

Harford County Education Funding Fiscal Year 2020 Myth vs. Fact

Myth: The county cut the school system budget.

Fact: The county's contribution for next year is \$256,465,645, an increase of \$10,650,000 above what was provided this year.

Source: Harford County FY2020 Operating Budget, education funding approved as proposed, p. 616, <http://www.harfordcountymd.gov/Archive.aspx?ADID=1571>

Myth: The Board of Education's proposed budget is not fully funded.

Fact: Total funding **exceeds** the Board of Ed's proposed budget of \$502,278,384 due to a higher state contribution than reported in the HCPS budget, even before state Kirwan Commission funding (grants) are factored in. It is true that the county's contribution of \$256.5 million is less than the \$260.8 million requested, but is still an increase of \$10.65 million over the \$245.8 million funded this year. Altogether with Kirwan funds added in, the school's budget exceeds \$512 million for FY2020.

Sources:

HCPS FY2020 Proposed Budget, p. 31,

<http://www.hcps.org/boe/budget/content/FY20/BOE/FY20RevenueExpendituresandPositions.pdf>

Maryland Department of Legislative Services, State Aid to Local Governments, April 9, 2019, p. 28, <http://dls.maryland.gov/pubs/prod/NoPbITabDatafiles/LocGovFinStAid/Two-year-Charts-by-Program.pdf>

Myth: Teachers are not getting raises

Fact: For FY 20 all classroom teachers will receive increases ranging from a minimum of 4.43% up to 5.53%. Eleven-month school psychologist increases will reach as high as 11.16%. Teachers have also received raises in each of the past four years. By May 2020, all teachers will be caught up on multiple salary step increases missed prior to the Glassman administration.

Sources:

HCEA Negotiated agreement July 1, 2015 - June 30, 2016, p.44:

<https://harfordcea.org/wp-content/uploads/sites/5/2015/09/HCEA-Negotiated-Agreement-2015-2016-9-3-15.pdf>

HCEA Negotiated Agreement July 1, 2016 - June 30, 2019, p. 44

https://www.hcps.org/BOE/docs/CollectiveBargaining/HCEA/HCEA_Negotiated_Agreement_2016-2019.pdf

FY2020: HCPS Human Resources, Emails dated June 24, 8:35 a.m. and June 25, 11:54 a.m.; HCEA Salary Schedules provided by HCPS June 18, 2019

Myth: Teacher raises were funded by the state Kirwan Commission.

Fact: Kirwan funding for teacher raises was only available if county funding was sufficient to first raise teacher salaries by at least 3%. HCPS qualified because Harford County government's increase of \$10 million for teacher wages exceeded this threshold, making available an additional \$3.5 million in Kirwan funds for teacher raises.

Source: Source: Kirwan Legislation, Senate Bill 1030 (2019), Section 4, pp. 37-41, http://mgaleg.maryland.gov/2019RS/chapters_noln/Ch_771_sb1030E.pdf

Myth: County Government is cutting teaching positions.

Fact: This county budget explicitly provides a \$10 million increase to HCPS for instructional salaries. It is up to the Board of Education to decide how much of that will be used to maintain staffing levels and how much will be used for providing employee salary increases.

Source: Source: Harford County FY2020 Proposed Operating Budget, p. 616, <http://www.harfordcountymd.gov/Archive.aspx?ADID=1571>

Myth: Hundreds of teachers are losing their jobs.

Fact: One teacher with limited certification was offered a non-teaching job, which he declined. Otherwise, no teachers in HCPS lost their jobs as a result of the school board's budget. It is true that HCPS cut a number of teaching positions in their budget. But due to routine turnover, HCPS will be hiring a minimum of 68 new classroom teachers for the first day of school next year and filling 21 non-classroom teacher positions. The number of openings is expected to grow over the summer.

Source: HCPS Human Resources, Email dated June 17, 4:02 p.m.

