

A Citizen's Guide to the
Superintendent's Recommended
FY 2016 Operating Budget



A Message from the Superintendent



This guide provides an overview of the Howard County Public School System operating budget process and my recommended FY 2016 budget.

We—staff, students, families, and the community—must work together to cultivate vibrant learning environments in which every student is inspired to learn and empowered to excel. To do this within budgetary confines, we must prioritize what matters most and invest responsibly.

The implementation of zero-based budgeting (ZBB) for the FY 2015 budget has helped the school system to prioritize budget requests in alignment with our strategic plan, *Vision 2018: Fulfilling the Promise of Preparation*. ZBB has yielded a much leaner and more focused request, with \$20.6 million in identified savings in the first two years.

The key priorities in this budget are to sustain our excellence, invest in our people, and continue to enrich and advance our students.

In this guide you will find important information about the school system's budgeting process, factors that influence our budget projections for FY 2016, operating revenue, and expenditures. You will also discover ways you can get involved. I encourage you to share your ideas and comments in any of the ways described in this guide.

Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, reading "Renee A. Foose". The signature is fluid and cursive, with a long horizontal stroke at the end.

Renee A. Foose, Ed.D.
Superintendent

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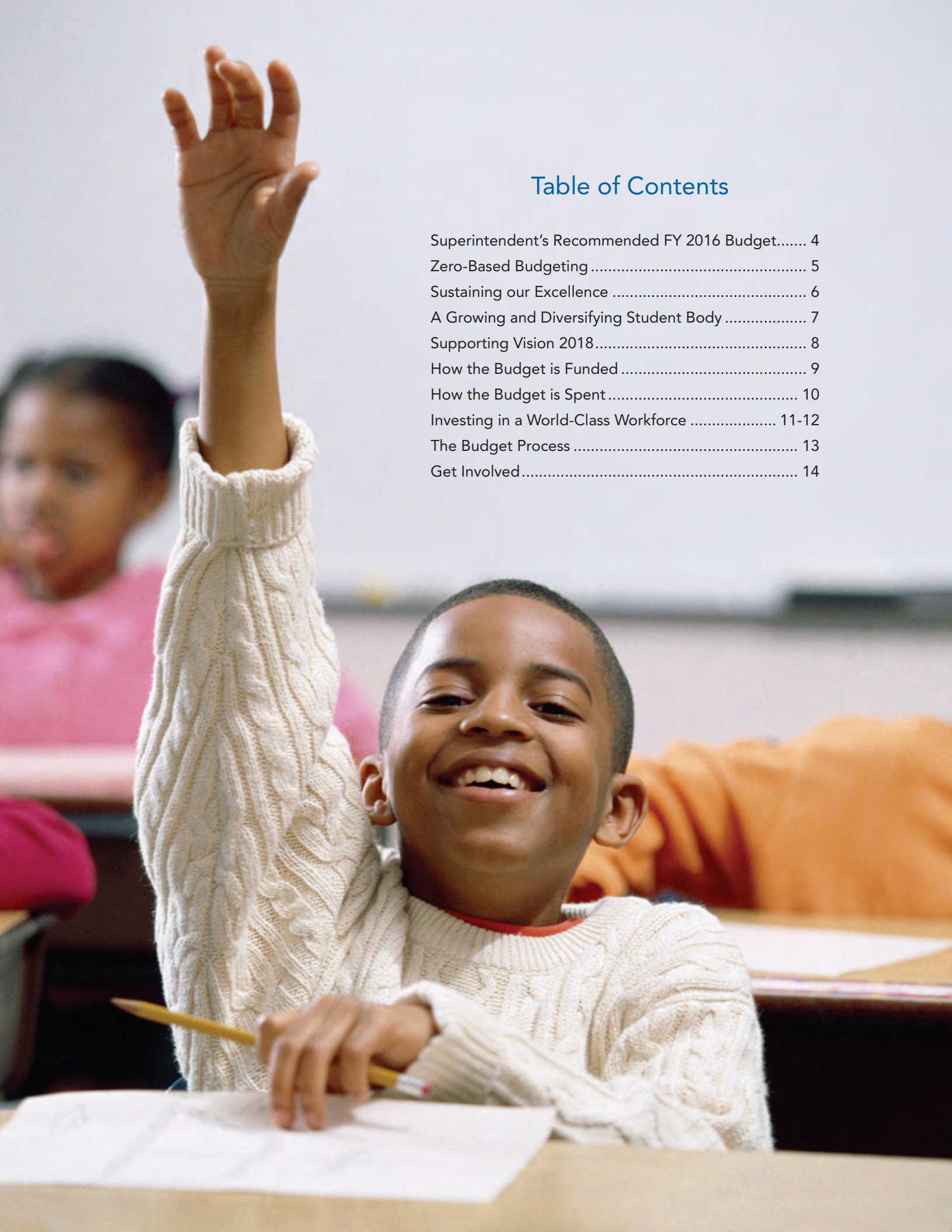


