



**Testimony  
Regarding Superintendent Michael Martirano's  
Proposed FY 2021 Operating Budget**

**On Behalf of  
Chinese American Parent Association of Howard County**

**Before the HCPSS Board of Education**

**About CAPA-HC**

**Vision**

For every resident in Howard County and every family in Howard County public schools to be equally represented in the community and to have equitable access to services and resources.

**Mission**

To advance, empower and unite the Chinese and other immigrants in Howard County by advocating for the underrepresented, leading in civic activities, promoting greater community engagement, and supporting integration into the larger community.

# Summary

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1. Detailed studies need to be conducted to find opportunities for cost-cutting. Independent experts should be appointed to be involved in the budget process with access to financial details not included in the proposed budget book.
2. The per-pupil spending in the proposed FY 2021 budget represents a 5.6% increase from FY 2020. Such growth rate far exceeds the nominal county revenue increase (2%) and is thus unsustainable. We must seek a long-term solution to bring HCPSS budget growth in line with available resources.
3. Spending on instruction, which is the primary function of a school system, grows slower in the past three years. As a result, its portion of total spending has been declining. This is an unsustainable trend that we must address.
4. The labor negotiation process needs to be tied to the budget process and afford the same public involvement. Without “touching” labor negotiation, the budget process is left with very limited choices.
5. The cost of employee benefits, along with other overheads such as office space and administrative costs associated with employee services, should be attributed to the departments and programs that the employees are assigned to.
6. Special education cost has also been growing at a higher rate than total spending in 3 of the 4 past years. Therefore, this is a long-term trend that needs to be addressed by leveraging the diversity of the Howard community and the expertise within us to search for a better solution, starting with an open and candid discussion.
7. To achieve equity, we need clear objectives and strategies to ensure that our investment will move us closer to the goal of providing excellent education to every student. Programs vital for disadvantaged families who lack the financial and social resources should be fully funded.

# Analysis on HCPSS Budget FY 21

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## 1 About the Current Budget and Funding Gap

We all know that the requested budget total is \$964.1 million, requiring an increase of County funding of \$63.2M. Besides, the superintendent provided a list of gaps that we wish to fill, summing up to \$65.6M, including the \$15M for health fund deficit accumulated in the past years, and \$8.3M to shore up the health fund reserve. On the other hand, the County has indicated that the funding increase is likely to be at a \$20M level<sup>a</sup>. Therefore, we have the task of reducing the budget by \$40M or more, or at least 5% of the current proposal.

On the other hand, as shown in the table below, HCPSS is approximately on par with other counties in similar situations.

**Table 1-1 Cross-County Comparisons<sup>b</sup>**

Counties	Howard, MD	Anne Arundel, MD	Worcester, MD	Carroll, MD	Montgomery, MD	Fairfax, VA
Spending per student (2019-2020) <sup>c</sup>	\$15,308.63	\$15,040.19	\$16,307.45	\$14,389.45	\$16,332.12	\$15,851.26
Class Size (2017) <sup>d</sup>	21.85	20.45	16.66	19.20	19.03	
County Efforts (2019) <sup>a</sup>	1.81%	1.29%	1.16%	1.51%	1.43%	

Table 1-1 shows various comparisons between Howard County and some nearby counties in the school budget. Data show that Howard County's per-pupil spending is on par with other counties. Its class size is the largest, and its county funding efforts (total funding to school divided by local wealth) is the highest. In addition, Howard County tax rates (income tax and property tax) are the highest in Maryland. Therefore, we do not expect significant room for increasing school funding, nor do we see significant "trimming" opportunities at the aggregate level.

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<sup>a</sup> Howard County Economic and Fiscal Outlook, presented to the Howard County Board of Education by Dr. Holly Sun, January 14, 2020

