



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

TITLE: OBRC Final Report **DATE:** June 27, 2019

PRESENTER(S): Teresa Dennison, OBRC Chair

Strategic Call To Action Alignment:

Operations and practices are responsive, transparent, fiscally responsible and accountable, with students at the heart of all decisions.

OVERVIEW:

The Operating Budget Review Committee's (OBRC) final report for fiscal year 2019 is attached.

RECOMMENDATION/FUTURE DIRECTION:

The report includes 4 critical areas of need and 17 recommendations.

SUBMITTED BY: _____ **APPROVAL/CONCURRENCE:** _____

David Clark
Internal Auditor and
Board Liaison to the OBRC

Mavis Ellis, Chair
Board of Education of
Howard County

Michael J. Martirano, Ed.D.
Superintendent

Karalee Turner-Little
Deputy Superintendent

A System at a Crossroads

Good evening Chair Ellis, Board members, Dr. Martirano and Ms. Turner-Little. The OBRC would like to thank the Board of Education for the opportunity to present its final report and a summary of our recommendations for fiscal year 2020.

We would like to begin our presentation with commending HCPSS and the Superintendent for their hard work in creating a budget with measurable goals, and for requesting a budget that would address the needs of the students, community and staff. Thank you.

As appointed stakeholders of the Howard County community, The OBRC is fully committed to review the proposed annual Operating Budget of HCPSS and provide input to assist the Board in its fiduciary responsibility to the citizens of Howard County. Last year, the OBRC expressed its concern over the fiscal health of HCPSS. **This year the OBRC reiterates its concern over the grave financial circumstances of our school system and that HCPSS is at a crucial juncture in its ability to meet its short-and-long-term obligations and initiatives.**

The OBRC continues to be concerned that we cannot meet the obligations and initiatives our community has come to expect from our school system. As stated in the [OBRC FY19 Strategic Report](#), these obligations and initiatives include, but are not limited to:

- *“investing in new schools,*
- *reducing the number of portable classrooms,*
- *addressing the staggering amount of deferred maintenance,*
- *eliminating the health fund deficit,*
- *significantly reducing class size,*
- *fully providing for special education,*
- *fairly compensating teachers,*
- *successfully launching innovative programs such as Jump Start,*
- *and ensuring equity for all students.”*

In this year’s report we highlight four critical areas of need below:

I. Create a multi-year Operating Budget that is integrated with a Strategic Plan

The operating budget document should be more than a yearly exercise, it should help ‘manage’ the organization. Had there been a multi-year Operating Budget in place when the County Council passed its budget for FY20, there might not have been a sudden rush to make decisions involving millions of dollars with information that was often provided to the Board in a manner that was sometimes late, not thoroughly researched, and insufficiently documented. This situation highlights the need for HCPSS to have a more robust and continuous multi-year process that fully integrates strategic planning, operating budgets, and performance management (metrics, KPIs, and well-established priorities). This Operating Budget and its measurements should be reviewed on an ongoing basis by the Board of Education as well as the Superintendent. Part of a multi-year strategic plan should include, among other initiatives,

adequate fiduciary support to promote opportunities for success for all students impacted by the achievement gap.

The OBRC recommends that for every outcome presented in the Strategic Call To Action and in the Operating Budget book, there should be an associated activity with it:

- Specify what is planned and budgeted, with justification
- Specify what activities will be performed with the associated budget
- State the measure and the metric for it
- Provide ramifications if budget is not obtained

The OBRC recommends that for each new or expansion program initiative requested:

- Provide a description of the objective
- Identify resources/funding streams both short term and long term
- Data needed
- Systems/apps needed (by name and cost)
- Schedule/milestones
- Deliverables
- Projected (5-year) resources for scalability and sustainability
- Programmatic impact and organizational impact

All of the above concerns are critical, and to illustrate how these issues manifest themselves within our school systems we reference deferred maintenance which continues to be a concern of the OBRC and community at large. The December 22, 2016, Facilities.net article *The Real Cost of Deferred Maintenance* by Naomi Millán, states, “The importance of preventative maintenance cannot be overstated. Experts estimate that between two and six percent of an annual operating budget should be spent on preventative maintenance in order to effectively minimize a facility’s rate of decay. Prevention not only saves money, but it helps facilities avoid replacement — which requires capital assets and often an extensive process from evaluation and design to funding and implementation.”

