208,495	2.1%
Other Revenue	9,684,643	9,693,699	9,693,699	9,056	0.1%
Transfer from Tech Fund	6,700,000	-	-	(6,700,000)	-
Use of Fund Balance	21,000,000	10,186,596	10,186,596	(10,813,404)	(51.5)%
<b>Total Revenues</b>	<b>\$ 1,104,576,137</b>	<b>\$ 1,129,698,668</b>	<b>\$ 1,142,873,102</b>	<b>\$ 38,296,965</b>	<b>3.5%</b>

State and county funding make up 98.3 percent of HCPSS funding. Funding formulas established in state law prescribe the required amount of funding from the state and the county. There are changes in the revenue amounts that are being caused by technical details in the funding formulas. Background information is provided below to help understand these changes.

**Overview of Public Education Funding Formulas.** In Maryland, public education is funded through the State School Fund based on major aid programs. For each major aid program there is a required state share and required local share, which establishes the minimum amount of school funding that must be provided. The amount of state and county funding for each major aid program is funded based on a statewide standard per pupil funding formula multiplied by applicable student enrollment counts. The result establishes the required minimum level of funding by the state and the county. The required level of funding per pupil must be maintained year-over-year. In other words, the amount of funding per student cannot decline year-over-year in Maryland.

The minimum level of funding for each of the major aid programs is split between the state and the local government based on relative wealth and other factors. The Maryland State Department of Education (MSDE) calculates the required state share and required local share. The required state share becomes the revenues received from the state. The required local share is what the county must fund. However, a county can fund



## Factors Influencing and Summary of the Budget

more than its required local share. When a county funds an amount greater than the local share, this increased amount of funding becomes the base that must be maintained each year. This is referred to as the required Maintenance of Effort (MOE) that the county must fund. In addition to the required MOE, the school system can request the county to fund an amount above MOE. The required MOE and the above MOE amounts make up the recurring funding that the county provides. One year's recurring funding becomes the basis for calculating the next year's MOE. In addition, the school system can request non-recurring funding for qualifying one-time expenses. Non-recurring funding does not affect the subsequent year's MOE.

Consistent with the high value placed on public education in Howard County, the county funding provided each year exceeds the required local share. To illustrate, in the FY 2024 Approved Budget, the required local share of funding was \$415.4 million. The approved recurring county funding was \$720.3 million—173 percent greater than the required funding. Therefore, in Howard County, the county level of funding is determined based on the Required Maintenance of Effort calculation.

Three variables drive funding formula calculations for each major aid program are:

- Per pupil funding amount
- Enrollment
- Relative Wealth

State law defines the funding formulas for each of the (12) major aid programs. Simplifying those 12 formulas, the basic calculation is per pupil funding times the specific student enrollment population for the aid program. This calculation establishes the total required funding. A second set of calculations is done based on each county's statewide relative wealth factor. Relative wealth determines how much of the total required funding is provided by the state and local government. Higher wealth counties pay more of the total funding level and lower wealth counties pay less. If a county's relative wealth equals the statewide average wealth, the funding requirement is split equally between state and local. The table below shows the FY 2025 statutory per pupil funding amounts, the change from the prior year, and the required funding split.

**Per Pupil Required Maintenance of Effort Funding.** The education funding amount in Howard County is determined based on the maintenance of effort (MOE) calculation. The per pupil funding amount in the MOE calculation is not determined by the specific amounts prescribed in state law. It is determined based on the prior year recurring funding divided by the enrollment level funded. The following year this per pupil amount must be maintained. This per pupil dollar amount is multiplied times the September 30 actual enrollment for the current year to compute the required funding to be maintained in the next year. This amount must be funded unless the county seeks a waiver from the state. The chart below shows the MOE per pupil funding amounts.