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Superintendent's Recommended FY 2016 Budget

OUR MISSION

We cultivate a vibrant learning community that prepares students to thrive in a dynamic world.

OUR VISION

Every student is inspired to learn and empowered to excel.

Goal 1 – Every student achieves academic excellence in an inspiring, engaging, and supportive environment.

Goal 2 – Every staff member is engaged, supported, and successful.

Goal 3 – Families and the community are engaged and supported as partners in education.

Goal 4 – Schools are supported by world-class organizational practices.



The school system considers a multitude of operational and economic factors in budget preparation. Notable factors influencing this budget request include the following:

- The state government projects revenue shortfalls in the current budget of more than \$1.2 billion and anticipates difficult budget decisions will be necessary that may negatively impact Howard County.
- The Howard County government currently projects a \$14.2 million shortfall in the county's FY 2015 budget. The Howard County economic indicators report for June shows continued economic stagnation for the county based on reduced federal government procurement activity.
- Student enrollment is projected to continue to increase. The FY 2016 budget is based upon an enrollment increase of 843.75 students from FY 2014 to FY 2015 and a projected increase of 1,645 students in FY 2016. Enrollment growth is projected to continue at a similar or higher rate in the future.
- The FY 2016 operating budget includes 101.7 new positions to support enrollment growth and other new initiatives. Through zero based budgeting savings, 84 positions have been redirected, reducing the net new positions to 17.7.
- The state has shifted a portion of the pension responsibility from the state to the school system. The FY 2016 budget includes \$17.3 million for employee pension payments to the state. Pension costs will increase again in FY 2017 when the school system absorbs the full cost of the pension payment.
- Increases in the cost of employee health and dental benefits continue to require a significant portion of the budget. The FY 2016 budget includes General Fund contributions of \$84 million to the Health and Dental Fund.
- The financial impact of the negotiated agreements adds approximately \$11.5 million to the FY 2016 budget for salary increases, stipends, and an extra personal day for bargaining unit employees.
- A growing segment of our student population carry heavy burdens to school, including poverty, homelessness, and language barriers resulting in the need for increased services. Program budgets in these areas reflect requests for increased funding to meet these needs.
- The current and future capital budgets include funding for renovations and additions to existing schools including major systemic renovations to many of the older school facilities as well as the construction of a new elementary school and a new middle school.

Zero-Based Budgeting

The Budget Office began the implementation of zero-based budgeting (ZBB) with the FY 2015 budget cycle in support of the strategic plan, *Vision 2018: Fulfilling the Promise of Preparation*.

This process aligns with Strategy 4.3.1, Implement a zero-based budgeting process to invest in strategic priorities. Zero-based budgeting is a technique used for developing annual budgets that complement the budget planning and review process. Due to its flexibility, this method of budgeting allows department heads to identify alternative ways to utilize limited resources through a systematic review. All expenses must be justified and every function within an organization is analyzed for its needs and costs. The purpose of the ZBB analysis is to assess a particular program’s activities against its statutory responsibilities, purpose, cost to provide services, and desired performance outcomes.