II. Key Performance Indicators

The OBRC continues to be concerned that the KPIs do not yet directly correlate to efficiencies and improvements within departments, and how these improvements align to the Operating Budget. The OBRC encourages the school system to continue developing the KPIs.

Recommendation by the OBRC: The Board instruct the Superintendent to develop a comprehensive, multi-year strategic plan that:

- *Effectively incorporates not only HCPSS goals and aspirations, but also recognizes the limitation of existing capabilities and resources.*
- *Establishes Key Performance Indicators (KPIs) to assist in the assessment of progress toward these goals and aspirations.*

An example of good KPIs are in program 6801 - Student Transportation (page 407 in the budget book). These KPIs are based on national industry standards, they are readily measurable, they are relevant to the program area, and can be tied back to the budget.

An example of a KPI that needs further development is in program 7404 - Security (page 432 in the budget book). Though graduation rates are readily measurable it may not be the most effective performance indicator for whether the school system is protecting students, staff, visitors, and school system assets from threats, etc. nor does this KPI tie to the budget in any way.

III. Next Level with Equity, Inclusion and Diversity: Social Determinants of Health

The OBRC encourages the Board of Education to take the necessary steps to implement equity, inclusion and diversity strategies at all levels of HCPSS. There is no greater need for this practice than when viewing the challenges faced by students from marginalized backgrounds and family makeups. As recorded in the 2019 Equity Report dated June 5, 2019 entitled: "Equity: Responding to Performance and Opportunity Gaps in HCPSS" reveals the following outcomes based on four-year graduation rates: 91% for the Class of 2018, Black/African American students graduated at a rate of 88.66%, Hispanic/Latinx students at 76.94%, students receiving FARMs at 78.28%, students receiving special education services at 67.41%, and students eligible for ESOL services at 43.44%." These outcomes fall short of the effort to "learn and lead with equity." The report also explains that many of the outcomes are "predictable" but does not guide communities toward solutions to reverse the trend.

The OBRC encourages the Board of Education to advance measures to study the social determinants of health or outliers which create the atmosphere for marginalized families and communities to continue to be challenged with promotion to high school graduation. The OBRC also encourages a study of the need for opportunities promoted by HCPSS and other community partners which can reverse this trend.

All of this has serious budget implications for HCPSS next year and every year thereafter. It is imperative that HCPSS explicitly address these issues in its Operating Budget deliberations and its Operating Budget presentations.

IV. Revenue

The OBRC also urges the Board to consider investigating alternative forms of raising revenue and funds for HCPSS, such as those listed below.

- Augment the current staff with fund development professionals
- Shift from only public grants to a mixture including private grants
- Place a greater emphasis on private funding
- Seek public-private funding that focuses on revenue versus in-kind donations/time
- Focus away from capital budget sustainability to operating budget sustainability
- Develop a task force with specific direction and timeline to identify:
 - ✓ How to grow existing revenue streams
 - ✓ How to identify and capture new revenue streams

- ✓ Research other related entities (e.g. HCC, Other educational foundations, etc.) that may have lessons learned that could benefit HCPSS
- ✓ Identify Resources that are needed to make this a reality (people, process, data, systems, etc.)

It is the recommendation of the OBRC that the Board of Education advocate for increased revenue streams as part of their approach to minimize funding shortfalls.

OBRC Recommendations to the Board of Education for the FY2020 Operating Budget

The OBRC understands the serious impact potential savings options presented by the Superintendent to the Board of Education may cause to our school system, and more importantly to our children. The OBRC believes that our attached recommendations should not reflect full support to any cost savings options presented by the school administration. Rather, these recommendations are intended to address the level of gravity among the potential solutions discussed with the BOE.

Along with Operating Budget work session questions that were provided to the Board of Education, the OBRC made the following recommendations to the Board for FY20:

OBRC Recommendation 1 - October 31, 2018

Move the monthly operating budget report from the Board meeting consent agenda to the administrative agenda.

