

# Division of Financial Management – Budget Summary

## Overview of the Division

The Division of Financial Management supports all aspects of Howard County Public Schools System (HCPSS) by planning and managing the school system budget, providing accurate, timely financial information, ensuring the equitable and efficient allocation of resources, and support for all Information Technology needs. We work closely with schools, departments, the Board of Education, county partners, the Maryland State Department of Education, among others to ensure clear communication and financial compliance. We support all HCPSS employees with payroll and benefits needs and we work to reduce risk to the school system.

The Division functions services are delivered through 13 budgetary programs:

- Chief Financial Officer
- Budget
- Payroll Services
- Procurement Office
- Accounting
- Enterprise Applications
- Risk Management
- Board Meeting and Broadcasting Services
- Broadband and Telecommunication Services
- Fixed Charges
- Internal Service Fund Charges
- Technology Services (Other Funds)
- Health Fund (Other Funds)

The Division has improved fiscal oversight through enhanced budget management, increased financial planning and analysis, and strong collaboration with division chiefs to support the strategic plan. Additionally, the division supports all school system offices with planning and execution of major system initiatives, crisis response, and improving collaboration with government partners.

## Summary of Major Budget Changes for FY 2026

In total, the budget for the Division of Financial Management is decreasing by a total of (\$216.37) million, a (75.36) percent decrease compared to the current budget. This total change in budget is for budget additions and budget realignments. The amount of change for each is:

- Budget additions equal \$16.2 million, a 5.65 percent increase.
- Budget realignments equal (\$232.6 million) and a realignment of 3.0 net FTE positions.

More specific information on these budget changes is explained below which are followed by schedules summarizing the Division budget and changes by program.

Budget changes are grouped as Mandates, Commitments, Priorities and Realignments.

- 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.

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- 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. Realignments 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. For FY 2026, employee benefits (Social Security, Medicare, pension, and health insurance) have been realigned from the Fixed Charges budget (Program 8001) into each program budget. 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.

Budget additions for Mandates, Commitments, and Priorities are sub-grouped for clearer understanding of the reason(s) for the budget changes in the division and programs. Each division summary section provides a narrative explanation of budget changes and schedules that present the changes in budget dollars and FTE positions from the current budget. The Factors Influencing and Summary of the Budget in the Executive Summary section of the budget book provides the combined summary of budget changes for all divisions and by state category.

A summary of budget changes for this division is provided below.

## *Mandates*

- \$3,695,010 – Blueprint requirements for Student Device Technology. The required per pupil funding for K–12 enrollment increases from \$63 per pupil to \$129 per pupil. These funds are included in the Technology Services charge backs in Program 8002 to support student device technology.
- \$195,031 – Blueprint requirements for the local contribution to the Concentration of Poverty grant.

## *Commitments*

- \$32,021 – Benefits costs for 1.0 FTE position added to Print Services (9713), an internal service fund.
- \$32,914 – Contractual obligation cost increase in Payroll Services (0204) and Accounting (0206) for audit fees and software licensing.
- \$207,465 – Health Insurance cost increases based on preliminary actuarial estimates.
- \$743,103 – Insurance cost increases in Risk Management (7401) for property, liability, vehicle, and other insurances.
- \$36,942 – Estimated change in retirement costs for positions included in this division.
- \$6,995,233 – Estimated change in retirement costs due to increasing administration fees and the proposed shift of the teacher pension obligation included in the Governor's proposed budget.

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- \$49,220 – Year-over-Year Personnel Cost Change. This adjustment will appear in all program budgets that have budgeted personnel. A complete explanation for these changes is included in the Factors Influencing in the Executive Summary section of the budget book.

## Priorities

- \$369,480 – Placeholder for employee compensation increases subject to collective bargaining.
- \$750,000 – Increase for XX
- \$282,978 – Increase for Print Services Fund chargeback based on cost changes.
- \$315,331 – Increase for anticipated contract escalation.
- \$2,506,865 – Net increase for Technology Service Fund charge backs to rebase for the \$2.0 million reduction taken in FY 2025, as well as to adjust for cost changes in the fund.

