

Factors Influencing and Summary of the Budget

Summary of FY 2026 Superintendent Proposed Operating Budget

The Superintendent's Proposed FY 2026 Operating Budget reflects a strategic approach to balancing fiscal constraints with the critical needs of the school system. The budget, totaling \$1.219 billion, prioritizes investments in employees, the instructional needs of vulnerable populations, and student safety. The budget is proposed to increase by \$74.3 million with more than \$70 million of it allocated to these three priorities:

- **Employee Compensation:** Recognizing that competitive compensation is essential for attracting and retaining qualified staff, the budget dedicates significant resources to wage increases and the increasing cost of employee benefits. This investment aims to address staffing shortages and improve job satisfaction, which are critical for sustaining a high-quality education system.
- **Instructional Needs for Vulnerable Populations:** The proposed budget recognizes the disparities in educational outcomes among vulnerable student groups. By adding 35.0 FTE positions, this budget increases resources for special education, demonstrating a commitment to equitable instruction and compliance with federal mandates like the Individuals with Disabilities Education Act (IDEA).
- **School Security:** With 33.0 FTEs added to enhance and maintain safe and welcoming learning environments, the budget prioritizes the importance of student safety. This allocation reflects a proactive approach to creating safe learning environments, which are foundational to academic success.

The proposed budget represents a 6.5 percent increase in spending compared to FY 2025, with an additional \$74.3 million in revenues to support this growth. Key funding sources include:

- **County Revenues:** An increase of \$61.8 million, or 8.1 percent, underscores the reliance on local funding for operational stability. This substantial growth requests strong support from the county highlighting the importance of our relationships with county stakeholders.
- **State Formula Aid:** The projected \$24.8 million, or 7.1 percent increase reflects the state's commitment to education, particularly under the Blueprint for Maryland's Future initiative. This funding is critical for expanding instructional programs and meeting new technology mandates.
- **Technology Services Fund Balance:** The proposed use of \$7.0 million from the Technology Services Fund helps address the increased investment in student device technology mandated by the Blueprint. While the budget reduces dependency on one-time funding sources compared to last year, the use of Technology Fund balance raises concerns about the sustainability of meeting future required technology expenditures.

The budget proposes a net addition of 68.1 FTEs targeting workforce growth to address specific priorities without overextending resources. Emphasis is placed on special education and school security although the needs of other areas, such as reading and mathematics instruction exist, they and many other needs remain unmet due to limited funding. Additionally, by avoiding reliance on the use of the fund balance in the General Fund, the budget reflects prudent fiscal management.

In summary, the FY 2026 Superintendent's Proposed Operating Budget represents a thoughtful and strategic effort to align resources with the most pressing needs of the school system. By prioritizing employee compensation, instructional support for vulnerable populations, and student safety, the budget lays a foundation for improved educational outcomes. However, addressing sustainability and equity will be crucial for ensuring that these investments yield lasting benefits for all stakeholders. Greater details on the Superintendent's Proposed FY 2026 Operating Budget are explained in this section.

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FY 2026 Budget Changes. The operating budget adds net new expenditures of \$74.3 million and 71.3 FTE positions (68.1 new FTEs and 3.2 FTEs realigned). These changes are grouped into four categories:

- 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.
- Realignments represent transfer of funds between programs, state categories and/or spend categories to support existing requirements. Realignment are budget neutral, although there can be significant changes between programs and accounts. The FY 2026 budget includes a significant movement of budget authority for budgetary realignments that have been done for three purposes:
 - Realignments to meet Blueprint Minimum School Fund reporting requirements. Historically, all employee benefit costs were centrally budgeted in the Fixed Charges program (8001). Starting with the FY 2026 budget, employee benefit costs for Social Security, Medicare, pension, and health insurance will be directly budgeted in program budgets. This change aims to increase transparency and improve reporting on the total cost of delivering instruction to meet Maryland Blueprint requirements. A total of \$234.4 million has been realigned out of the Fixed Charges program (8001) in the Financial Management Division into the other Divisions and programs. As a result, all program budgets with positions will show a significant increase in budget reflecting the cost of the employee benefits in the program.
 - Realignments for the Superintendent's reorganization of divisions and programs done in July 2025.
 - Realignments of existing budget authority to meet budgetary needs and properly classify expenditures by state category, division, program, and/or account.

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 – \$9.6 million
- Commitments – \$16.7 million and 2.0 FTE positions
- Priorities – \$47.9 million and 66.1 FTE positions
- Realignments – \$22,176 and 3.2 FTE positions

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

Factors Influencing and Summary of the Budget

FY 2026 Superintendent Proposed Budget Summary of Operating Budget Changes

FY 2025 Approved Operating Budget	\$	1,145,166,578	8,516.20
BUDGET ADDITIONS	Amount	FTE	
Mandates			
Blueprint-College and Career Readiness	\$	418,000	-
Blueprint-National Board Certification		3,282,315	-
Blueprint-Prekindergarten Private Provider		2,626,606	-
Blueprint-Student Device Technology		3,695,010	-
Blueprint-Workforce Development		(390,802)	-
Subtotal Mandates	\$	9,631,129	-
Commitments			
Benefit Cost-New Positions		2,292,995	-
Bus Contracts-Obligated Increase		5,600,465	-
Bus Contracts-Walk Zone		1,210,000	-
Contractual Obligation		458,011	-
Guilford Park High School		189,349	2.00
Health Insurance		10,905,736	-
Labor Contracts		491,576	-
Other Insurance		743,103	-
Reclassifications		946,283	-
Retirement		1,604,903	-
Utilities		1,609,229	-
Year over Year Personnel Cost Change		(9,360,002)	-
Subtotal Commitments	\$	16,691,648	2.00
Priorities			
Employee Compensation		33,809,608	-
Enrollment Changes		(758,120)	(10.40)
COVID Grants-Transition		4,160,036	6.00
School Safety and Security		1,643,256	33.00
Special Education- Contracts		931,124	-
Special Education-Enrollment Service Levels		1,749,586	35.00
Special Education Compliance and Nonpublic Services		3,170,820	-
Special Education-Other		15,000	-
Facilities and Maintenance		210,000	-
Other Grants-Transition		296,120	3.50
Priorities-Other		205,055	(1.00)
Technology Services		2,506,865	-
Subtotal Priorities	\$	47,939,350	66.10
TOTAL BUDGET ADDITIONS	\$	74,262,127	68.10
Budget Realignments		22,176	3.20
GRAND TOTAL OPERATING BUDGET CHANGES	\$	74,284,303	71.30
FY 2026 Superintendent Proposed Operating Budget	\$	1,219,450,881	8,587.50
Year over Year Percent Change		6.49%	0.84%