OBRC Recommendation 2 – November 7, 2018

Program managers should be encouraged to use the attached template for discussions at Board budget work sessions. **Appendix 1.**

OBRC Recommendation 3 – November 14, 2018

The Board should request unfunded requirements, cost avoidance and cost savings/efficiencies explanation as part of the budget request.

OBRC Recommendation 4 – December 12, 2018

The Board should create a task force to determine ways to increase revenue. A position paper regarding the recommendation is attached. **Appendix 2.**

OBRC Recommendation 5 – February 6, 2019

Prior to the Board adoption of Program 9714 – Technology Services, the Board should request a more detailed description as to how requested funds align with the various initiatives outlined in the Strategic Call to Action and the Classroom Technology rollout. Moreover, there should be a clear statement of where areas of misalignment with the plan (e.g., allowing individual programs to determine IT replacement cycles) still exist. A related OBRC analysis of fiscal year 2020 IT spending concerns is attached. **Appendix 3.**

OBRC Recommendation 6 – February 6, 2019

The Board should request an expansion of the rationale for the additional position in Legal Services (0104) or eliminate the position. The rationale provided for the additional position does not justify the cost.

OBRC Recommendation 7 – February 6, 2019

The Board should request a comprehensive list of key performance indicators not included in the Superintendent's Proposed Operating Budget.

OBRC Recommendation 8 (March 13, 2019)

Include the below recommendation of a formula to finance BSAP, Hispanic Achievement and International Student Support based on MOE mandate in BoE report.

‘With regard to Maintenance of Effort and the state mandate to fund enrollment increases from the following year there doesn't seem to be a mandate to fund auxiliary programming like the Black Student Achievement Program, Hispanic Achievement and International Student Support. It is apparent that HCPSS will continue to have an increase in enrollment growth for the foreseeable future. This means that the minority population will increase as well. However, there doesn't seem to be any substantial increase in funding for the several auxiliary programs that serve as supplemental academic support for minority students. Simply put, if the overall student enrollment increases the minority student population will increase as well. Thus, there is a need to increase funding and expand these programs that support access to resources and additional staffing that complement enrollment growth. In an educational environment where achievement is determined by testing and college entrance exams, access to traditional educational supplements should be made available to vulnerable populations where test scores have flatlined. As well, like the Maintenance of Effort mandate, a funding formula that increases financing the Black Student Achievement Program, Hispanic Achievement and International Student Support in proportion to annual enrollment increases.’

OBRC Recommendation 9 – March 27, 2019

The Board of Education should direct the Superintendent to provide current and any future Department/programmatic strategic plans to include cost and anticipated outcomes.

OBRC Recommendation 10 – April 24, 2019

The OBRC recommends to the Board of Education that they do not use funds in the FY20 Operating Budget to reduce the health fund deficit. The OBRC is in favor of supporting the health fund, but HCPSS must find new revenue streams and efficiencies for funding the needs of the school system.

OBRC Recommendation 11 – May 1, 2019

Absent additional funding from the County, the OBRC recommends that the Board of Education direct the administration to achieve a cost savings of \$20M by increasing class sizes. This should be done in an equitable fashion, not simply a one size fits all model. Restoring class sizes would be a top priority for any additional funding provided by the County.

OBRC Recommendation 12 – May 15, 2019

The OBRC recommends that the Board of Education direct the superintendent to refrain from using Fund Balance money for recurring costs. HCPSS needs to follow the repayment plan that was established by MSDE to reduce the health fund deficit, not further increase the deficit.

OBRC Recommendation 13 – May 29, 2019

The OBRC recommends that the Board of Education direct HCPSS to use an independent, third-party consultant to identify and analyze options and alternative health fund plans used by other school systems, including school systems in Maryland. These options and alternatives should include potential cost savings that HCPSS may wish to consider.

Additional Strategic Recommendations:

OBRC Recommendation 14 – March 13, 2019

The OBRC supports the current charter guidelines surrounding OBRC member appointment time frames. The OBRC does not want to deconstruct what should operate as a stable committee with changes to the appointment guidelines already established.

