

Citizens' Operating Budget Review Committee

Executive Summary

HCPSS FY2016

Operating Budget

OVERVIEW

The citizens' Operating Budget and Review Committee (OBRC) has reviewed the Howard County Public School System (HCPSS) Proposed FY2016 Operating Budget. A detailed analysis of the budget was provided to the Board of Education (BOE) before each work session. These documents have been shared with other elected officials, the media, and publicly available on the PTACHC web page. Included below is an executive summary highlighting five areas where the OBRC recommends further analysis and review: Staffing, Over Budgeting and Under Spending, Consultant and Contracted Services, Budget Presentation and Transparency, and Public Input. The complete list of recommendations is included as *Enclosure 1* of this document.

STAFFING

For decades, the HCPSS has grown as professionals seek a great place to live in the Baltimore/Washington area. We have kept school and class size small relative to neighboring counties, and the results have been obvious--our student performance is the best in Maryland by every available measure from standardized tests to graduation rates.

Given the success of our students, one would expect future plans to strengthen the school system. The reverse appears to be true in the Board's budget request, as the FY16 budget **cuts staffing, raises class size, and increases school enrollment capacity (without adding space or staff)**. Enrollment versus staff employment is provided as *Enclosure 2*.

On page 21, the HCPSS budget document makes reference to 84 "redirected" and 17.7 new positions "to support enrollment growth." However, the number of elementary, special education, and high school teachers is unchanged, kindergarten paraprofessionals are cut by half, and all secondary media paraprofessionals are "reallocated." With projected enrollment growth of 1600 (3%), **the Citizens' Operating Budget Review Committee (OBRC) strongly recommends the Board of Education develop a long-range staffing plan which meets the growing needs of our changing community.**

OVER BUDGETING and UNDERSPENDING is a FAILURE TO PROVIDE PROPER OVERSIGHT OF THE \$800M BUDGET

Simply put, the Board's estimated costs for the Health and Dental Fund and other major budget categories are routinely inflated by millions of dollars. This allows the use of "fund balances" without public input or proper oversight. This practice should stop. A list of fund balances is provided in *Enclosure 3*. **The OBRC recommends the Board obtain more realistic cost estimates vetted by community stakeholders and third-party analysts.**

CONSULTANTS/CONTRACTED SERVICES

Eight Percent (8%) of the proposed FY2016 Budget, or \$64,713,268, falls in the “Contracted Services” category. Of this, four percent (4%) is used for funding transportation services. The Contracted Services expenditure is broken down in *Enclosure 4*. The citizens’ OBRC is concerned with the use of “No Bid” (noncompetitive) contracts: requests for contracted services that should and could be performed by staff in-house, and the lack of contracts for work that is not inherently educational in nature.

There are numerous sole source contracts administered by HCPSS; however, the contracts worth \$400,000 to District Management Council, LLC (see HCPSS Bids and Contracts dated June 12, 2014 and December 1, 2014) is very concerning. Not only were these two contracts no bid, but the Superintendent has a membership in this organization. Per policy 4050, since the contract request was not immediate or unique in its nature, why was this sole source contract approved?

An example of a contract service that should be performed in-house is the request for a consultant under *090 English Language Arts - Secondary* in the amount of \$7,760 to provide specialized training in writing and language (grammar and mechanics). The citizens’ OBRC believes this expertise resides in the existing staff of highly educated English teachers and need not be contracted to a consultant.

Industry has learned to hire staff to conduct their core function (for HCPSS it would be education) and as much as possible contract out all other functions that provide a supporting role to the core function. Examples of supporting roles to education would be transportation, information technology (IT), printing, construction, and legal services, just to name a few. Industry maintains just a few of these experts in-house to advise the executive staff and administer the contracts. This is evident in the way HCPSS contracts out construction and transportation; however HCPSS contracts out all legal services, maintaining no one in-house to provide advice and answer questions on a day-to-day basis.

The citizens’ OBRC recommends HCPSS contract out only those legal services, IT, printing and any other service that provide a supporting role to the core mission, while maintaining a small staff to answer questions and administer contracts. In addition, the citizens’ OBRC suggest an in-depth review of contracted services be conducted to determine if taxpayer money is being used efficiently and effectively. Included in this review should be full disclosure if a member of the executive staff or the BOE have a relationship with any contractor that would make it appear as if the contractor obtained an unfair advantage in the award of a HCPSS contract.

BUDGET PRESENTATION/TRANSPARENCY

The Citizen’s OBRC was established to provide the BOE additional information about the Operating Budget from a different perspective, to include community members and other stakeholders. Interest in the HCPSS Operating Budget is important not only during the development of the budget, but throughout the fiscal year as the budget is executed. The community must have access to the same data as the school system staff who develop the budget. This access supports a well informed dialogue where all parties are talking from the same set of numbers when discussing budget priorities.