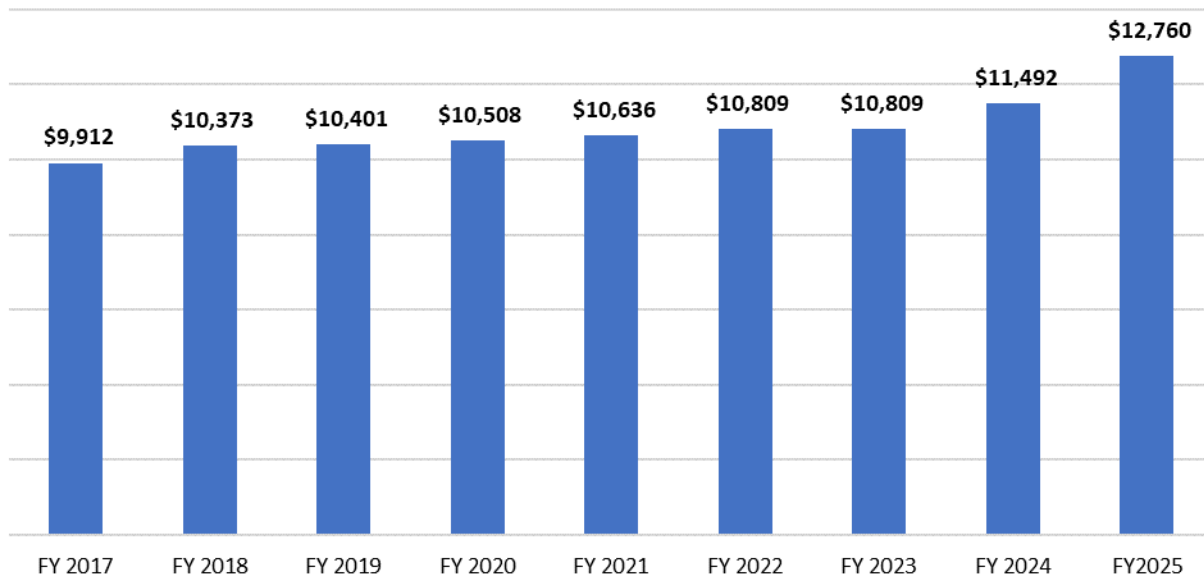
# Factors Influencing and Summary of the Budget

Statutory Per Pupil Funding Amounts Minimum School Fund and Major Aid Programs								
Statute Citation	Program	Per Pupil Amount			Percent Change	Percent State Funded <sup>(1)</sup>	Percent Local Funded <sup>(2)</sup>	
		Per Pupil Amount Fiscal Year 2024	Per Pupil Amount Fiscal Year 2025	Dollar Change				
5-201	Foundation	\$ 8,642	\$ 8,789	\$ 147	1.70%	44.57%	55.43%	
5-215	Transition Grant	\$ 8,642	\$ 7,471	\$ (1,171)	-13.55%	100.00%	0.00%	
5-216	Comparable Wage Index	\$ 555	\$ 564	\$ 9	1.62%	44.57%	55.43%	
5-222	Compensatory Education (percent of Foundation)	\$ 7,519	\$ 7,559	\$ 40	0.53%	40.00%	60.28%	
5-217	College and Career Readiness	\$ 567	\$ 595	\$ 28	4.94%	45.82%	54.18%	
5-223(c)(1)(i)	Personnel Grant (per school)	\$ 272,823	\$ 286,464	\$ 13,641	5.00%	100.00%	0.00%	
5-224	English Language Learner (percent of Foundation)	\$ 8,642	\$ 8,965	\$ 323	3.74%	42.77%	57.23%	
5-225	Special Education (percent of Foundation)	\$ 7,951	\$ 8,701	\$ 750	9.43%	41.93%	58.07%	
5-226	Transitional Supplemental Instruction	\$ 680	\$ 522	\$ (158)	-23.24%	40.19%	59.81%	
5-229	Prekindergarten-Full Day	\$ 11,594	\$ 13,003	\$ 1,409	12.15%	37.61%	62.39%	

(1) The percentages shown determine the amount of required state funding. The percentages are adjusted annually based on relative wealth factors.