OBRC Recommendation 15 – May 15, 2019

The OBRC recommends that the Board of Education strongly advocate for the establishment of its own 'Commission on Innovation and Excellence in Education' (Kirwan-type commission) that includes the County, community, and school system, to study and develop a multi-year strategic plan with finances to support it.

OBRC Recommendation 16 – May 22, 2019

The OBRC recommends that all future OBRC committees have a weekly presentation/orientation schedule from September through November (as stated below).

Background:

The HCPSS OBRC was suspended in September 2014, and not reconstituted until the FY18 budget cycle. The current charter of the OBRC indicates it is constituted annually at the beginning of the fiscal year. It states the first item of business each year is the establishment of a meeting schedule for the year. Further, the charter provides that an OBRC Co-Chair should make requests for staff presentations to the Board Liaison at least a week in advance. The request should identify specific programs or areas of discussion so that staff members can adequately prepare.

Prior to its suspension in 2014, the OBRC began work each October. The October through December schedule was somewhat prescriptive and driven by the HCPSS CFO who functioned as the Board / Administration liaison. The schedule included:

- *A new member orientation conducted by the HCPSS CFO that reviewed the prior year OBRC activities.*
- *A presentation by the HCPSS CFO on the current year budget.*
- *A presentation by the Howard County Budget Director on the county revenue forecast.*
- *A presentation by the Superintendent / designee on the Strategic Plan.*
- *Presentations by the budget owner of each major category (e.g., Curriculum and Instruction, Operations, Special Education) to review the main components of their budget area.*

Additionally, after the Superintendent made the presentation of the Operating Budget to the Board of Education, the Superintendent and staff made a similar presentation with an opportunity for questions to the OBRC.

As a result, OBRC members generally entered the discussion of the budget with a reasonable understanding of the various components and associated issues.

Recommendation:

The Board should instruct the Board liaison to develop a weekly presentation schedule from July through early December (assuming the release of the Superintendent's proposed operating budget in December).

This presentation schedule should include at a minimum:

- *Orientation presentation by the Board Liaison discussing purpose, schedule, and deliverables*
- *Presentation by the CFO/designee on the current year budget and major items of focus (e.g., existing health fund deficit, deferred maintenance)*
- *Presentation by the Superintendent / designee on the Strategic Plan and funding priorities*
- *Presentation by Budget Managers for each of the following areas:*
 - *Executive Programs*
 - *Business and Technology*
 - *Human Resources & Leadership Development*
 - *School Management & Instructional Leadership*
 - *Academics*
 - *Curriculum and Instruction*
 - *Program Innovation & Student Well-Being*
 - *Special Education*
 - *Communication, Community, & Workforce Engagement*
 - *Operations*
- *Presentation by the Howard County Budget Director on county revenue trends*

By placing the responsibility to develop this schedule on the Board Liaison as opposed to ad hoc requests by OBRC Co-Chairs, we can ensure that a comprehensive set of necessary presentations is made available to the OBRC each budget cycle. The OBRC should still retain the ability to make ad hoc requests for presentations (e.g., for a new program in which additional investment is anticipated), but including a 'core' set of presentations necessary to understanding the operating budget will enhance the overall effectiveness of OBRC members to make meaningful input on the operating budget.

OBRC Recommendation 17 – June 12, 2019

The OBRC strongly urges the Board of Education to address deferred maintenance and should direct the superintendent to reconstitute the *Facilities and Maintenance Committee*.

Appendix 1

Budget Component:	Operations	Budget Element Number:	0212
Budget Element Item:	School Planning		
Budget Element Description:			
Strategic Goal Alignment:			
This Year's Accomplishments Against Goals:			
Summary of Measures of Success:			

Budget Element Description:

- A description of what the budget element represents or whatever is being performed that required the resources that will be enumerated in the sections to follow.

Strategic Goal Alignment:

- Identify the goal from the SCTA that aligns with this budget element

This Year's Accomplishment Against the Goal

- List of activities that were executed to demonstrate progress against the goal. It will relate to activities that have been achieved successfully during the budget period.