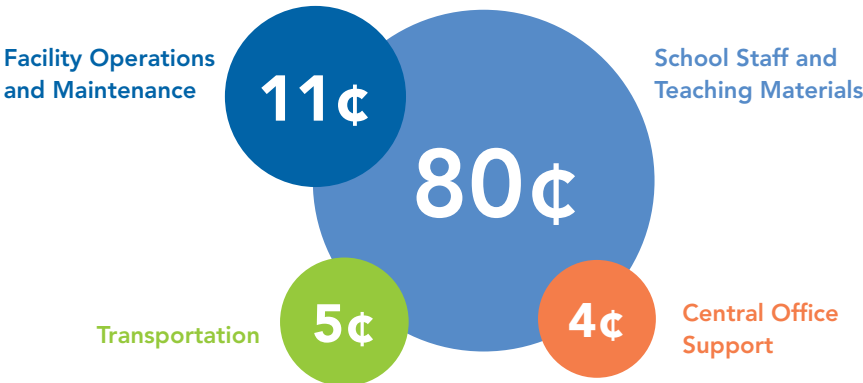
The following questions are answered by performance managers in the HCPSS ZBB process:

1. What does this program do and how does it support achieving the goals and outcomes in Vision 2018?
2. What staffing, supplies, equipment, and other resources does the program need to be successful in supporting Vision 2018?
3. What is the program’s purpose and what are the desired outcomes? What goals and strategies are utilized to align this purpose with Vision 2018?
4. What performance measures are in place to report on the program’s effectiveness?

\$20.6 Million Identified in Savings through Zero-Based Budgeting in the First Two Years

- Staffing strategies were adjusted to align positions to meet increasing enrollment needs and Vision 2018 priorities. These adjustments yielded \$3.4 million in savings in FY 2015 and are expected to yield an additional \$2.6 million in FY 2016.
- The ZBB process helps the school system to prioritize budget requests, yielding a much leaner and more focused request. The FY 2015 request was reduced by \$10.4 million and the FY 2016 request was reduced by \$10.2 million due to zero-based budgeting.

Where Does Your Dollar Go?



Of each budget dollar, 80 cents is allocated directly to fund school staff and teaching materials, 5 cents to transportation, and 11 cents for facility operation and maintenance. Central office administration and support accounts for just 4 cents per budget dollar – representing the second lowest overhead level among school systems throughout Maryland.

Sustaining our Excellence

The Howard County Public School System has a long-standing tradition of excellence in education. Our community takes great pride in our public schools and students, who consistently rank among the best in the region, state, and nation.

In 2013 our system launched a five-year strategic plan, Vision 2018: Fulfilling the Promise of Preparation, to build an educational program that is among the best in the world. Already we have taken great strides on the road to world-class. We have aligned our instructional program more closely to the skills students need for college and career readiness, and broadened its scope to engage every child in learning.

While HCPSS students continue to outpace their state and national peers on standard measures of academic achievement, a large and growing proportion of our student body face poverty and other challenges that interfere with learning. These students often need additional supports.

Complicating these challenges is the fact that our county, and our system, is growing rapidly. We expect 1,645 new students in the fall of 2015, and the costs associated with that new enrollment are not included in Maryland's formula for funding education under a Maintenance of Effort budget, which is based on prior year enrollment.

Sustaining our excellence in the face of rapid enrollment growth and economic pressures at the state and county level require careful balancing of our priorities and resources. The FY 2016 budget request maximizes funding in the classroom, protects class sizes, and continues to invest in our stellar workforce.



College and Career Ready

- Graduation rates for the class of 2013 were 93.3 percent, with attendance rates above 95 percent and drop-out rates of 4.29 percent. More than 92 percent of graduating seniors continued their education beyond high school.
- Approximately 44 percent of HCPSS students participated in the Gifted and Talented Program in 2014.
- HCPSS students consistently score above the national average on standardized tests. In 2014, HCPSS students achieved an average of 1657 on the SAT, well above the state average of 1438, and the national average of 1471.

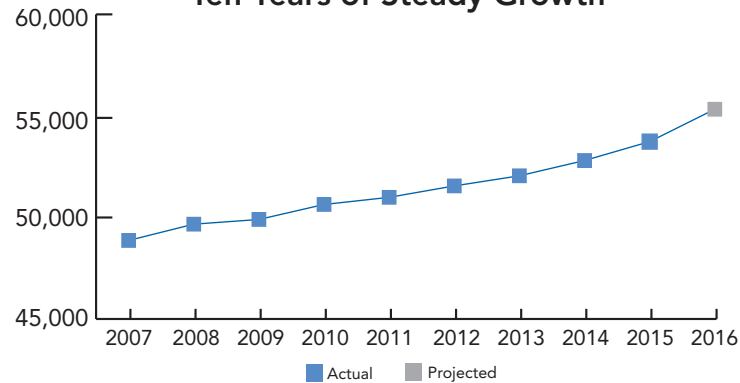
A Growing and Diversifying Student Body

Howard County is growing rapidly, and current projections indicate that HCPSS will have an additional 1,645 students in the fall of 2015.

