

County Council of Howard County, Maryland

2019 Legislative Session

Legislative Day No. **6**

Resolution No. 62 -2019

Introduced by: The Chairperson at the request of the Board of Education

A RESOLUTION approving certain transfers between major categories of the Howard County Board of Education Operating Budget for Fiscal Year 2019; transferring \$2,000,000 to the Fixed Charges category, \$700,000 to the Special Education category, \$200,000 to the Student Transportation category, and \$230,000 to the Operation of Plant category; and generally relating to the Fiscal Year 2019 Operating Budget of the Board of Education.

Introduced and read first time _____, 2019.

By order _____
Jessica Feldmark, Administrator

Read for a second time at a public hearing on _____, 2019.

By order _____
Jessica Feldmark, Administrator

This Resolution was read the third time and was Adopted___, Adopted with amendments___, Failed___, Withdrawn___, by the County Council on _____, 2019.

Certified By _____
Jessica Feldmark, Administrator

Approved by the County Executive _____, 2019

Calvin Ball, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; ~~Strike-out~~ indicates material deleted by amendment; Underlining indicates material added by amendment

1 **WHEREAS**, Section 5-105 of the Education Article of the Annotated Code of Maryland
2 provides that a transfer between major categories of the budget of a County Board of Education
3 shall be made only with the approval of the County Council; and
4

5 **WHEREAS**, Section 5-105 further provides that if a County Council fails to take action
6 on a written request for a transfer between major budget categories within 30 days of receipt of
7 the request, the failure to take action constitutes approval thereof; and
8

9 **WHEREAS**, on May 31, 2018, the County Council adopted Council Resolution No. 53-
10 2018 that adopted the Fiscal Year 2019 Operating Budget for the Board of Education; and
11

12 **WHEREAS**, on or about May 6, 2019 the County Council received a request from the
13 Board of Education to transfer, in the Fiscal Year 2019 expense budget, a total of \$2,000,000 to
14 the Fixed Charges category, \$700,000 to the Special Education category, \$200,000 to the Student
15 Transportation category, and \$230,000 to the Operation of Plant category; and
16

17 **WHEREAS**, this transfer is necessary to address deficits in the Health Fund,
18 unanticipated expenditures in the Operations of Plant and Student Transportation funds, and to
19 cover the underfunding of Special Education; and
20

21 **WHEREAS**, to address deficits in the Health Fund, funding is available due to savings in
22 Administration, Mid-Level Administration, Instructional Salaries and Wages, Textbooks and
23 Instructional Supplies, and Maintenance of Plant; and
24

25 **WHEREAS**, funding is available to Special Education from Instructional Salaries and
26 Wages due to turnover savings and because the school system did not fill end-of-year vacancies;
27 and
28

29 **WHEREAS**, to provide additional funds to Student Transportation and Operation of
30 Plant, funding is available from Maintenance of Plant; and
31

32 **WHEREAS**, the Board of Education has indicated that the funds are available for

1 transfer from the respective categories.

2

3 **NOW, THEREFORE, BE IT RESOLVED** by the County Council of Howard County,
4 Maryland this _____ day of _____, 2019 that it approves the following transfers
5 between major categories of the Fiscal Year 2019 expense fund budget of the Howard County
6 Board of Education:

7

8 Donor Categories:

9 **Administration**

10	Appropriation Fiscal Year 2019 before transfer	\$13,567,320
11	Less amount transferred to Fixed Charges	<u>(\$225,000)</u>
12	Appropriation Fiscal Year 2019 after transfer	\$13,342,320

13

14 **Mid-Level Administration**

15	Appropriation Fiscal Year 2019 before transfer	\$62,658,494
16	Less amount transferred to Fixed Charges	<u>(\$450,000)</u>
17	Appropriation Fiscal Year 2019 after transfer	\$62,208,494