Summary of Measures of Success:

- Summarize the measure and progress against the measure
- In general, the information presented in this section will be a quantitative or qualitative characterization of the performance in this budget element. It will show a trend, It is simple, logical and repeatable. It is understood and accepted by and meaningful to the Supervisor, staff and any other person or group that has to interpret the budget.



Operations – School Planning – Element 0212

Program Description / Justification

Program Description:

The FY 2020 Submission requests a program increase/decrease of \$XXM for Rent in the Support of School operations. This increase/decrease will result in the reduction/add of YY.

Program Justification:

As the school expands its workforce to meet optimal staffing levels, adequate office space is required. This reduction may require the School to disperse its workforce to other locations. This reduction/add will allow X school to better manage operational risk and may impact student outcomes.

Risk

Risk if effort is not funded:

With the required increase of staff, office space will become limited and may impact the ability to meet educational opportunities, undermine the teacher growth, and impact retention efforts for qualified teachers.

Mitigation plan if not fully funded:

School/Educational space will become limited and may impact the ability to coordinate classes, undermine the hiring of teachers, and impacts maintaining retention efforts.

Increase is needed for Educational Opportunities

Program Alignment

Interdependencies:

No Child left behind, Retention of teachers

Status: Planning for reductions less class space.

Funding Profile

Program	FY 2018 Enacted	FY 2019 County Budget	FY 2020 Proposed	FY 2019 – 2020 Change
O&M	-	-	-	

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Program Description/Justification:

- Program Description – Description of the program that will allow the funder to gain a understanding of the reason your are requesting funds
- Program Justifications – It is a rationale for why the funds are being requested. The rationale should address the following: Senior and key staff, Other personnel, fringe benefits, other direct costs (material and supplies, publications costs, information technology), as well as, indirect costs

Risk

- Risk if effort is not funded: Provide a written description of the risk, as well as, a completed risk matrix (consequences versus likelihood) color coded with red, yellow and green
- Mitigation plan if not fully funded: Description of what activities will be performed to enhance opportunities for success and reduce changes of not being successful

Program Alignment

- Interdependencies: List other programs that either input to your program or your program outputs to. Additionally, the success or failure of your program is reliant on another activity or task for its completion or initiation
- Status – Provide a status of the dependencies, are their schedule conflicts, personnel conflicts, etc.

Funding Profile – The funding profiles that is associated with the budget item and description

List of Accomplishments/Activities	Funding Profile					Goal Mapping
	Program	FY 2018	FY 2019 Budget	FY 2020 Proposed	FY 2019 – 2020 Change	
	Type of Money	-	-	-		
List of Program Changes/Adjustments	Funding Profile					Goal Mapping
	Program	FY 2018	FY 2019 Budget	FY 2020 Proposed	FY 2019 – 2020 Change	
	Type of Money	-	-	-		

List of Accomplishments:

- List of what you have successfully done as relates to the program description. What have you achieved? These should be measurable

List of Program Changes/Adjustments

- Substantive revisions to the budget that has occurred from the initial budget or during either the current or prior execution year. This will include any dollars that have been reprogrammed for this budget item or to/from another budget item,

Funding Profile – The funding profiles that is associated with the budget item and description

Goal Mapping:

- All items should be mapped to the goal in which the accomplishment or change is aligned to

Backup

Program Purpose: Program Overview:	
Program Highlights	Program Outcomes
Program	
FY2017 Continuing and New Program Initiatives	Performance Measures and Metrics

This is what they currently do

Appendix 2

OBRC Position Paper

Revenue Discussion

December 14, 2018

Issue:

The needs of the Howard County Public School System continue to grow while the risk of not obtaining the necessary levels of public funding increases. Ensuring that the current revenue stream is sufficient to meet the operational needs of the HCPSS is a growing concern to the OBRC.

