

Howard County Public Schools
Agreed Upon Procedures Report



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Executive Summary

From the procedures that were performed as described in the following pages of this report, the following observations were noted:

Program design, benefits, cost details, and cost sharing arrangements:

- Plan design and benefits were similar for the Howard County Public County Schools (HCPSS) to Baltimore County Public Schools, Anne Arundel County Public Schools, Montgomery County Public Schools, Prince George's County Public Schools, and Baltimore City Public Schools (collectively, the Peer Group). There are two observed differences from the Peer Group: 1) HCPSS offers a benefit credit of \$420 per employee to offset the employee's health and dental coverage. None of the Peer Group disclosed this type of benefit. 2) HCPSS dental coverage is 100% employee funded. The Peer Group ranged from 17% to 62%.
- HCPSS ranked first in terms of lowest average co-pay/cost of service to the employee of the Peer Group.
- HCPSS is 4 out of 6 in terms of average total premium.
- Employee share for Medical coverage for Howard County Public Schools is 15% (13% for employees hired before 7/1/2011). For the peer review schools, the range of employee share ranges from 7.5% to 25% for insurance (excluding Anne Arundel County Public Schools high deductible plan).
- Total cost per active employee was \$18,229 for HCPSS while ranging from \$11,812 to \$14,674 for Anne Arundel County Public Schools, Montgomery County Public Schools, and Prince George's County Public Schools. Baltimore City Public Schools and Baltimore County Public Schools did not disclose administrative expenses and thus are not included. Average total cost per insured for HCPSS was \$7,202 based on an estimate of 21,000 insured provided by management. Number of insured is not publicly available for the Peer Group.
- Average claim cost per active employee was \$17,674 for HCPSS while ranging from \$9,448 to \$12,127 for the Peer Group (2019 amounts). Average claim cost per insured for HCPSS was \$6,983 based on an estimate of 21,000 insured provided by management. Number of insured is not publicly available for the Peer Group. HCPSS management indicated that dividing the total claims into the number of insured is potentially a more accurate depiction of the "claim per person cost" than active employees, since it is possible that for the same number of employees HCPSS health benefit program covers more insured people than other school systems. We recommend HCPSS to consider further investigation into potential cost drivers, including the number of insured per employee and other factors where applicable

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- Average administrative cost per active employee was \$555 HCPSS and \$411 for Prince George's County Public Schools. Average administrative cost per insured for HCPSS was \$219 based on an estimate of 21,000 insured provided by management. Number of insured is not publicly available for the Peer Group. We noted Anne Arundel County Public Schools (\$621,552 of administrative expenses disclosed) and Montgomery County Public Schools (\$1,634,340 of administrative expenses disclosed) did not publicly provide the detail of such administrative expenses for comparison purposes.
- Administrative costs decreased from \$9,065,807 in FY 2017 to \$4,605,701 in FY 2019 because of negotiations on third party administrator contracts for cost reductions.

Financial implications of carrying an historical deficit in the Health and Dental Fund:

- The Health and Dental Fund is reported as an internal service fund in HCPSS' financial statements. As such, the deficit is consolidated into the entity wide financial statements and would otherwise have no overall effect as the deficit is consolidated in such financial statements for HCPSS.
- All claims appeared to have been paid.
- Health and Dental Fund did not charge the General Fund (or the General Fund did not pay) adequately based on projected or actual cost in FY 2017-2019, resulting in borrowing from the General Fund repeatedly.
- FY 2015 through FY 2018 budgets included use of fund balance to cover expenditures even though the fund had a GAAP negative fund balance. FY 2019 did not budget the use of fund balance, but actual expenditures exceeded the original budget.
- Adverse opinion on 2019 HCPSS financial statements as deficit was funded through borrowings from General fund instead of charges to general fund resulting in an understatement of General fund expenditures and lack of a plan to fund such deficits.
- Management of HCPSS disclosed that a plan to fund the deficit has been put into place. We recommend that management of HCPSS implement a multi-year plan to ensure the Health and Dental fund charges the General Fund and other funds an adequate charge to cover costs and if costs exceed charges in a given year, and monitor deficits to update future plans as necessary.

Executive Summary

Comparison of original budget to actual spending

- Salaries and wages for HCPSS were under the original budget by \$17.9 million (3.3% of total salaries budget), \$7.5 million (1.4% of total salaries budget), and \$12.1 million (2.1% of total salaries budget) for the years ended June 30, 2017, 2018, and 2019, respectively. Total expenses were under the original budget by \$10.0 million, \$7.2 million, and \$8.7 million for the years ended June 30, 2017, 2018, and 2019, respectively.
- In FY 2017, 2018, and 2019, Category 12, Fixed Charges was over budget as a result of additional costs related to the Health and Dental Fund (\$13.9 million in 2017, \$1.8 million in 2018, and \$2.0 million in 2019).
- In fiscal years 2017 and 2018, for sources of funding for the Health and Dental Fund, HCPSS budgeted for use of fund balance of \$19.5 million and \$35.7 million, respectively even though the Health and Dental fund had a beginning GAAP fund deficit of \$22.2 million and \$16.5 million, respectively.
- Utilities are budgeted conservatively and have been under budget by \$2.3 million, \$2.2 million, and \$1.3 million for the years ended June 30, 2017, 2018, and 2019, respectively.

