

# 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. This Division supports all HCPSS employees with payroll and benefits needs and works 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 HCPSS 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 2027

The budget for the Division of Financial Management is increasing by a total of \$2.8 million, a 4.79 percent increase, and 1.0 FTE position compared to the current budget. This total change in budget supports funding for existing service commitments, employee compensation and benefits, and priorities. The specific amounts for each major budget grouping are:

- Existing Service Commitments – \$1.4 million
- Employee Compensation and Benefits – \$880,178
- Priorities – \$261,188 and 1.0 FTE position
- One-time Funding Items – \$190,000
- Realignments – \$12,704

These budget groups are used to explain why the budget is changing by organizing adjustments into major categories and subcategories. Definitions of each major group, along with associated subgroups, are provided below. Note, some divisions will not have budget changes in every major group or subgroup.

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Existing Service Commitments reflect budget changes necessary to continue the provision of current services. These changes include, but are not limited to:

- Blueprint for Maryland's Future
  - Collaborative Time Per Pupil
  - Multilingual Learners
  - Prekindergarten Expansion
- Staffing changes based on enrollment fluctuations
- Special education service levels, contract costs, compliance requirements, and non-public placements
- Student transportation
- Financial and contractual obligations
- Position reclassifications
- Utilities
- Year-over-year personnel cost changes
- Other cost changes required to maintain existing services

Employee Compensation and Benefits include budget changes that support employee pay and benefit obligations and projected cost increases, such as:

- Employee compensation placeholders for negotiated labor contracts and contracts under negotiation
- Costs associated with previously negotiated pay and benefits
- Employee health insurance changes based on actuarial projections and centrally determined rates
- Blueprint-related National Board Certification and maintenance pay
- Other employee benefit cost adjustments

Priorities represent budget changes that support existing policies, Superintendent or Board-defined goals, and Strategic Plan priorities, including:

- Strengthen Learning & Instruction
- Cultivate Student Belonging & Well-Being
- Foster Staff Growth & Engagement
- Enhance Systemic Planning & Procedures
- Partner with Families & Community

One-Time Funding Items consist of non-recurring budget costs that have been specifically approved by the Maryland State Department of Education as one-time expenditures.

Base Budget Reductions are reductions to existing services funded in the base budget (FY 2026 Approved Budget) that are implemented to align expenditure growth with available revenue. These reductions are categorized as:

- School-Based Reductions, which directly affect school instruction and operations; and
- Non-School-Based Reductions, which impact Central Office services and systemwide costs that support students, staff, and school operations.

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Realignments represent transfers of funds between programs, state categories, and/or expenditure categories to support existing requirements. While realignments are budget neutral overall, they may result in significant changes among programs and accounts. The FY 2027 budget includes realignments for two primary purposes:

- Adjustments related to the reorganization of divisions and programs; and
- Redistribution of existing budget authority to address budgetary needs and ensure expenditures are properly classified by state category, division, program, and/or account.

This Division Summary section provides a narrative explanation of budget changes, accompanied by supporting schedules that present changes in budgeted dollars and full-time equivalent (FTE) positions relative to the current budget. A consolidated summary of budget changes for all divisions and by state category is provided in the **Factors Influencing and Summary of the Budget** section of the Executive Summary in the budget book.

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

## *Existing Service Commitments*

- \$522,953 – Increases in property, liability, and vehicle insurance premiums as estimated by MABE, Risk Management (7401).
- \$448,598 – Increase to Fixed Charges (8001) for the General Fund contribution to the Workers' Compensation Fund and other centrally managed fixed costs.
- \$355,334 – Contractual increases in software costs
  - \$325,000 in Enterprise Applications (0503)
  - \$22,000 in Procurement (0205)
  - \$8,334 in Accounting (0206)
- \$170,746 – 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 and Summary of the Budget in the Executive Summary section of the budget book.
- \$11,842 – Wages in Risk Management (7401) to support field trip review processing.
- (\$96,437) – Net reduction to chargebacks for Internal Service Fund Charge (8002) based on the estimated changes in depreciation expense and approved reclasses. See the Other Funds section for additional information.

## *Employee Compensation and Benefits*

- \$1.2 million – Health insurance cost increases based on preliminary actuarial estimates.
- \$707,986 – Placeholder for employee compensation increases subject to collective bargaining.
- \$(1.0) million – Reduction in the funding for employee benefit credits. Benefit credits are funded on a calendar year basis. This reduction fully implements the reductions to the benefit credit made in the FY 2026 budget.

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## *Priorities*

- \$161,188 salaries and benefits, 1.0 FTE Budget Analyst in the Budget Office (0203). This position is requested to *Enhance Systemic Planning and Procedures*. Over the last few years, Budget Office staffing has been reduced by (3.0) FTE while the demands, volume, and complexity of work have increased significantly. An additional position is necessary to support budget work for labor costing, staffing, minimum school funding, and grants budgeting.
- \$100,000 – to *Enhance Systemic Planning and Procedures* in Procurement (0205) for the purchase of a new contract to license EqualLevel, a procurement software that will create efficiencies and costs savings for purchasing supplies and materials.