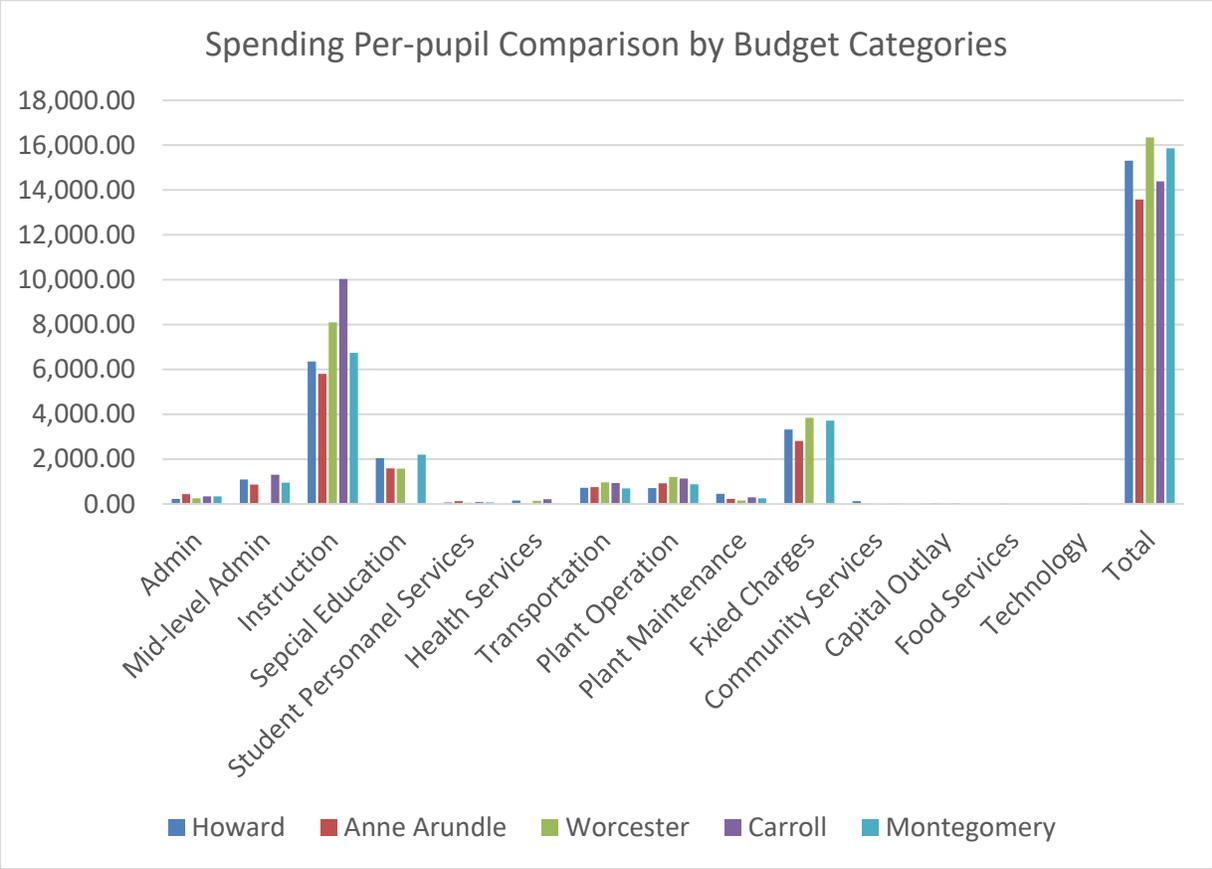
<sup>b</sup> Anne Arundel, MD was chosen because it has a mix of urban and rural areas, like Howard. Worcester, Carroll, and Montgomery were chosen because they were listed, with Howard, as the best school districts in Maryland according to <https://patch.com/maryland/columbia/marylands-best-school-districts-new-rankings-released>. Fairfax, VA was chosen because it is an excellent school district in Washington DC area.

<sup>c</sup> Based on the total spending and total enrollment reported in the 2019-2020 budget books.

<sup>d</sup> Based on

<http://marylandpublicschools.org/about/Documents/OCP/SpecialReports/20162017MDClassSizeReport.pdf>, Page

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**Figure 1-1 Spending Comparison Among Counties (FY 2020)**

Figure 1-1 shows spending comparison among the counties according to the budget categories. Again, we see that Howard County's per-pupil spending is in the middle in comparison. These data show that there is no obvious “silver bullet” for cost reduction.

These data mean that we must go to more details to find opportunities for cost-cutting. This requires the community representatives, HCPSS, and external experts to work closely and share information more freely. Unfortunately, the current time table and budgeting process do not support such collaboration. We think that the public should have opportunities to get involved not after the superintendent publishes his budget proposal, but all year long. And we need to find ways to make the operating budget recommendation Committee (OBRC) more effective. In addition to community representatives such as OBRC, the BOE should also appoint independent experts to be involved in the budget process with access to financial details not included in the proposed budget book.