Processes and procedures used in the preparation of HCPSS salary and benefit projections for the FY 2019 and FY 2020 budgets:

- Process and procedures are similar to those set by the Government Finance Officers Association's Best Practices for Effective Budgeting of Salary and Wages.
- Management informed that Turnover savings are based on actual historical FTE turnover data. However, the turnover savings for FY 2017, 2018, and 2019 were the same amount (\$4,800,000) and did not appear to be updated based on actual FTE results as actual savings ranged from \$4.6 million to \$7.5 million. Management disclosed the budgeted savings for 2020 was \$5.8 million and for 2021 was \$7.9 million.

Analyze a three (3) year history of staff turnover data (FY 2017, FY 2018, FY 2019):

- Budgeted turnover savings were \$4.8 million for each fiscal year (2017, 2018, 2019)
- Actual turnover savings were \$4.6 million (FY 2017), \$6.4 million (FY 2018), and \$7.5 million (FY 2019).
- Management disclosed the budgeted turnover savings for 2020 is \$5.8 million and for 2021 is \$7.9 million.

Sole Source Contracts:

- Did not identify discrepancies between policies and procedures for sole source contracts.



INDEPENDENT PUBLIC ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

To the Howard County, Maryland County Executive and County Council

We have performed the procedures enumerated below, which were agreed to by Howard County, Maryland (the County) solely to assist in evaluating the criteria set forth in the request for proposal (ASC-2019-11-001) for Howard County Public School System (HCPSS) for the years ended June 30, 2019, 2018, and 2017. The County's management is responsible for the information provided to complete these procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we have performed are as follows:

1. Provide a comprehensive analysis to peer jurisdictions based on program design, benefits, cost details, and cost sharing arrangements. Peer jurisdictions include Baltimore County Public Schools, Anne Arundel County Public Schools, Montgomery County Public Schools, Prince George's County Public Schools, and Baltimore City Public Schools (collectively, the Peer Group).

Findings

We noted that program design and benefits for HCPSS and the Peer Group were generally similar with the following exceptions:

- We noted that HCPSS offers a benefit credit of \$420 per employee to offset the employee's health and dental coverage. None of the Peer Group disclosed this type of benefit. We also noted that employees fund 100% of dental premiums whereas the Peer Group dental cost share ranged from 17% to 62%.
- We noted that Montgomery County Public Schools offers a wellness initiative credit on employee contributions. If employees meet certain requirements, their respective premium is reduced by 11-13%.
- We noted that Anne Arundel Public Schools offers a high deductible insurance plan. We did not identify similar high deductible plans in any other school district.

See Appendix A for a comparative analysis of program design and benefits. See below and Appendix B for a comparative analysis of cost details and cost sharing arrangements and various analytical procedures.



From the information included in Appendix A, we performed a weighted average analysis across the different health plan characteristics (i.e., Amount of annual deductible, amount of calendar year maximum out of pocket, amount per primary care visit, amount per specialty visit, amount per emergency room visit, amount per inpatient hospital services, amount per urgent care visit, and range of costs for prescriptions) using lowest maximum cost and lowest minimum cost to rank each school system on each of the characteristics. We used that weighted average to rank each school system by the maximum cost to the employee, the minimum cost to the employee, and the average of the maximum and minimum cost to the employee. Thus if a school system has a weighted average of 1, it would be the least expensive to the employee and if it has a ranking of 6 it would be the most expensive to the employee. The rankings herein would not necessarily translate into cost differences as they are other factors that would effect the cost of each plan for each school system that are not included in this calculation as demographic information and claim history information are not publicly available for inclusion herein. Additionally, while assigning rankings based on cost, we did not weight the rankings by differences in cost (i.e., if the difference between two schools was \$1 or \$1,000, one was ranked 1 and the other as 2).

The rankings by the lowest maximum cost of services to the employee (i.e., lowest maximum cost to employee is considered the most generous plan or closest to 1); the lowest minimum cost of services to the employee (i.e., lowest minimum cost to employee is considered the most generous plan or closest to 1); and the average of the maximum and minimum, including the associated average total premiums are as follows:

<u>Based on Rankings of Lowest Maximum Employee Cost</u>	
<u>School System</u>	<u>Weighted Average Ranking</u>
Montgomery County Public Schools	1.75
Howard County Public Schools	2.13
Baltimore City Public Schools	2.88
Baltimore County Public Schools	3.75
Anne Arundel County Public Schools	4.00
Prince George's County Public Schools	4.88

<u>Based on Rankings of Lowest Minimum Employee Cost</u>	
<u>School System</u>	<u>Weighted Average Ranking</u>
Baltimore County Public Schools	1.63
Howard County Public Schools	1.88
Baltimore City Public Schools	2.13
Prince George's County Public Schools	2.43
Anne Arundel County Public Schools	2.57
Montgomery County Public Schools	4.13



Based on Average of Rankings in Minimum and Maximum

School System	Weighted Average Ranking
Howard County Public Schools	2.01
Baltimore City Public Schools	2.51
Baltimore County Public Schools	2.69
Montgomery County Public Schools	2.94
Anne Arundel County Public Schools	3.29
Prince George's County Public Schools	3.66

From review of the chart above, we observed that while there is roughness in calculation as we used averages of the different plans, HCPSS appears to have the plans that average out to be ranked as the lowest cost of services to employees.