Factors Influencing and Summary of the Budget

Summary of FY 2026 Budget Expenditures by Expense Type and by State Category

The Superintendent's Proposed Operating Budget for FY 2026 contains \$74.3 million in budget additions or a 6.5 percent growth above the FY 2025 Approved Budget. The FY 2026 budget totals \$1.219 billion. A summary of the budget is shown in two tables. The first table summarizes by expense type and the second table by the Maryland State Department of Education (MSDE) state categories, which is how the budget is appropriated.

General Fund Expenditures	Approved FY 2025	Superintendent Proposed FY 2026	Year over Year \$ Change	Year over Year % Change
Expense Types				
Salaries and Wages	\$ 720,248,307	\$ 753,800,397	\$ 33,552,090	4.66%
Contracted Services	114,230,788	127,653,570	13,422,782	11.75%
Supplies and Materials	14,092,502	14,540,557	448,055	3.18%
Other Charges	275,379,182	295,574,006	20,194,824	7.33%
Equipment	691,822	699,715	7,893	1.14%
Transfers	20,523,977	27,182,636	6,658,659	32.44%
Total	\$ 1,145,166,578	\$ 1,219,450,881	\$ 74,284,303	6.49%

A few highlights of these budget changes:

- Growth in Salaries and Wages addresses the increased investment in employee compensation and the costs for new positions and wages. The total increase in salaries and wages is partially offset by the year-over-year personnel cost changes.
- Growth in Contracted Services is primarily for student transportation bus contracts, the largest amount of growth being for the transportation of students with special education needs and shrinking the walk zones. Increases for technology services are also included under contracted services.
- Growth in Other Charges includes increased costs for employee health insurance; benefit costs for new positions; benefits costs for employee compensation increases; costs for property, liability, and other insurances; and cost increases for utilities.
- Growth in Transfers covers cost increases for non-public placement tuition in Special Education and tuition payments for eligible private Prekindergarten providers.

Factors Influencing and Summary of the Budget

General Fund Expenditures	Approved FY 2025	Superintendent Proposed FY 2026	Year over Year \$ Change	Year over Year % Change
State Category				
01-Administration	\$ 15,228,243	\$ 14,293,053	\$ (935,190)	-6.14%
02-Mid-Level Administration	70,121,095	74,734,410	4,613,315	6.58%
03-Instructional Salaries and Wages	422,706,169	440,088,608	17,382,439	4.11%
04-Instructional Textbooks/Supplies	8,253,290	8,300,840	47,550	0.58%
05-Other Instructional Costs	18,941,311	23,432,520	4,491,209	23.71%
06-Special Education	180,637,339	192,749,188	12,111,849	6.71%
07-Student Personnel Services	10,909,402	12,369,568	1,460,166	13.38%
08-Student Health Services	13,514,147	13,800,829	286,682	2.12%
09-Student Transportation	67,824,058	74,482,228	6,658,170	9.82%
10-Operation of Plant	55,860,193	63,240,383	7,380,190	13.21%
11-Maintenance of Plant	26,404,846	31,964,435	5,559,589	21.06%
12-Fixed Charges	249,341,889	267,216,341	17,874,452	7.17%
14-Community Services	4,254,383	1,541,742	(2,712,641)	-63.76%
15-Capital Outlay	1,170,213	1,236,736	66,523	5.68%
Total	\$ 1,145,166,578	\$1,219,450,881	\$ 74,284,303	6.49%

The schedules on the pages that follow provide more specific information about the changes in the state category budgets. Each division summary and program page provide additional information. One notable reason for certain state category changes is budget realignments done to ensure the state category classification is consistent with MSDE guidelines. These have been done in state categories 01–Administration, 05–Other Instructional Costs, 11–Maintenance of Plant, and 14–Community Services. The realignments are budget neutral to the bottom-line but affect the year-over-year change amount for each category.

The following schedules illustrate the budget changes with greater transparency. Each schedule reads like a matrix. The reasons and groupings for the budget changes are in the rows and the state categories are in the columns. Due to the number of categories, the schedule is split. The total change for the reason and grouping is shown in the last column of the table and the total change for the state category is shown in the last row on each page.

Factors Influencing and Summary of the Budget

FY 2026 SUMMARY OF BUDGET ADDITIONS BY GROUPING AND STATE CATEGORY FOR THE GENERAL FUND

General Fund	Category 01		Category 02		Category 03	
	Administration	FTE	Mid-Level Administration	FTE	Instructional Salaries and Wages	FTE
MANDATES						
Blueprint-College and Career Readiness	-	-	-	-	-	-
Blueprint-National Board Certification	-	-	150,000	-	2,763,955	-
Blueprint-Prekindergarten Private Provider	-	-	-	-	-	-
Blueprint-Student Device Technology	51,730	-	406,451	-	-	-
Blueprint-Workforce Development	-	-	-	-	-	-
Subtotal Mandates	\$ 51,730	-	\$ 556,451	-	\$ 2,763,955	-
COMMITMENTS						
Benefit Cost-New Positions	-	-	-	-	-	-
Bus Contracts-Obligated Increase	-	-	-	-	-	-
Bus Contracts-Walk Zone	-	-	-	-	-	-
Contractual Obligation	55,714	-	-	-	200,000	-
Guilford Park High School	-	-	113,349	1.00	76,000	1.00
Health Insurance	-	-	-	-	-	-
Labor Contracts	-	-	102,307	-	89,269	-
Other Insurance	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Retirement	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Year over Year Personnel Cost Change	251,372	-	(430,574)	-	(6,658,581)	-
Subtotal Commitments	\$ 307,086	-	\$ (214,918)	1.00	\$ (6,293,312)	1.00
PRIORITIES						
Employee Compensation	411,358	-	2,529,527	-	17,921,082	-
Enrollment Changes	-	-	-	-	(758,120)	(10.40)
COVID Grants-Transition	-	-	-	-	3,930,000	-
School Safety and Security	-	-	-	-	-	-
Special Education- Contracts	-	-	-	-	-	-
Special Education Compliance and Nonpublic Services	-	-	-	-	-	-
Special Education-Enrollment Service Levels	-	-	-	-	100,000	1.00
Special Education-Other	-	-	-	-	-	-
Facilities and Maintenance	-	-	-	-	-	-
Other Grants-Transition	-	-	-	-	-	-
Priorities-Other	27,748	-	312,889	2.00	(106,686)	(2.00)
Technology Services	35,096	-	275,756	-	-	-
Subtotal Priorities	\$ 474,202	-	\$ 3,118,172	2.00	\$ 21,086,276	(11.40)
SUBTOTAL BUDGET ADDITIONS	\$ 833,018	-	\$ 3,459,705	3.00	\$ 17,556,919	(10.40)
Budget Realignments	(1,768,208)	(8.00)	1,153,610	11.00	(174,480)	(3.00)
TOTAL GENERAL FUND	\$ (935,190)	(8.00)	\$ 4,613,315	14.00	\$ 17,382,439	(13.40)