## 2 The Budget Trend is Unsustainable

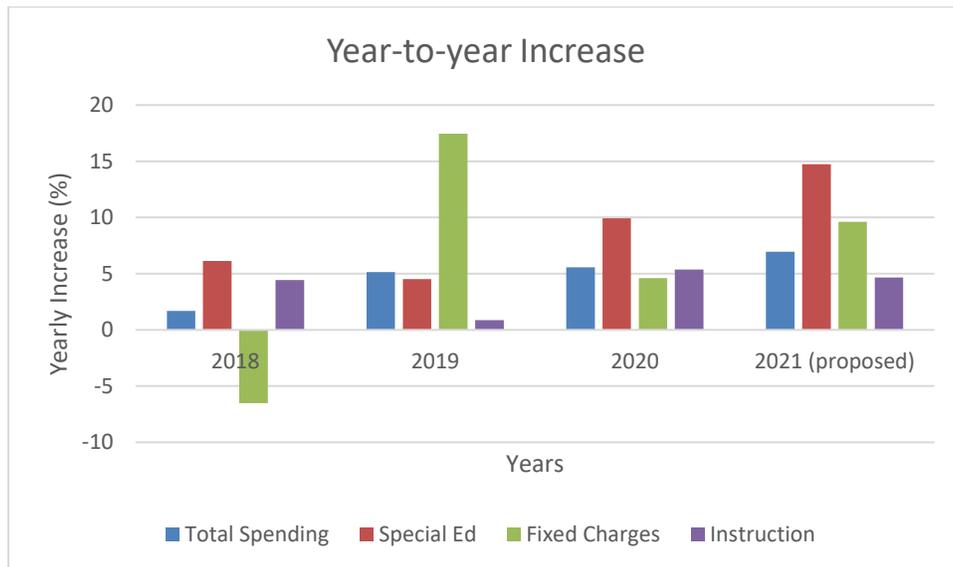
### 2.1 Overall Trends

The current budget gap (5%) appears to be manageable with some painful cuts. However, we see some long-term trends that need to be addressed as soon as possible.

**Table 2-1 Cross-Year Expense Comparison<sup>e</sup>**

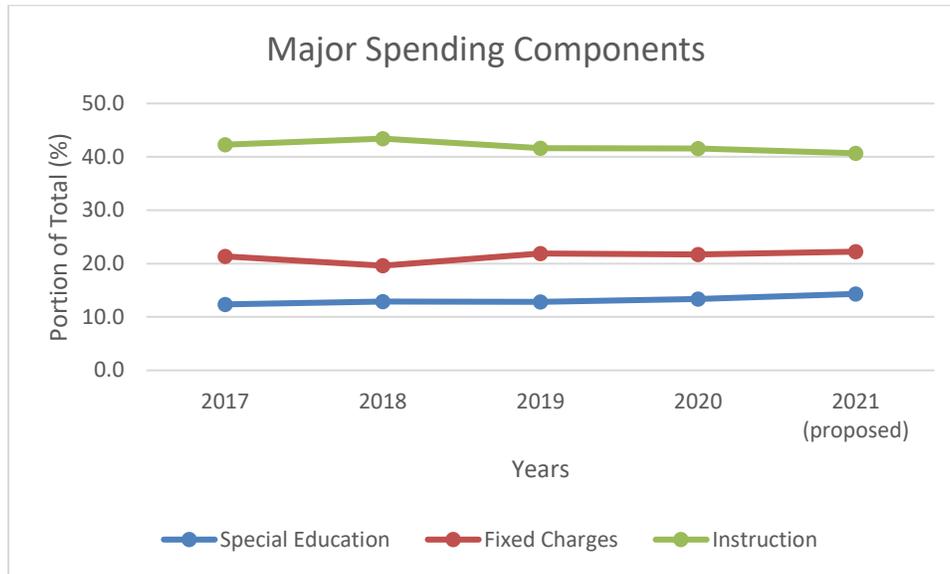
Year	2017	2018	2019	2020	2021 (proposed)
Total Expense (\$)	798,418,984	811,893,848	853,722,845	901,341,297	964,065,308
Annual Increase (%)		1.7	5.2	5.6	7.0

As shown in Table 2-1, the annual increase in the total budget has been above 5% for the past two years. The proposed budget increase for 2021 is 7%. Also, the per-pupil spending in the proposed budget of FY 21 is \$16,011, representing a 5.6% increase from FY 20. Such growth rate far exceeds the nominal county revenue increase (2%)<sup>a</sup> and is thus unsustainable. We must seek a long-term solution to bring HCPSS budget growth in line with available resources.