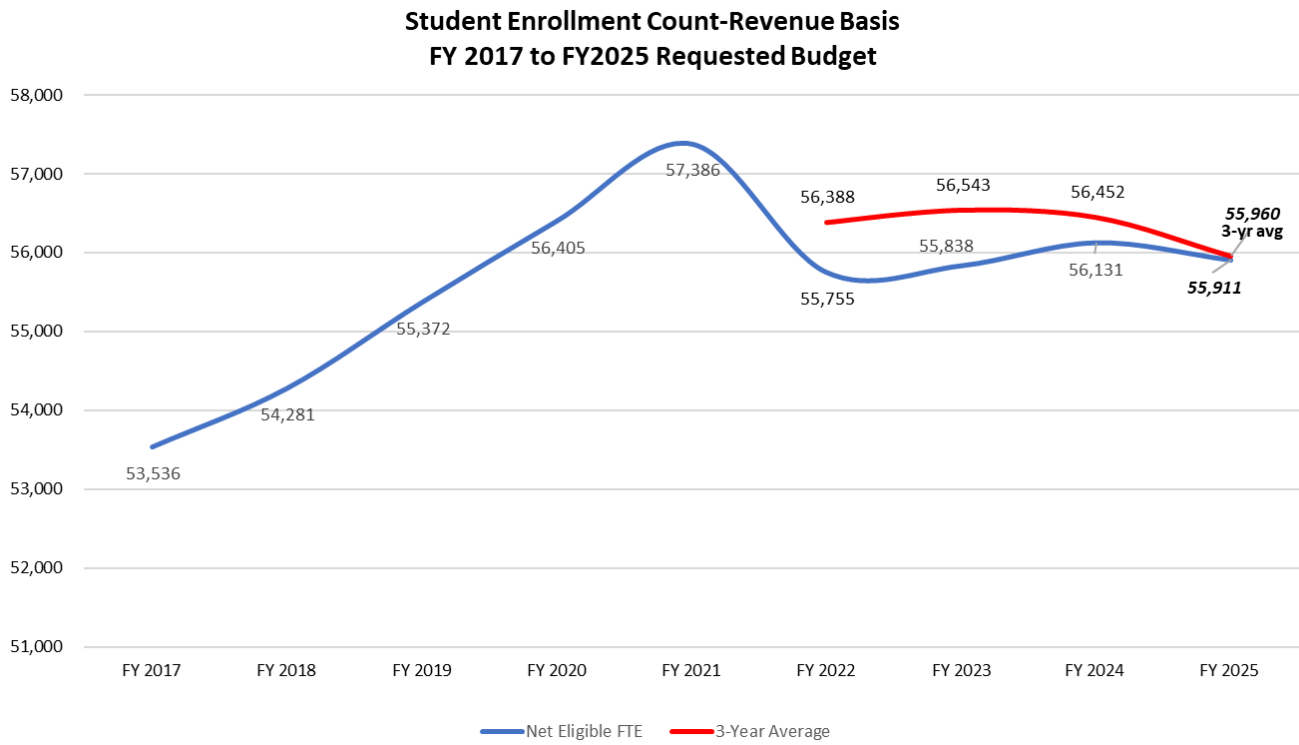
(2) Howard County funds education at an amount greater than the required local share. Therefore, instead of these per pupil dollars and percentage splits, the required maintenance of effort per pupil calculation is used.

**County Required MOE  
Per Pupil Funding Amount  
FY 2017 to FY 2025**



# Factors Influencing and Summary of the Budget

**Enrollment Basis for Funding Formulas and MOE.** Student enrollment levels drive the calculation of both the state funding formula and the MOE funding formula. Unless otherwise defined in law, student enrollment is measured two ways: the first measurement is the actual enrollment as of September 30 of the current school year, and the second measurement is the 3-year average enrollment. The greater of the two measurements is multiplied by the prescribed funding amount per pupil. For the last 3 fiscal years, the 3-year average has been the greater number used to determine revenues because that average included the peak pre-pandemic enrollment count. For FY 2025, the September 30 actual enrollment count was 55,911. Even though the peak year falls out of the calculation for the 3-year average, the 3-year average is the higher of the two numbers at 55,960. As a result, the enrollment basis used for revenues will decline by (541) from the 56,452 used last year. Note that the enrollment basis for revenues is referred to as net eligible student FTE. Certain student populations that counted in the official enrollment are not included in the revenue enrollment count. The chart below illustrates the enrollment data used for formula funding revenue calculations.



The sections below describe the county and the state funding for FY 2025.

**County Revenues.** In total, the FY 2025 requested revenue from the county is \$769.8 million, an increase of \$48.6 million from FY 2024, about 6.7 percent. Within the total change in county revenue, required MOE is declining and Above-MOE is increasing to make up for the decline plus provide for some of the funding needed for mandates and priorities.

# Factors Influencing and Summary of the Budget

Required MOE Funding

The county’s required Maintenance of Effort (MOE) funding for FY 2025 is \$714.0 million, which is \$(6.3) million less than the \$720.3 million in recurring funding provided by the county in FY 2024. Ordinarily, the required MOE would be at least the same as the prior year’s recurring funding. However, MOE funding is declining in FY 2025 for the enrollment reasons explained previously.