It is important to be able to determine how operating funds are budgeted as well as how they are spent. Without having data that allows the comparison of budgeted versus spent funds, it is difficult to accurately budget for the future. **The Citizens' OBRC recommends an Operating Budget be available to the public and the BOE in usable formats (Excel, CSV, etc.) that reflects the budgeting, spending and transferring of operating funds. The Montgomery County Public School System provides this information at: <https://data.montgomeryschoolsmd.org/>.**

The funds the school system uses to operate are not static. As these funds are budgeted and spent, it is important for the Board, as well as the community, to have this information provided in a central location and in a format that allows tracking of the funds throughout the year. Although periodic reports are provided to the Board, these reports are not easily found, tracked, or cross-referenced. If funds are transferred from one category or line item to another, this information should also be made available to the public. In addition, historical budget information (including amounts budgeted and spent) for the previous five fiscal years is critical data and should be included for all programs. **Throughout the year, as budget information is released by the school system, the Citizens' OBRC recommends that it be integrated into the Operating Budget Document as an addendum.**

Parents and taxpayers need to know the school-level impact of the budgeting and spending of education dollars. The amount of funds and materials provided to each school to cover basic operations, the class size and ratio of students per teacher are all important data points that will enable the community to evaluate how their schools compare and areas/issues they can advocate for during the Operating Budget process. This is especially important for schools that receive Title I funding. The allocation of dollars, materials and staff for each school should be available as part of the Operating Budget. **The Citizens' OBRC recommends funding and staffing levels for each school be made available in the Operating Budget Document.**

PUBLIC INPUT

Engagement by all levels of administration, teachers, and support staff (as well as parents and other citizens) is the best way to ensure the HCPSS budget meets the needs of over 53,685 students.

Employees, teachers and staff outside the Executive Office are disenfranchised when it comes to budget planning and formulation. Employees should be encouraged to provide input into any proposed budget. Instead they have been discouraged. School based administrative personnel who had employees raising concerns about the budget were told to "get your people in line." This is not conducive to an open, transparent, well thought out budget process nor is it conducive to a healthy work environment.

Citizens were given only one hearing for community input before the BOE work sessions. When the BOE announced during a work session that the proposed budget would be changed because of financial constraints at the County and State levels, citizens were denied any opportunity to provide input regarding the proposed amended budget. **The citizens' OBRC recommends that an additional hearing be provided for *citizen input***

after the last work session and before the BOE votes on any budget proposal.

Community input to proposed changes need to be heard by the BOE in order to ensure taxpayers priorities for the education of county children is considered.

The BOE suspended the OBRC just in time for the FY2016 proposed budget review process, without any rationale. This was the one citizen group willing to provide a thorough review of the budget and give meaningful input to the BOE. The citizens' OBRC continued their budget review mission; sadly, it appears the citizens' OBRC input was largely ignored by the BOE. For that reason, **the citizens' OBRC strongly recommends an independent citizen's budget committee be formed**, with members nominated by the County Council and PTAs throughout Howard County, to review the HCPSS Budget each year. This commission should have timely and unfettered access to all necessary documents and HCPSS staff in order to carry out their mission of budget review. In addition, the report submitted by the Budget Committee should be part of the official record and should be submitted to both the BOE and the County Council. **The Citizens' OBRC also recommends that the superintendent's budget be submitted to the BOE by December 1 in order for the BOE, the review committee, and ordinary citizens to have sufficient time to formulate well-informed comments and recommendations.**

Citizens's Operating Budget Review Committee members:

Marcellino Bedolla
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CITIZENS' OPERATING BUDGET REVIEW COMMITTEE RECOMMENDATIONS

1. The Board of Education should develop a long-range staffing plan which meets the needs of our growing community.
2. The BOE should obtain more realistic cost estimates vetted by community stakeholders and third-party analysts (where possible) to reduce fund balance amounts to more realistic and acceptable levels.
3. HCPSS should contract out only those legal, IT, printing and any other services that provide a supporting role to the core mission, while maintaining a small staff to answer questions and administer contracts.
4. An in-depth review of contracted services should be conducted to determine if taxpayer money is being used efficiently and effectively. Included in this review should be if a member of the executive staff or the BOE have a relationship with any contractor that would make it appear as if the contractor obtained an unfair advantage in the awarding of a HCPSS contract.
5. An Operating Budget should be available to the public and the BOE in usable formats (Excel, CSV, etc.) that reflects the budgeting, spending and transferring of operating funds. The Montgomery County Public School System provides this information at: <https://data.montgomeryschoolsmd.org/>.
6. As funds are transferred from one budget category or program to another, this information should be integrated into the Operating Budget document as an addendum. In addition, historical information from FY12 to the present should be made available with future years included later for the funds budgeted and actually spent.
7. Funding and staffing levels for each school should be made available in the Operating Budget Document.
8. A hearing should be provided for citizen input after the last work session and before the BOE votes on any budget proposal.
9. An independent citizen's budget committee should be formed with members nominated by the County Council and PTAs throughout Howard County, to review the HCPSS Budget each year.
10. The superintendent's budget should be submitted to the BOE by December 1 in order for the BOE, the review committee, and ordinary citizens to have sufficient time to formulate comments and recommendations.

