

# Factors Influencing and Summary of the Budget

## Summary of FY 2027 Superintendent's Proposed Operating Budget

The FY 2027 Superintendent's Proposed Operating Budget (the budget) advances the priorities outlined in the Strategic Plan with a clear recognition of the fiscal constraints confronting the school system. In a period marked by economic uncertainty, declining enrollment, rising operational costs, and significant preexisting financial commitments—as detailed in the FY 2027 Fiscal Outlook—the budget reflects the reality that sufficient resources to meet all system needs will not be available in the coming fiscal year.

These conditions fundamentally shaped the budget development strategy. Recognizing that future growth must be both intentional and sustainable, the Superintendent approached the FY 2027 budget with a focus on prioritization and trade-offs. Each proposed investment required a corresponding assessment of what services could be maintained, scaled back, or eliminated. Rather than advancing a budget predicated on unattainable funding levels, the proposal reflects a deliberate, multi-faceted approach designed to balance reasonable growth to meet system needs with fiscal responsibility.

The proposed budget emphasizes maximizing and tactically repurposing certain existing positions and resources, prioritizing critical funding needs, and making difficult decisions to reallocate resources through reductions to the base budget. In total, the FY 2027 proposed operating budget is \$1.278 billion, representing a net increase of \$61.9 million, or 5.1 percent, over the current fiscal year.

Approximately \$66.6 million in new costs and 36.0 net new full-time equivalent (FTE) positions are included to address rising employee compensation and benefit costs, fulfill existing service commitments, and advance key Strategic Plan priorities. Major areas of investment include:

- **Employee compensation and benefits:** An increase of \$52.1 million
- **Special Education:** A net funding increase of \$11.4 million and a net staffing increase of 23.10 FTE
- **Bus contracts:** An increase of \$5.5 million
- **Blueprint full-day Prekindergarten:** An increase of \$2.4 million and 25.0 FTE

In addition, targeted new investments are proposed to advance Strategic Plan priorities and address emerging system needs, including:

- **Strengthening Learning & Instruction:** \$1.6 million and 2.5 FTE
- **Cultivating Student Belonging & Well-Being:** \$1.5 million and 15.0 FTE
- **School Safety and Security:** \$743,522 and 6.0 FTE
- **Enhancing Systemic Planning & Procedures:** \$655,576 and 2.0 FTE
- **Foster Staff Growth & Engagement:** \$144,514 and 1.0 FTE

Total budget growth is reduced to a net increase of \$61.9 million through \$(4.7) million in base budget reductions. These reductions affect (40.0) FTE positions and mark the third consecutive year in which the base budget has been reduced to help offset rising costs. As a result of these difficult trade-offs, while the budget includes 36.0 net new FTE positions, the net staffing change reflects a decrease of (4.0) FTE positions compared to the current year.

Further details regarding these budget adjustments and revenue assumptions are provided in the sections that follow. A summary schedule of these budget changes by grouping and full-time equivalent (FTE) change in positions is provided below in the *Summary of Operating Budget Changes*.

# Factors Influencing and Summary of the Budget

## FY 2027 Superintendent Proposed Budget

### Summary of Operating Budget Changes

<b>FY 2026 Revised Approved Operating Budget</b>	<b>\$</b>	<b>1,216,275,143</b>	<b>8,424.00</b>
<b>BUDGET ADDITIONS</b>	<b>Amount</b>	<b>FTE</b>	
<i>(Benefit Cost Changes are included with each item where applicable)</i>			
<b>EXISTING SERVICE COMMITMENTS</b>			
Blueprint-Collaborative Time Per Pupil	224,424	-	
Blueprint-Multilingual Learner (MSF 75%)	(31,415)	(6.00)	
Blueprint-Prekindergarten Expansion	2,358,293	25.00	
Bus Contracts-Obligated Increase	5,488,089	-	
Contractual Obligation	496,334	-	
Enrollment Changes	(3,251,470)	(32.60)	
Existing Services-Other	134,234	-	
Financial Obligation-Other	886,937	-	
Reclassifications-Approved	51,435	-	
Reclassifications-Requested	47,546	-	
Special Education Compliance and Nonpublic Services	4,529,356	-	
Special Education-Contracts	65,867	-	
Special Education-Enrollment Service Levels	1,308,491	23.10	
Special Education-Other	5,463,272	-	
Utilities	1,628,959	-	
Year over Year Personnel Cost Change	(8,386,635)	-	
<b>Subtotal Existing Service Commitments</b>	<b>\$</b>	<b>11,013,717</b>	<b>9.50</b>
<b>EMPLOYEE COMPENSATION AND BENEFITS</b>			
Benefit Credit	(1,031,800)	-	
Blueprint-National Board Certification	2,545,318	-	
Employee Compensation-Placeholder	31,885,832	-	
Employee Compensation-Ratified Agreement	738,294	-	
Health Insurance	17,986,256	-	
<b>Subtotal Employee Compensation and Benefits</b>	<b>\$</b>	<b>52,123,900</b>	<b>-</b>
<b>PRIORITIES</b>			
Cultivate Student Belonging & Well-Being	1,510,209	15.00	
Enhance Systemic Planning & Procedures	655,576	2.00	
Foster Staff Growth & Engagement	144,514	1.00	
Partner with Families & Community	77,000	-	
Priorities-Other	33,500	-	
School Safety and Security	743,522	6.00	
Strengthen Learning & Instruction	1,562,913	2.50	
<b>Subtotal Priorities</b>	<b>\$</b>	<b>4,727,234</b>	<b>26.50</b>
<b>One-Time Funding Items</b>			
One-Time Funding Items	190,000	-	
One-Time Funding Items-PY Removal	(1,505,000)	-	
<b>Subtotal One-Time Funding Items</b>	<b>\$</b>	<b>(1,315,000)</b>	<b>-</b>
<b>SUBTOTAL BUDGET ADDITIONS</b>	<b>\$</b>	<b>66,549,851</b>	<b>36.00</b>
<b>SUMMARY OF BASE BUDGET REDUCTIONS</b>			
School-Based	(4,653,917)	(40.00)	
<b>Subtotal Base Budget Reductions</b>	<b>\$</b>	<b>(4,653,917)</b>	<b>(40.00)</b>
Budget Realignments	-	-	
<b>GRAND TOTAL OPERATING BUDGET CHANGES</b>	<b>\$</b>	<b>61,895,934</b>	<b>(4.00)</b>
<b>FY 2027 Superintendent Proposed Operating Budget</b>	<b>\$</b>	<b>1,278,171,077</b>	<b>8,420.00</b>
<b>Year over Year Percent Change</b>		<b>5.09%</b>	<b>-0.05%</b>

# Factors Influencing and Summary of the Budget

## Summary of FY 2027 Budget Expenditures by Major Grouping and Subgrouping

The budget groups shown above in the *Summary of Operating Budget Changes* are used to help 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.

Existing Service Commitments reflect budget changes necessary to continue the provision of current services.

Employee Compensation and Benefits include budget changes that support employee pay and benefit obligations and projected cost increases.

Priorities represent budget changes to advance implementation of 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
- Non-School-Based Reductions, which impact Central Office services and systemwide costs that support students, staff, and school operations

Highlights of changes in the budget grouping categories are provided below. In addition, each division budget summary page in the Financial Section provides information on the justification for budget changes.