Total Premiums

As disclosed in Appendix B-1, the 2020 average total medical premium, employee premium, and employer premium for Howard County Public Schools and the Peer Group are as follows:

	Medical					
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools	Baltimore County Public Schools	Baltimore City Public Schools
Employee Share Percentage	13%/15%	10%/12%	12%/17%	20%/25%	15%/25%	5%-19%
Average Medical Total Premium	\$ 15,124	\$ 12,452	\$ 13,904	\$ 16,646	\$ 18,710	\$ 17,459
Average Medical Employee Premium	2,117	1,890	1,996	3,745	3,768	1,718
Average Medical Employer Premium	13,007	10,871	11,908	12,391	15,155	15,741

note- HCPSS employee share percentage is 13% for employees hired before July 1, 2011. Anne Arundel County Public Schools has a high deductible plan. Since HCPSS does not have that type of plan, that plan was not included in the averages above.



Dental

	<u>Howard County Public Schools</u>	<u>Anne Arundel County Public Schools</u>	<u>Montgomery County Public Schools</u>	<u>Prince George's County Public Schools</u>	<u>Baltimore County Public Schools</u>	<u>Baltimore City Public Schools</u>
Employee Share Percentage	100%	25%	17%	20%/25%	35%-62%	45%
Average Dental Total Premium	\$ 534	\$ 651	\$ 646	\$ 1,605	\$ 825	\$ 1,059
Average Dental Employee Premium	534	191	110	361	392	476
Average Dental Employer Premium	-	460	536	1,243	433	583

Cost Sharing

As disclosed in Appendix A-5, the employee share for Medical coverage for Howard County Public Schools is 13/15% depending on hire date (13% is for employees hired before July 1, 2011). For the peer review schools, the range of employee share ranges from 7.5% to 25% for insurance (excluding Anne Arundel County Public Schools high deductible plan). Howard County Public Schools, Anne Arundel County Public Schools, and Baltimore County Public Schools include prescriptions in their respective health plan deductibles and related costs, the other school systems present the prescription cost separate. As disclosed above, Howard County Public Schools does not provide an employer contribution for Dental insurance.

Total Costs

Total cost per active employee was \$18,229 for HCPSS while ranging from \$11,812 to \$14,674 for Anne Arundel County Public Schools, Montgomery County Public Schools, and Prince George's County Public Schools. Baltimore City Public Schools and Baltimore County Public Schools did not disclose administrative expenses and thus are not included. Average total cost per insured for HCPSS was \$7,202 based on an estimate of 21,000 insured provided by management. Number of insured is not publicly available for the Peer Group. HCPSS management indicated that dividing the total costs into the number of insured is potentially a more accurate depiction of the "total per person cost" than active employees, since it is possible that for the same number of employees HCPSS health benefit program covers more insured people than other school systems. We recommend HCPSS to consider further investigation into potential cost drivers, including the number of insured per employee and other factors where applicable.



Claims Costs

As disclosed in Appendix B-1 and B-2, we noted that the average claim per active employee for HCPSS and the Peer Group for 2019 is as follows:

	<u>Howard County Public Schools</u>	<u>Anne Arundel County Public Schools</u>	<u>Montgomery County Public Schools</u>	<u>Prince George's County Public Schools</u>	<u>Baltimore County Public Schools</u>	<u>Baltimore City Public Schools</u>
Total Claims Expense per 2019 financial statements	\$ 146,642,110	\$ 183,144,027	\$ 272,452,080	\$ 213,312,667	*	\$ 87,920,944
Number of Employees	<u>8,297</u>	<u>15,557</u>	<u>22,466</u>	<u>19,426</u>	*	<u>9,694</u>
Claim per person	<u>\$ 17,674</u>	<u>\$ 11,772</u>	<u>\$ 12,127</u>	<u>\$ 10,981</u>	*	<u>\$ 9,070</u>

*- Baltimore County public schools participates in the Baltimore County insurance fund and as such this level detail is not available

We noted that claims expense on the financial statements includes active employee claims expense, participant credits, retiree claims expense, dental claims expense, vision claims expense, and other expenses for HCPSS. Peer Group schools generally did not separately disclose components of claims expense. Average claim cost per insured for HCPSS was \$6,983 based on an estimate of 21,000 insured provided by management. Number of insured is not publicly available for the Peer Group. HCPSS management indicated that dividing the total claims into the number of insured is potentially a more accurate depiction of the "claim per person cost" than active employees, since it is possible that for the same number of employees HCPSS health benefit program covers more insured people than other school systems.

We recommend HCPSS consider performing claims audits of the third-party administrators (TPA). While most TPA's have various forms of internal control audits performed on their systems (i.e., SOC 1, SSAE 18), such internal control audits are general and may not address actual claim activity of HCPSS. Performance of these claims' audits may identify irregularities in claims payments. We also recommend HCPSS consider conducting further research to determine whether the comparatively high health benefit program expenditures per active employee is due to more insured people per active employee or other cost drivers.