18

19 **Instructional Salaries and Wages**

20	Appropriation Fiscal Year 2019 before transfer	\$348,389,986
21	Less amount transferred to Fixed Charges	(\$460,000)
22	Less amount transferred to Special Education	<u>(\$700,000)</u>
23	Appropriation Fiscal Year 2019 after transfer	\$347,229,986

24

25 **Textbooks & Classroom Instructional Supplies**

26	Appropriation Fiscal Year 2019 before transfer	\$9,823,425
27	Less amount transferred to Fixed Charges	<u>(\$450,000)</u>
28	Appropriation Fiscal Year 2019 after transfer	\$9,373,425

29

30 **Maintenance of Plant**

31	Appropriation Fiscal Year 2019 before transfer	\$26,217,132
32	Less amount transferred to Fixed Charges	(\$415,000)

1	Less amount transferred to Student Transportation	(\$200,000)
2	Less amount transferred to Operation of Plant	<u>(\$230,000)</u>
3	Appropriation Fiscal Year 2019 after transfer	\$25,372,132
4		
5	Recipient Categories:	
6	Fixed Charges	
7	Appropriation Fiscal Year 2019 before transfer	\$184,960,057
8	Plus amount transferred from Administration	\$225,000
9	Plus amount transferred from Mid-Level Administration	\$450,000
10	Plus amount transferred from Instructional Salaries and Wages	\$460,000
11	Plus amount transferred from Textbooks & Classroom	
12	Instructional Supplies	\$450,000
13	Plus amount transferred from Maintenance of Plant	<u>\$415,000</u>
14	Appropriation Fiscal Year 2019 after transfer	\$186,960,057
15		
16	Special Education	
17	Appropriation Fiscal Year 2019 before transfer	\$109,184,782
18	Plus amount transferred from Instructional Salaries and	
19	Wages	<u>\$700,000</u>
20	Appropriation Fiscal Year 2019 after transfer	\$109,884,782
21		
22	Student Transportation	
23	Appropriation Fiscal Year 2019 before transfer	\$41,216,993
24	Plus amount transferred from Maintenance of Plant	<u>\$200,000</u>
25	Appropriation Fiscal Year 2019 after transfer	\$41,416,993
26		
27	Operation of Plant	
28	Appropriation Fiscal Year 2019 before transfer	\$42,593,699
29	Plus amount transferred from Maintenance of Plant	<u>\$230,000</u>
30	Appropriation Fiscal Year 2019 after transfer	\$42,823,699



**BOARD OF EDUCATION OF HOWARD COUNTY
MEETING AGENDA ITEM**

TITLE: FY 2019 Categorical Budget Transfer

DATE: April 11, 2019

PRESENTER(S): Stephanie Ennels

Strategic Call To Action Alignment:

Responsive and Efficient Operations: Operations and practices are responsive, transparent, fiscally responsible, and accountable, with students at the heart of all decisions.

OVERVIEW:


As the Howard County Public School System began the 2019 fiscal year facing a deficit of \$37.0 million in the Health Fund, spending constraints were put into place while still prioritizing support of our schools and the safety of students and staff. In order to meet unanticipated expenditures in Operations of Plant and Student Transportation, cover the underfunding of Special Education, and to begin to decrease the Health Fund deficit, year-end revisions to the FY 2019 General Fund categorical operating budget are recommended, including:

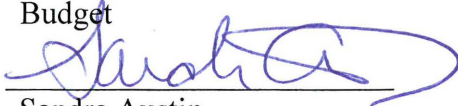
- Transfer of available funding from savings in Administration, Mid-Level Administration, Instructional Salaries and Wages, Textbooks and Instructional Supplies, and Maintenance of Plant to Fixed Charges to provide additional funding for Employee Health Insurance as the HCPSS endeavors to offset the Health Fund deficit.
- Transfer of available funding in Instructional Salaries and Wages to provided additional funds for Special Education.
- Transfer of available funding in Maintenance of Plant for Student Transportation and Operation of Plant.