- **Existing Services and Commitments**

- **Blueprint-Collaborative Time per Pupil** – \$224,424 net change – *Strengthen Learning & Instruction* and advance implementation of the Blueprint Career Ladder–Collaborative Time Per Pupil in a cost-effective manner by converting (9.0) FTE Coach positions into 9.0 FTE Lead Teacher positions.
- **Blueprint-Multilingual Learner** – *Strengthen & Learning and Instruction* for Multilingual Learners in a cost-effective manner by:
  - Converting (20.0) FTE Paraeducator positions into 11.0 FTE English Language Development Teacher positions
  - Service consolidation to manage contract interpreter needs with a budget neutral shift of contracted interpreter costs to create 3.0 FTE positions to support an enhanced interpreter services program in the Office of Communications and Engagement
- **Blueprint-Prekindergarten Expansion** – \$2.4 million and 25.0 FTE positions to continue the expansion of full-day programs.
- **Bus Contracts** – \$5.5 million for projected contract cost increases.

## Factors Influencing and Summary of the Budget

- **Special Education—Compliance and Nonpublic Services** – \$4.5 million for nonpublic placement tuition costs to meet projected enrollment and tuition growth and to meet the added expense for the state cost shift enacted in FY 2026.
- **Special Education—Enrollment Services Levels and Staffing Needs** – \$1.3 million and 23.1 FTE positions. These are net changes affecting the Department of Special Education and the Division of Schools that have begun in the current fiscal year as part of the Special Education Strategic Plan.

In July 2025, the Superintendent initiated the implementation of a multi-phased Special Education Strategic Plan designed to *Strengthen Learning & Instruction* and to better meet the needs of students with Individualized Education Programs (IEPs). This plan was developed in response to the Board of Education's strategic review conducted by RTI. The FY 2026 budget allocated \$1.75 million to begin the increased investment required to support this work. Reorganization of services and staffing commenced in fall 2025. This initiative remains dynamic and adaptive, as the new leadership team continues ongoing assessment and evaluation. The proposed FY 2027 budget includes the fiscal actions necessary to fully implement the staffing changes initiated in FY 2026.

To support staffing needs as outlined in the Special Education Strategic Plan, 43.1 FTE positions costing \$5.3 million annually were created after the adoption of the FY 2026 budget. These positions were created utilizing the \$1.75 million placeholder approved in the FY 2026 budget and by reallocating 20.0 positions and \$2.2 million from the Division of Schools that were available to be reallocated based on SY25/26 general education student enrollment being less than projected. The net added cost to the budget is \$1.3 million and 23.1 FTE positions. The positions are included in the FY 2027 budget to formally reallocate dollars and approve the total funding needed.

- **Special Education-Other** – \$5.5 million for two strategic actions:
  - \$4.0 million strategic plan funding a placeholder to support the continued development and implementation of process improvements to meet the programmatic needs of students.
  - \$1.5 million in cost-effective staffing level changes without requesting new positions including:
    - Converting 108.0 FTE Instructional Team Leader positions from 10-month positions to 11-month positions in Special Education to enhance continuity of oversight between the school year, summer school, and preparation for the coming year
    - Converting 4.0 FTE Crisis Teachers to Board Certified Behavior Analysts
    - Converting 1.0 FTE Special Education Teacher to Autism Specialist
    - Converting 2.0 FTE Physical Therapist positions into 1.0 Special Education Teacher position and 1.0 FTE Speech Language Pathologist position
- **Utilities** – \$1.6 million for projected increases in utility costs.
- **Financial Obligations-Other** – \$886,937 for projected insurance cost and workers' compensation cost increases.
- **Enrollment Changes** (General Education) – a decrease of \$(3.3) million and (32.6) FTE positions removed from the budget based on projected enrollment decreases.

## *Factors Influencing and Summary of the Budget*

- **Year-over-Year Personnel Cost Change** – a net decrease of \$(8.4) million. As part of the budget development process, a detailed analysis of salary costs for existing positions is conducted by comparing the assumptions included in the prior-year budget with the baseline assumptions for the upcoming budget year. This analysis is completed before any new positions are added and prior to the application of salary increase assumptions. Conducting this review is essential due to the inherent time lag between budget planning and the start of each fiscal year.

The staffing profile used to develop salary estimates is captured each September, approximately ten months before the beginning of the fiscal year. During this intervening period, actual salary costs may diverge from original budget assumptions as a result of staffing changes, including vacancies, turnover, recruitment outcomes, position reclassifications, pay adjustments, and the finalization of negotiated salary schedules. These factors can result in either increases or decreases in projected salary costs, underscoring the importance of this baseline analysis in establishing an accurate and responsible budget.

- **Employee Compensation and Benefits**

- **Employee Compensation-Placeholder** – an increase of \$32.6 million to fund the ratified contract with HCEA and provide a placeholder for negotiations with other labor groups.
- **Health Insurance** – an increase of \$18.0 million to fund the preliminary actuarial projections for employee health insurance cost, driving approximately an 11.0 percent increase in payment from the General Fund to the Health Fund.
- **Blueprint-National Board Certification** – an increase of \$2.5 million for teachers eligible for the Blueprint NBC certification pay incentive.
- **Benefit Credit** – a decrease of \$(1.0) million 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.

- **Priorities**

- **Strengthen Learning & Instruction** – net budget increase of \$1.6 million and 2.5 FTE positions to advance this strategic priority in cost effective ways including:
  - Converting 5.0 FTE Instructional Team Leader positions in Early Childhood Access and Opportunity from 10-month positions to 11-month positions to enhance continuity of oversight between the school year and summer school and to prepare for the upcoming year
  - The addition of 4.0 FTE Teacher positions at the Applied Research Laboratory (ARL) to expand classroom offerings as part of space renovation plans
  - Creating 13.0 FTE Assistant Principal positions in a budget neutral reallocation of positions and costs in the Division of Schools. These reallocations include the reduction of (13.0) FTE Pool Teacher positions, (4.0) FTE Leadership Intern positions, and (0.5) FTE School Counselor position. Additionally, the budget neutral request includes conversion of (3.0) FTE Student Engagement Teacher positions to create 6.0 FTE Student Engagement Paraeducator positions. Net change in staffing is a decrease of (1.5) FTE.
  - Increase the allowance pay for Paraeducators in General Education and English Language Development from 30 cents per hour to 75 cents per hour