Administrative Costs

As disclosed in Appendix B-4, we noted that Howard County Public Schools administrative costs charged to the Health and Dental Fund per the financial statements compared to Anne Arundel County Public Schools, Montgomery County Public Schools, and Prince George’s County Public Schools were as follows (note that Baltimore County Public Schools and Baltimore City Public Schools did not disclose this information in their respective financial statements) on a total cost and average per active employee:

	Total Administrative Costs			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
2019	\$ 4,605,701	\$ 621,552	\$ 1,634,340	\$ 7,974,635
2018	6,383,928	545,488	1,698,768	7,555,189
2017	9,056,807	1,114,310	3,236,747	7,869,625

Administrative costs decreased from \$9,065,807 in FY 2017 to \$4,605,701 in FY 2019 because of negotiations on third party administrator contracts for cost reductions. We noted that Baltimore County Public Schools and Baltimore City Public Schools did not disclose this administrative cost information. We noted Prince George’s County Public Schools included a breakout of the components for Administrative expenses that was similar to HCPSS and was \$7,974,635 in fiscal year 2019. We noted Anne Arundel County Public Schools (\$621,552 of Administrative expenses disclosed) and Montgomery County Public Schools (\$1,634,340 of total Administrative expenses disclosed) did not publicly provide the detail of such Administrative expenses for comparison purposes.

Medical Benefits Comparison

Summarized from Appendix A-1, below shows a comparison of HCPSS against the Peer Group for the following categories: Deductible, Out of pocket maximum, Primary Care Visit, Specialty Visit, ER Visit, Inpatient Hospital Visit, Urgent Care Visit, and Prescription.



Area	Howard County Public Schools	Peer Group Range	Outlier not included in Peer Group
Deductible	\$0- \$100 individual/\$300 family	\$0-\$500 individual/\$1,000 family	\$4,500 individual/\$9,000 family; Anne Arundel County Public Schools has a high deductible plan that no other school system in the peer group offers
	\$500 individual/\$1,500 Family (Medical) to \$2,000 individual/\$6,000 family (medical)	\$400 individual/\$0 family to \$2,000 Individual/ \$6,000 family; \$6,350	
Out of pocket maximum	\$3,000 Individual/\$6,000 Family (Prescription)	Individual/\$12,700 Family combined medical and prescription	Montgomery county- no disclosed out of pocket maximum
Primary care visit	\$10 to 20%	\$10 to 30%	N/A- none
Specialist visit	\$15 to 20%	\$5 to 30%	N/A- none
ER Visit	\$50, waived if admitted	\$35-\$300 waived if admitted	N/A- none
Inpatient Hospital visit	0%-20%	0%-30%	N/A- none
Urgent care	\$15-20%	\$0-25%	Prince George's County Public Schools did not disclose this cost
Prescription	\$0-\$70	\$0-\$140	N/A- none

2. Assess the financial implications of carrying a historical deficit in the Health and Dental Fund.

Findings

The Health and Dental Fund is reported as an internal service fund in HCPSS’ financial statements. As such, the deficit is consolidated into the entity wide financial statements and would otherwise have no overall effect as the deficit is consolidated in such financial statements for HCPSS. Further, while the Health and Dental Fund has operated in a deficit position for fiscal years 2017-2019, all claims appear to have been paid. The majority of claims were funded through the charges made to different funds (i.e., primarily the general fund) and employee contributions. The remaining amount was funded through borrowings from the General Fund.



In accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Government Accounting Standards Board (GASB), an internal service fund is required to charge the applicable governmental and business type activities enough to cover the expenses of the fund. An occasional deficit position is not a violation of the accounting standards provided that the entity develops and acts on a plan to correct the deficit over a reasonable period. Per HCPSS financial statements, it appears the Health and Dental Fund has operated in a deficit position since 2014 which would indicate that a plan to fund the deficit was not in place (this is further highlighted by the budgeted use of fund balance in fiscal years 2015-2018 even though there was no GAAP fund balance available). We noted in fiscal year 2019 there was no planned use of fund balance and budgeted contributions to the Health and Dental Fund exceeded the fiscal year 2018 expenses (see Appendix B-7).

The primary funder of the Health and Dental Fund is the General Fund (through premiums charged to the General Fund, which in turn would appear as an expenditure on the General Fund financial statements). Since the funding of the deficit situation was primarily from borrowings from the General Fund, which is shown as a “due from other fund” asset on the general fund balance sheet and a “due- to” liability on the Health and Dental Fund balance sheet then it reasons that the expenditures of the General Fund were understated as the borrowings increased from 2017 through 2019. Effectively, instead of charging the General Fund more for the claims incurred, the Health and Dental Fund borrowed from the General Fund to fund the claims. Further, since the Health and Dental Fund’s main “customer” is the General Fund, the Health and Dental Fund would not have an alternative funding source to repay the General Fund and as such, the Health and Dental Fund is effectively borrowing from an entity that it will charge more in the future to pay back. This is highlighted in the auditor’s opinion on the 2019 financial statements of HCPSS in which the auditor issued an adverse opinion, stating that *“Accounting principles generally accepted in the United States of America require interfund balances for which the government does not have both the intent and ability to repay the balance in full to be reduced by the amount for which it does not have both the intent and ability to repay by recording an interfund transfer. The Health and Dental internal service fund, included in the aggregate remaining fund information, has not demonstrated its ability to repay the General Fund, which it owes \$20,701,648. The amount remains reported as an interfund balance.”*

Because HCPSS chose to fund the Health and Dental Fund with borrowings from the General Fund instead of charges for services, the General Fund expenditures have been potentially understated by \$20,701,648 through June 30, 2019. Management informed us that they considered addressing this issue by transferring the \$20,701,648 to the Health and Dental Fund in fiscal year 2019. However, management determined it did not have the appropriation or fiscal authority to make such a transfer.

Management informed us that a plan has been put in place starting inf FY 2020 to reduce the deficit and the plan was coordinated with Howard County.



