

County Council of Howard County, Maryland

2021 Legislative Session

Legislative Day No. 17

Resolution No. 163-2021

Introduced by: The Chairperson at the request of the County Executive

A RESOLUTION approving supplemental appropriation of unassigned fund balance to the Howard County Board of Education's Operating Budget for Fiscal Year 2023, per request of the Board of Education; to increase the Board of Education's General Fund appropriation by \$15 million through adding \$15 million in use of the School System's Fund Balance; and generally relating to the Fiscal Year 2022 Operating Budget of the Board of Education.

Introduced and read first time Nov 1, 2021.

By order

Michelle Harrod
Michelle Harrod, Administrator

Read for a second time at a public hearing on Nov 15, 2021.

By order

Michelle Harrod
Michelle Harrod, Administrator

This Resolution was read the third time and was Adopted , Adopted with amendments , Failed , Withdrawn , by the County Council on Dec 6, 2021.

Certified By

Michelle Harrod
Michelle Harrod, Administrator

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
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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
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9 **WHEREAS**, on May 26, 2021, the County Council adopted Council Resolution No. 68-2021
10 (“CR68”) that sets forth the Fiscal Year 2022 Operating Budget for the Board of
11 Education; and
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13 **WHEREAS**, CR68 was subsequently amended by passage of Council Resolution No.
14 110-2021 (CR110) which (1) increased the General Fund appropriation by \$12 million through
15 adding \$12 million use of the School System’s Fund Balance, (2) transferred funds among major
16 categories in the Board’s Fiscal Year 2022 Operating Budget to align with spending needs, (3)
17 increased Grant Fund appropriation to account for \$43,506,702 of Elementary and Secondary
18 School Emergency Relief Fund III (ESSER III) grant, and (4) increased the grant contingency by
19 \$15 million; and
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21 **WHEREAS**, the Board of Education has again requested budget authority to use
22 unassigned fund balance to support salary and wage expenditure increases for labor contracts
23 that were under negotiation at the time the FY22 Operating Budget was approved; and
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25 **WHEREAS**, now that the Board has ratified labor agreements, the Board needs to ensure
26 that there is sufficient funding at each category to manage the expenditure increases associated
27 with the negotiated salary and wage increases for the remainder of FY 2022; and
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29 **WHEREAS**, the Board of Education has indicated that the requested additional \$15
30 million from the School System’s unassigned fund balance in General Fund is available for use
31 in the Board of Education’s FY 2022 operating budget.

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NOW, THEREFORE, BE IT RESOLVED by the County Council of Howard County, Maryland this 6 day of Dec, 2021 that it approves the supplemental appropriation from unassigned fund balance within the Operating Budget of the Board of Education and that Council Resolution No. 68-2021, as amended by CR 110-2021, is amended as follows:

1. On page 1, in line 9, strike "\$18,950,071" and substitute "\$33,950,071"
2. On page 1, in line 10, strike "\$942,645,602" and substitute "\$957,645,602";
3. The chart titled "Board of Education Budget Fiscal Year 2022" is amended as shown in the attached Exhibit A.

Exhibit A

FY 2022 Supplemental Appropriation and Categorical Transfer

	CR68-2021, as amended by CR 110-2021	Supplemental Appropriation	Revised Appropriation
General Fund			
State Cat 01 Administration	13,819,356	500,000	14,319,356
State Cat 02 Mid-Level Administration	64,154,001	1,610,000	65,764,001
State Cat 03 Instructional Salaries & Wages	361,001,737	7,250,000	368,251,737
State Cat 04 Instructional Textbooks/Supplies	9,397,916	-	9,397,916
State Cat 05 Other Instructional Costs	4,848,375	-	4,848,375
State Cat 06 Special Education	137,486,830	2,500,000	139,986,830
State Cat 07 Student Personnel Services	7,423,344	135,000	7,558,344
State Cat 08 Health Services	9,587,831	175,000	9,762,831
State Cat 09 Transportation	46,186,782	35,000	46,221,782
State Cat 10 Operation of Plant	43,242,414	500,000	43,742,414
State Cat 11 Maintenance	27,117,205	865,000	27,982,205
State Cat 12 Fixed Charges	212,775,362	1,385,000	214,160,362
State Cat 14 Community Services	4,623,038	30,000	4,653,038
State Cat 15 Capital Outlay	981,411	15,000	996,411
Total	942,645,602	15,000,000	957,645,602
Restricted Funds	415,624,549		
School Construction	90,438,000		
Food and Nutrition	16,937,099		
Print Services	2,482,014		
Information & Network Technology Services	15,030,233		
Health	179,035,849		
Worker's Compensation	2,816,500		
Grants	108,506,702		
Glenelg Wastewater Treatment Plant	242,912		
Jim Rouse Theater	135,240		
Other Expenses Paid by County	\$58,858,590		
Debt Service	52,123,590		
OPEB	6,735,000		
Total General Fund, Restricted Funds and Other Expense Budget	\$1,417,128,741	15,000,000	1,432,128,741



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

TITLE: FY 2022 Operating Budget Supplemental Appropriation
and Categorical Transfers **DATE:** October 5, 2021

PRESENTER(S): Jahantab Siddiqui and Darin Conforti

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:

This action requests the Board's approval for a supplemental appropriation of unassigned fund balance in the Operating Fund in the amount of \$15,000,000 along with the corresponding increases in state category expenditures to support the Board's approval of the FY 2022 negotiated salary and wage increases.

