



HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE

3430 Courthouse Drive ■ Ellicott City, Maryland 21043 ■ 410-313-2013 Voice/Relay

Calvin Ball
Howard County Executive
cball@howardcountymd.gov

www.howardcountymd.gov
FAX 410-313-3051

May 12, 2025

Liz Walsh, Chairperson
Howard County Council
3430 Court House Drive
Ellicott City, MD 21043

Dear Chairperson Walsh and Members of the County Council,

Thank you for your continued partnership as we work through the Fiscal Year 2026 (FY26) Operating Budget process for Howard County. Today, I have submitted emergency budget legislation to the Howard County Council to direct up to \$14.5 million in one-time funding from the County's excess surplus revenue toward the Howard County Public School System (HCPSS) Operating Budget. Pursuant to Section 208 of the County Charter, I am respectfully calling the Howard County Council into legislative session on or before May 14, 2025, for the purpose of introducing the emergency legislation to modify County Charter Section 615B to provide additional funding to HCPSS.

This emergency budget legislation will authorize Howard County to draw upon one-time funding in the County's excess surplus revenue to direct toward the FY26 school budget, providing critical resources for the school system to address core staffing and programming needs in the year ahead.

As you are aware, our proposed FY26 Operating Budget provides a historic \$800 million in County funding to HCPSS, contributing to a total HCPSS budget of approximately \$1.2 billion when combined with State and other funding sources. Our proposed budget reflects a 5.1% increase of \$39 million in new recurring county funding for HCPSS, exceeding the state-mandated Maintenance of Effort by approximately \$39.3 million. Furthermore, we are allocating an additional \$6.7 million to educator pension liabilities, a new cost passed on to Howard County from the State this year. In total, we proposed \$45.7 million in new revenue for HCPSS expenses in our budget, representing approximately 64% of all new General Fund revenue growth in FY26.

Despite this record level of investment during a year of great uncertainty at the State and Federal level, HCPSS continues to experience severe budget challenges. During their May 5, 2025, presentation to the Council, HCPSS identified outstanding funding needs of approximately \$29.2 million in order to maintain core services without making reductions or adjustments to programs and staffing. Subsequently, on May 8, 2025, we sent a letter to the Board of Education identifying three strategies to generate savings and additional revenues within the HCPSS Operating Budget.



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Our emergency budget legislation would authorize Howard County Government to spend one-time funds from the County's excess surplus revenue on recurring HCPSS operating expenses in the FY26 Operating Budget. Per the County Charter, one-time funding is restricted to spending on one-time expenses, such as the infrastructure projects in the Capital Budget, to avoid using one-time money on on-going expenditures that will stay in the base budget in future years. However, Section 615B of the County Charter permits the County Executive and the County Council to modify the restriction on the use of one-time funds through Council legislation.

This emergency authority has only been invoked once in the last two decades for the operating budget, when the County directed \$7.5 million in one-time funds to cover operating expenses during the COVID-19 pandemic. This underscores the significance of this proposed budget action, which is intended to ensure HCPSS can meet core services in the upcoming year.

This week, we will submit a budget amendment appropriating \$14.5 million from the County's excess surplus revenue to the HCPSS Operating Budget. This excess surplus revenue will be drawn from the County's Policy Reserve, which we fully implemented in FY21. Our Policy Reserve sets aside 3% of the budget on top of the Rainy Day Fund as a fiscal strategy to prepare for emergencies and unforeseen fiscal challenges that may arise. Coupled with internal HCPSS savings, our proposal to direct \$14.5 million in one-time County funds is intended to help meet the \$29.2 million funding threshold identified by HCPSS to avoid program and staffing reductions.

We do not take this action lightly. The use of one-time funds to support operating expenses will impact our future FY27 Operating Budget, as this funding will be built into the Operating Budget base and potentially eat into any new revenues realized in our FY27 Operating Budget. However, we believe that this is the most prudent and responsible approach to supporting the FY26 HCPSS budget without making even deeper cuts to core services, operations, and positions supported directly by Howard County Government.

Following the introduction of this emergency legislation, we respectfully request that the Council schedule this legislation for public testimony during your upcoming Legislative Public Hearing on May 19, 2025. Additionally, we request that this emergency legislation be scheduled for a vote at your upcoming May 21, 2025, legislative session, before the Council takes final action on the FY26 Budget.

Thank you for your partnership as we work together to finalize the FY26 Budget and ensure that Howard County remains the very best place to live, work, play, grow, and thrive for all.

Sincerely,

Calvin Ball
Howard County Executive