3. Review three (3) years of General Fund expenditure data (FY 2017, FY 2018, FY 2019) at HCPSS-designated categorical and programmatic levels, analyze variances between original budget and actual spending, and perform a root cause analysis where variance levels are deemed significant. Inquired with management and process owners to garner a full understanding of the program design, benefits, cost details, and cost sharing arrangements of the HCPSS Health and Dental Fund. This understanding will also entail review of correspondence from insurance providers and consultants to understand the options originally considered by HCPSS. This should include:
 - i. The audit shall analyze categorical and programmatic variances and provide a root cause analysis (including key drivers and components) where variance levels exceed \$500,000 and 5%.
 - ii. The audit shall identify patterns (underspending or overspending consistently), significant variance, and significant volatility of spending level.
 - iii. The audit shall recommend corrective action or improvements, especially where variance levels reveal issues related to processes or projection methodology.

Findings

Below is the variance analysis on a State Categorical level for fiscal years 2017, 2018, and 2019. During each fiscal year, the majority of categorical line items were below the original budget. This is primarily caused by salaries being under budget for those categorical items as seen in the charts.



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State Category	Program	Adopted Budget FY2017	Actual FY2017	Budget to Actual Variance FY2017	Percent Variance FY2017	Salaries budget	Salaries actual	Variance	Percent variance
1	Administration Mid-level	\$ 12,894,327	\$ 13,582,728	\$ (688,401)	-5.3%	\$ 9,796,177	\$ 10,309,219	\$ (513,042)	-5.2%
2	administration	61,056,955	59,654,569	1,402,386	2.3%	53,912,526	52,392,539	1,519,987	2.8%
3	Instructional salaries and wages	337,202,925	325,321,987	11,880,938	3.5%	337,202,925	325,321,987	11,880,938	3.5%
4	Textbooks and instructional costs	11,709,755	9,306,445	2,403,310	20.5%	-	-	-	0.0%
5	Other instructional costs	3,349,210	2,853,232	495,978	14.8%	-	-	-	0.0%
6	Special education	98,973,242	98,652,503	320,739	0.3%	88,182,155	86,885,964	1,296,191	1.5%
7	Student personnel services	3,302,029	3,279,643	22,386	0.7%	2,956,719	2,944,315	12,404	0.4%
8	Health services	7,928,482	7,890,219	38,263	0.5%	7,354,229	7,314,805	39,424	0.5%
9	Transportation	38,959,280	37,872,734	1,086,546	2.8%	1,464,683	1,424,780	39,903	2.7%
10	Operation of plant	44,124,441	38,996,339	5,128,102	11.6%	21,843,478	19,766,386	2,077,092	9.5%
11	Maintainance	24,601,916	23,447,705	1,154,211	4.7%	12,386,535	11,116,875	1,269,660	10.3%
12	Fixed charges	156,484,715	170,296,393	(13,811,678)	-8.8%	-	-	-	0.0%
14	Community services	6,933,687	6,477,624	456,063	6.6%	3,935,854	3,694,338	241,516	6.1%
15	Capital outlay	866,892	786,862	80,030	9.2%	814,306	751,480	62,826	7.7%
	Total	\$ 808,387,856	\$ 798,418,984	\$ 9,968,872	1.2%	\$ 539,849,587	\$ 521,922,688	\$ 17,926,899	3.3%

State Category	Program	Adopted Budget FY2018	Actual FY2018	Budget to Actual Variance FY2018	Percent Variance FY2018	Salaries budget	Salaries actual	Variance	Percent variance
1	Administration Mid-level	\$ 13,240,748	\$ 13,521,593	\$ (280,845)	-2.1%	\$ 10,291,499	\$ 10,102,589	\$ 188,910	1.8%
2	administration	62,488,043	61,815,727	672,316	1.1%	54,791,053	54,224,474	566,579	1.0%
3	Instructional salaries and wages	345,966,464	343,382,750	2,583,714	0.7%	345,966,464	343,382,750	2,583,714	0.7%
4	Textbooks and instructional costs	9,640,536	7,207,840	2,432,696	25.2%	-	-	-	0.0%
5	Other instructional costs	3,109,046	1,885,962	1,223,084	39.3%	-	-	-	0.0%
6	Special education	104,727,030	104,714,199	12,831	0.0%	93,523,868	91,041,105	2,482,763	2.7%
7	Student personnel services	3,425,010	3,405,119	19,891	0.6%	2,985,269	2,988,141	(2,872)	-0.1%
8	Health services	8,235,796	8,172,791	63,005	0.8%	7,647,864	7,685,129	(37,265)	-0.5%
9	Transportation	38,615,733	39,011,564	(395,831)	-1.0%	1,443,709	1,458,552	(14,843)	-1.0%
10	Operation of plant	40,501,696	37,974,825	2,526,871	6.2%	21,013,172	20,140,060	873,112	4.2%
11	Maintainance	23,939,247	23,828,342	110,905	0.5%	11,936,645	11,058,011	878,634	7.4%
12	Fixed charges	157,397,416	159,178,603	(1,781,187)	-1.1%	-	-	-	0.0%
14	Community services	6,973,670	6,950,103	23,567	0.3%	4,126,915	4,109,862	17,053	0.4%
15	Capital outlay	845,849	844,428	1,421	0.2%	798,055	810,155	(12,100)	-1.5%
	Total	\$ 819,106,284	\$ 811,893,844	\$ 7,212,440	0.9%	\$ 554,524,513	\$ 547,000,828	\$ 7,523,685	1.4%