RECOMMENDATION/FUTURE DIRECTION:

It is recommended that the Board approve the supplemental appropriation for the Operating Fund and direct the Superintendent to transmit the request for supplemental appropriation to the County Executive and the County Council.

SUBMITTED BY: _____
Darin Conforti
Executive Director of Budget

Jahantab A. Siddiqui
Chief Administrative Officer

APPROVAL/CONCURRENCE: _____
Michael J. Martirano, Ed.D.
Superintendent

Karalee Turner-Little
Deputy Superintendent

Background

The supplemental budget appropriation presented for the Board's approval appropriates budget authority to support the salary and wage expenditure increases for FY 2022. Labor contracts were under negotiations at the time the FY 2022 Operating Budget was approved in May. Contracts were ratified and approved by the Board on September 2, 2021, effective retroactive to July 1, 2021. This supplemental appropriation action will augment the FY 2022 Operating Budget by \$15,000,000. The additional funds will be appropriated from available unassigned fund balance as of June 30, 2021, of which there is \$36.8 million available. This supplemental appropriation will ensure there is sufficient funding in each state category to manage the expenditure increases associated with the negotiated salary and wage increases for the remainder of FY 2022. The breakdown of increased budget authority in each state category is detailed below. The action will increase the General Fund budget by \$15.0 million to a total of \$957,645,602. The action requires the approval of the County Executive and County Council, who have been made of aware of the required supplemental appropriation and committed to advance the necessary legislation as soon as possible.

Summary of Requested Supplemental Appropriation for the Fiscal Year 2022 Operating Fund

FY 2022 Supplemental Appropriation Request

Major Category	General Fund Budget	Supplemental Transfer	Revised Appropriation
State Cat 01 Administration	13,819,356	500,000	14,319,356
State Cat 02 Mid-Level Administration	64,154,001	1,610,000	65,764,001
State Cat 03 Instructional Salaries & Wages	361,001,737	7,250,000	368,251,737
State Cat 04 Instructional Textbooks/Supplies	9,397,916	-	9,397,916
State Cat 05 Other Instructional Costs	4,848,375	-	4,848,375
State Cat 06 Special Education	137,486,830	2,500,000	139,986,830
State Cat 07 Student Personnel Services	7,423,344	135,000	7,558,344
State Cat 08 Health Services	9,587,831	175,000	9,762,831
State Cat 09 Transportation	46,186,782	35,000	46,221,782
State Cat 10 Operation of Plant	43,242,414	500,000	43,742,414
State Cat 11 Maintenance	27,117,205	865,000	27,982,205
State Cat 12 Fixed Charges	212,775,362	1,385,000	214,160,362
State Cat 14 Community Services	4,623,038	30,000	4,653,038
State Cat 15 Capital Outlay	981,411	15,000	996,411
Total	942,645,602	15,000,000	957,645,602

Office of the County Auditor
Auditor's Analysis

Council Resolution No. 163-2021

Introduced: November 1, 2021

Auditor: Michael A. Martin

Fiscal Impact:

This legislation will not result in any fiscal impact to the County in Fiscal Year 2022. However, it is providing the Howard County Public School System (HCPSS) the right to use fund balance to cover recurring expenditures. As a result, subsequent operating budget requests from the HCPSS will include these recurring expenditures and will result in increased County General Fund appropriations.

This resolution increases the Board of Education's total FY 2022 General Fund budget by \$15,000,000 but has no impact on the County's FY 2022 budget or expenditures. The County's General Fund Appropriation to the HCPSS remains at \$640,800,000.

The net effect to the FY 2022 Board of Education Operating Budget is noted in **Attachment A**. We have confirmed the validity of the transfer amounts by tying them to the categorical budget summary that the Board voted on at their meeting on October 5, 2021.

Purpose:

The purpose of Council Resolution 163-2021 is to approve the County Executive's request to authorize the Howard County Board of Education to use \$15,000,000 of unassigned fund balance to support salary and wage expenditure increases.

Other Comments:

There was a placeholder of \$6.6 million budgeted representing a 1 percent cost-of-living adjustment in the FY 2022 Board of Education's Operating Budget to support anticipated costs of labor negotiations. The use of Fund Balance requested through this resolution represents a cost in addition to this amount, so the true total cost of increases in school system employees' salary and wages is \$21.6 million.

According to information provided by the HCPSS, labor negotiations will be sent to the Public-School Labor Relations Board (PSLRB) should this request to utilize Fund Balance be denied by the County Council.