**Figure 2-1 Year-to-year Spending Increase by Category**

<sup>e</sup> HCPSS Proposed Budget 2021



**Figure 2-2 Portion of Major Expense Categories in Total Spending**

The above two figures show the three major spending categories in the budget (special education, fixed charges, and instruction). Together, these three categories take up 77% of the total spending. Figure 2-1 shows the annual growth rates, while Figure 2-2 shows their portions of the total budget over the years. An alarming trend is that spending on instruction, which is the primary function of a school system, grows slower in the past three years. As a result, its portion of total spending has been declining. This is an unsustainable trend that we must address.

## 2.2 Fixed Charges

As shown in Figure 2-1, fixed charges have increased faster than the total budget in the past years. The proposed budget also calls for a 9.6% increase from last year. Since the fixed charges represent about 22% of the total budget, its fast growth puts considerable pressure on the total budget growth.

A major component of the fixed charges is a health benefit and other benefits for employees. Such spending is determined during the labor contract negotiation and is considered as obligations in the budget process. Therefore, the only way to cut such spending is cutting headcounts, which is a solution unfavorable to many.

While we recognize it is a difficult problem to solve, we would like to present two suggestions for future years to bring benefit costs under control.

First, the labor negotiation process needs to be tied to the budget process and afford the same public involvement. Without “touching” labor negotiation, the budget process is left with very limited choices.

Second, the cost of employee benefits, along with other overheads such as office space and administrative costs associated with employee services, should be attributed to the departments and programs that the employees are assigned to. Such accounting practice makes the total cost of each program more transparent and helps BOE and the public to evaluate priorities. We understand that the

current accounting methodology may be mandated by State regulations. However, HCPSS can also provide a supplementary view to assist public discourse.

On the other hand, as shown in Figure 2-3, teacher salary at Howard County is on par with other comparable counties for the various credential classes and experience levels. However, the average salary for Howard County teachers is at the higher end in the comparison. This indicates that Howard county may have more experienced teachers than other counties. In the past, OBRC recommended that HCPSS limits new hires to step 10 to 12 as other counties, instead of the current limit of step 18. We think such a measure may be effective in lowering salary costs without jeopardizing our attractiveness to good teachers.