Myth: Teaching positions that were added back into the budget are only because of the increase in the state contribution, not the increase in the county contribution.

Fact: The school system underreported the size of the state contribution in its proposed budget and cut teaching positions as a result. When the actual size of the state contribution was added to revenues, HCPS restored the positions that were unnecessarily cut in the first place. The

\$10.65 million county increase and the \$6.6 state increase both contribute to the HCPS current expense fund and are both utilized to fund positions.

Source: MSDE, FY2020 Preliminary DRAFT Calculations for the Major State Aid Programs, **January 18, 2019**,

<http://marylandpublicschools.org/about/Documents/DBS/BudgetRes/2018/FY2020StateAidReleaseMemoPreliminaryDRAFT.pdf>

Myth: Student enrollment is increasing rapidly.

Fact: After peaking at over 40,000 students in 2004, enrollment is now below 38,000 and has been relatively flat since 2013. There are roughly the same number of students now than there were in 1996.

Source: HCPS Enrollment reports, <https://www.hcps.org/Schools/EnrollmentReports.aspx>

Myth: Harford County invests a smaller proportion of its revenues in the school system than most Maryland counties.

Fact: Harford County allocates a higher proportion of its total revenue to school system operations (43%) than the state average of 41% according to the most recent data for actual county revenues and expenses.

Source: Department of Legislative Services, Local Government Finances in Maryland - Fiscal Year Ending June 30, 2017, Published Dec. 2018, p. 313, pp.67-91, <http://dls.maryland.gov/pubs/prod/InterGovMatters/LocFinTaxRte/Local-Government-Finances-FY-2017.pdf>

Myth: Harford County provides the lowest amount per pupil of any county in Maryland.

Fact: In the current year's budget, Harford provided the 13th highest funding level per pupil in Maryland, while the state's contribution to Harford's schools was the 16th highest per pupil. But, it is true that when looking at overall funding from all sources (including federal), Harford ranked last in the state in 2019 at \$13,776 per pupil based on budgeted amounts. The most recent data on actual audited amounts (FY18) puts Harford 20th out of 24. Regardless, with the \$10.65 million increase from the county and depending on other factors such as student enrollment, it is probable that Harford incrementally moves up the list.

Sources: Overview of Maryland Local Governments 2019, pp. 90-93, <http://dls.maryland.gov/pubs/prod/InterGovMatters/LocFinTaxRte/Overview-of-Maryland-Local-Governments-2019.pdf>

Myth: Harford County's FY20 funding increase was among the lowest in the state.

Fact: Harford County funded \$10.7 million above the required Maintenance of Effort, which was the fourth highest increase in the state.

Source: Maryland Association of Counties Fiscal 2020 Budgets in Brief 7-8-19 Page 2.

<https://conduitstreet.mdcountries.org/wp-content/uploads/FY-2020-Budgets-in-brief-FINAL-with-logo-and-title.pdf>

Myth: Harford County is very wealthy compared to other Maryland counties.

Fact: Harford County is slightly below the state average for county wealth per pupil as measured by net taxable income and assessed property values. (\$511,772 per pupil vs. state average of \$558,979).

Source: Overview of Maryland Local Governments 2019, p. 98,

<http://dls.maryland.gov/pubs/prod/InterGovMatters/LocFinTaxRte/Overview-of-Maryland-Local-Governments-2019.pdf>.

Myth: Two county council members voted to increase funds for schools.

Fact: Neither of the two members who voted against the County Executive's budget offered any amendments related to school funding. The only vote taken by the council that related to school funding was the final vote on the entire budget, when five members voted to increase school funding by \$10.65 million above what was provided this year. Thus, those two council members voted against increasing school funding.

Source: County Council Meeting, 5/28/19, <https://harfordcountymd.swagit.com/county-council>

Myth: HCPS spends a smaller proportion of its overall budget on Administration (Central Office) salaries than the state average.