Factors Influencing and Summary of the Budget

General Fund	Category 04		Category 05		Category 06	
	Instructional Textbooks/Supplies	FTE	Other Instructional Costs	FTE	Special Education	FTE
MANDATES						
Blueprint-College and Career Readiness	-	-	418,000	-	-	-
Blueprint-National Board Certification	-	-	-	-	368,360	-
Blueprint-Prekindergarten Private Provider	-	-	2,626,606	-	-	-
Blueprint-Student Device Technology	-	-	1,551,904	-	517,301	-
Blueprint-Workforce Development	-	-	(390,802)	-	-	-
Subtotal Mandates	\$ -	-	\$ 4,205,708	-	\$ 885,661	-
COMMITMENTS						
Benefit Cost-New Positions	-	-	-	-	-	-
Bus Contracts-Obligated Increase	-	-	-	-	-	-
Bus Contracts-Walk Zone	-	-	-	-	-	-
Contractual Obligation	-	-	100,000	-	21,000	-
Guilford Park High School	-	-	-	-	-	-
Health Insurance	-	-	-	-	-	-
Labor Contracts	-	-	-	-	-	-
Other Insurance	-	-	-	-	-	-
Reclassifications	-	-	-	-	238,235	-
Retirement	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Year over Year Personnel Cost Change	-	-	-	-	(1,703,446)	-
Subtotal Commitments	\$ -	-	\$ 100,000	-	\$ (1,444,211)	-
PRIORITIES						
Employee Compensation	-	-	-	-	6,843,352	-
Enrollment Changes	-	-	-	-	-	-
COVID Grants-Transition	54,000	-	22,000	-	-	-
School Safety and Security	-	-	-	-	-	-
Special Education- Contracts	-	-	-	-	931,124	-
Special Education Compliance and Nonpublic Services	-	-	-	-	3,345,820	-
Special Education-Enrollment Service Levels	-	-	-	-	1,649,586	34.00
Special Education-Other	-	-	-	-	15,000	-
Facilities and Maintenance	-	-	-	-	-	-
Other Grants-Transition	-	-	-	-	206,222	2.50
Priorities-Other	62,758	-	-	-	(93,662)	(1.00)
Technology Services	-	-	1,052,883	-	350,961	-
Subtotal Priorities	\$ 116,758	-	\$ 1,074,883	-	\$ 13,248,403	35.50
SUBTOTAL BUDGET ADDITIONS	\$ 116,758	-	\$ 5,380,591	-	\$ 12,689,853	35.50
Budget Realignments	(69,208)	-	(889,382)	-	(578,004)	(0.80)
TOTAL GENERAL FUND	\$ 47,550	-	\$ 4,491,209	-	\$ 12,111,849	34.70

Factors Influencing and Summary of the Budget

General Fund	Category 07		Category 08		Category 09	
	Student Personnel Services	FTE	Student Health Services	FTE	Student Transportation	FTE
MANDATES						
Blueprint-College and Career Readiness	-	-	-	-	-	-
Blueprint-National Board Certification	-	-	-	-	-	-
Blueprint-Prekindergarten Private Provider	-	-	-	-	-	-
Blueprint-Student Device Technology	55,425	-	70,205	-	44,340	-
Blueprint-Workforce Development	-	-	-	-	-	-
Subtotal Mandates	\$ 55,425	-	\$ 70,205	-	\$ 44,340	-
COMMITMENTS						
Benefit Cost-New Positions	-	-	-	-	-	-
Bus Contracts-Obligated Increase	-	-	-	-	5,600,465	-
Bus Contracts-Walk Zone	-	-	-	-	1,210,000	-
Contractual Obligation	-	-	-	-	-	-
Guilford Park High School	-	-	-	-	-	-
Health Insurance	-	-	-	-	-	-
Labor Contracts	-	-	-	-	-	-
Other Insurance	-	-	-	-	(147,980)	-
Reclassifications	677,957	-	-	-	-	-
Retirement	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Year over Year Personnel Cost Change	164,524	-	(115,275)	-	19,998	-
Subtotal Commitments	\$ 842,481	-	\$ (115,275)	-	\$ 6,682,483	-
PRIORITIES						
Employee Compensation	399,857	-	345,976	-	97,515	-
Enrollment Changes	-	-	-	-	-	-
COVID Grants-Transition	241,714	2.00	(87,678)	4.00	-	-
School Safety and Security	-	-	-	-	-	-
Special Education- Contracts	-	-	-	-	-	-
Special Education Compliance and Nonpublic Services	-	-	-	-	(175,000)	-
Special Education-Enrollment Service Levels	-	-	-	-	-	-
Special Education-Other	-	-	-	-	-	-
Facilities and Maintenance	-	-	-	-	-	-
Other Grants-Transition	-	-	89,898	1.00	-	-
Priorities-Other	199	-	757	-	41	-
Technology Services	37,603	-	47,631	-	30,082	-
Subtotal Priorities	\$ 679,373	2.00	\$ 396,584	5.00	\$ (47,362)	-
SUBTOTAL BUDGET ADDITIONS	\$ 1,577,279	2.00	\$ 351,514	5.00	\$ 6,679,461	-
Budget Realignments	(117,113)	(1.00)	(64,832)	-	(21,291)	-
TOTAL GENERAL FUND	\$ 1,460,166	1.00	\$ 286,682	5.00	\$ 6,658,170	-