## *Factors Influencing and Summary of the Budget*

- **Cultivate Student Belonging & Well-Being** – a net budget increase of \$1.5 million and 15.0 FTE positions to advance this strategic priority including:
  - Creating 13.0 FTE Athletic Trainer positions to insource the currently contracted services, net cost of \$1.3 million
  - Budget neutral creation of 2.0 FTE Float Nurse positions by reallocating wages and supplies budgets
  - Budget neutral conversions of (1.0) Pupil Personnel Worker positions to 1.0 FTE Facilitator positions and conversion of a 10-month Counselor position to an 11-month position
  - Flag Football funding increase of \$150,000
- **School Safety and Security** – an increase of \$743,522 and 6.0 FTE School Culture and Safety Assistant positions to enhance student belonging and well-being.
- **Enhance Systemic Planning & Procedures** – an increase of \$655,576 and 2.0 FTE positions including:
  - \$185,504 for 1.0 FTE Staff Attorney position
  - \$161,188 for 1.0 FTE Budget Analyst position
  - \$136,711 to support organizational enhancements in the Division of Operations
  - \$100,000 for new software for cost-efficient purchasing of supplies and materials
  - \$40,000 for software enhancements in the Department of Human Resources
- **Foster Staff Growth & Engagement** – an increase of \$144,514 and 1.0 FTE positions to address staffing supports needs in the Department of Human Resources, new software for pre-employment process improvement, and increased funding for recruitment marketing efforts.
- **One-Time Funding Items**
  - Net decrease of \$(1.3) million. Removing the \$(1.5) million in one-time costs approved in FY 2026 and adding in \$190,000 for one-time costs being requested in the FY 2027 budget.
- **Base Budget Reductions**
  - Base budget reductions totaling net changes of \$(4.7) million and (40.0) FTE positions including:
    - Reduce Middle School Media Paraeducator positions \$(1.5) million and (20.0) FTE
    - Reduce Middle School General Education Paraeducator positions \$(313,709) and (5.0) FTE positions
    - Reduce High School Science Paraeducator positions \$(968,167) and (14.0) FTE positions
    - Reduce Media Specialist positions (14.0) FTE and replace with Paraeducator positions 13.0 FTE, net changes \$(867,705) and (1.0) FTE position
    - Reduce BSAP Summer Programming, \$(552,701)
    - Reduce GT Summer Programming, \$(448,771)

### Summary of FY 2027 Budget Expenditures by Expense Type and by State Category

The state reporting standards for the budget are by expenditure type and state category. This section of the budget summaries provides detailed information on the budget by expenditure type, state category, and the major changes. As outlined above, the proposed budget for FY 2027 contains \$61.9 million in budget changes or a 5.1 percent growth above the FY 2026 Approved Budget. The FY 2027 budget totals \$1.278 billion. A

## *Factors Influencing and Summary of the Budget*

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 legally appropriated and controlled.

General Fund Expenditures	Approved FY 2026	Superintendent Proposed FY 2027	Year over Year \$ Change	Year over Year % Change
<b>Expense Types</b>				
Salaries and Wages	\$ 753,659,417	\$ 775,790,316	\$ 22,130,899	2.94%
Contracted Services	127,823,842	134,865,306	7,041,464	5.51%
Supplies and Materials	14,161,716	14,538,528	376,812	2.66%
Other Charges	291,530,894	318,346,121	26,815,227	9.20%
Equipment	854,715	604,415	(250,300)	-29.28%
Transfers	28,244,559	34,026,391	5,781,832	20.47%
<b>Total</b>	<b>\$ 1,216,275,143</b>	<b>\$ 1,278,171,077</b>	<b>\$ 61,895,934</b>	<b>5.09%</b>

A few highlights of these budget changes:

- **Salaries and Wages** cost growth 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 year-over-year personnel cost changes, budget reallocations where positions are being repurposed, and budget reductions.
- **Contracted Services** increases are primarily for student transportation bus contracts and for the budget reserve placeholder to continue implementation of the Special Education strategic plan.
- **Other Charges** includes increased costs for employee health insurance; benefit costs for new positions; benefits costs for employee compensation increases; costs for pension (retirement) rate increases; and cost increases for utilities.
- **Transfers** cost growth covers increases for non-public placement tuition in Special Education.



## Factors Influencing and Summary of the Budget

General Fund Expenditures	Approved FY 2026	Superintendent Proposed FY 2027	Year over Year \$ Change	Year over Year % Change
<b>State Category</b>				
01-Administration	\$ 14,388,369	\$ 16,310,905	\$ 1,922,536	13.36%
02-Mid-Level Administration	73,840,630	77,652,410	3,811,780	5.16%
03-Instructional Salaries and Wages	440,542,233	444,142,528	3,600,295	0.82%
04-Instructional Textbooks/Supplies	8,010,840	8,318,279	307,439	3.84%
05-Other Instructional Costs	20,021,010	20,867,890	846,880	4.23%
06-Special Education	198,657,991	214,829,220	16,171,229	8.14%
07-Student Personnel Services	12,388,807	14,040,460	1,651,653	13.33%
08-Student Health Services	13,379,803	14,207,693	827,890	6.19%
09-Student Transportation	74,313,904	80,009,122	5,695,218	7.66%
10-Operation of Plant	61,226,241	64,925,306	3,699,065	6.04%
11-Maintenance of Plant	32,633,462	32,056,598	(576,864)	-1.77%
12-Fixed Charges	263,918,156	288,627,193	24,709,037	9.36%
14-Community Services	1,725,346	906,849	(818,497)	-47.44%
15-Capital Outlay	1,228,351	1,276,624	48,273	3.93%
<b>Total</b>	<b>\$ 1,216,275,143</b>	<b>\$ 1,278,171,077</b>	<b>\$ 61,895,934</b>	<b>5.09%</b>

A few highlights of the budget changes by state category:

- The state categories with the largest total expenditure growth are:
  - \$24.7 million in Fixed Charges (12) reflecting increased health insurance costs and other employee benefit cost changes
  - \$16.2 million in Special Education (06) for increased investment to meet the needs of students with an Individualized Education Program (IEP) and continue the implementation of the Special Education strategic plan
  - \$5.7 million in Student Transportation (09) to support expected transportation contract cost increases

**Summary of Budget Changes by State Category by Grouping.** 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 provides 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. The realignments are budget neutral to the bottom-line but affect the year-over-year change amount for each category. 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 2027 SUMMARY OF BUDGET CHANGES 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
<b>EXISTING SERVICE COMMITMENTS</b>						
Blueprint-Collaborative Time Per Pupil	\$ -	-	\$ -	-	\$ 199,065	-
Blueprint-Multilingual Learner (MSF 75%)	-	-	-	-	185,000	(9.00)
Blueprint-Prekindergarten Expansion	-	-	-	-	994,629	14.00
Bus Contracts-Obligated Increase	-	-	-	-	-	-
Contractual Obligation	35,334	-	-	-	-	-
Enrollment Changes	-	-	-	-	(2,113,000)	(32.60)
Existing Services-Other	-	-	-	-	23,200	-
Financial Obligation-Other	12,111	-	3,557	-	-	-
Reclassifications-Approved	2,341	-	193,041	1.00	(163,868)	(1.00)
Reclassifications-Requested	-	-	10,417	-	-	-
Special Education Compliance and Nonpublic Services	-	-	-	-	-	-
Special Education-Contracts	-	-	-	-	-	-
Special Education-Enrollment Service Levels	-	-	-	-	(1,400,000)	(19.00)
Special Education-Other	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Year over Year Personnel Cost Change	(23,307)	-	(646,896)	-	(8,383,121)	-
<b>Subtotal Existing Service Commitments</b>	<b>\$ 26,479</b>	<b>-</b>	<b>\$ (439,881)</b>	<b>1.00</b>	<b>\$ (10,658,095)</b>	<b>(47.60)</b>
<b>EMPLOYEE COMPENSATION AND BENEFITS</b>						
Benefit Credit	-	-	-	-	-	-
Blueprint-National Board Certification	-	-	-	-	2,062,426	-
Employee Compensation-Placeholder	451,072	-	2,738,458	-	16,121,187	-
Employee Compensation-Ratified Agreement	-	-	125,000	-	160,828	-
Health Insurance	-	-	-	-	-	-
<b>Subtotal Employee Compensation and Benefits</b>	<b>\$ 451,072</b>	<b>-</b>	<b>\$ 2,863,458</b>	<b>-</b>	<b>\$ 18,344,441</b>	<b>-</b>
<b>OTHER PRIORITIES</b>						
Cultivate Student Belonging & Well-Being	-	-	-	-	(436)	-
Enhance Systemic Planning & Procedures	389,667	2.00	22,000	-	-	-
Foster Staff Growth & Engagement	105,500	1.00	-	-	-	-
Partner with Families & Community	10,000	-	-	-	-	-
Priorities-Other	7,500	-	16,000	-	-	-
School Safety and Security	-	-	-	-	-	-
Strengthen Learning & Instruction	-	-	1,469,369	9.00	(811,891)	(6.50)
<b>Subtotal Other Priorities</b>	<b>\$ 512,667</b>	<b>3.00</b>	<b>\$ 1,507,369</b>	<b>9.00</b>	<b>\$ (812,327)</b>	<b>(6.50)</b>
<b>ONE-TIME REQUESTS</b>						
One-Time Funding Items	13,411	-	113,908	-	-	-
One-Time Funding Items-PY Removal	-	-	-	-	-	-
<b>Subtotal One-Time Requests</b>	<b>\$ 13,411</b>	<b>-</b>	<b>\$ 113,908</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>
<b>SUBTOTAL BUDGET ADDITIONS</b>	<b>\$ 1,003,629</b>	<b>3.00</b>	<b>\$ 4,044,854</b>	<b>10.00</b>	<b>\$ 6,874,019</b>	<b>(54.10)</b>
<b>SUMMARY OF BASE BUDGET REDUCTIONS</b>						
Budget Cut-School Based	-	-	-	-	(3,298,303)	(40.00)
<b>SUBTOTAL BASE BUDGET REDUCTIONS</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ (3,298,303)</b>	<b>(40.00)</b>
Realignments	918,907	5.00	(233,074)	(1.00)	24,579	1.00
<b>TOTAL GENERAL FUND</b>	<b>\$ 1,922,536</b>	<b>8.00</b>	<b>\$ 3,811,780</b>	<b>9.00</b>	<b>\$ 3,600,295</b>	<b>(93.10)</b>