Background:

- On average, the revenue side of the operating budget has been increasing approximately 3.25% per year (FY2015 to FY2019)
 - County Funding (~70%)
 - Various State Funding (~28%)
 - Various Federal Funding (~.2%)
 - Other Funding (~1.8%)
- 57% of the County Budget is allocated to Howard Community College (HCC), Howard County Public School System (HCPSS), and the Howard County Library System (HCLS)
- The needs of each entity HCC, HCLS, and HCPSS are growing and advocacy for additional funding is increasing.
- The Kirwan Commission will have an unknown impact on state funding to the County, however, it is anticipated that it will negatively impact HCPSS
- Unfunded requirements appear to be growing but are not tracked to fully anticipate the impacts on the mission and the operating budget
- Cost avoidance strategies are presented but have minimal information to assess the impacts
- Cost savings are presented with unjustified rationale that can be equated to real dollars
- Projected revenue, such as grants, appear to be overly optimistic and maybe unsustainable
- Grant writing pursues a traditional approach to obtaining funds through government sources

Discussion:

- The inability to identify additional or new revenue streams will lead to needs and requirements not being satisfied
- The current mind set about raising revenue/money/funds for HCPSS should be discussed and may require a culture change (doing the same thing will get the same results)
 - Augment the current staff with fund development professionals
 - Shift from only public grants to a mixture including private grants
 - Greater emphasis on private funding
 - Seek public-private funding that focuses on revenue versus in-kind donations/time
 - Focus away from capital budget sustainability to operating budget sustainability
 - Move away from taxes as the general revenue source
 - Others

Conclusion:

- A critical look at the revenue side of the operating budget is needed
- More creative options for increasing the operating budget revenue (in addition to Federal, State and Local government) are needed to sustain and maintain pace with the growing HCPSS requirements and needs
 - Fees for service
 - Charitable Contributions
 - Corporate Philanthropy
 - Grant Making Public Charities
 - Foundations
 - Capital Campaigns
 - Endowments
 - Legacy Giving
- A paradigm shift is needed in the way we approach the revenue side of the operating budget
 - Culture Change
 - Staff
 - Revenue Sources
- Existing staff should be augmented with professional resource developers to maintain and grow the revenue side of the operating budget equation or maybe establishing a resource development (revenue) office within the HCPSS

Recommendation:

- Develop a task force with specific direction and timeline to identify:
 - How to grow existing revenue streams
 - How to identify and capture new revenue streams
 - Research other related entities (e.g. HCC, Other educational foundations, etc.) that may have lessons learned that could benefit HCPSS
 - Identify Resources that are needed to make this a reality (people, process, data, systems, etc.)

Make necessary culture changes that are consistent with growing the operating budget revenue (communication, training, etc.)

Appendix 3

Background:

The HCPSS Information Technology Strategic Plan for 2018-2022 was presented to the Board of Education on January 25th, 2018. It included 21 different ‘Strategic Technology Initiatives’ which it categorized based on impact, urgency, and challenge – yielding an overall priority score for each item. The presentation was followed by a separate presentation to the Board of Education on July 12 th , 2018.

In that presentation, a subset of the 21 initiatives (those addressing current gaps in classroom Information Technology equipment) was discussed.

Data Request:

For each of the following 21 initiatives, identify (A) whether the initiative is still an open requirement, (B) whether FY20 funding has been allocated, and (C) how much FY20 funding has been allocated:

- (1) Technology lifecycle (Priority 10)
- (2) Network switch refresh (Priority 10)
- (3) Technology asset management (Priority 10)
- (4) Flexible Staffing Model (Priority 10)
- (5) Computer refresh and standardization (Priority 9)
- (6) Disaster recovery and COOP (Priority 9)
- (7) Wireless network upgrade (Priority 8)
- (8) Email to cloud (Priority 8)
- (9) Telephone VOIP 3 School Pilot (Priority 8)
- (10) Telephone VOIP all locations (Priority 8)
- (11) Data Center Routers and Switches (Priority 8)
- (12) Data Center Consolidation (Priority 7)
- (13) School Server Refresh (Priority 7)
- (14) AV Projector Refresh (Priority 6)
- (15) Decommission legacy systems (Priority 3)
- (16) Data Warehouse – Run – Grow – Transform (Priority 8)
- (17) Learning Management System – Run – Grow – Transform (Priority 7)
- (18) Student Information System – Run – Grow – Transform (Priority 7)
- (19) Workday Financial / Talent Management System – Run – Grow – Transform (Priority 10)
- (20) Job and Schedule Management System and Automation (Priority 6)
- (21) Managed Print Services (Priority 5)