State Category	Program	Adopted Budget		Budget to	Percent	Salaries budget	Salaries actual	Variance	Percent variance
		FY2019	Actual FY2019	Actual Variance FY2019	Variance FY2018				
1	Administration Mid-level	\$ 13,567,320	\$ 12,955,558	\$ 611,762	4.5%	\$ 10,026,930	\$ 9,139,692	\$ 887,238	8.8%
2	administration	62,658,494	61,280,398	1,378,096	2.2%	54,720,951	53,328,111	1,392,840	2.5%
3	Instructional salaries and wages	348,389,986	344,119,848	4,270,138	1.2%	348,389,986	344,119,848	4,270,138	1.2%
4	Textbooks and instructional costs	9,823,425	8,758,701	1,064,724	10.8%	-	-	-	0.0%
5	Other instructional costs	3,128,717	2,691,664	437,053	14.0%	-	-	-	0.0%
6	Special education Student personnel	109,184,782	109,433,853	(249,071)	-0.2%	97,622,653	94,098,036	3,524,617	3.6%
7	services	3,641,641	3,525,749	115,892	3.2%	3,161,956	3,055,142	106,814	3.4%
8	Health services	8,966,402	8,661,671	304,731	3.4%	8,275,781	8,027,740	248,041	3.0%
9	Transportation	41,216,993	41,407,111	(190,118)	-0.5%	1,531,058	1,609,746	(78,688)	-5.1%
10	Operation of plant	42,593,699	41,250,754	1,342,945	3.2%	22,228,115	22,319,724	(91,609)	-0.4%
11	Maintainance	26,217,132	25,072,651	1,144,481	4.4%	12,081,034	10,392,078	1,688,956	14.0%
12	Fixed charges	184,960,057	186,960,057	(2,000,000)	-1.1%	-	-	-	0.0%
14	Community services	7,128,926	6,714,358	414,568	5.8%	4,098,711	3,993,963	104,748	2.6%
15	Capital outlay	908,432	890,472	17,960	2.0%	820,059	815,252	4,807	0.6%
	Total	<u>\$ 862,386,006</u>	<u>\$ 853,722,845</u>	<u>\$ 8,663,161</u>	<u>1.0%</u>	<u>\$ 562,957,234</u>	<u>\$ 550,899,332</u>	<u>\$ 12,057,902</u>	<u>2.1%</u>

See Appendix C for detailed variance analysis; See appendix B-6 and B-7. We observed the following items:

- We noted that salaries and wages for HCPSS were under the original budget by \$17.9 million (3.3%), \$7.5 million (1.4%), and \$12.1 million (2.1%) for the years ended June 30, 2017, 2018, and 2019, respectively. We noted that the total expenses were under the original budget by \$10.0 million, \$7.2 million, and \$8.7 million for the years ended June 30, 2017, 2018, and 2019, respectively.
- We noted that the following state categories had salary and wages that were below the original budget for 2017, 2018, and 2019: Mid-level administration, Instructional Salaries and Wages, Special Education, Maintenance, and Community Services. The remaining state categories (Administration, Student Personnel Services, Health Services, Transportation, Operation of Plan, and Capital Outlay) were under the original budget for two of the three fiscal years (2017, 2018, and 2019).
- In FY 2017 and 2018, Category 1, Administration was over budget as a result of severance buyout and related legal costs.
- In FY 2017, 2018, and 2019, Category 12, Fixed Charges was over budget as a result of additional costs related to the Health and Dental Fund (see appendix B-6 and B-7 for more analysis).
- In fiscal years 2017 and 2018, for sources of funding for the Health and Dental Fund, HCPSS budgeted for use of fund balance of \$19.5 million and \$35.7 million, respectively even though the Health and Dental fund had a beginning GAAP fund deficit of \$22.2



million and \$16.5 million, respectively. Effectively, this reduced the required budget in the General Fund. Since there was no fund balance available, the General Fund had to expend more than budget to make up for the shortfall. In FY 19, claims were greater than originally budgeted which caused the line item to be over budget.

- When an item is overbudget, it appears to be overbudget for the subsequent year before corrected in a subsequent year (i.e., over budget in 2017, then over budget in 2018, before being at or underbudget in 2019).
- Utilities are budgeted conservatively and have been under budget by \$2.3 million, \$2.2 million, and \$1.3 million for the years ended June 30, 2017, 2018, and 2019, respectively.

While we understand that the percentage difference between budget and actual for items that have been historically under budget (salaries and utilities) the dollar amount of under budget ranged from \$7.5 million to \$17.9 million for salaries and \$1.3 million to \$2.3 million for utilities. We recommend HCPSS to review the trends in budgeting where items have been historically underbudget (salaries and utilities) to determine if such funds could be allocated to different priorities in upcoming budgets.

4. Determine processes and procedures used in the preparation of HCPSS salary and benefit projections for the FY 2019 and FY 2020 budgets. Obtain documentation used and determine if procedures were followed as described.
 - i. The audit shall identify and itemize all key assumptions/factors used to develop personnel cost estimates, including the associated dollar amounts calculated and used in assumptions made. Assumptions/factors may include the following: turnover savings, leave payouts, partial or fully unfunded positions that are part of total FTE count, new positions, COLA and increment calculation, partial year funding, and other factors where applicable.
 - ii. The audit shall assess the reasonableness of projection methodology and assumptions and identify corrective actions or improvements where issues exist.