Factors Influencing and Summary of the Budget

General Fund	Category 10		Category 11		Category 12
	Operation of Plant	FTE	Maintenance of Plant	FTE	Fixed Charges
MANDATES					
Blueprint-College and Career Readiness	-	-	-	-	-
Blueprint-National Board Certification	-	-	-	-	-
Blueprint-Prekindergarten Private Provider	-	-	-	-	-
Blueprint-Student Device Technology	36,950	-	923,753	-	-
Blueprint-Workforce Development	-	-	-	-	-
Subtotal Mandates	\$ 36,950	-	\$ 923,753	-	\$ -
COMMITMENTS					
Benefit Cost-New Positions	-	-	-	-	2,292,995
Bus Contracts-Obligated Increase	-	-	-	-	-
Bus Contracts-Walk Zone	-	-	-	-	-
Contractual Obligation	81,297	-	-	-	-
Guilford Park High School	-	-	-	-	-
Health Insurance	-	-	-	-	10,905,736
Labor Contracts	-	-	-	-	300,000
Other Insurance	669,441	-	50,000	-	171,642
Reclassifications	10,816	-	19,275	-	-
Retirement	-	-	-	-	1,604,903
Utilities	1,609,229	-	-	-	-
Year over Year Personnel Cost Change	68,248	-	26,687	-	(1,011,318)
Subtotal Commitments	\$ 2,439,031	-	\$ 95,962	-	\$ 14,263,958
PRIORITIES					
Employee Compensation	1,150,341	-	382,840	-	3,664,782
Enrollment Changes	-	-	-	-	-
COVID Grants-Transition	-	-	-	-	-
School Safety and Security	1,643,256	33.00	-	-	-
Special Education- Contracts	-	-	-	-	-
Special Education Compliance and Nonpublic Services	-	-	-	-	-
Special Education-Enrollment Service Levels	-	-	-	-	-
Special Education-Other	-	-	-	-	-
Facilities and Maintenance	210,000	-	-	-	-
Other Grants-Transition	-	-	-	-	-
Priorities-Other	726	-	-	-	-
Technology Services	25,069	-	626,716	-	-
Subtotal Priorities	\$ 3,029,392	33.00	\$ 1,009,556	-	\$ 3,664,782
SUBTOTAL BUDGET ADDITIONS	\$ 5,505,373	33.00	\$ 2,029,271	-	\$ 17,928,740
Budget Realignment	1,874,817	-	3,530,318	5.00	(54,288)
TOTAL GENERAL FUND	\$ 7,380,190	33.00	\$ 5,559,589	5.00	\$ 17,874,452

Factors Influencing and Summary of the Budget

General Fund	Category 14		Category 15		TOTAL DOLLARS	TOTAL FTE
	Community Services	FTE	Capital Outlay	FTE		
MANDATES						
Blueprint-College and Career Readiness	-	-	-	-	418,000	-
Blueprint-National Board Certification	-	-	-	-	3,282,315	-
Blueprint-Prekindergarten Private Provider	-	-	-	-	2,626,606	-
Blueprint-Student Device Technology	22,170	-	14,781	-	3,695,010	-
Blueprint-Workforce Development	-	-	-	-	(390,802)	-
Subtotal Mandates	\$ 22,170	-	\$ 14,781	-	\$ 9,631,129	-
COMMITMENTS						
Benefit Cost-New Positions	-	-	-	-	2,292,995	-
Bus Contracts-Obligated Increase	-	-	-	-	5,600,465	-
Bus Contracts-Walk Zone	-	-	-	-	1,210,000	-
Contractual Obligation	-	-	-	-	458,011	-
Guilford Park High School	-	-	-	-	189,349	2.00
Health Insurance	-	-	-	-	10,905,736	-
Labor Contracts	-	-	-	-	491,576	-
Other Insurance	-	-	-	-	743,103	-
Reclassifications	-	-	-	-	946,283	-
Retirement	-	-	-	-	1,604,903	-
Utilities	-	-	-	-	1,609,229	-
Year over Year Personnel Cost Change	11,730	-	16,633	-	(9,360,002)	-
Subtotal Commitments	\$ 11,730	-	\$ 16,633	-	\$ 16,691,648	2.00
PRIORITIES						
Employee Compensation	24,340	-	38,638	-	33,809,608	-
Enrollment Changes	-	-	-	-	(758,120)	(10.40)
COVID Grants-Transition	-	-	-	-	4,160,036	6.00
School Safety and Security	-	-	-	-	1,643,256	33.00
Special Education- Contracts	-	-	-	-	931,124	-
Special Education Compliance and Nonpublic Services	-	-	-	-	3,170,820	-
Special Education-Enrollment Service Levels	-	-	-	-	1,749,586	35.00
Special Education-Other	-	-	-	-	15,000	-
Facilities and Maintenance	-	-	-	-	210,000	-
Other Grants-Transition	-	-	-	-	296,120	3.50
Priorities-Other	192	-	93	-	205,055	(1.00)
Technology Services	15,041	-	10,027	-	2,506,865	-
Subtotal Priorities	\$ 39,573	-	\$ 48,758	-	\$ 47,939,350	66.10
SUBTOTAL BUDGET ADDITIONS	\$ 73,473	-	\$ 80,172	-	\$ 74,262,127	68.10
Budget Realignment	(2,786,114)	-	(13,649)	-	22,176	3.20
TOTAL GENERAL FUND	\$ (2,712,641)	-	\$ 66,523	-	\$ 74,284,303	71.30

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 2026 budget increases revenues by the \$74.3 million necessary to support expenditure needs. The sources of revenue to support the FY 2026 new expenditure growth are:

- County Revenue, \$827.8 million
 - A net increase of \$61.8 million, 8.1 percent
- State Revenue, \$376.6 million
 - A net increase of \$24.8 million, 7.1 percent
- Other Revenue, \$8.0 million
 - A net decrease of (\$4.3) million, (35.1) percent
- Transfer from Tech Fund, \$7.0 million
 - An increase of \$7.0 million
- Use of Fund Balance
 - A decrease of (\$15.1) million

This table summarizes FY 2026 revenues showing the year-over-year change from the FY 2025 budget.

