Council Resolution 120-2026 Fiscal Analysis
Introduced: July 6, 2026
Fiscal Manager: Owen Kahn

Legislative Intent: This legislation will increase the Board of Education's General Fund spending authority by $6.82 million to authorize the use of unassigned fund balance and increase the Board of Education's Restricted Fund spending Authority by $21.29 million to reflect increased State aid.

ANALYSIS

Fiscal Impact:

This legislation will increase the Board of Education's General Fund spending authority by $6.82 million and increase the Restricted Fund spending Authority by $21.29 million. The Board of Education describes these changes as technical amendments. Howard County's local contribution to the Board is unaffected.

Board of Education General Fund Balance

This legislation proposes a $6.82 million increase in the school system's general fund.

A small amount of this $25,078 is funded by an increase in State aid that was awarded to the school system on May 19, 2026. Total State aid for the school system in FY2027 is $393.24 million.

The remaining increase of $6.79 million will be funded by increasing the use of the school system's unassigned fund balance. The current approved operating budget for the school system authorized the use of $3 million in fund balance spending, so this legislation will increase the total unassigned fund balance spending authorization to $9.79 million in FY2027.

If this legislation is approved, the Board projects the school system will end FY2027 with approximately $4.7 million in unassigned fund balance. The Board indicated in testimony for this legislation that this estimate is done "conservatively and actual fund balance for FY 2026 is likely to be higher." In FY2026, the school system ended the fiscal year with lower than expected costs and higher than expected revenues. Because of this, the Board believes "this level of fund balance utilization is reasonable and not imprudent."

$6.32 million of the new funding is proposed to be used for fixed charges, the State category which includes health, retirement, and social security benefits. Fixed charges had been the only category to not receive full funding in the FY2027 Council approved operating budget for the school system. The Executive had proposed a $6.21 million decrease in fixed charges funding, which will be filled by this appropriation from fund balance.

The remaining funds are split between various State categories. These changes, which total approximately $300,000, represent salary adjustments, amended cost estimates, and other technical changes determined after the operating budget had been adopted.

The special education category includes a $1.02 million decrease to technical realignments within the budget. For example, there is a transfer of 156.0 Instructional Paraeducator positions from Special Education School Based Services to Elementary School Instruction, and a realignment of 134.0 Paraeducator positions to Instructional Paraeducator positions from the instructional wages category to the special education category. The Board indicated that these are technical changes and do not reflect changes in service. *Please see PDF page 12 of the Board's testimony for a full list of changes in categorical funding.*

Board of Education Restricted Fund Balance

- School Construction Fund: The County received an additional $6.07 million for school system capital projects from the State. The receipt and allocation of these funds are approved in CB46-2026, which is pending Council approval.

- Grants Fund: This legislation approved an additional $15.18 million in grant funding to reflect carryover funding from previous awards. Grants with significant carryover funds include Title I, Part A: Improving the Academic Achievement of the Disadvantaged ($3.01 million), Comprehensive Coordinated Early Intervening Services (Individuals with Disabilities Education Act (IDEA) Part B 611 & Part B 619) ($2.20 million) and Passthrough (IDEA Part B 611) ($1.79 million). *Please see PDF page 35 of the Board's testimony for a full list of grants with carryover funding.*

- Food and Nutrition Fund: A minor increase of $35,878 is requested in the Food and Nutrition Fund to add a 0.57 FTE Food Service Assistant position to work at the Howard County Career and Technical Education Center. According to the Board, this increase will be covered by the fund's internal revenues.

Budget Implications:

- The Council had adopted the school system's operating budget for FY2027 in CR79-2026.
- This legislation will not affect the County's contribution to the school system, which is $871.5 million in FY2026.