Above-MOE Funding

The FY 2025 requested budget includes a request for \$55.8 million in Above-MOE funding. However, not all this amount would be new funding requested from the county. The \$55.8 million includes the amount to offset the \$(6.3) million decline in MOE explained above. Therefore, the amount of net new recurring dollars from the county is \$49.5 million or 6.9 percent above FY 2024.

Non-Recurring Funding

The FY 2025 requested budget does not include a request for non-recurring funds. Last year, \$887,000 in one-time expenditures was funded. Therefore, the year-over-year budget change shows a \$(887,000) decrease.

A summary of the year-over-year changes in the FY 2025 county revenue is presented in the following table. (Note that the math in this table reflects the methodology for calculating year-over-year change for MOE, which means that the dollar change for the MOE line in the Requested FY 2025 column is compared against the subtotal recurring in the Approved FY 2024 column.)

County Funding	Superintendent		Board		Year over Year % Change
	Approved FY 2024	Proposed FY 2025	Requested FY 2025	\$ Change	
Maintenance of Effort (MOE) <sup>(1)</sup>	\$ 648,770,253	\$ 714,623,167	\$ 714,024,487	\$ (6,275,513)	(1.0)%
FY24 Above MOE <sup>(1)</sup>	71,529,747				
FY25 Above MOE	-	47,000,000	55,755,331	(24,529,747)	(34.3)%
<b>Subtotal Recurring</b>	<b>\$ 720,300,000</b>	<b>\$ 761,623,167</b>	<b>\$ 769,779,818</b>	<b>\$ 49,479,818</b>	<b>6.9%</b>
Non-Recurring	887,000	-	-	(887,000)	(100.0)%
<b>TOTAL COUNTY FUNDING</b>	<b>\$ 721,187,000</b>	<b>\$ 761,623,167</b>	<b>\$ 769,779,818</b>	<b>\$ 48,592,818</b>	<b>6.7%</b>

*(1) FY24 Above MOE becomes recurring revenue to be maintained in the FY25 MOE calculation. The FY25 MOE of \$714.0 million compares to the FY24 subtotal recurring of \$720.3 million.*

**State Revenues.** Based on the Preliminary Estimates of State Aid from MSDE, state funding for FY 2025 is budgeted at \$353.2 million, an increase of \$7.2 million or 2.1 percent from FY 2024. State funding is made up of the major aid programs explained earlier. Enrollment and per pupil funding amounts are the primary factors influencing the year over year funding changes in each of these programs. The table below summarizes FY 2025 state revenues by major aid program.

# Factors Influencing and Summary of the Budget

State Funding	Superintendent		Board	\$ Change	Year over Year % Change
	Approved FY 2024	Proposed FY 2025	Requested FY 2025		
Foundation	\$ 216,373,137	\$ 216,141,163	\$ 219,203,901	\$ 2,830,764	1.3%
Comparable Wage Index	13,888,992	13,874,101	14,070,698	181,706	1.3%
Transportation	23,945,467	23,896,399	24,334,062	388,595	1.6%
Compensatory Education	50,013,380	49,314,916	49,517,497	(495,883)	(1.0)%
English Learners	14,975,429	15,500,829	15,464,623	489,194	3.3%
Special Education	21,482,341	23,456,792	25,861,143	4,378,802	20.4%
Transitional Supplemental Instruction	2,015,901	2,011,448	1,304,790	(711,111)	(35.3)%
College and Career Readiness	1,896,347	1,892,158	1,387,961	(508,386)	(26.8)%
Career Ladder	860,798	1,345,363	916,149	55,351	6.4%
Full Day Pre-K and Pre-K Exp	1,810,959	2,026,555	2,416,683	605,724	33.4%
Blueprint Transition Grant	41,743	35,482	35,482	(6,261)	(15.0)%
LEA Tuition	200,000	200,000	200,000	-	0.0%
Less Medicaid Grant	(1,500,000)	(1,500,000)	(1,500,000)	-	0.0%
<b>TOTAL STATE FUNDING</b>	<b>\$ 346,004,494</b>	<b>\$ 348,195,206</b>	<b>\$ 353,212,989</b>	<b>\$ 7,208,495</b>	<b>2.1%</b>