## *One-time Funding*

- \$190,000 – increase in chargebacks for one-time costs being requested in Print Services to fund software implementation and security window coverings for schools, Internal Service Fund Charges (8002).

## *Realignments*

- \$12,704 – various budget realignments to better utilize existing budget authority in programs, and a realignment of a contract expense from Human Resources (0303) to Procurement (0205)

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

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SUMMARY OF FY 2027 SUPERINTENDENT'S PROPOSED BUDGET									
Program	Program Number	Approved Budget FY 2026	Budget Additions and Base Reductions	Total Realignments	Net Budget Changes	Net Budget Changes FTE	Superintendent Proposed FY 2027	\$ Change From FY 2026	% Change from FY 2026
Budget	0203	\$ 1,237,974	\$ 216,109	\$ -	\$ 216,109	1.00	\$ 1,454,083	\$ 216,109	17.46%
Payroll Services	0204	\$ 1,119,441	\$ 30,638	\$ -	\$ 30,638	-	\$ 1,150,079	\$ 30,638	2.74%
Procurement Office	0205	\$ 2,821,402	\$ 170,312	\$ 12,704	\$ 183,016	-	\$ 3,004,418	\$ 183,016	6.49%
Accounting	0206	\$ 1,869,844	\$ 114,765	\$ -	\$ 114,765	-	\$ 1,984,609	\$ 114,765	6.14%
Chief Financial Officer	0208	\$ 825,555	\$ 49,902	\$ -	\$ 49,902	-	\$ 875,457	\$ 49,902	6.04%
Enterprise Applications	0503	\$ 8,800,622	\$ 464,316	\$ (21,530)	\$ 442,786	-	\$ 9,243,408	\$ 442,786	5.03%
Board Meeting Broadcasting Services	2702	\$ 146,397	\$ -	\$ -	\$ -	-	\$ 146,397	\$ -	0.00%
Broadband and Telecommunications Services	7203	\$ 2,663,258	\$ -	\$ -	\$ -	-	\$ 2,663,258	\$ -	0.00%
Risk Management	7401	\$ 5,459,750	\$ 545,167	\$ -	\$ 545,167	-	\$ 6,004,917	\$ 545,167	9.99%
Fixed Charges	8001	\$ 9,691,605	\$ 801,627	\$ 1,530	\$ 803,157	-	\$ 10,494,762	\$ 803,157	8.29%
Internal Service Fund Charges	8002	\$ 22,945,698	\$ 351,566	\$ 20,000	\$ 371,566	-	\$ 23,317,264	\$ 371,566	1.62%
<b>Financial Management Total</b>		<b>\$ 57,581,546</b>	<b>\$ 2,744,402</b>	<b>\$ 12,704</b>	<b>\$ 2,757,106</b>	<b>1.00</b>	<b>\$ 60,338,652</b>	<b>\$ 2,757,106</b>	<b>4.79%</b>

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SUMMARY OF FY 2027 BUDGET CHANGES BY PROGRAM AND SUMMARY GROUPINGS		0203	0204	0205	0206	0208					
General Fund	PROGRAMS	Budget	FTE	Payroll Services	FTE	Procurement Office	FTE	Accounting	FTE	Chief Financial Officer	FTE
<b>EXISTING SERVICE COMMITMENTS</b>											
Contractual Obligation	\$ -	\$ -	-	\$ -	-	\$ 22,000	-	\$ 8,334	-	\$ -	-
Existing Services-Other	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Financial Obligation-Other	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Reclassifications-Approved	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Year over Year Personnel Cost Change	\$ 13,839	\$ -	\$ (14,035)	\$ -	\$ (15,972)	\$ -	\$ 29,350	\$ -	\$ 15,297	\$ -	\$ -
<b>Subtotal Existing Service Commitments</b>	<b>\$ 13,839</b>	<b>\$ -</b>	<b>\$ (14,035)</b>	<b>\$ -</b>	<b>\$ 6,028</b>	<b>\$ -</b>	<b>\$ 37,684</b>	<b>\$ -</b>	<b>\$ 15,297</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EMPLOYEE COMPENSATION AND BENEFITS</b>											
Benefit Credit	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Employee Compensation-Placeholder	\$ 31,132	\$ -	\$ 32,733	\$ -	\$ 46,374	\$ -	\$ 54,196	\$ -	\$ 26,645	\$ -	\$ -
Health Insurance	\$ 9,950	\$ -	\$ 11,940	\$ -	\$ 17,910	\$ -	\$ 22,885	\$ -	\$ 7,960	\$ -	\$ -
<b>Subtotal Employee Compensation and Benefits</b>	<b>\$ 41,082</b>	<b>\$ -</b>	<b>\$ 44,673</b>	<b>\$ -</b>	<b>\$ 64,284</b>	<b>\$ -</b>	<b>\$ 77,081</b>	<b>\$ -</b>	<b>\$ 34,605</b>	<b>\$ -</b>	<b>\$ -</b>
<b>PRIORITIES</b>											
Enhance Systemic Planning & Procedures	\$ 161,188	\$ 1,00	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal Priorities</b>	<b>\$ 161,188</b>	<b>\$ 1,00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>ONE-TIME REQUESTS</b>											
One-Time Funding Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal One-Time Requests</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SUBTOTAL BUDGET ADDITIONS</b>											
<b>REALIGNMENTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,704</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>DIVISION TOTAL</b>	<b>\$ 216,109</b>	<b>\$ 1,00</b>	<b>\$ 30,638</b>	<b>\$ -</b>	<b>\$ 170,312</b>	<b>\$ -</b>	<b>\$ 114,765</b>	<b>\$ -</b>	<b>\$ 49,902</b>	<b>\$ -</b>	<b>\$ -</b>

