

# 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 4.89 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 – \$1.5 million
- Employee Compensation and Benefits – \$880,178
- Priorities – \$261,188 and 1.0 FTE position
- One-time Funding Items – \$190,000
- Realignments – \$12,704

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

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## *Existing Service Commitments*

- \$522,953 in Program 7401 – Risk Management increases for property, liability, and vehicle insurance premiums as estimated by MABE
- \$355,334 – Contractual increases in software costs
  - \$325,000 in Enterprise Applications (0503)
  - \$22,000 in Procurement (0205)
  - \$8,334 in Accounting (0206)
- \$293,567 in Program 8001 – Increase to Fixed Charges Program 8001 for the General Fund contribution to the Workers' Compensation Fund and other centrally managed fixed costs.
- \$216,470 in Program 8001 – Increase to Retirement in Fixed Charges Program 8001 based on the increased pension rate for the employee system in FY 2027.
- \$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 in Program 7401 – Wages increase to support field trip review processing.
- (\$96,437) in Program 8002 – Net reduction to chargebacks for Internal Service Fund Charge Program 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.

## *Priorities*

- \$161,188 in Program 0203 – Addition of 1.0 FTE Budget Analyst in the Budget Office Program 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 in Program 0205 – to *Enhance Systemic Planning and Procedures* in Procurement Program 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 in Program 8002 – 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 Program 8002.

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## *Realignments*

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

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

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SUMMARY OF FY 2027 REQUESTED 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	Board Requested FY 2027	\$ Change From FY 2026	% Change from FY 2026	
Budget	0203	\$ 1,237,974	\$ 216,109	\$ -	\$ 216,109	1.00	\$ 1,454,083	\$ 1,454,083	\$ 216,109	17.46%	
Payroll Services	0204	1,119,441	30,638	-	30,638	-	1,150,079	1,150,079	30,638	2.74%	
Procurement Office	0205	2,821,402	170,312	12,704	183,016	-	3,004,418	3,004,418	183,016	6.49%	
Accounting	0206	1,869,844	114,765	-	114,765	-	1,984,609	1,984,609	114,765	6.14%	
Chief Financial Officer	0208	825,555	49,902	-	49,902	-	875,457	875,457	49,902	6.04%	
Enterprise Applications	0503	8,800,622	464,316	(21,530)	442,786	-	9,243,408	9,243,408	442,786	5.03%	
Board Meeting Broadcasting Services	2702	146,397	-	-	-	-	146,397	146,397	-	0.00%	
Broadband and Telecommunications Services	7203	2,663,258	-	-	-	-	2,663,258	2,663,258	-	0.00%	
Risk Management	7401	5,459,750	545,167	-	545,167	-	6,004,917	6,004,917	545,167	9.99%	
Fixed Charges	8001	9,691,605	863,066	1,530	864,596	-	10,494,762	10,556,201	864,596	8.92%	
Internal Service Fund Charges	8002	22,945,698	351,566	20,000	371,566	-	23,317,264	23,317,264	371,566	1.62%	
<b>Financial Management Total</b>		<b>\$ 57,581,546</b>	<b>\$ 2,805,841</b>	<b>\$ 12,704</b>	<b>\$ 2,818,545</b>	<b>1.00</b>	<b>\$ 60,338,652</b>	<b>\$ 60,400,091</b>	<b>\$ 2,818,545</b>	<b>4.89%</b>	

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SUMMARY OF FY 2027 BUDGET CHANGES BY PROGRAM AND SUMMARY GROUPINGS											
General Fund	0203		0204		0205		0206		0208		
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	-	-	-	-	-	-	-	-	-	-	-
Retirement	-	-	-	-	-	-	-	-	-	-	-
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>\$ 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>
<b>REALIGNMENTS</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 12,704</b>	<b>-</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>\$ 183,016</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		2702		7203		7401		8001	
PROGRAMS	Enterprise Applications	FTE	Board Meeting 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	-	293,567	-
Reclassifications-Approved	-	-	-	-	-	-	-	-	9,163	-
Retirement	-	-	-	-	-	-	-	-	216,470	-
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>653,701</b>	<b>-</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>-</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>-</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>SUBTOTAL BUDGET ADDITIONS</b>	<b>\$ 464,316</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 545,167</b>	<b>-</b>	<b>\$ 863,066</b>	<b>-</b>
<b>REALIGNMENTS</b>	<b>\$ (21,530)</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 1,530</b>	<b>-</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>\$ 864,596</b>	<b>-</b>

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SUMMARY OF FY 2027 BUDGET CHANGES BY PROGRAM AND SUMMARY GROUPINGS						
General Fund	8002	0301				
PROGRAMS	Internal Service	Administration	FTE	Total	Total FTE	
	Fund Charges	Officer				
<b>EXISTING SERVICE COMMITMENTS</b>						
Contractual Obligation	\$ -	-		\$ 355,334	-	
Existing Services-Other	-	-		11,842	-	
Financial Obligation-Other	(96,437)	-		720,083	-	
Reclassifications-Approved	(9,163)	-		-	-	
Retirement	-	-	-	216,470	-	
Year over Year Personnel Cost Change	(115)	-	-	170,746	-	
<b>Subtotal Existing Service Commitments</b>	<b>(105,715)</b>	<b>-</b>	<b>-</b>	<b>1,474,475</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>-</b>	<b>-</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>-</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>-</b>	<b>-</b>	<b>190,000</b>	<b>-</b>	
<b>SUBTOTAL BUDGET ADDITIONS</b>	<b>\$ 351,566</b>	<b>-</b>	<b>-</b>	<b>\$ 2,805,841</b>	<b>1.00</b>	
<b>REALIGNMENTS</b>	<b>\$ 20,000</b>	<b>-</b>	<b>-</b>	<b>\$ 12,704</b>	<b>-</b>	
<b>DIVISION TOTAL</b>	<b>\$ 371,566</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 2,818,545</b>	<b>1.00</b>	