Record Enrollment Growth

1,645 new students are expected in fall 2015, bringing HCPSS enrollment to a record high of 55,330.

Ten Years of Steady Growth



- The percentage of students receiving Free and Reduced-Price Meals (FARMS) has climbed in recent years. In FY 2014, 20.1 percent of students qualified for this program, up from 17.2 percent in FY 2012.
- In FY 2014, 9 percent of our students received special education services.
- Over 2,250 students participate in our English for Speakers of Other Languages (ESOL) program, representing 58 different languages (primarily Spanish and Korean) and 75 different countries.

STUDENT ENROLLMENT BY LEVEL

	Actual								Actual	Projected
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary	20,191	20,649	20,811	21,292	21,814	22,246	22,735	23,327	23,698	24,343
Middle	11,923	11,801	11,748	11,649	11,472	11,523	11,483	11,890	12,276	12,839
High	15,767	16,173	16,231	16,657	16,614	16,627	16,660	16,378	16,438	16,904
Cedar Lane	96	101	98	85	91	101	103	93	129	132
Pre-K	893	948	1,015	958	1,002	1,058	1,072	1,118	1,144	1,112
TOTAL	48,870	49,672	49,903	50,641	50,993	51,555	52,053	52,806	53,685	55,330

Supporting Vision 2018

World Language

Approximately \$1.3 million is allocated to expansion of the world language program, including implementation of preK-5 Spanish language instruction at Laurel Woods and Waverly elementary schools. In addition, Spanish language instruction will be expanded in five middle schools to meet the needs of students who have received Spanish instruction in elementary school. These include Bonnie Branch, Lake Elkhorn, Oakland Mills, Thomas Viaduct, and Wilde Lake middle schools.

Equity Initiatives

Several initiatives support our commitment to providing equity in our instructional offerings. One initiative supports theater arts programs in high schools through funding to standardize stage lighting at every school with upgraded, energy efficient equipment. This ensures equitable technology access for curricular, extracurricular, and community events in every school community.

Other funding supports equity in the Outdoor Education program at all middle schools. All grade six students are invited to attend a multi-day, overnight outdoor environmental education experience, where they take part in outdoor investigations while acclimating to middle school. Historically, trips varied in length depending on the fundraising capacity at each school. This funding will ensure an equitable experience for all students.

Classroom Technology

Approximately \$530K in funding will extend advanced classroom technologies to Laurel Woods and Waverly elementary schools. This funding provides 94 interactive projectors and 50 extenders for student use in every classroom teaching space.

Coding Instruction

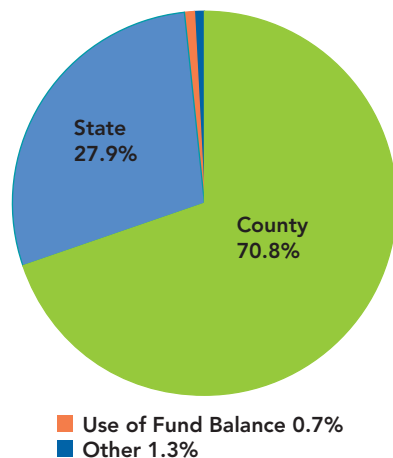
Approximately \$100K of funding expands our offerings in the Code.Org program, which opens opportunities to learn computer science to all students. The funding includes a designing technology solutions program for high school students, which involves robotics programming.



How the Budget is Funded

The proposed budget includes county funding of \$552.9 million, which represents \$11 million more than the Maintenance of Effort level of funding as provided for in State Law (based on an increase of 843.75* students). County funding increases by \$22.5 million or 4.2 percent. Maryland State Aid includes unrestricted funds and is distributed based on enrollment, relative wealth of each county, level of local expenditures for education, and other factors. The State Aid includes \$5.6 million in discretionary Geographic Cost of Education Index (GCEI) funds vulnerable to reduction or elimination. Other sources include building use fees, gate receipts for athletic events, fees for out-of-county students, interest income, summer school tuition, e-rate rebates, and other miscellaneous revenues. The primary source of revenue for the Howard County Public School System is appropriation from the Howard County Government.