Fact: The proportion of the HCPS budget that is dedicated to Administration salaries is 6.5% higher than the statewide average. If the statewide average proportion had been applied to Harford's budget, Administration salaries and wages would have been reduced by \$554,296.

Source: MSDE, Selected Financial Data - Maryland Public Schools 2017-2018 - Part 2 -

Expenditures, Page 3, <http://www.marylandpublicschools.org/about/Documents/DBS/SFD/2017-2018/SFD20172018Part2.pdf>

Myth: The Harford County government budget is not transparent and lumps line items together.

Fact: While each department, division, and agency's summary does lump similar costs together, the county's budget has always included each individual line item as an appendix. The county's

operating budget is nearly 1,000 pages long and provides more information than most if not all other counties in the state and more than the Board of Education provides. The Budget Office routinely receives awards for the quality and thoroughness of the annual budget.

Source: Harford County FY2020 Proposed Operating Budget, pp. 804-914,
<http://www.harfordcountymd.gov/Archive.aspx?ADID=1571>

Myth: The county's increase of \$10.65 million to the school system came from reducing capital funding for schools – it's just a "shell game."

Fact: While capital funds for school projects did decrease overall, the portion that is paid with General Fund cash-in-hand (known as PAYGo) actually **increased** from \$2 million to \$3 million. This is in addition to the operating fund increase of \$10.65 million. PAYGo funds are the only capital monies that could have otherwise been used to fund HCPS operating expenses. Bond funds can only be used for brick-and-mortar projects, such as the new \$100 million Havre de Grace Middle/High School that was 80% funded by county government. Bond-funded projects are paid back with interest over many years. Having a AAA bond rating keeps the interest portion on these bonds very low.

The total General Fund contribution from the county for public schools (including PAYGo Capital funds and Board of Ed Debt Service) for FY2020 is \$293,543,134, which represents an increase of \$11.5 million and 49.3% of the total General Fund.

Source: Harford County FY2020 Proposed Operating Budget, p. 735,
<http://www.harfordcountymd.gov/Archive.aspx?ADID=1571>

Myth: Additional funding for schools could have been moved from the Highways Fund or the Agricultural Preservation Fund.

Fact: Funds other than the General Fund have dedicated funding sources and must be used for dedicated purposes. In the case of ag preservation, those funds come directly from the Real Estate Transfer Tax (.5% for ag preservation and .5% for school construction). This is dedicated by state law and was overwhelmingly approved by Harford voters in a referendum. The property and income taxes that fund education do not fund ag preservation.

Source: HCPS FY2020 Proposed Budget, p. 146,
<http://www.hcps.org/boe/budget/content/FY20/BOE/FY20RevenueExpendituresandPositions.pdf>

Myth: Harford County's fund balance is too high and funds should go to school operations.

Fact: Harford County's revenues are estimated based on income and property taxes, which are volatile and fluctuate from year to year. Fund balance represents the accumulation of higher

than expected revenues over actual expenses. They are one-time funds, and as such it would be financially reckless to use them for ongoing operational expenses. Harford County maintains 20% of revenues as fund balance, which is consistent with good practices established by the major bond-rating agencies, in line with other AAA-rated Maryland counties, and 50% below the national median.

Source: Source: Harford County FY2020 Proposed Operating Budget, pp. 79-80, <http://www.harfordcountymd.gov/Archive.aspx?ADID=1571>

Myth: The increase in state funds has strings attached.

Fact: Almost all state funding is unrestricted. State funding is based on a formula and will increase by \$6.6 million for 2020. Kirwan Commission funding is in addition to this, and will raise HCPS revenues by an additional \$8.7 million.

Source: Maryland Department of Legislative Services, State Aid to Local Governments, April 9, 2019, p. 28, <http://dls.maryland.gov/pubs/prod/NoPblTabDatafiles/LocGovFinStAid/Two-year-Charts-by-Program.pdf>