# 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
<b>EXISTING SERVICE COMMITMENTS</b>						
Blueprint-Collaborative Time Per Pupil	\$ -	-	\$ -	-	\$ -	-
Blueprint-Multilingual Learner (MSF 75%)	-	-	-	-	(742,673)	-
Blueprint-Prekindergarten Expansion	10,000	-	-	-	497,000	11.00
Bus Contracts-Obligated Increase	-	-	-	-	-	-
Contractual Obligation	-	-	15,000	-	-	-
Enrollment Changes	-	-	-	-	-	-
Existing Services-Other	-	-	-	-	-	-
Financial Obligation-Other	6,914	-	(52,657)	-	(15,184)	-
Reclassifications-Approved	-	-	(3,848)	-	(1,283)	-
Reclassifications-Requested	-	-	-	-	25,000	-
Special Education Compliance and Nonpublic Services	-	-	-	-	4,502,132	-
Special Education-Contracts	-	-	-	-	65,867	-
Special Education-Enrollment Service Levels	-	-	-	-	1,515,241	39.10
Special Education-Other	-	-	-	-	5,297,919	-
Utilities	-	-	-	-	-	-
Year over Year Personnel Cost Change	1,426	-	(2,553)	-	(1,420,456)	-
<b>Subtotal Existing Service Commitments</b>	<b>\$ 18,340</b>	<b>-</b>	<b>\$ (44,058)</b>	<b>-</b>	<b>\$ 9,723,563</b>	<b>50.10</b>
<b>EMPLOYEE COMPENSATION AND BENEFITS</b>						
Benefit Credit	-	-	-	-	-	-
Blueprint-National Board Certification	-	-	-	-	195,263	-
Employee Compensation-Placeholder	6,572	-	100,708	-	6,159,043	-
Employee Compensation-Ratified Agreement	-	-	-	-	-	-
Health Insurance	-	-	-	-	-	-
<b>Subtotal Employee Compensation and Benefits</b>	<b>\$ 6,572</b>	<b>-</b>	<b>\$ 100,708</b>	<b>-</b>	<b>\$ 6,354,306</b>	<b>-</b>
<b>OTHER PRIORITIES</b>						
Cultivate Student Belonging & Well-Being	80,000	-	70,000	-	-	-
Enhance Systemic Planning & Procedures	-	-	-	-	-	-
Foster Staff Growth & Engagement	-	-	-	-	-	-
Partner with Families & Community	-	-	-	-	-	-
Priorities-Other	-	-	-	-	-	-
School Safety and Security	-	-	-	-	-	-
Strengthen Learning & Instruction	184,271	-	562,786	-	27,716	-
<b>Subtotal Other Priorities</b>	<b>\$ 264,271</b>	<b>-</b>	<b>\$ 632,786</b>	<b>-</b>	<b>\$ 27,716</b>	<b>-</b>
<b>ONE-TIME REQUESTS</b>						
One-Time Funding Items	45,407	-	-	-	15,546	-
One-Time Funding Items-PY Removal	-	-	-	-	-	-
<b>Subtotal One-Time Requests</b>	<b>\$ 45,407</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 15,546</b>	<b>-</b>
<b>SUBTOTAL BUDGET ADDITIONS</b>	<b>\$ 334,590</b>	<b>-</b>	<b>\$ 689,436</b>	<b>-</b>	<b>\$ 16,121,131</b>	<b>50.10</b>
<b>SUMMARY OF BASE BUDGET REDUCTIONS</b>						
Budget Cut-School Based	-	-	-	-	-	-
<b>SUBTOTAL BASE BUDGET REDUCTIONS</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>
Realignments	(27,151)	-	157,444	-	50,098	(1.00)
<b>TOTAL GENERAL FUND</b>	<b>\$ 307,439</b>	<b>-</b>	<b>\$ 846,880</b>	<b>-</b>	<b>\$ 16,171,229</b>	<b>49.10</b>