Concerns on Information Technology Spending in FY20 Budget Proposal

The HCPSS Information Technology Strategic Plan for 2018-2022 was presented to the Board of Education on January 25th, 2018. It included 21 different ‘Strategic Technology Initiatives’ which it categorized based on impact, urgency, and challenge – yielding a priority score for each of the items. Additionally, the IT Strategic Plan identified several strategies for improvement including ‘Proactive Technology Lifecycle Management’ to implement an “economically sustainable technology lifecycle’. It also noted that ‘the use of contracted services continues to save money and create efficiencies.’

The presentation of this plan was followed by a separate presentation on a proposed standard classroom package made to the Board of Education on July 12th, 2018. This presentation identified the

current gaps in classroom Information Technology equipment and offered a proposed schedule with associated costs to address this gap. This plan incorporated multiple 5-year loans to accelerate the deployment schedule.

Upon review, it is not clear how the Information Technology Strategic Plan directs the FY20 Budget proposal (primarily found within Program 9714 – Technology Services). As examples:

- The 21 initiatives identified in the strategic plan do not appear to be referenced within the FY20 proposed budget. Five of the initiatives in the strategic plan were given the highest priority score of 10. One of these initiatives is the deployment of a new Technology Asset Management System. In the strategic plan, the start time, complete time, and cost are stated as TBD. There is no indication whether this initiative is funded in this FY20 budget request – and if it is funded, what the proposed funding level is. This complaint is true throughout many of the initiatives.
- The strategic plan includes the adoption of a flexible staffing model that makes greater use of temporary labor and contracted labor. The increase in outside labor is certainly evident in the FY20 budget request as temporary wages increase from \$17.6K in FY18A to \$330K in FY20B, while Contracted General and Contracted Labor increase from \$875K in FY18A to \$1.89M in FY20B. However, the suggested cost savings are not evident in internal Salaries – as they also increase from \$5.19M in FY18A to \$6.23M in FY20B. The strategic plan presents this staffing model as a cost savings strategy – the reality is that it is likely the most cost-effective way to provide a significantly higher level of service. This may be an appropriate approach – but it should be represented as such so that more effective investment decisions can be made.
- The technology lifecycle management referenced in the strategic plan does not appear to be followed within the FY20 budget proposal. For example, in Program 0303 – Human Resources, answers to prior OBRC questions state that their purchases of new laptops, additional monitors, wireless keyboard and mouse combinations “is unrelated to the Comprehensive Technology Plan as the Office of Human Resources was informed by the Office of Technology that new technology would need to come directly from our [Program 0303] operating budget.” Rather than a centralized process of determining the replacement cycle of business IT equipment, it appears the process is simply to prioritize whichever department can get approved funding. [Note that this same issue appears with IT equipment for Project Lead the Way, which exists in multiple budget categories such as 1201, 3801, and 2802.]
- The classroom technology initiative outlined on July 12th, 2018 included an \$800K operating budget request in FY19 along with a 5-year loan of \$6M to be obtained in FY19. In FY20, the initiative includes a \$1.5M operating budget request and an additional \$2M 5-year loan. It also includes debt payment of \$1.272M on the original 5-year loan. It is not clear how this is represented in the proposed budget. The Lease / Debt service line includes an \$800K charge for FY19 and a \$1.3M request in FY20. If the \$1.3M represents approximately \$1.5M + \$2M - \$1.272M, the \$800K value in FY19 should really be \$6.8M. Or it is possible that the FY20 operating budget request has been reduced from \$1.5M in the plan presented to the Board to \$1.3M in the FY20 budget – and the loans are not present and associated interest payments are not present. Based on the information in the FY20 budget, it is not clear which is the case.

We strongly recommend that prior to the Board adoption of Program 9714 – Technology Services, the Board request the Administration provide a more detailed description as to how requested funds align with the various initiatives outlined in the Strategic Plan and the Classroom Technology rollout.

Moreover, we request the Administration state clearly where areas of misalignment with the plan (e.g., allowing individual programs to determine IT replacement cycles) still exist.