Major Instructional Programs in HCPSS Budget with Enrollment Projections

	FY15 (current)	FY16
Elementary students	23,698	24,343 (+645)
Elementary staff (teachers)	889	889 (no change)
Elementary staff (support)	211*	209 (-2)
Middle students	12,276	12,839 (+563)
Middle staff (teachers)	634	643 (+9)
High students	16,438	16,904 (+466)
High staff (teachers)	894.7	894.7 (no change)
Special Education students	4836	4925 (+89)
Special Ed staff (teachers)	466	466 (no change)
Special Ed staff (support)	515.5	515.5 (no change)

*In FY14, the number of elementary support staff was 234; the number of students was 23,327. Therefore, in a two-year period, *HCPSS has reduced support staff in this program by 25 even as enrollment increased by over 1,000 students.*

Fund Balances

General Fund Balance				
The unassigned fund balance is excess funding available for future use—either for one-time expenses or as revenue to fund a future operating budget.				
2012	2013	2014	2015	2016
8.9M	15.6M	9.8M	Est. 4.2M	Prop. 6.8M

Health and Dental Fund Balance:		
	Budget	Actual
Fiscal 2011	\$0	\$21,642,934
Fiscal 2012	\$166,640	\$16,342,109
Fiscal 2013	\$3,864,674	\$12,527,992
Fiscal 2014	\$(-9,635,526)	\$13,031,658
Fiscal 2015	\$(-1,169,728)	January 2015 est. \$4,057,134
Fiscal 2016	\$209,689	

Fund Balances

Printing and Duplicating Fund Balance		
	Budget	Actual
Fiscal 2011	\$165,382	\$658,398
Fiscal 2012	\$708,168	\$908,915
Fiscal 2013	\$954,315	\$1,296,795
Fiscal 2014	\$321,335	\$1,068,397
Fiscal 2015	\$57,405	Est. \$461,987
Fiscal 2016	\$138,554	

Workers Compensation Fund Balance:		
	Budget	Actual
Fiscal 2011	\$376,600	\$1,089,329
Fiscal 2012	\$132,432	\$1,211,539
Fiscal 2013	\$162,083	\$485,428
Fiscal 2014	-\$64,942	\$748,852
Fiscal 2015	\$19,868	Est. \$834,662
Fiscal 2016	\$719,665	

Fund Balances

Data Processing Fund Balance:		
	Budget	Actual
Fiscal 2011	\$60,655	\$1,110,734
Fiscal 2012	\$408,593	\$1,837,000
Fiscal 2013	\$1,287,134	\$3,154,562
Fiscal 2014	\$735,491	\$2,735,000
Fiscal 2015	\$78,962	Est \$430,000
Fiscal 2016	\$698,000	

Food Services Fund Balance:		
	Budget	Actual
Fiscal 2011	\$1,113,065	\$2,827,000
Fiscal 2012	\$2,858,014	\$2,939,682
Fiscal 2013	\$2,161,134	\$2,674,160
Fiscal 2014	\$1,464,392	\$1,761,871
Fiscal 2015	\$1,070,030	EST. \$903,411
Fiscal 2016	\$515,166	

Contracted Services for Proposed FY 2016 Budget

Contracted Services	
Program	Cost
Executive	\$519,600
Curriculum, Instruction and Administration	\$5,135,260
Special Education	\$656,144
Student Services	\$400,060
Finance and Operations	\$53,985,888
Organizational Support Services	\$897,700
Accountability	\$3,118,616
Total Contracted Services	\$64,713,268

Contracted Services by Category			
01 Administration	\$2,069,510.00		
02 Mid-Level Administration	\$5,046,038.00		
05 Other Instructional Costs	\$2,465,340.00		
06 Special Education	\$1,807,948.00		
		06 Special Ed. Programs	\$641,144.00
		06 Special Ed. Other Programs	\$1,166,804.00
07 Student Personnel Services	\$331,605.00		
08 Student Health	\$484,429.00		
09 Transportation	\$38,271,168.00		
		09 Student Trans. - 6801	\$2,100,841.00
		6801 Transportation	\$36,806,748.00
10 Operation of Plant	\$2,837,935.00		
11 Maintenance of Plant	\$11,693,371.00		
14 Community Services	\$1,537,865.00		
15 Capital Outlay	\$7,000.00		