# 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
<b>EXISTING SERVICE COMMITMENTS</b>						
Blueprint-Collaborative Time Per Pupil	\$ -	-	\$ -	-	\$ -	-
Blueprint-Multilingual Learner (MSF 75%)	610,562	3.00	-	-	-	-
Blueprint-Prekindergarten Expansion	-	-	-	-	-	-
Bus Contracts-Obligated Increase	-	-	-	-	5,488,089	-
Contractual Obligation	-	-	-	-	-	-
Enrollment Changes	-	-	-	-	-	-
Existing Services-Other	-	-	-	-	-	-
Financial Obligation-Other	(1,856)	-	(2,284)	-	75,164	-
Reclassifications-Approved	(137)	-	(174)	-	(16,755)	-
Reclassifications-Requested	-	-	-	-	-	-
Special Education Compliance and Nonpublic Services	-	-	-	-	27,224	-
Special Education-Contracts	-	-	-	-	-	-
Special Education-Enrollment Service Levels	268,000	2.00	94,701	1.00	-	-
Special Education-Other	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Year over Year Personnel Cost Change	101,140	-	(189,499)	-	16,187	-
<b>Subtotal Existing Service Commitments</b>	<b>\$ 977,709</b>	<b>5.00</b>	<b>\$ (97,256)</b>	<b>1.00</b>	<b>\$ 5,589,909</b>	<b>-</b>
<b>EMPLOYEE COMPENSATION AND BENEFITS</b>						
Benefit Credit	-	-	-	-	-	-
Blueprint-National Board Certification	-	-	-	-	-	-
Employee Compensation-Placeholder	415,408	-	329,662	-	92,385	-
Employee Compensation-Ratified Agreement	-	-	-	-	-	-
Health Insurance	-	-	-	-	-	-
<b>Subtotal Employee Compensation and Benefits</b>	<b>\$ 415,408</b>	<b>-</b>	<b>\$ 329,662</b>	<b>-</b>	<b>\$ 92,385</b>	<b>-</b>
<b>OTHER PRIORITIES</b>						
Cultivate Student Belonging & Well-Being	(516)	-	792,140	15.00	-	-
Enhance Systemic Planning & Procedures	-	-	-	-	-	-
Foster Staff Growth & Engagement	-	-	-	-	-	-
Partner with Families & Community	67,000	-	-	-	-	-
Priorities-Other	-	-	-	-	10,000	-
School Safety and Security	-	-	-	-	-	-
Strengthen Learning & Instruction	22,385	-	-	-	(78,088)	-
<b>Subtotal Other Priorities</b>	<b>\$ 88,869</b>	<b>-</b>	<b>\$ 792,140</b>	<b>15.00</b>	<b>\$ (68,088)</b>	<b>-</b>
<b>ONE-TIME REQUESTS</b>						
One-Time Funding Items	171	-	651	-	35	-
One-Time Funding Items-PY Removal	-	-	-	-	-	-
<b>Subtotal One-Time Requests</b>	<b>\$ 171</b>	<b>-</b>	<b>\$ 651</b>	<b>-</b>	<b>\$ 35</b>	<b>-</b>
<b>SUBTOTAL BUDGET ADDITIONS</b>	<b>\$ 1,482,157</b>	<b>5.00</b>	<b>\$ 1,025,197</b>	<b>16.00</b>	<b>\$ 5,614,241</b>	<b>-</b>
<b>SUMMARY OF BASE BUDGET REDUCTIONS</b>						
Budget Cut-School Based	-	-	-	-	-	-
<b>SUBTOTAL BASE BUDGET REDUCTIONS</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>
Realignments	169,496	(1.00)	(197,307)	-	80,977	-
<b>TOTAL GENERAL FUND</b>	<b>\$ 1,651,653</b>	<b>4.00</b>	<b>\$ 827,890</b>	<b>16.00</b>	<b>\$ 5,695,218</b>	<b>-</b>

# 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
<b>EXISTING SERVICE COMMITMENTS</b>					
Blueprint-Collaborative Time Per Pupil	\$ -	-	\$ -	-	\$ 25,359
Blueprint-Multilingual Learner (MSF 75%)	-	-	-	-	(84,304)
Blueprint-Prekindergarten Expansion	-	-	-	-	856,664
Bus Contracts-Obligated Increase	-	-	-	-	-
Contractual Obligation	82,000	-	364,000	-	-
Enrollment Changes	-	-	-	-	(1,138,470)
Existing Services-Other	86,000	-	22,417	-	2,617
Financial Obligation-Other	250,321	-	(31,343)	-	643,409
Reclassifications-Approved	(92)	-	(2,291)	-	44,593
Reclassifications-Requested	-	-	-	-	12,129
Special Education Compliance and Nonpublic Services	-	-	-	-	-
Special Education-Contracts	-	-	-	-	-
Special Education-Enrollment Service Levels	-	-	-	-	830,549
Special Education-Other	-	-	-	-	165,353
Utilities	1,628,959	-	-	-	-
Year over Year Personnel Cost Change	(166,267)	-	(157,829)	-	2,483,094
<b>Subtotal Existing Service Commitments</b>	<b>\$ 1,880,921</b>	<b>-</b>	<b>\$ 194,954</b>	<b>-</b>	<b>\$ 3,840,993</b>
<b>EMPLOYEE COMPENSATION AND BENEFITS</b>					
Benefit Credit	-	-	-	-	(1,031,800)
Blueprint-National Board Certification	-	-	-	-	287,629
Employee Compensation-Placeholder	1,124,258	-	411,471	-	3,876,294
Employee Compensation-Ratified Agreement	400,000	-	-	-	52,466
Health Insurance	-	-	-	-	17,986,256
<b>Subtotal Employee Compensation and Benefits</b>	<b>\$ 1,524,258</b>	<b>-</b>	<b>\$ 411,471</b>	<b>-</b>	<b>\$ 21,170,845</b>
<b>OTHER PRIORITIES</b>					
Cultivate Student Belonging & Well-Being	-	-	-	-	569,021
Enhance Systemic Planning & Procedures	-	-	136,711	-	107,198
Foster Staff Growth & Engagement	-	-	-	-	39,014
Partner with Families & Community	-	-	-	-	-
Priorities-Other	-	-	-	-	-
School Safety and Security	519,830	6.00	-	-	223,692
Strengthen Learning & Instruction	-	-	-	-	167,365
<b>Subtotal Other Priorities</b>	<b>\$ 519,830</b>	<b>6.00</b>	<b>\$ 136,711</b>	<b>-</b>	<b>\$ 1,106,290</b>
<b>ONE-TIME REQUESTS</b>					
One-Time Funding Items	625	-	-	-	-
One-Time Funding Items-PY Removal	(200,000)	-	(1,305,000)	-	-
<b>Subtotal One-Time Requests</b>	<b>\$ (199,375)</b>	<b>-</b>	<b>\$ (1,305,000)</b>	<b>-</b>	<b>\$ -</b>
<b>SUBTOTAL BUDGET ADDITIONS</b>	<b>\$ 3,725,634</b>	<b>6.00</b>	<b>\$ (561,864)</b>	<b>-</b>	<b>\$ 26,118,128</b>
<b>SUMMARY OF BASE BUDGET REDUCTIONS</b>					
Budget Cut-School Based	-	-	-	-	(1,355,614)
<b>SUBTOTAL BASE BUDGET REDUCTIONS</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ (1,355,614)</b>
Realignments	(26,569)	-	(15,000)	-	(53,477)
<b>TOTAL GENERAL FUND</b>	<b>\$ 3,699,065</b>	<b>6.00</b>	<b>\$ (576,864)</b>	<b>-</b>	<b>\$ 24,709,037</b>