General Fund	Budgetary Basis			
	Approved FY 2025	Superintendent Proposed FY 2026	Year over Year \$ Change	Year over Year % Change
County Revenue	\$ 766,000,000	\$ 827,843,314	\$ 61,843,314	8.07%
State Revenue	351,794,919	376,643,868	24,848,949	7.06%
Other Revenue	12,268,699	7,963,699	(4,305,000)	-35.09%
Transfers from Tech Fund	-	7,000,000	7,000,000	0.00%
Use of Fund Balance	15,102,960	-	(15,102,960)	-100.00%
Total Revenues	\$ 1,145,166,578	\$ 1,219,450,881	\$ 74,284,303	6.49%

County funding (68.0 percent) and state funding (31.0 percent) make up 99.0 percent of total revenue. 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.

Factors Influencing and Summary of the Budget

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 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 2025 Approved Budget, the required local share of funding was \$422.3 million. The approved recurring county funding was \$761.0 million—180 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:

- Per pupil funding amount
- Enrollment
- Relative Wealth

State law defines the funding formulas for each of the major aid programs. Simplifying those 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 2026 statutory per pupil funding amounts, the change from the prior year, and the required funding split.

Factors Influencing and Summary of the Budget

Statutory Per Pupil Funding Amounts Major Aid Programs

Statute Citation	Program	Per Pupil Amount Fiscal Year 2025	Per Pupil Amount Fiscal Year 2026	Dollar Change	Percent Change	Percent State Funded (1)	Percent Local Funded (2)
5-201	Foundation	\$ 8,789	\$ 9,226	\$ 437	4.97%	44.57%	55.43%
5-213(d)	Collaborative time Per-Pupil	-	\$ 163	\$ 163	0.00%	44.57%	55.43%
5-215	Transition Grant (Total)	\$ 35,482	\$ 27,133	\$ (8,349)	-23.53%	100.00%	0.00%
5-216	Comparable Wage Index	\$ 564	\$ 568	\$ 4	0.69%	44.57%	55.43%
5-222	Compensatory Education	\$ 7,559	\$ 7,842	\$ 284	3.75%	40.00%	60.28%
5-217	College and Career Readiness	\$ 569	\$ 571	\$ 2	0.35%	45.82%	54.18%
	Concentration of Poverty Personnel						
5-223(c)(1)	(Grant (per school)	\$ 273,805	\$ 274,791	\$ 986	0.36%	100.00%	0.00%
5-224	English Language Learner	\$ 8,965	\$ 9,041	\$ 77	0.86%	42.77%	57.23%
5-225	Special Education	\$ 8,701	\$ 9,503	\$ 802	9.21%	41.91%	58.09%
	Transitional Supplemental						
5-226	Instruction	\$ 522	\$ 356	\$ (166)	-31.80%	40.19%	59.81%
5-229	Prekindergarten-Full Day	\$ 13,003	\$ 14,473	\$ 1,470	11.31%	37.82%	62.18%

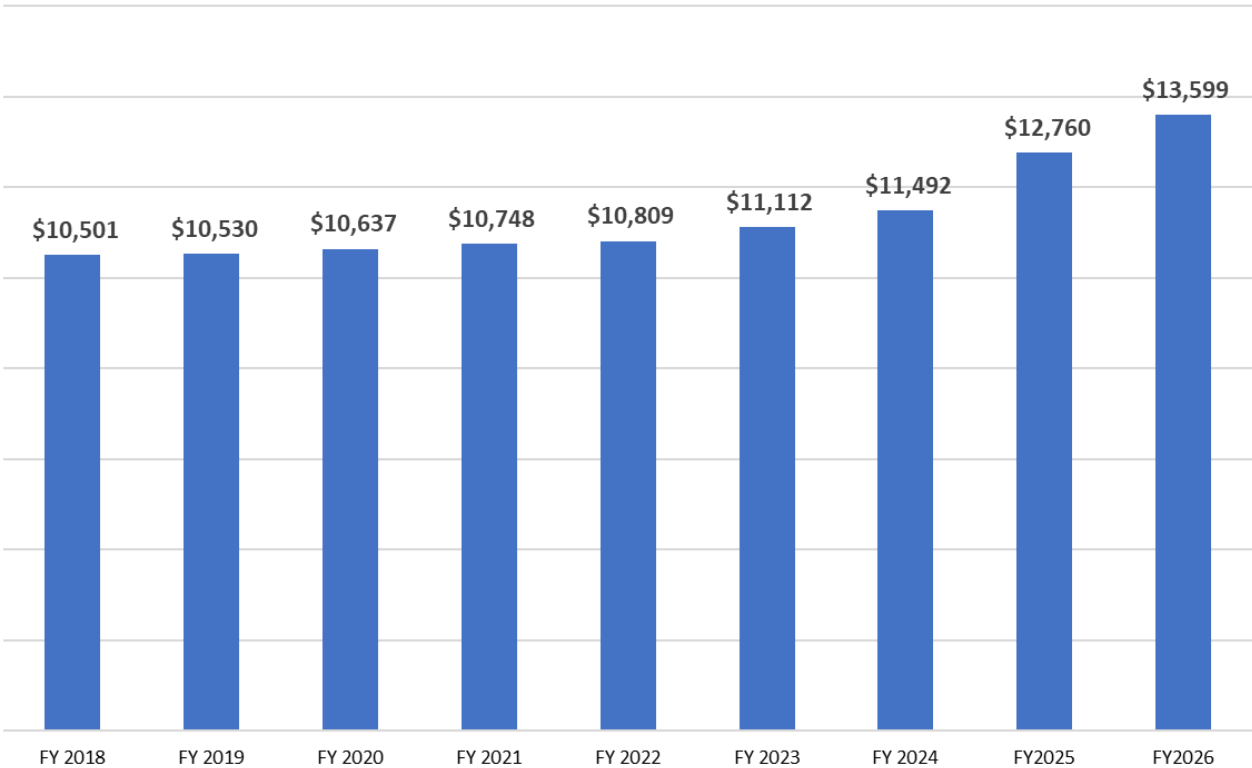
(1) The percentages shown determine the amount of required state funding. The percentages are adjusted annually based on relative wealth factors. Percents shown are based on FY25 shares.