**Other Revenues.** There are both increases and decreases in the budget amounts for other revenues that nearly offset. In total, the revenues are budgeted to remain about the same as FY 2024 with a slight bottom-line change of \$9,056. Notable changes for certain revenue streams classified under Other Revenues include:

- Investment income earnings remain strong, and the FY 2025 budget includes a \$1.5 million increase. This amount will be closely monitored and any shift in monetary policy to lower interest rates may necessitate an adjustment.
- Summer School tuition has been decreased by \$(600,000) based on the reductions in programming offered.
- Miscellaneous revenues includes adjustments for the amounts expected to be received from the Juul settlement as well as changes in eRates reimbursements. Combined these adjustments decrease revenue by \$(855,862)
- Capital projects overhead charges have also been adjusted with a slight decrease of \$(35,082).

**Use of Fund Balance.** The FY 2025 budget utilizes \$10.2 million of available unassigned fund balance available for subsequent years funding. This is the total amount of unassigned fund balance as reported in the June 30, 2023, Annual Comprehensive Financial Report. The amount of fund balance proposed to be used to balance the budget drives the projected ending unassigned fund balance for June 30, 2024, to zero. This does not meet the 1 percent reserve threshold established by [Policy 4070 Fund Balance](#). Per the policy, the Board of Education can override the 1 percent reserve requirement of Policy 4070.

**Enrollment and Expenditure Assumptions**

For expenditures, projected enrollment directly influences budgeted staffing and other educational service levels. It is important to note that while total enrollment can fluctuate and decrease, it does not mean that the school system reduces existing staffing levels by cutting filled positions. The staffing formulas to determine the staffing levels needed to meet student-to-staff ratios are calculated on a school-by-school, grade-by-grade, classroom-by-classroom basis. For many ratios there is a lower limit and upper limit range. Therefore, while aggregate enrollment numbers may go up or down, this does not necessarily lead to a bottom-line increase or

## *Factors Influencing and Summary of the Budget*

decrease in total staffing. In general, this calculation moves in the same direction and trend as total enrollment. However, there are formula determinations that result in some schools and grades needing more staff and others needing less. If a school has too many staff based on the formulas, the excess staffing is managed through the surplus process, which aims to deploy the staff to vacancies and retirements that occur.

Staffing and other expenditures for the FY 2025 budget have been developed based on the projection of 58,054 students, which is slightly less than the enrollment projection of 58,069 used to develop the FY 2024 budget. Compared to the actual enrollment for September 30, 2023, of 57,642, enrollment is projected to increase 412 students in the next school year. Staffing and other enrollment-sensitive budget items have been adjusted in the budget. One of those items, the budget for materials of instruction, has been held constant at last year's funding level given that projected enrollment for FY 2025 only differs by (15). The enrollment schedules in the budget book provide additional information on enrollment.

### **Budgeted Turnover Savings**

The methodology for estimating the amount of turnover savings to budget has been updated. The updated methodology looks at the five-year average budget to actual salary and wage expenditures by state category to inform how much turnover should be budgeted. For FY 2025, the amount of budgeted turnover will remain the same as the FY 2024 budget. The total budgeted turnover equals \$(13.8) million.

### **Continuous Improvement Changes in the Budget Book**

This year's budget book reflects changes to increase transparency and understanding about the where and why of proposed funding and staffing levels in the budget. Those changes include:

- The Factors Influencing and Summary of Operating Budget Changes schedules have been combined into a single section called "Factors Influencing and Summary of the Budget." This section now provides greater detail on the mandates, commitments, priorities, and other factors that influence changes in the budget. This more detailed information is summarized at the General Fund total level, and it is summarized by each state category showing the reasons influencing the changes in each state category. The information is presented for dollar and full-time equivalent (FTE) position changes.
- Division Budget Summary – The division equity in action page has been replaced with a new Division Budget Summary page. The Division Budget Summary provides an overview of the division and a summary of major budget changes in the division's programs. The changes in the budget are organized in the same groupings used to explain budget changes in the Factors Influencing and Summary of Budget section allowing the reader to see where systemwide changes in the budget cascade into each division and each program budget. In addition, reasons and impacts for budget changes are explained.
- Combining Fund Summaries – New combining fund summaries have been added to the Executive Summary section of the budget book. These summaries provide the individual fund and the combined total appropriation for the governmental funds and proprietary funds. The schedules replace the "All Funds" summaries.