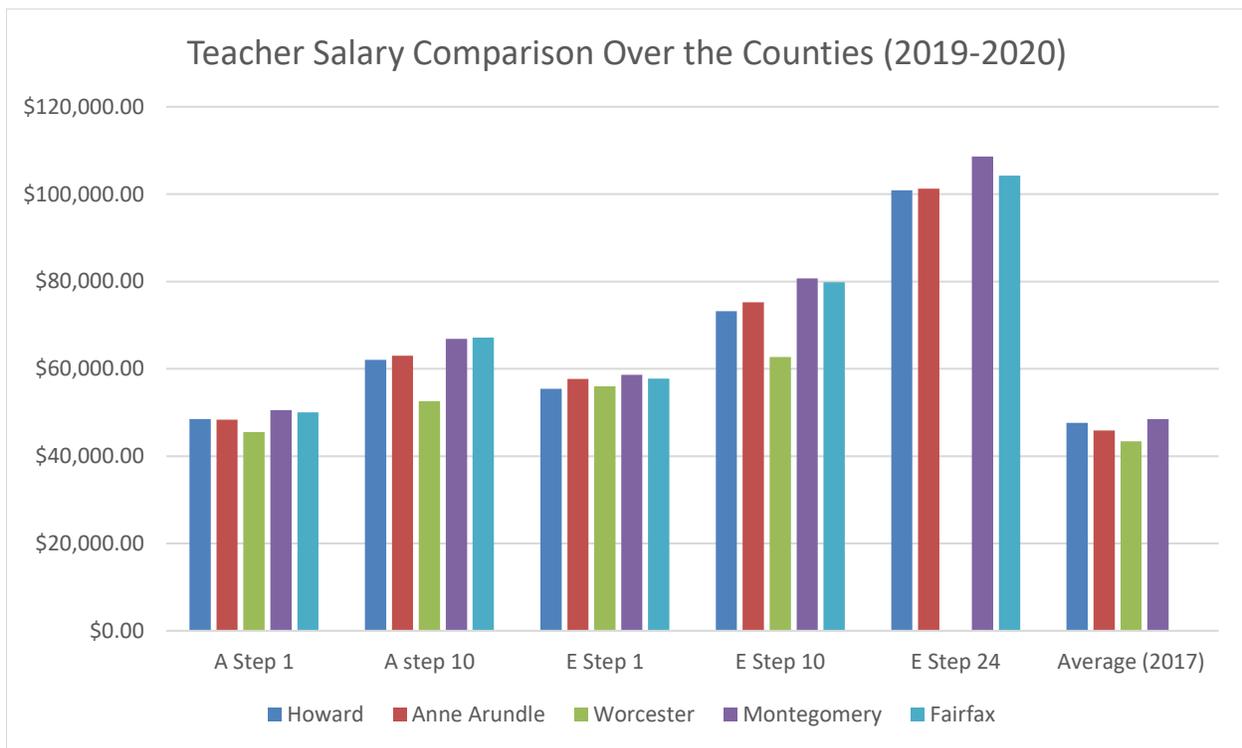


Figure 2-3 10-Month Salary of Teachers with Different Credentials and Experience Years<sup>f</sup>

## 2.3 Special Education

Figure 2-1 shows special education as another fast-growing area. We agree that we are legally and by compassion obligated to take care of our special-need children, and currently, there are much-needed improvements that we should make. The high growth proposed this year (14.7%) is, in part, a “one-time bump” to close some gaps in need. However, special education cost has also been growing at a higher

<sup>f</sup> Class A has SPC, while class E has doctorate degree. All data are from county budget books for 2019-2020. Average salary data are from <https://www.bizjournals.com/baltimore/news/2017/09/05/mdcounties-where-teachers-have-the-highest.html#g/418745/24>

rate than total spending in 3 of the past 4 years as shown in Figure 2-1. Therefore, this is a long-term trend that needs to be addressed.

The question is: how can we contain the cost growth under the condition that we provide adequate service? We believe that we should leverage the diversity of the Howard community and the expertise within us to search for a better solution, starting with an open and candid discussion.

### 3 About Equity

HCPSS made a very visible effort to align the budget of 2021 with the “equity” vision. While we are committed to supporting the vision and effort of equity in education, we would like to point out that equity is not just spending more. Instead, we need clear objectives and strategies to ensure that our investment will move us closer to the goal of providing excellent education to every student.

As an example, the proposed 2021 budget adds two headcounts to the Office of Diversity, Equity, and Inclusion (ODEI), a 33% increase. On the other hand, the Key Performance Indicate (KPI) of the office is slightly increasing the participation rate of staff equity training programs.<sup>g</sup> The two newly added positions are not trainers but coordinators. Moreover, a Director of Equity Initiatives was added to the chief school management team (budget 0305), without specific goals and responsibilities for the position. We feel that these practices not only may introduce noncritical expense increase to the budget but also may undermine equity efforts by creating the false appearance that equity imperatives have been supported.

We would also point out that equity means “providing the access, opportunities, and supports needed to help students, families, and staff reach their full potential.”<sup>h</sup> This goal is much more than ensuring more students meet the minimum standard. Therefore, we should not limit ourselves to measures such as graduation rates and dropout rates. HCPSS should also provide programs that enable and challenge students to achieve excellence. Therefore, we strongly advocate for the continued support of the HCPSS Gifted and Talented (GT) program. GT program is vital for disadvantaged families who lack the financial and social resources to provide their children with private tutoring, summer camps, internship opportunities, and other learning assistance outside of schools. They depend on the public schools and their excellence programs to put their children on a path to academic and career successes, so the children can do better than the parents. We view the GT program and other instructional programs as critical components of the HCPSS’s equity efforts.

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<sup>g</sup> HCPSS Proposed Budget 2021, Page 149

<sup>h</sup> HCPSS Strategic Call to Action, <https://www.hcpss.org/scta/>