(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.

Per Pupil Required Maintenance of Effort Funding. The education funding amount in Howard County is determined based on the maintenance of effort (MOE) calculation. State law applies the MOE calculation when the total funding provided by the local government exceeds the required local share based on the formula calculations. The per pupil funding amount in the MOE calculation 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. It is important to note, this formula makes no adjustment for inflation or the changes in per pupil funding levels enacted by the Blueprint. The chart below shows the MOE per pupil funding amounts.

Factors Influencing and Summary of the Budget

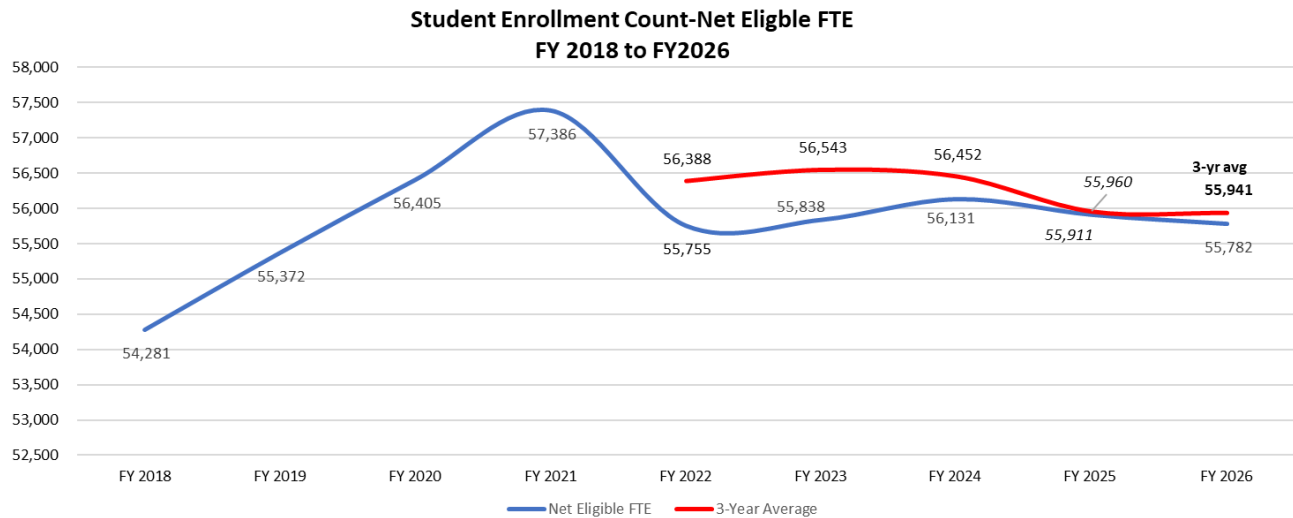
County Funding
Required Maintenance of Effort Per Pupil
FY 2018 to FY 2026



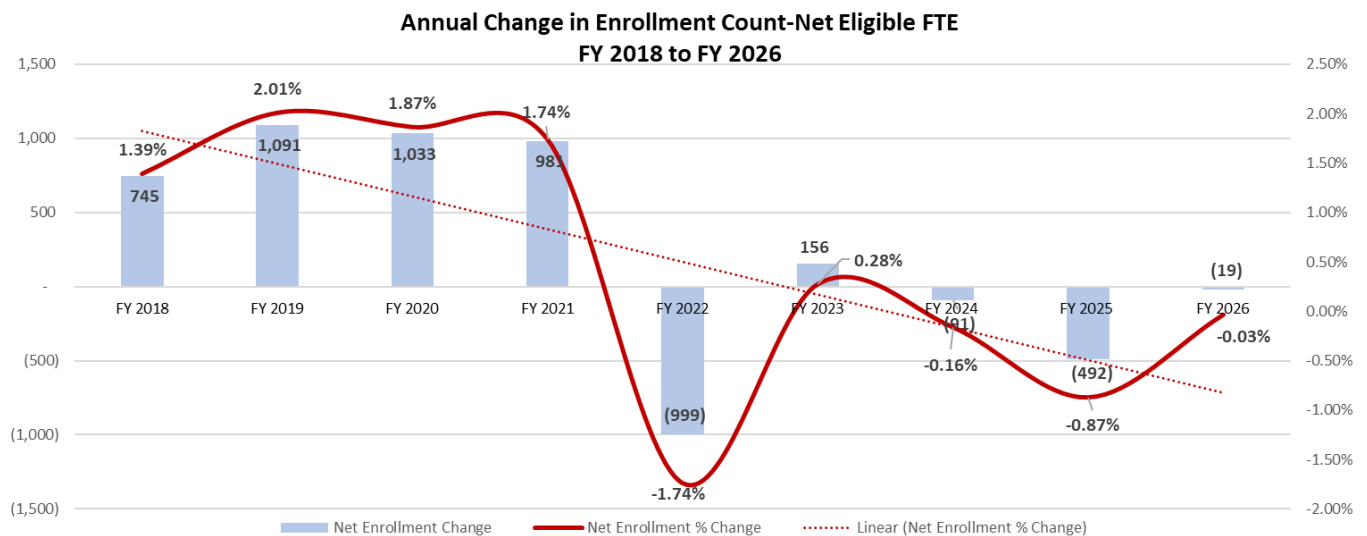
Enrollment Basis for Funding Formulas and MOE. Student enrollment levels drive the calculation of both the state funding formula (Foundation, Comparable Wage Index) and the county MOE funding formula. Unless otherwise defined in law, student enrollment is measured two ways: the first measurement is the 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 FY 2026 revenue calculations of the net eligible FTE, the September 30 actual enrollment count was 55,782 and the 3-year average is 55,941, making the average the greater of the two. At 55,941, the enrollment count is slightly less than the enrollment for last year, 55,960, a difference of 19 fewer students. As a result, the enrollment basis used for revenues will decline for FY 2026. 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.