Revenues: How the Budget is Funded



CHANGES IN FUNDING				
	Approved FY15	Proposed FY16	Dollar Change	% Change
County	\$530,439,861	\$552,921,237	\$22,481,376	4.2%
State	\$216,205,109	\$217,921,250	\$1,716,141	0.8%
Other	\$12,120,380	\$9,933,293	\$(2,187,087)	-18.0%
Total	\$758,765,350	\$780,775,780	\$22,010,430	2.9%

*Maintenance of Effort increase is based upon state criteria for actual enrollment between FY 2014 and FY 2015.

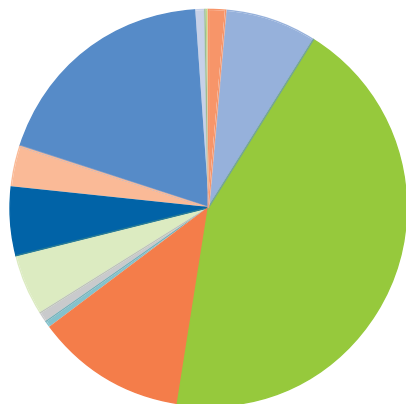
How the Budget is Spent

The total budget request for fiscal year 2016 totals \$780.8 million and represents a total increase of \$22.0 million, which is 2.9 percent. The \$552.9 million requested from the County represents an increase of 4.2 percent.

This increase in expenditures is attributable to negotiated salary increases and significant student enrollment growth, as well as increased costs for employee health benefits and the ongoing shift in funding the teachers' pension from the state to the counties.

Expenditures by Budget Category

The chart and graph below show the percentage of expenditures reported by the state mandated categories.



Category	Percent	Amount
Administration	1.6%	\$ 12,569,229
Mid-Level Administration	7.5%	59,125,103
Instruction	43.0%	335,613,411
Special Education	12.1%	94,125,053
Pupil Services	0.4%	3,144,091
Health Services	1.0%	7,670,506
Transportation	4.9%	38,306,925
Operations	5.6%	43,613,229
Maintenance	3.2%	25,182,536
Fixed Charges	19.7%	153,805,740
Community Services	0.9%	6,716,238
Capital Outlay	0.1%	903,719
Total	100%	\$780,775,780



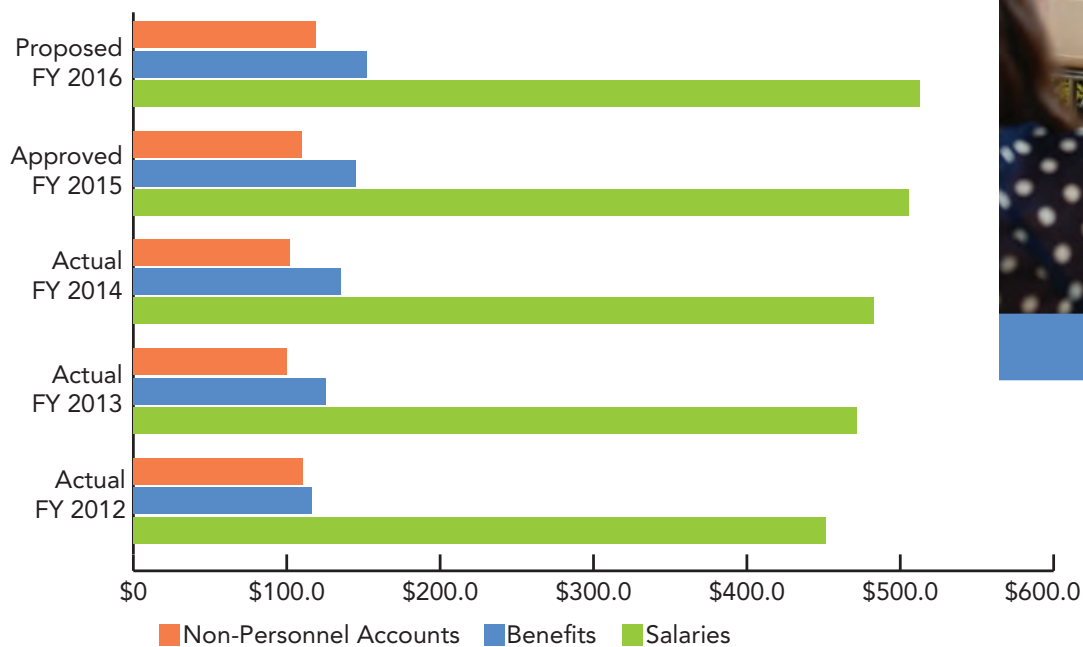
Investing in a World Class Workforce

The majority of the operating budget, 85.3 percent, goes to pay salary and benefits for school system employees. Total compensation and benefits expenditures account for over \$665.6 million.