Findings

SBC met with HCPSS personnel to discuss the processes and procedures used in the preparation of HCPSS salary benefit projections for the FY 2019 and FY 2020 budgets. We obtained the Government Finance Officers Association's Best Practices for Effective Budgeting of Salary and Wages and compared such practices to the practices in place at HCPSS. See Appendix E-1 for a comparison.

We noted the following key assumptions and factors in the budgeting process from discussions with management:

- Employee roster is pulled from Workday in September and updated through required COLA and Step increases where applicable.



- Human resources consults with payroll personnel to ensure no miscalculations and various analytics based on average salary and vacancies.
- Turnover savings are based on actual historical FTE turnover data.
- Salaries for open positions expected to be filled estimated at average salary for that position throughout the school system.
- Positions expected to be filled based on actual turnover data and included if essential position.
- Position is considered filled if there is other knowledge of position currently in process of being filled (i.e., in interview/hiring process for position).
- Salary projections based on base salaries only (i.e. no adjustments for bonuses, etc.).

We noted, as described in step 5 below, that the turnover savings for FY 2017, 2018, and 2019 were the same amount (\$4,800,000) and did not appear to be updated based on actual FTE results.

5. Analyze a three (3) year history of staff turnover data (FY 2017, FY 2018, FY 2019).
 - i. For each year, the audit shall provide a categorical and program level comparison between the original budget and actual turnover savings (including percentage turnover rate and dollar value of savings), including an explanation of how each were calculated.
 - ii. The audit shall identify corrective action or improvements related to turnover savings budgeting practices where appropriate.

Findings

We met with management of HCPSS and were informed that budgeted turnover savings are based on FTE actual results from the prior year. We obtained the budgeted turnover savings, noting that the amount was the same, \$4.8 million, and in the same categories for each year. In the chart below highlights the difference in budgeted versus actual on total basis for HCPSS, noting that the difference between actual and budget grew over the three-year period.

<u>Year End</u>	<u>Budgeted Turnover Savings</u>	<u>Actual Turnover Savings</u>	<u>Difference</u>	<u>Salaries Budget</u>	<u>Budgeted savings as a percentage of salaries budget</u>	<u>Actual savings as a percentage of salaries budget</u>
2019	\$4,800,000	\$7,553,799	\$2,753,799	\$ 571,355,264	0.84%	1.32%
2018	4,800,000	6,437,513	1,637,513	562,628,213	0.85%	1.14%
2017	4,800,000	4,596,527	(203,473)	547,915,078	0.88%	0.84%

See appendix D for analysis of budgeted to actual turnover savings. Management disclosed the budgeted savings for 2020 is \$5.8 million and for 2021 is \$7.9 million.



6. Provide a status update on findings of the October 2016 audit by the Office of Legislative Audits, to include the following:
 - i. Number, dollar value, and purpose of sole source contracts issued over the last three years in FY 2017, FY 2018, and FY 2019.
 - ii. Identify the sole source justification, evaluate the reasonableness of the justification for sole source contracting, and verify the appropriate approval process was followed for each sole source contract procured during the three-year period.
 - iii. Provide a comparative analysis to peer jurisdictions (including but not limited to: Baltimore, Anne Arundel, Montgomery, and Prince George's Counties and Baltimore City), as well as to industry standards. At minimum, the comparative analysis should assess whether similar types of sole source contracts are being entered into jurisdiction to jurisdiction or are typical within the industry, and how HCPSS' processes for sole source contracting compare to other jurisdictions and best practices.
 - iv. The audit shall identify recommended corrective action or improvements where applicable.

Findings

We did not identify discrepancies between policies and procedures for sole source contracts to the sole source contracts. See appendix F for more information.

SBC reviewed the websites for Baltimore, Anne Arundel, Montgomery, and Prince George's Counties and Baltimore City School Systems, noting procurement and listing of contracts did not identify specific disclosure of sole source contracts. Further, SBC reviewed the 2019, 2018, and 2017 Uniform Guidance Single Audit reports for Baltimore, Anne Arundel, Montgomery, and Prince George's Counties and Baltimore City School Systems and noted no findings for sole source contract activity.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying information in the Appendices for the years ended as described on each schedule which are attached to this report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

HCPSS is responsible for the source documents that detail HCPSS information that are described in the specified procedures and related findings section. The Peer Group school information was obtained through publicly available means (i.e., individual school websites or individual school



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financial statements). The Executive Summary is included and was summarized from information included in this report. We were not engaged to perform and we have not performed any procedures other than those previously listed, including procedures to test the accuracy or completeness of the information provided to us or obtained through public means except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on compliance with the Health and Dental Funds. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the County and is not intended to be and should not be used by anyone other than these specified parties.

SB & Company, LLC

Owings Mills, Maryland
September 14, 2020

Appendix A- Table of Contents

A-1- Comparison of design and benefits of Health Insurance Plans of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

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A-5 Comparison of design, benefits, and cost sharing of Dental Insurance Plans Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the benefits of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: Amounts are presented in terms of cost to the participant.