# Factors Influencing and Summary of the Budget

	Category 14			Category 15			
General Fund	Community Services	FTE	Capital Outlay	FTE	TOTAL DOLLARS	TOTAL FTE	
EXISTING SERVICE COMMITMENTS							
Blueprint-Collaborative Time Per Pupil	\$ -	-	\$ -	-	\$ 224,424	-	
Blueprint-Multilingual Learner (MSF 75%)	-	-	-	-	(31,415)	(6.00)	
Blueprint-Prekindergarten Expansion	-	-	-	-	2,358,293	25.00	
Bus Contracts-Obligated Increase	-	-	-	-	5,488,089	-	
Contractual Obligation	-	-	-	-	496,334	-	
Enrollment Changes	-	-	-	-	(3,251,470)	(32.60)	
Existing Services-Other	-	-	-	-	134,234	-	
Financial Obligation-Other	(727)	-	(488)	-	886,937	-	
Reclassifications-Approved	(55)	-	(37)	-	51,435	-	
Reclassifications-Requested	-	-	-	-	47,546	-	
Special Education Compliance and Nonpublic Services	-	-	-	-	4,529,356	-	
Special Education-Contracts	-	-	-	-	65,867	-	
Special Education-Enrollment Service Levels	-	-	-	-	1,308,491	23.10	
Special Education-Other	-	-	-	-	5,463,272	-	
Utilities	-	-	-	-	1,628,959	-	
Year over Year Personnel Cost Change	(976)	-	2,422	-	(8,386,635)	-	
Subtotal Existing Service Commitments	\$ (1,758)	-	\$ 1,897	-	\$ 11,013,717	9.50	
EMPLOYEE COMPENSATION AND BENEFITS							
Benefit Credit	-	-	-	-	(1,031,800)	-	
Blueprint-National Board Certification	-	-	-	-	2,545,318	-	
Employee Compensation-Placeholder	13,099	-	46,215	-	31,885,832	-	
Employee Compensation-Ratified Agreement	-	-	-	-	738,294	-	
Health Insurance	-	-	-	-	17,986,256	-	
Subtotal Employee Compensation and Benefits	\$ 13,099	-	\$ 46,215	-	\$ 52,123,900	-	
OTHER PRIORITIES							
Cultivate Student Belonging & Well-Being	-	-	-	-	1,510,209	15.00	
Enhance Systemic Planning & Procedures	-	-	-	-	655,576	2.00	
Foster Staff Growth & Engagement	-	-	-	-	144,514	1.00	
Partner with Families & Community	-	-	-	-	77,000	-	
Priorities-Other	-	-	-	-	33,500	-	
School Safety and Security	-	-	-	-	743,522	6.00	
Strengthen Learning & Instruction	19,000	-	-	-	1,562,913	2.50	
Subtotal Other Priorities	\$ 19,000	-	\$ -	-	\$ 4,727,234	26.50	
ONE-TIME REQUESTS							
One-Time Funding Items	165	-	81	-	190,000	-	
One-Time Funding Items-PY Removal	-	-	-	-	(1,505,000)	-	
Subtotal One-Time Requests	\$ 165	-	\$ 81	-	\$ (1,315,000)	-	
SUBTOTAL BUDGET ADDITIONS					\$ 66,549,851	36.00	
SUMMARY OF BASE BUDGET REDUCTIONS							
Budget Cut-School Based	-	-	-	-	(4,653,917)	(40.00)	
SUBTOTAL BASE BUDGET REDUCTIONS					\$ (4,653,917)	(40.00)	
Realignments	(849,003)	(3.00)	80	-	-	-	
TOTAL GENERAL FUND					\$ 61,895,934	(4.00)	

# Factors Influencing and Summary of the Budget

## Summary of FY 2027 Operating Budget Revenues

HCPSS must present a balanced budget where revenues equal expenditures. The FY 2027 budget increases revenues by the \$61.9 million necessary to support expenditure needs. The sources of revenue to support the FY 2027 new expenditure growth are:

- County Revenue, \$878.1 million
  - A net increase of \$62.1 million, 7.6 percent
    - Required Maintenance of Effort (MOE) Funding decreases by \$(3.8) million
    - Above MOE funding request is \$67.3 million
    - One-time funding decreases by \$(1.5) million
- State Revenue, \$386.2 million
  - A net increase of \$10.1 million, 2.7 percent
- Other Revenue and Federal Funds, \$10.9 million
  - A net decrease of \$(1.1) million, (9.2 percent)
- Transfer from Technology Fund
  - A decrease of \$(7.0) million, (100 percent)
- Transfer from Health Insurance Fund
  - A decrease of \$(3.0) million, (100 percent)
- Use of Fund Balance, \$3.0 million
  - An increase of \$856,992, 40.0 percent

This table summarizes FY 2027 revenues showing the year-over-year change from the FY 2026 budget.

General Fund	Budgetary Basis			
	Approved FY 2026	Superintendent Proposed FY 2027	Year over Year \$ Change	Year over Year % Change
County Revenue	\$ 816,005,000	\$ 878,063,474	\$ 62,058,474	7.61%
State Revenue	376,173,266	386,249,677	10,076,411	2.68%
Other Revenue	11,953,869	10,857,926	(1,095,943)	-9.17%
Transfers from Tech Fund	7,000,000	-	(7,000,000)	-100.00%
Transfer from Health Insurance Fund	3,000,000	-	(3,000,000)	-100.00%
Use of Fund Balance	2,143,008	3,000,000	856,992	39.99%
<b>Total Revenues</b>	<b>\$ 1,216,275,143</b>	<b>\$ 1,278,171,077</b>	<b>\$ 61,895,934</b>	<b>5.09%</b>

County funding (68.7 percent) and state funding (30.2 percent) make up 98.9 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 better explain the context of these changes.



## *Factors Influencing and Summary of the Budget*

**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 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 2026 Approved Budget, the required local share of funding was \$448.3 million. The approved recurring county funding was \$814.5 million—182 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 2027 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 2026	Per Pupil Amount Fiscal Year 2027	Dollar Change	Percent Change	Percent State Funded (1)	Percent Local Funded (2)
5-201	Foundation	\$ 9,226	\$ 9,561	\$ 335	3.63%	44.65%	55.35%
5-215	Transition Grant (Total)	\$ 27,133	\$ 20,872	\$ (6,261)	-23.08%	100.00%	0.00%
5-216	Comparable Wage Index	\$ 568	\$ 576	\$ 8	1.43%	61.74%	38.26%
5-222	Compensatory Education	\$ 7,842	\$ 7,786	\$ (56)	-0.71%	40.00%	60.13%
5-217	College and Career Readiness	\$ 582	\$ 596	\$ 14	2.41%	43.32%	56.68%
Concentration of Poverty							
5-223(c)(1)(i)	Personnel Grant (per school)	\$ 280,212	\$ 286,769	\$ 6,557	2.34%	100.00%	0.00%
5-223(a)(4)(i)	PovertConc_PerPupil	60.0%	55.0%			64.98%	35.02%
5-223	PovertConc_PerPupil	66.0%	75.0%			64.98%	35.02%
5-223(a)(9)(i)	PovertConc_PerPupil	\$ 3,800	\$ 3,889	\$ 89	2.34%	64.98%	35.02%
5-223(a)(11)(i)	PovertConc_PerPupil	\$ 8,358	\$ 8,554	\$ 196	2.34%	64.98%	35.02%
5-223(a)(12)(i)	PovertConc_PerPupil	\$ 15,197	\$ 15,553	\$ 356	2.34%	64.98%	35.02%
5-224	Multilingual Learner	\$ 9,041	\$ 9,148	\$ 107	1.18%	42.77%	57.23%
5-225	Special Education	\$ 9,503	\$ 10,900	\$ 1,397	14.70%	42.05%	57.95%
5-226	Transitional Supplemental Instruction	\$ 356	\$ -	\$ (356)	-100.00%	40.37%	59.63%
5-229	Prekindergarten-Full Day	\$ 14,473	\$ 19,950	\$ 5,477	37.84%	38.78%	61.22%