During the Board of Education's meeting on October 5, 2021, the Budget Director indicated a Fund Balance Policy will be presented in November 2021, which will provide expanded guidance on the management of fiscal conditions as well as the use of Unassigned Fund Balance.

The HCPSS provided our office with the chart below, which summarizes the costs attributable to each bargaining unit and unrepresented employees (AMT) for the total \$21.6 million associated with the labor negotiations. *Our Office has an open inquiry for the aggregate percentage increase in salary and wages for each employee group represented in the below table.*

	FY22 Revised Approved Budget Salary Marker	Estimated Amounts for \$15M Supplemental			FY22 Total Estimated Cost
		Salary	Wages	Supplemental Totals	
AFSCME	\$ 292,170	\$ 746,480	\$ 382,630	\$ 1,129,110	\$ 1,421,280
AMT	81,604	174,195	-	174,195	255,799
HCASA (HCAA)	371,944	774,090	-	774,090	1,146,034
HCASA (NCS) <i>(New Bargaining Unit and Schedules)</i>	102,818	237,535	48,190	285,725	388,543
HCEA*	4,172,039	5,366,381	4,304,080	9,670,461	13,842,500
HCEAESP	797,444	1,455,029	126,390	1,581,419	2,378,863
Total	\$ 5,818,019	\$ 8,753,710	\$ 4,861,290	\$ 13,615,000	\$ 19,433,019
Fixed Charges					
FICA	\$ 445,078			633,000	1,078,078
Pension	290,857			752,000	1,042,857
Grand Total	\$ 6,553,954			\$ 15,000,000	\$ 21,553,954

* Increased per diem for substitute wages is grouped under HCEA for presentation purposes only.

Attachment A: Net Effect of Changes

Category	Approved Budget	Revised Budget (CR110-2021)	Transfer Inc./(Dec.)	Revised Budget (CR163-2021)
Administration	\$10,786,504	\$13,819,356	\$500,000	\$14,319,356
Mid-Level Administration	61,429,652	64,154,001	1,610,000	\$65,764,001
Instruction	381,303,098	375,248,028	7,250,000	\$382,498,028
Special Education	137,063,338	137,486,830	2,500,000	\$139,986,830
Student Personnel Services	5,779,600	7,423,344	135,000	\$7,558,344
Student Health Services	9,660,081	9,587,831	175,000	\$9,762,831
Student Transportation	42,015,000	46,186,782	35,000	\$46,221,782
Operation of Plant	38,629,000	43,242,414	500,000	\$43,742,414
Maintenance of Plant	25,781,000	27,117,205	865,000	\$27,982,205
Fixed Charges	212,593,000	212,775,362	1,385,000	\$214,160,362
Community Services	4,623,600	4,623,038	30,000	\$4,653,038
Capital Outlay	981,729	981,411	15,000	\$996,411
Total General Fund Budget	\$930,645,602	\$942,645,602	\$15,000,000	\$957,645,602
School Construction	90,464,000	90,464,000	0	\$90,464,000
Food and Nutrition	16,937,099	16,937,099	0	\$16,937,099
Print Services	2,482,014	2,482,014	0	\$2,482,014
Information & Network Technology	16,030,233	15,030,233	0	\$15,030,233
Health	180,840,669	179,035,849	0	\$179,035,849
Worker's Compensation	2,816,500	2,816,500	0	\$2,816,500
Grants	50,000,000	108,506,702	0	\$108,506,702
Glenelg Wastewater Treatment Plant	242,912	242,912	0	\$242,912
Jim Rouse Theater	135,240	135,240	0	\$135,240
Total Restricted Funds	\$359,948,667	\$415,650,549	\$0	\$415,650,549
Debt Service	52,123,590	52,123,590	0	\$52,123,590
OPEB	6,735,000	6,735,000	0	\$6,735,000
Total Other Expenses	\$58,858,590	\$58,858,590	\$0	\$58,858,590
Grand Total	\$1,349,452,859	\$1,417,154,741	\$15,000,000	\$1,432,154,741



HOWARD COUNTY COUNCIL
AFFIDAVIT OF AUTHORIZATION
TO TESTIFY ON BEHALF OF AN ORGANIZATION

I, BRENT LOVELESS, have been duly authorized by
(name of individual)

PTACHC to deliver testimony to the
(name of nonprofit organization or government board, commission, or task force)

County Council regarding CB 86, CR 163, CR 166 to express the organization's
(bill or resolution number)

support for / opposition to / request to amend this legislation.
(Please circle one.)

Printed Name: BRENT Loveless

Signature: Brent Loveless

Date: 11/15/21

Organization: PTACHC

Organization Address: 5451 Beaverkill Rd Columbia MD 21044

Number of Members: Representing PTA's at all HCPSS sites

Name of Chair/President: Srini Gorantla

This form can be submitted electronically via email to
councilmail@howardcountymd.gov no later than 2 hours prior to the start of the
Public Hearing.