## Realignments

- (\$103,163) – Realignment of net (1.0) FTE position and associated salaries, wages, and non-personnel funding for FY 2025 reorganization affecting Chief Administrative Officer (0301) and Chief Financial Officer (0208).
- (\$234,455,330) – Realignment of Employee Health Insurance, Social Security, Medicare, and Retirement from Fixed Charges to the program budgets in the General Fund.
- \$2,123,527– Realignment of Employee Health Insurance, Social Security, Medicare, and Retirement from Fixed Charges to the programs in the Financial Management Division.
- (\$145,293) Realignment of net 4.0 FTE positions and associated salaries, wages, and non-personnel funding from the Technology Services Fund:
  - Net neutral realignment is offset by an equal realignment in the Internal Service Fund Charges program (8002) decreasing Technology Service Fund chargeback by (\$3,412,230).
    - 5.0 FTE realigned into the Enterprise Applications program (0503) from Technology Services moving the Workday budget and supporting enterprise application staff into the General Fund.
    - (1.0) FTE realigned from Board Meeting Broadcasting (2702).
  - (\$145,293) Realignment of (1.0) FTE position and the associated salary from Technology Services (9714) to Human Resources (0303), and benefits costs from Fixed Charges (8001) to Human Resources (0303). Only the dollar impact is seen here because the FTE moved from an internal service fund to another division.

Summary schedules of these changes are presented in the following pages.

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SUMMARY OF FY 2026 REQUESTED BUDGET											
Program	Program Number	Approved Budget FY 2025	Total Additions	Total Realignments	Net Budget Changes	Net Budget Changes	Net Budget Changes FTE	Superintendent Proposed FY 2026	Board Requested FY 2026	\$ Change From FY 2025	% Change from FY 2025
Budget	0203	\$ 974,254	\$ 789,660	\$ 228,426	\$ 1,018,086	-	-	\$ 1,234,835	\$ 1,992,340	\$ 1,018,086	104.50%
Payroll Services	0204	824,667	82,529	216,290	298,819	-	-	1,117,022	1,123,486	298,819	36.24%
Procurement Office	0205	2,558,747	98,034	332,639	430,673	-	-	2,979,686	2,989,420	430,673	16.83%
Accounting	0206	1,364,394	107,353	409,607	516,960	-	-	1,870,360	1,881,354	516,960	37.89%
Chief Financial Officer	0208	-	46,312	790,011	836,323	4.00	4.00	830,803	836,323	836,323	0.00%
Enterprise Applications	0503	4,292,007	582,638	4,239,153	4,821,791	5.00	5.00	8,774,776	9,113,798	4,821,791	112.34%
Board Meeting Broadcasting Services	2702	260,899	(17,014)	(97,488)	(114,502)	(1.00)	(1.00)	146,397	146,397	(114,502)	-43.89%
Broadband and Telecommunications Services	7203	2,721,258	-	(58,000)	(58,000)	-	-	2,663,258	2,663,258	(58,000)	-2.13%
Risk Management	7401	5,527,639	745,616	78,714	824,330	-	-	6,349,983	6,351,969	824,330	14.91%
Fixed Charges	8001	245,178,997	7,291,612	(234,487,484)	(227,195,872)	-	-	10,773,432	17,983,125	(227,195,872)	-92.67%
Internal Service Fund Charges	8002	22,705,299	6,484,853	(3,525,369)	2,959,484	-	-	25,715,702	25,664,783	2,959,484	13.03%
Chief Administration Officer	0301	706,758	-	(706,758)	(706,758)	(5.00)	(5.00)	-	-	(706,758)	-100.00%
<b>Financial Management Total</b>		<b>\$ 287,114,919</b>	<b>\$ 16,211,593</b>	<b>\$ (232,580,259)</b>	<b>\$ (216,368,666)</b>	<b>3.00</b>	<b>3.00</b>	<b>\$ 62,456,254</b>	<b>\$ 70,746,253</b>	<b>\$ (216,368,666)</b>	<b>-75.36%</b>