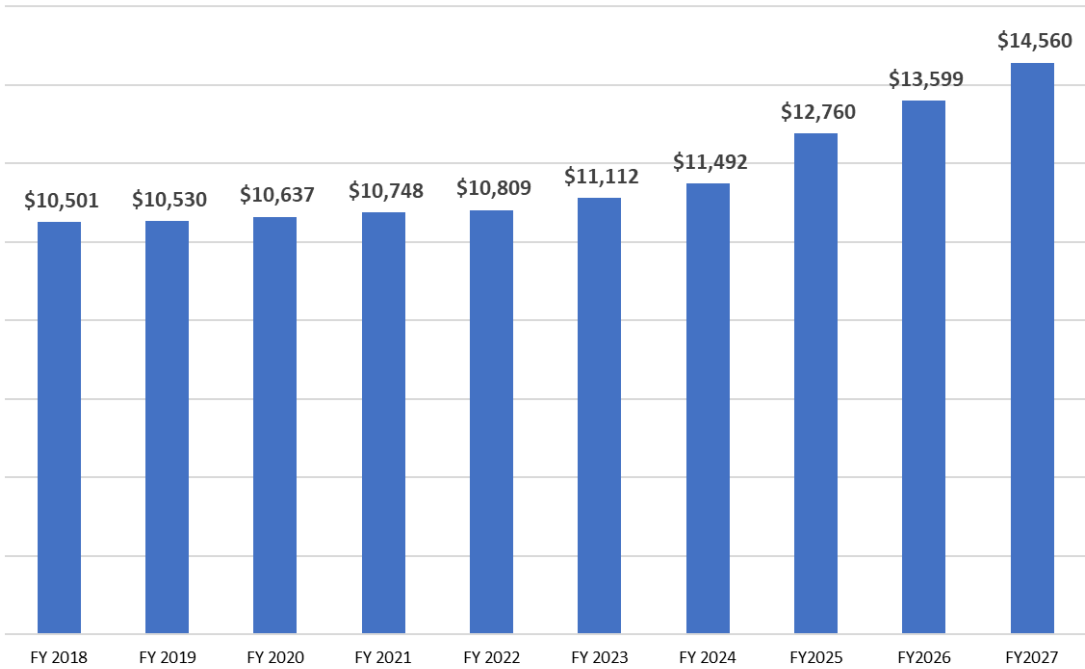
(1) The percentages shown determine the amount of required state funding. The percentages are adjusted annually based on relative wealth and formula factors.

(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.

**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 to 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 by 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

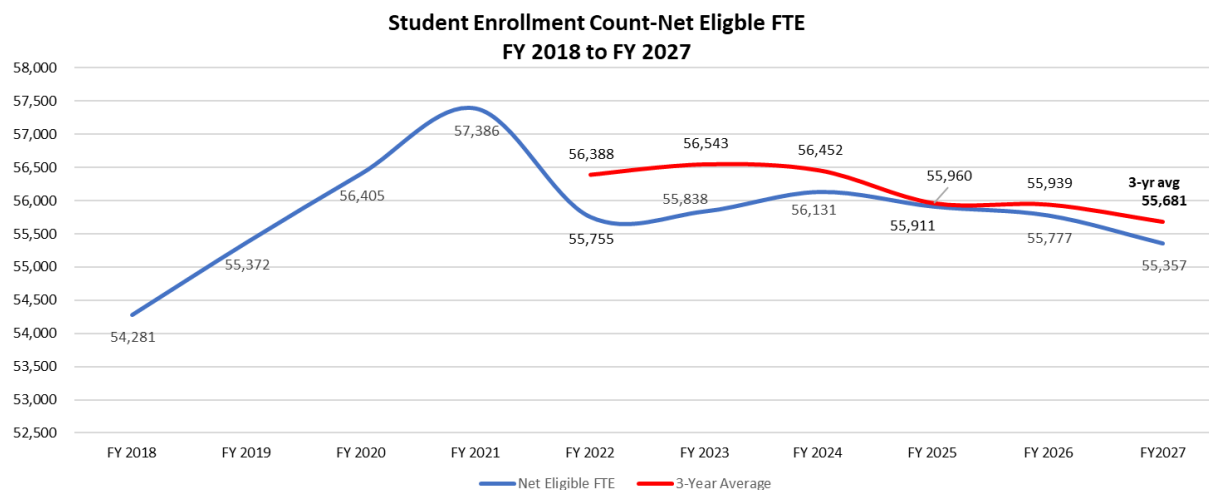
County Funding  
Required Maintenance of Effort Per Pupil  
FY 2018 to FY 2027



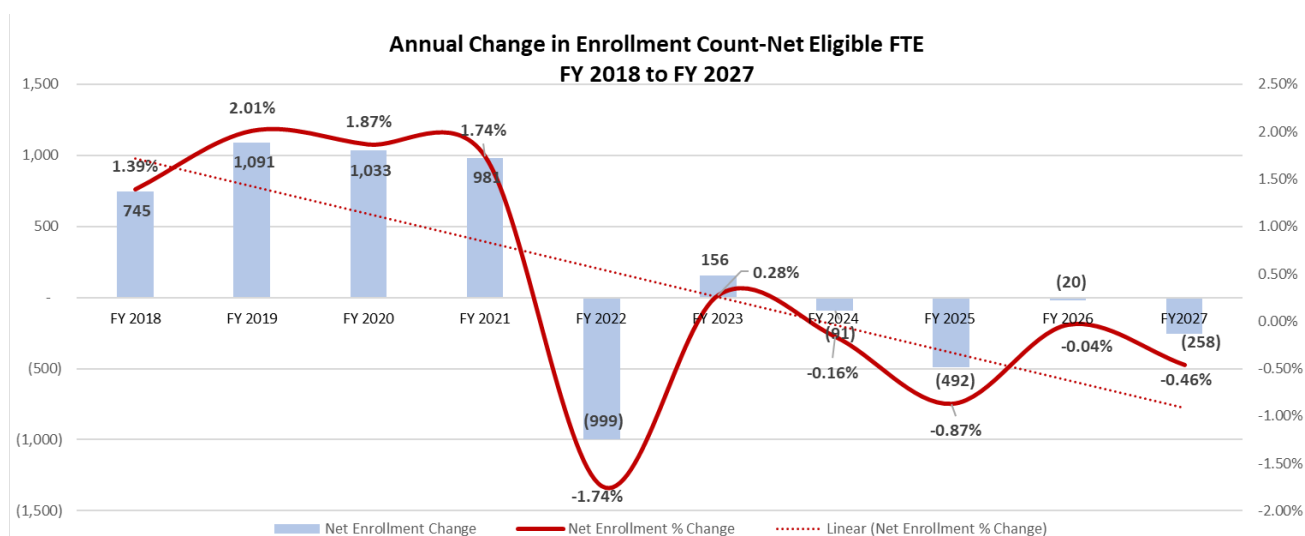
**Enrollment Basis for Funding Formulas and MOE.** Student enrollment levels drive the calculation of both the state funding formula (Foundation, Comparable Wage Index) and the county MOE funding formula. Unless otherwise defined in law, student enrollment is measured in two ways: the first measurement 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 2027 revenue calculations of the net eligible FTE, the September 30 actual enrollment count was 55,357 and the 3-year average is 55,681, making the average the greater of the two. At 55,681 the enrollment count is 258 students less than the enrollment for last year, 55,939. As a result, the enrollment basis used for revenues will decline for FY 2027. 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 percentage change in enrollment from year to year is shown below.



The sections below describe the county and the state funding for FY 2027.

**County Revenues.** In total, the proposed FY 2027 revenue from the county is \$878.1 million, a net increase of \$62.1 million from FY 2026, about 7.6 percent. Within the total change in county revenue, the required MOE is declining, last year's one-time funds removed, and the Above-MOE is increasing to make up for the decline plus provide funding needed to balance the budget.