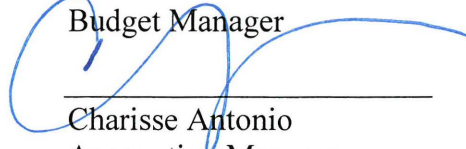
The transfer must be officially submitted to the County Council by April 25, 2019, to allow Council action at the June 3, 2019, legislative session. Before May 30, 2019, if needed, the school system may request amendments to the transfer, based on later cost projections.

RECOMMENDATION/FUTURE DIRECTION: It is recommended that the Board approve the categorical transfer request to be submitted to the County Council by April 25, 2019, for action at its June 3, 2019, legislative session.

SUBMITTED BY:



Stephanie Ennels
Director, Finance and
Budget

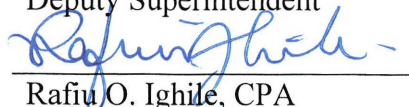

Sandra Austin
Budget Manager


Charisse Antonio
Accounting Manager

APPROVAL/CONCURRENCE:


Michael J. Martirano, Ed.D.
Superintendent


Karalee Turner-Little
Deputy Superintendent


Rafiu O. Ighile, CPA
Chief Financial Officer

Details Regarding the FY 2019 Categorical Budget Transfer Request

The school system is working closely with the county to address the Health Fund deficit. In our efforts to lessen the estimated deficit by providing additional funding to Fixed Charges, spending constraints were put in place in FY 2019 that still prioritize support to schools and the safety of students and staff. Additionally, unanticipated costs associated with Special Education nonpublic placement exceeded the appropriation in Special Education. The FY 2019 Student Transportation budget was not sufficient to meet the needs of the school system. Additionally, the colder than expected winter drove up utility costs which exceeded the appropriation in Operation of Plant. Funds must be transferred to meet the expenditures in these categories.

Management has completed cost projections by category to predict FY 2019 cost-savings. Management used this information to predict what remaining funds each category may have available to address the need for funding in Fixed Charges, Special Education, Operation of Plant, and Student Transportation. The result of these efforts, along with continued monitoring of programs by Performance Managers and Business and Technology staff, allows for a requested transfer of \$2,000,000 to Fixed Charges, \$700,000 to Special Education, \$200,000 to Student Transportation, and \$230,000 to Operation of Plant. It is essential to be conservative at this time based upon the best available information, as COMAR requires that the school system not overspend any category.

Categorical Expenditures

The current categorical transfer request for FY 2019 is \$3,130,000, which is 0.4 percent of budgeted expenditures. An explanation of the results by state category follows:

Category 1 – Administration

This category includes costs for activities associated with the general regulations, direction, and control of the school system. Savings of \$225,000 are a result of holding 1.0 Process Development Coordinator position in the Office of the Superintendent and other turnover savings.

Category 2 – Mid-Level Administration

This category contains instructional support services including central office instructional personnel, professional development, school-based office staff, school administration, media processing, cable TV/video production, and temporary employee services. Savings of \$450,000, in salary savings, are projected.

Category 3 – Instructional Salaries and Wages

This category funds instructional salaries and wages. Salary savings are projected across all programs from turnover savings and by not filling end-of-school-year vacancies. Total savings are projected in Instructional Salaries and Wages to be \$1,160,000.

Category 4 – Textbooks and Instructional Supplies

This category is comprised of expenditures and commitments for textbooks and instructional supplies for all schools. Spending is being monitored throughout the year in order to make sure all essential supplies have been and will continue to be ordered. Savings of \$450,000 are projected from reductions to supplies and textbooks across various programs.

Category 5 – Other Instructional Costs

This category is comprised of commitments for contracted services, professional development, and equipment used to support the instructional program. This category is expected to fully utilize its budgeted funds.

Category 6 – Special Education

The Special Education category includes costs associated with the instructional needs of students receiving special education services. An additional \$700,000 is necessary in this category to cover nonpublic placement expenses that exceeded the appropriation.