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SUMMARY OF FY 2027 BUDGET CHANGES BY PROGRAM AND SUMMARY GROUPINGS									
	General Fund	0503	Board Meeting	2702	2703	7401	7401	8001	
PROGRAMS	Enterprise Applications	FTE	Broadcasting Services	FTE	Broadband and Telecommunications Services	FTE	Risk Management	FTE	Fixed Charges FTE
<b>EXISTING SERVICE COMMITMENTS</b>									
Contractual Obligation	\$ 325,000	-	\$ -	-	\$ -	-	\$ -	\$ -	-
Existing Services-Other	-	-	-	-	-	-	11,842	-	-
Financial Obligation-Other	-	-	-	-	-	-	522,953	-	448,598
Reclassifications-Approved	-	-	-	-	-	-	-	-	9,163
Year over Year Personnel Cost Change	6,234	-	-	-	-	-	1,647	-	134,501
<b>Subtotal Existing Service Commitments</b>	<b>331,234</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>536,442</b>	<b>-</b>	<b>592,262</b>
<b>EMPLOYEE COMPENSATION AND BENEFITS</b>									
Benefit Credit	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ (1,031,800)
Employee Compensation-Placeholder	97,262	-	-	-	-	-	4,745	-	147,618
Health Insurance	35,820	-	-	-	-	-	3,980	-	1,093,547
<b>Subtotal Employee Compensation and Benefits</b>	<b>133,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,725</b>	<b>-</b>	<b>209,365</b>
<b>PRIORITIES</b>									
Enhance Systemic Planning & Procedures	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	-
<b>Subtotal Priorities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ONE-TIME REQUESTS</b>									
One-Time Funding Items	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	-
<b>Subtotal One-Time Requests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SUBTOTAL BUDGET ADDITIONS</b>									
464,316	-	-	-	-	-	-	545,167	-	801,627
(21,530)	-	-	-	-	-	-	-	-	1,530
<b>REALIGNMENTS</b>									
<b>DIVISION TOTAL</b>	<b>\$ 442,786</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 545,167</b>	<b>-</b>	<b>\$ 803,157</b>

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SUMMARY OF FY 2027 BUDGET CHANGES BY PROGRAM AND SUMMARY GROUPINGS					
General Fund		PROGRAMS	Internal Service Fund Charges	Total	Total FTE
		<b>EXISTING SERVICE COMMITMENTS</b>			
		Contractual Obligation	\$ -	\$ 355,334	-
		Existing Services-Other	\$ -	\$ 11,842	-
		Financial Obligation-Other	\$ (96,437)	\$ 875,114	-
		Reclassifications-Approved	\$ (9,163)	\$ -	-
		Year over Year Personnel Cost Change	\$ (115)	\$ 170,746	-
		<b>Subtotal Existing Service Commitments</b>	<b>\$ (105,715)</b>	<b>\$ 1,413,036</b>	<b>-</b>
		<b>EMPLOYEE COMPENSATION AND BENEFITS</b>			
		Benefit Credit	\$ -	\$ (1,031,800)	-
		Employee Compensation-Placeholder	\$ 267,281	\$ 707,986	-
		Health Insurance	\$ -	\$ 1,203,992	-
		<b>Subtotal Employee Compensation and Benefits</b>	<b>\$ 267,281</b>	<b>\$ 880,178</b>	<b>-</b>
		<b>PRIORITIES</b>			
		Enhance Systemic Planning & Procedures	\$ -	\$ 261,188	1.00
		<b>Subtotal Priorities</b>	<b>\$ -</b>	<b>\$ 261,188</b>	<b>1.00</b>
		<b>ONE-TIME REQUESTS</b>			
		One-Time Funding Items	\$ 190,000	\$ 190,000	-
		<b>Subtotal One-Time Requests</b>	<b>\$ 190,000</b>	<b>\$ 190,000</b>	<b>-</b>
		<b>SUBTOTAL BUDGET ADDITIONS</b>			
			<b>\$ 351,566</b>	<b>\$ 2,744,402</b>	<b>1.00</b>
		<b>REALIGNMENTS</b>			
			<b>\$ 20,000</b>	<b>\$ 12,704</b>	<b>-</b>
		<b>DIVISION TOTAL</b>	<b>\$ 371,566</b>	<b>\$ 2,757,106</b>	<b>1.00</b>