The remaining 14.7 percent, or \$115.2 million, of the operating budget is spent on non-compensation related costs. The major expenditures in these areas are:

- Transportation (\$38 million).
- Utilities (approximately \$18.4 million).
- Instructional supplies and materials for schools (\$13.9 million).
- Tuition and transportation costs for special education students attending other schools (\$10.1 million consisting of tuition costs of \$6.8 million and transportation costs of \$3.3 million).
- Technology services and computers (\$10.7 million).
- Maintenance costs for buildings, contracted services, supplies, and equipment (\$8 million).

General Fund Expenditures FY 2012-2015



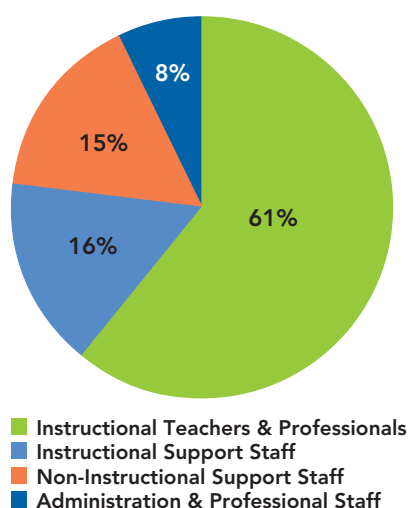
Expenditure	Actual FY 2012	Actual FY 2013	Approved FY 2014	Approved FY 2015	Proposed FY 2016
Salaries	\$456,714,311	\$471,706,276	\$487,034,020	\$505,593,870	\$512,635,388
Benefits	116,544,689	125,637,275	136,465,250	143,493,870	152,905,740
Non-Personnel Accounts	110,203,429	99,812,456	101,780,760	109,677,610	115,234,652
Total	\$683,462,429	\$697,156,007	\$725,280,030	\$758,765,350	\$780,775,780

Investing in a World Class Workforce

Our core mission is to cultivate a vibrant learning community that prepares students to thrive in a dynamic world. This mission can only be realized if the adults in our school system are supported professionally and personally, and prepared for and engaged in their careers. This FY 2016 budget request reflects our commitment to maximizing our investment in the classroom. More than three-quarters of the HCPSS workforce work directly with students to facilitate teaching and learning.

The following tables and graph present detail on the composition of staff between the instructional and administrative functions as well as between funds.

HCPSS Personnel Resources		
Position	Total FTE FY 2016	%
Instructional Teachers & Professionals	4,981.8	61%
Instructional Support Staff	1,278.0	16%
Non-Instructional Support Staff	1,246.7	15%
Administration & Professional Staff	649.7	8%
Total Positions (FTE)	8,156.2	100%



Budgets Positions by Fund					
Position	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
General Fund	7,466.5	7,552.7	7,665.4	7,693.2	7,709.7
Grants*	165.0	165.0	177.0	171.0	173.5
Internal Service Funds	55.0	53.0	54.0	81.0	82.0
Food Service	187.0	187.0	188.0	191.0	191.0
Total Positions (FTE)	7,873.5	7,957.7	8,084.4	8,136.2	8,156.2

*FY 2016 Grants FTEs are estimated

A Destination System for Staff

HCPSS is a destination school system, not only for students, but for staff as well. In each of the past several years, we have had approximately 7,000 applicants for 350 teaching positions. Thus, our system is able to select the most highly qualified candidates. In fact, in FY 2015, the HCPSS employs 4,737 certificated teachers, 70 percent of whom hold masters degrees or higher.

The FY 2016 budget request includes \$11.5 million in additional compensation for staff. This competitive compensation, combined with an attractive benefits package, helps HCPSS maintain a stellar workforce.