Category 7 – Student Personnel Services

The Student Personnel Services category includes programs to improve student attendance and to solve student problems involving the home, school, and community. This category is expected to fully utilize its budgeted funds.

Category 8 – Health Services

The Student Health Services category provides staffing for school health rooms, maintains student health records, identifies health problems, enforces immunization laws, and provides other services. This category is expected to fully utilize its budgeted funds.

Category 9 – Student Transportation

The Student Transportation category provides funding for the transportation of students. Conservative budgeting in this category will not cover estimated expenditures. An additional \$200,000 is necessary in this category.

Category 10 – Operation of Plant

This category includes custodial salaries and the cost of utilities. An additional \$230,000 is necessary in this category to cover unanticipated utility expenses.

Category 11 – Maintenance of Plant

This category includes costs of building and grounds maintenance, and environmental maintenance. A savings of \$845,000 is projected in this category.

Category 12 – Fixed Charges

This category includes the cost of employee benefits and other fixed charges and costs such as vehicle insurance, retirement contributions, life insurance, workers' compensation contributions from the General Fund, unemployment insurance, and the early retirement program payments. A transfer of \$2,000,000 to this category will be applied to employee health insurance to lessen the current Health Fund deficit.

Category 14 – Community Services

This category provides for the usage of our facilities by the community, transportation for some parochial students in Howard County, grounds maintenance of school sites for community use, and other school system community services. This category is expected to fully utilize its budgeted funds.

Category 15 – Capital Outlay

The Capital Outlay category includes costs for planning, administration, and oversight of the Capital Budget. This category is expected to fully utilize its budgeted funds.

The following chart provides the Categorical Transfer request that will be submitted to the County Council.

FY 2019 Categorical Transfer Request

Category Number	Major Category	General Fund Budget	Year-End Transfer	Revised Appropriation
1	Administration	\$ 13,567,320	\$ (225,000)	\$ 13,342,320
2	Mid-Level Administration	62,658,494	(450,000)	62,208,494
3	Instructional Salaries and Wages	348,389,986	(1,160,000)	347,229,986
4	Textbooks & Instructional Supplies	9,823,425	(450,000)	9,373,425
5	Other Instructional Costs	3,128,717	-	3,128,717
6	Special Education	109,184,782	700,000	109,884,782
7	Student Personnel Services	3,641,641	-	3,641,641
8	Student Health Services	8,966,402	-	8,966,402
9	Student Transportation	41,216,993	200,000	41,416,993
10	Operation of Plant	42,593,699	230,000	42,823,699
11	Maintenance of Plant	26,217,132	(845,000)	25,372,132
12	Fixed Charges	184,960,057	2,000,000	186,960,057
14	Community Services	7,128,926	-	7,128,926
15	Capital Outlay	908,432	-	908,432
	Total	\$ 862,386,006	\$ -	\$ 862,386,006

Individual Transfers

	From		To
1	Administration	\$ (225,000)	\$ 225,000 Fixed Charges
2	Mid-Level Administration	(450,000)	450,000 Fixed Charges
3	Instructional Salaries and Wages	(460,000)	460,000 Fixed Charges
4	Textbooks & Instructional Supplies	(450,000)	450,000 Fixed Charges
5	Maintenance of Plant	(415,000)	415,000 Fixed Charges
6	Instructional Salaries and Wages	(700,000)	700,000 Special Education
7	Maintenance of Plant	(200,000)	200,000 Student Transportation
8	Maintenance of Plant	(230,000)	230,000 Operation of Plant

Explanations:

- 1-5 Transfer available funds from the identified categories to Fixed Charges to offset the Health Fund deficit.
- 6 Transfer needed to fund unanticipated costs for Special Education Nonpublic placements.
- 7 Transfer to cover increase to Student Transportation contract obligations.
- 8 Transfer to cover unanticipated utility costs.