## Factors Influencing and Summary of the Budget

### Required MOE Funding (Recurring Funding)

The county's required Maintenance of Effort (MOE) funding for FY 2027 is \$810.7 million, which is (\$3.8) million less than the \$814.5 million in recurring funding provided by the county in FY 2026. MOE funding is declining in FY 2027 for the enrollment reasons explained previously.

### Above-MOE Funding (Recurring Funding)

The FY 2027 budget proposes \$67.3 million in Above-MOE funding. This includes the amount to offset the decline in MOE explained above. Therefore, the amount of new net recurring dollars from the county is \$63.6 million or 7.8 percent above FY 2026.

### Non-Recurring Funding

The FY 2026 approved budget included \$1.5 million to support one-time costs mostly for security and facility improvements. These funds and costs have been removed in the FY 2027 budget.

A summary of the year-over-year changes in the FY 2027 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 2027 column is compared against the subtotal recurring in the Approved FY 2026 column.)

County Funding	Approved FY 2026	Superintendent Proposed FY 2027	\$ Change	Year over Year % Change
Maintenance of Effort (MOE) <sup>(1)</sup>	\$ 760,721,186	\$ 810,743,551	\$ (3,756,449)	-0.43%
FY26 Above MOE <sup>(1)</sup>	53,778,814			
FY27 Above MOE		67,319,923	67,319,923	25.18%
<b>Subtotal Recurring (1)</b>	<b>\$ 814,500,000</b>	<b>\$ 878,063,474</b>	<b>\$ 63,563,474</b>	<b>7.80%</b>
Non-Recurring- Fund Balance Policy 4070 <sup>(4)</sup>				
Non-Recurring	1,505,000	-	(1,505,000)	-100.00%
<b>TOTAL COUNTY FUNDING</b>	<b>\$ 816,005,000</b>	<b>\$ 878,063,474</b>	<b>\$ 62,058,474</b>	<b>7.61%</b>

**(1)** FY26 Above MOE becomes recurring revenue to be maintained in the FY27 MOE calculation. Therefore, the FY27 MOE of \$810.7 million compares to the FY26 subtotal recurring of \$814.5 million.

**State Revenues.** State funding for FY 2027 is budgeted at \$386.2 million, an increase of \$10.1 million or 2.7 percent from FY 2026. These amounts are based on preliminary staff estimates and will be updated when MSDE releases the preliminary state aid estimates.

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.

## Factors Influencing and Summary of the Budget

The following table summarizes FY 2027 state revenues by major aid program.

General Fund	Budgetary Basis			
	Approved FY 2026	Superintendent Proposed FY 2027	Year over Year \$ Change	Year over Year % Change
<b>State Funding</b>				
Foundation	\$ 230,455,384	\$ 237,527,849	\$ 7,072,465	3.07%
Comparable Wage Index	14,189,138	14,313,428	124,290	0.88%
Transportation	25,243,652	25,156,480	(87,172)	-0.35%
Compensatory Education	51,728,969	50,407,089	(1,321,880)	-2.56%
Multilingual Learners	15,668,843	15,003,162	(665,681)	-4.25%
Special Education	29,618,220	34,722,939	5,104,719	17.24%
Transitional Supplemental Instruction	870,260	-	(870,260)	-100.00%
College and Career Readiness	2,264,707	2,409,369	144,662	6.39%
Career Ladder	2,109,130	2,372,374	263,244	12.48%
Full Day Pre-K and Pre-K Exp	3,737,540	4,055,825	318,285	8.52%
State Share - Pre-K Private Providers	993,310	993,310	-	0.00%
Blueprint Transition Grant	27,133	20,872	(6,261)	-23.08%
Blueprint Coordinator	66,980	66,980	-	0.00%
LEA Tuition	200,000	200,000	-	0.00%
Less Medicaid Grant	(1,000,000)	(1,000,000)	-	0.00%
<b>Total State Funding</b>	<b>\$ 376,173,266</b>	<b>\$ 386,249,677</b>	<b>\$ 10,076,411</b>	<b>2.68%</b>

**Other Revenues.** Other revenues are decreasing by (\$1.1) million, (9.2) percent less than FY 2026. The change is mostly driven by two adjustments:

- The removal of the FY 2026 one-time (\$1.0) million that was transferred from a special revenue (Learning Together Peers) program to help balance the budget and support the increased investment in Special Education.
- Summer School tuition has been decreased by (\$180,000) based on proposed budget reductions.

**Use of Fund Balance.** The FY 2026 budget utilized \$2.1 million of fund balance to mitigate further budget reductions. The FY 2027 budget utilizes \$3.0 million of fund balance. The projected FY 2027 ending fund balance, unassigned is \$9.4 million. This does not meet the 1 percent reserve threshold established by Board of Education [Policy 4070 Fund Balance](#). Replenishment of fund balance will be a matter for subsequent budget discussions and priorities.

**Transfer from Other Funds.** The FY 2026 budget utilized transfers totaling \$10.0 million: \$7.0 million from the Technology Fund and \$3.0 million from the Health Fund to mitigate deeper budget cuts. The proposed FY 2027 does not include the use of fund balances from either fund.



## *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 was FY 2025.

***Minimum School Funding 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 (sunsets in FY 2027)
- Public Prekindergarten
  - Private Prekindergarten
- Concentration of Poverty

For FY 2027, the MSF funding projected to be received by HCPSS totals \$817.6 million. The required 75 percent minimum allocation to schools is \$613.4 million. These revenues are not in addition to the state and county revenues explained previously, which make up most of the \$1.278 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 that follows presents the MSF.

# Factors Influencing and Summary of the Budget

## SUMMARY OF MINIMUM SCHOOL FUNDING FOR THE FY 2027 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
<b>Minimum School Fund Program (5-234)</b>							
Foundation	5-213	\$294,841,347	55.4%	\$237,527,849	44.6%	\$532,369,196	\$ 399,276,897
Comparable Wage Index	5-216	8,883,570	38.3%	14,313,428	61.7%	23,196,998	17,397,749
Compensatory Education	5-222	76,162,743	60.2%	50,407,089	39.8%	126,569,832	94,927,374
Multilingual Learners	5-224	20,244,082	57.4%	15,003,162	42.6%	35,247,244	26,435,433
Special Education	5-225	48,149,761	58.1%	34,722,939	41.9%	82,872,700	62,154,525
Transitional Supplemental Instruction	5-226	-	0.0%	-	0.0%	-	-
College and Career Readiness	5-217	3,172,679	56.8%	2,409,369	43.2%	5,582,048	4,186,536
Full Day Pre-K and Pre-K Exp	5-229	6,670,498	62.2%	4,055,825	37.8%	10,726,323	8,044,742
Private Prekindergarten*	5-229	-	0.0%	993,310	100.0%	993,310	993,310
Concentration of Poverty *	5-223	-	0.0%	-	0.0%	-	-
<b>Total Minimum School Fund Revenues</b>		<b>\$458,124,680</b>		<b>\$359,432,971</b>		<b>\$817,557,651</b>	<b>\$ 613,416,566</b>

\* Reporting requirement is 100% allocated to school for Concentration of Poverty and Private Prekindergarten

\* Concentration of Poverty estimate will be updated when preliminary state aid is received

## 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 2027 budget have been developed based on the projection of 57,092 students. Compared to the actual enrollment for September 30, 2025, 56,929, enrollment for Prekindergarten to Grade 12 is projected to increase by 163 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

For FY 2027, the amount of budgeted turnover has been maintained at the FY 2026 level, budgeted turnover equals \$(11.5) million.