2014-2015 Starting Teacher Salaries Bachelor Degree, Step 1

Carroll	\$40,400
Frederick	\$41,259
Harford	\$41,583
Baltimore Co.	\$43,000
Anne Arundel	\$44,991
Prince George's	\$46,380
Montgomery	\$46,410
Howard	\$47,351
Baltimore City	\$47,950

Mid-Career Teacher Salaries Master's Degree, Step 9

Frederick	\$52,641
Baltimore Co.	\$53,172
Carroll	\$54,352
Harford	\$55,883
Howard	\$61,365
Anne Arundel	\$62,225
Prince George's	\$62,889
Montgomery	\$67,723
Baltimore City	\$67,746

The Budget Process

Each fall, the school system develops priorities and begins to compile budget requests for the next fiscal year. These requests are submitted to the school system's budget office and are reviewed by the Superintendent and other system leaders. The Superintendent submits a proposed budget to the Board of Education in January.

- The Board holds public hearings and work sessions, then submits a budget request to the Howard County Executive in March. The County Executive may recommend changes to the education request before submitting a proposed budget to the County Council in April. The Board of Education may amend its budget request and the county government may consider the amendments before the budget is approved.
- The County Council holds public hearings and makes changes to the County Executive's budget. The council may reduce any portion of the executive's budget and may also restore funding to the school system. Additional Board of Education meetings may be held during the latter part of the County Council's budget review process to respond to last minute budget issues.
- The County Council approves the county budget in late May. The Board of Education adopts the detailed school system budget by June 1.



FY 2016 Operating Budget Schedule

January 8, 7:30 p.m.

Superintendent presents budget

January 22, 12 p.m.

Superintendent's Recommended Budget Online Feedback Forum

February 3, 7:00 p.m.

Public hearing on Superintendent's budget

February 5, 1:00 p.m.

Board of Education budget work session I

February 9, 7:00 p.m.

Board of Education budget work session II

February 11, 1:00 p.m.

Board of Education budget work session III

February 17, 1:00 p.m.

Board of Education budget work session IV

February 24, 9:00 a.m.

Board adopts budget request

March 13

Budget to County Executive

April 15

County Executive submits budget to County Council

May 7

7:30 p.m.

Board of Education public hearing on budget changes

May 14

7:30 p.m.

Possible Board of Education work session on budget changes

Late May

County Council approves budget

May 21

7:30 p.m.

Board adopts approved budget

Get Involved

The public is encouraged to attend public hearings and work sessions and may provide written and/or verbal testimony.

Please note that written testimony is part of the public record maintained by the Board of Education and may be accessed by members of the public upon request.

Budget Feedback to the Board of Education

Written testimony on the Operating Budget may be submitted via email at boe@hcpss.org or by written letter addressed to:

Howard County Board of Education
Attn: Budget Testimony
10910 Clarksville Pike
Ellicott City, MD 21042

Budget Feedback to the Budget Office

In addition to written testimony at public hearings, you may submit comments throughout the year to the Budget Office prior to the Superintendent's official presentation to the Board of Education. Feedback may be submitted online by going to: www.hcpss.org/aboutus/budget_participate.shtml.

Written feedback may be submitted by mail:

Howard County Public School System
Attn: Budget Office
10910 Clarksville Pike
Ellicott City, MD 21042

Budget Feedback to the Howard County Government

You may submit comments during the county government's review of the school system budget.

The County Executive and County Council members are:

Allan Kittleman, County Executive
Jon Weinstein, Council Member, (District 1)
Calvin Ball, Council Member (District 2)
Jennifer Terrasa, Council Member (District 3)
Mary Kay Sigaty, Council Member (District 4)
Greg Fox, Council Member (District 5)

The address for correspondence to county officials is:

Howard County Council
George Howard Building
3430 Court House Drive
Ellicott City, MD 21043
410-313-2001 (County Council)

Email addresses for county officials, and more information on the county budget process, can be found on the county government's website at: www.howardcountymd.gov.



For More Information

Citizens who need more information on the school system budget may contact:

HCPSS Budget Office
410-313-6746

Public Information Office
410-313-6680

An electronic copy of the budget, along with other budget information, can be found on the school system's website at: www.hcpss.org. Copies of the operating budget are available from the Public Information Office.



10910 Clarksville Pike
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410-313-6600

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Howard County Public School System



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