Factors Influencing and Summary of the Budget



The increment and percent change in enrollment from year to year is shown below.



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

County Revenues. In total, the FY 2026 proposed revenue from the county is \$827.8 million, an increase of \$61.8 million from FY 2025, about 8.1 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 funding needed for mandates, commitments, and priorities.

Factors Influencing and Summary of the Budget

Required MOE Funding (Recurring Funding)

The county's required Maintenance of Effort (MOE) funding for FY 2026 is \$760.7 million, which is (\$256,103) less than the \$761.0 million in recurring funding provided by the county in FY 2025. MOE funding is declining in FY 2026 for the enrollment reasons explained previously.

Above-MOE Funding (Recurring Funding)

The FY 2026 budget includes \$67.1 million in Above-MOE funding. The \$67.1 million includes the amount to offset the decline in MOE explained above. Therefore, the amount of net new recurring dollars from the county is \$66.8 million or 8.8 percent above FY 2025.

Non-Recurring Funding

The FY 2025 approved budget included \$5.0 million for settlement agreement costs related to student transportation bus contracts. The proposed budget does not include any non-recurring funding from the county. Non-recurring funding must be approved by MSDE at the request of the county by March 31st. Discussion with the county about non-recurring funding will take place in the spring.

A summary of the year-over-year changes in the FY 2026 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 FY 2026 column is compared against the subtotal recurring in the Approved FY 2025 column.)

County Funding	Superintendent			
	Approved FY 2025	Proposed FY 2026	\$ Change	Year over Year % Change
Maintenance of Effort (MOE) ⁽¹⁾	\$ 714,024,530	\$ 760,743,897	\$ (256,103)	-0.03%
FY25 Above MOE ⁽¹⁾	46,975,470			
FY26 Above MOE		67,099,417	20,123,947	42.84%
Subtotal Recurring	\$ 761,000,000	\$ 827,843,314	\$ 66,843,314	8.78%
Non-Recurring	5,000,000	-	(5,000,000)	-100.00%
TOTAL COUNTY FUNDING	\$ 766,000,000	\$ 827,843,314	\$ 61,843,314	8.07%

(1) FY25 Above MOE becomes recurring revenue to be maintained in the FY26 MOE calculation.

State Revenues. Based on preliminary estimates developed by staff, state funding for FY 2026 is budgeted at \$376.6 million based on projected increase of \$24.8 million or 7.1 percent from FY 2025. State funding is made up of the major aid programs explained earlier. Enrollment counts for differentiated student populations and changes in the statutorily required per pupil funding amounts are the primary factors influencing the year-over-year funding changes in each of these programs. The Blueprint enacts a new per pupil funding source in FY 2026—Collaborative Time Per Pupil. As the implementation of the Career Ladder advances, this funding source, which starts at \$163 per pupil and increases to \$1,527 per pupil by FY 2033, channels additional funds to support the Career Ladder Teaching Time levels. The estimated amount of new state revenue for the Collaborative Time per Pupil is \$4.1 million. Although there is a \$5.0 million local share for this additional per pupil funding, the county funding will not be required to increase because total county funding exceeds the total required local share. The following table summarizes FY 2026 state revenues by major aid program.

Factors Influencing and Summary of the Budget

General Fund	Budgetary Basis			
	Approved FY 2025	Superintendent Proposed FY 2026	Year over Year \$ Change	Year over Year % Change
State Funding				
Foundation	\$ 219,203,901	\$ 229,929,081	\$ 10,725,180	4.89%
Comparable Wage Index	14,070,698	14,156,734	86,036	0.61%
Transportation	24,334,062	24,353,361	19,299	0.08%
Compensatory Education	49,517,497	51,735,242	2,217,745	4.48%
Multi Lingual Learners	15,464,623	15,652,396	187,773	1.21%
Special Education	25,853,569	29,534,601	3,681,032	14.24%
Transitional Supplemental Instruction	1,304,790	825,432	(479,358)	-36.74%
College and Career Readiness	1,387,961	2,439,663	1,051,702	75.77%
Career Ladder	916,149	1,357,024	440,875	48.12%
Full Day Pre-K and Pre-K Exp	2,316,523	2,554,668	238,145	10.28%
State Share - Pre-K Private Providers	993,498	993,498	-	0.00%
Less: State Share - Pre-K Private Providers	(993,498)	-	993,498	-100.00%
Less: Local Share - Pre-K Private Providers	(1,633,108)	-	1,633,108	-100.00%
Collaborative Time Per Pupil	-	4,062,263	4,062,263	0.00%
Blueprint Transition Grant	35,482	27,133	(8,349)	-23.53%
Blueprint Coordinator	72,772	72,772	-	0.00%
LEA Tuition	200,000	200,000	-	0.00%
Less Medicaid Grant	(1,250,000)	(1,250,000)	-	0.00%
Total State Funding	\$ 351,794,919	\$ 376,643,868	\$ 24,848,949	7.06%

Other Revenues. Other revenues are decreasing by (\$4.3) million, (35.1) percent less than FY 2025. The change is driven by two adjustments:

- Investment income earnings are projected to weaken in FY 2026 and the budgeted amount has been lowered by (\$4.5) million from \$6.5 million down to \$2.0 million. This amount will be closely monitored and any shift in monetary policy may necessitate an adjustment.
- Summer School tuition has been increased by \$195,000 based on updated trend analysis.

Use of Fund Balance. The FY 2025 budget utilized \$15.1 million of fund balance to mitigate further budget reductions. Currently, the amount of unassigned fund balance available for subsequent years funding is about \$7.62 million, as of June 30, 2024. This does not meet the 1 percent reserve threshold established by Board of Education [Policy 4070 Fund Balance](#). The proposed budget does not include the use of any fund balance available in the General Fund to avoid further depletion of reserves for unplanned expenditures.

Transfer from Technology Services Fund. The budget proposes to use \$7.0 million from the Technology Services Fund to help address the increased investment in student device technology mandated by the Blueprint and other necessary technology expenses.