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SUMMARY OF FY 2026 BUDGET CHANGES BY PROGRAM AND SUMMARY GROUPINGS										
General Fund		0503	2702	7203		7401		8001		8002
PROGRAMS		Enterprise Applications	Board Meeting Broadcasting Services	Broadband and Telecommunications Services		Risk Management		Fixed Charges	FTE	Internal Service Fund Charges
		FTE		FTE		FTE				
MANDATES	Blueprint-Student Device Technology	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 3,695,010
	Blueprint-Concentration of Poverty	-	-	-	-	-	-	195,031	-	-
Subtotal Mandates		-	-	-	-	-	-	195,031	-	3,695,010
COMMITMENTS										
	Benefit Cost-New Positions/Salaries/Wages	-	-	-	-	-	-	32,021	-	-
	Contractual Obligation	-	-	-	-	-	-	-	-	-
	Health Insurance	107,670	-	(16,954)	-	-	2,545	69,037	-	-
	Other Insurance	-	-	-	-	-	743,103	-	-	-
	Retirement	17,493	-	3	-	-	2,637	6,975,961	-	-
	Year over Year Personnel Cost Change	16,520	-	(63)	-	-	(9,392)	-	-	-
Subtotal Commitments		141,683	-	(17,014)	-	-	738,893	7,077,019	-	-
PRIORITIES										
	Employee Compensation	125,624	-	-	-	-	6,723	19,562	-	-
	Priorities-Other	-	-	-	-	-	-	-	-	282,978
	Technology Services	315,331	-	-	-	-	-	-	-	2,506,865
Subtotal Priorities		440,955	-	-	-	-	6,723	19,562	-	2,789,843
SUBTOTAL BUDGET ADDITIONS		582,638	-	(17,014)	-	-	745,616	7,291,612	-	6,484,853
Budget Realignments		4,239,153	5.00	(97,488)	(1.00)	(58,000)	78,714	(234,487,484)	-	(3,525,369)
DIVISION TOTAL \$		4,821,791	5.00	\$ (114,502)	(1.00)	\$ (58,000)	\$ 824,330	\$ (227,195,872)	-	\$ 2,959,484

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SUMMARY OF FY 2026 BUDGET CHANGES BY PROGRAM AND SUMMARY GROUPINGS						
General Fund		8002	0301			
PROGRAMS		Internal Service Fund Charges	Chief Administration Officer	FTE	Total	Total FTE
<b>MANDATES</b>						
Blueprint-Student Device Technology		\$ 3,695,010	\$ -	-	\$ 3,695,010	-
Blueprint-Concentration of Poverty		-	-	-	195,031	-
<b>Subtotal Mandates</b>		<b>3,695,010</b>	-	-	<b>3,890,041</b>	-
<b>COMMITMENTS</b>						
Benefit Cost-New Positions/Salaries/Wages		-	-	-	32,021	-
Contractual Obligation		-	-	-	32,914	-
Health Insurance		-	-	-	207,465	-
Other Insurance		-	-	-	743,103	-
Retirement		-	-	-	7,032,175	-
Year over Year Personnel Cost Change		-	-	-	49,220	-
<b>Subtotal Commitments</b>		-	-	-	<b>8,096,898</b>	-
<b>PRIORITIES</b>						
Employee Compensation		-	-	-	369,480	-
Priorities-Other		282,978	-	-	1,032,978	-
Technology Services		2,506,865	-	-	2,822,196	-
<b>Subtotal Priorities</b>		<b>2,789,843</b>	-	-	<b>4,224,654</b>	-
<b>SUBTOTAL BUDGET ADDITIONS</b>		<b>6,484,853</b>	-	-	<b>16,211,593</b>	-
Budget Realignment		(3,525,369)	(706,758)	(5.00)	(232,580,259)	3.00
<b>DIVISION TOTAL</b>		<b>\$ 2,959,484</b>	<b>\$ (706,758)</b>	<b>(5.00)</b>	<b>\$ (216,368,666)</b>	<b>3.00</b>