Factors Influencing and Summary of the Budget

Minimum School Funding (MSF)

When the Maryland General Assembly created the Blueprint for Maryland's Future (Blueprint), it recognized the importance of ensuring per pupil funding reaches the students it is intended to help and, as a result, required minimum school funding. In Md. Code Ann., Ed. §5-234, the Blueprint law establishes minimum school funding at 75 percent of the per pupil amount applicable to the foundation program and seven targeted funding programs, as well as 100 percent of the concentration of poverty per pupil grant and 100 percent of per pupil funding for private providers participating in the full-day prekindergarten program.

Local education agencies (LEAs) must report to the Accountability and Implementation Board (AIB) on or before July 1, 2024, and each July 1 thereafter, on the LEA's compliance with minimum school funding requirements at the school system and individual school level. The new financial reporting system required by §5-234(c) to be developed by the Maryland State Department of Education (MSDE) in consultation with AIB is designed to collect LEA and school-level budget and spending information by Blueprint funding formula each year beginning July 1, 2024. The first full year of data reporting is FY 2025.

Minimum School Fund Defined. The MSF is a subset of nine (9) of the major aid programs that make up required state and local funding.

- Foundation
- Comparable Wage Index
- Compensatory Education
- Students with Disabilities (Special Education)
- Multilingual Learners
- College and Career Readiness
- Transitional Supplemental Instruction
- Public Prekindergarten
 - Private Prekindergarten
- Concentration of Poverty

MSDE and the AIB acknowledge the complexity of the task to implement MSF reporting and are taking a flexible compliance approach. This flexibility allows time for statewide guidance to be refined and for each LEA to configure its budget and financial systems for reporting. The approach balances the implementation of a new system with the practical considerations and complexities involved in transitioning statewide financial reporting. The beta year (FY24) and baseline year (FY25) serve as crucial periods for testing and refinement before compliance can be consistently and accurately measured. Accordingly, full compliance is not expected until the 2026-2027 school year. The AIB and State Board of Education have adopted the following joint policy statements to provide LEAs assurances and clearer understanding of how and when compliance will begin to be measured.

Policy Statements

1. To provide further detail on the expectations for minimum school funding requirement compliance, the AIB and State Board of Education jointly resolve that LEAs are urged to meet the minimum school funding requirement for all students in all schools as soon as practicable and **must meet the requirement no later than the 2026–2027 school year.**

Factors Influencing and Summary of the Budget

2. Adherence to the minimum school funding requirement will be measured by the percentage of students within an LEA who attend a school that has met the required minimum school funding levels in accordance with Ed. §5-234. The percentages of schools within a district in compliance with the required minimum school funding levels will also be monitored and reported.
3. Each LEA will submit baseline data in aggregate for the district and for each school in the LEA by Blueprint funding formula required to comply with Ed. § 5-234. LEAs should make a good faith effort to meet the minimum school funding requirement in the 2024–2025 school year. The following timeline is available for LEAs that do not meet the requirement in the 2024–2025 school year:
 - a. Fiscal Year 2025 (2024–2025 School Year): LEAs are expected to make a good faith effort to meet the requirement in the baseline year.
 - b. Fiscal Year 2026 (2025–2026 School Year): Each LEA that is not in compliance with the requirement shall reduce by at least half the percentage of students within a district who attend a school that has not met the minimum school funding level (at least 75%/100% as applicable) of per pupil formula funding.
 - c. Fiscal Year 2027 (2026–2027 School Year): Each LEA shall demonstrate that the minimum school funding level (at least 75%/100% as applicable) of per pupil formula funding is following all students to their school.
4. The AIB and MSDE will use data collected from the LEAs in the Blueprint Financial Reporting System to evaluate compliance with the requirement. The monthly data reporting will satisfy the reporting requirement to MSDE and the AIB that begins July 1, 2024, with data from each month required to be uploaded by the 15th of the following month.

For FY 2026, the MSF funding projected to be received by HCPSS totals \$793.9 million. The required 75 percent minimum allocation to the schools is \$596.7 million. These revenues are not in addition to the state and county revenues explained previously, which make up most of the \$1.219 billion in the General Fund— they are a sub-grouping of the major aid programs funded through statutory state and local share funding formulas. The table below presents the MSF.

SUMMARY OF MINIMUM SCHOOL FUNDING FOR THE FY 2026 PROPOSED BUDGET (State Law §5-234)							
Preliminary Estimates	Statutory Reference	Local Share	Local Share Percent of Total	State Share	State Share Percent of Total	Total Minimum School Fund	75% Minimum Allocated to Schools
Minimum School Fund Program (5-234)							
Foundation	5-213	\$ 285,649,154	55.4%	\$ 229,929,081	44.6%	\$ 515,578,235	\$ 386,683,676
Comparable Wage Index	5-216	8,793,709	38.3%	14,156,734	61.7%	22,950,443	17,212,832
Compensatory Education	5-222	77,822,052	60.1%	51,735,242	39.9%	129,557,294	97,167,971
Multi Lingual Learners	5-224	20,985,069	57.3%	15,652,396	42.7%	36,637,465	27,478,099
Special Education	5-225	40,968,793	58.1%	29,534,601	41.9%	70,503,394	52,877,546
Transitional Supplemental Instruction	5-226	1,232,791	59.9%	825,432	40.1%	2,058,223	1,543,667
College and Career Readiness	5-217	3,046,602	55.5%	2,439,663	44.5%	5,486,265	4,114,699
Full Day Pre-K and Pre-K Exp**	5-229	3,807,890	59.8%	2,554,668	40.2%	6,362,558	4,771,919
Private Prekindergarten*	5-229	1,633,108	62.2%	993,498	37.8%	2,626,606	2,626,606
Concentration of Poverty *	5-223			2,190,440	100.0%	2,190,440	2,190,440
Total Minimum School Fund Revenues		\$443,939,168		\$ 350,011,755		\$793,950,923	\$ 596,667,455

* Reporting requirement is 100% allocated to school and private provider

** Local share includes estimate for private provider Pre-K

Factors Influencing and Summary of the Budget

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 staffing 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 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 2026 budget have been developed based on the projection of 57,743 students. Compared to the actual enrollment for September 30, 2024, of 57,574, enrollment for Prekindergarten to Grade 12 is projected to increase by 169 students. Further details are provided in the enrollment section of the budget book. 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. 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 2026, the amount of budgeted turnover will remain the same as the FY 2025 budget. The total budgeted turnover equals (\$13.8) million.