A-1- Comparison of design and benefits of Health Insurance Plans of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan designs)

Maryland School System	Plans Offered	Network	Deductible	Calander Year Out of Pocket	PCP Visit	Special Visit	ER	Copays		
								Hospital	Urgent Care	RX
Howard County Public Schools:	Aetna Open Choice PPO	In	\$0	\$500 individual/\$1,500 Family (Medical); \$3,000 Individual/\$6,000 Family (Prescription)	\$15	\$20	\$50, waived if admitted	0%	\$25	\$0-\$70
		Out	\$100 Individual/\$300 Family	\$1,000 individual/\$3,000 Family (Medical); \$3,000 Individual/\$6,000 Family (Prescription)	20%	20%	\$50, waived if admitted	20% after deductible	20% after deductible	\$0-\$70
	Open Access Aetna Select HMO	In	\$0	\$2,000 individual/\$6,000 Family (Medical); \$3,000 Individual/\$6,000 Family (Prescription)	\$10	\$15	\$50, waived if admitted	0%	\$15	\$0-\$70
		BlueChoice HMO Open Access	In	\$0	\$2,000 individual/\$6,000 Family (Medical); \$3,000 Individual/\$6,000 Family (Prescription)	\$10	\$15	\$50, waived if admitted	0%	\$15
Montgomery County Public Schools:	CareFirst BlueChoice Advantage POS	In	\$0	None	\$15	\$25	\$150, waived if admitted	0%	\$25	\$10 - \$40 copay plus difference between generic and non-preferred drug cost (for 90-day supply)
		Out	\$300 individual/ \$600 family	None	20% after deductible	20% after deductible	\$100, waived if admitted	20% after deductible	\$25	\$10 - \$40 copay plus difference between generic and non-preferred drug cost (for 90-day supply)
	CareFirst Blue Choice HMO		\$0	None	\$10	\$20	\$150, waived if admitted	0%	\$20	\$10 - \$40 copay plus difference between generic and non-preferred drug cost (for 90-day supply)
	Kaiser Permanente HMO		\$0	None	\$10	\$20	\$150, waived if admitted	0%	\$20	\$10 - \$40 copay plus difference between generic and non-preferred drug cost (for 90-day supply)
Anne Arundel Public Schools:	CareFirst Blue Choice HMO "Open Access"		\$0	\$2,000 Individual/ \$6,000 family; \$6,350 Individual/\$12,700 Family combined medical and prescription	\$10	\$15	\$85, waived if admitted	0% if approved	Not disclosed	\$5- \$150 copay
	BlueChoice Low-Option HMO		\$4,500 individual/ \$9,000 family	\$6,350 individual/\$12,700 Family combined medical and prescription	\$30	\$40	\$300	30% after deductible	\$100	\$15-\$60 copay; 50% up to a max of \$150 for speciality drugs; \$500 deductible per person (separate from medical plan)
	CareFirst BlueChoice Triple Option "Open Access"		\$0-\$300 Individual/\$0-\$600 individual	\$2,000 Individual/ \$6,000 family; \$6,350 Individual/\$12,700 Family combined medical and prescription	Range \$10/15; 20%	Range \$10/15; 20%	\$85, waived if admitted	0%-20%	Not disclosed	\$5- \$150 copay
Baltimore City Public Schools:	BlueChoice POS	In	\$0	\$1,000 individual/\$2,000 Family	\$10	\$20	\$100, waived if admitted	10%	\$10	\$10-\$30 copay
		Out	\$0	None	30%	30%	\$100, waived if admitted	10%-30%	\$10	\$10-\$30 copay
	Kaiser Permanente Signature HMO	In	\$0	\$1,000 individual/\$3,600 Family (not including prescription)	\$5	\$10	\$100, waived if admitted	0%	\$10	\$10-\$30 copay
		CareFirst BlueCross BlueShield Preferred Provider	In	\$0	\$400 individual/\$0 family	\$10	\$20	\$100, waived if admitted;	0%	\$0
Baltimore County Public Schools:	Cigna Open-Access Plus In-Network	In	\$0	\$1,100 individual/\$3,600 Family (Medical); \$5,500 Individual/ \$9,600 Family (Prescription)	\$15	\$20	\$50, waived if admitted	\$100 copay	\$25	\$10-\$105 copay
		Kaiser Permanente HMO	In	\$0	\$3,500 individual/\$9,400 Family (Medical and Prescription)	\$5	\$5	\$35, waived if admitted	0%	\$5
	Cigna Open-Access Plus In and Out-of-Network	In	\$200 individual/\$400 family	\$1,000 individual/\$2,000 Family (medical); \$5,600 individual/\$11,200 family (prescription)	\$20	\$30	\$70, waived if admitted	15% after deductible	\$30	\$10-\$40
		Out	\$300 individual/\$600 family	\$1,500 individual/\$3,000 Family;\$5,600 individual/\$11,200 family (prescription)	25% After deductible	25% After deductible	\$70, waived if admitted	25% after deductible	25% after deductible	\$10-\$40
Prince George's County Public Schools	Kaiser		\$0	\$3,500 individual/\$9,400 Family (Medical and Prescription)	\$10	\$20	\$150, waived if admitted	0%	Not disclosed	\$0-\$140
		Carefirst HMO		\$0	\$1,000 individual/ \$2,000 family	\$10	\$20	\$150, waived if admitted	0%	Not disclosed
	Carefirst-BluePreferred PPO		\$200 individual/\$600 family	\$1,000 individual/ \$2,000	\$20	\$30	\$150, waived if admitted	20% after deductible	Not disclosed	\$0-\$140
	Carefirst Idemity Option		\$500 individual/\$1,000 family	\$2,000 individual/ \$4,000 family	30%	30%	\$150, waived if admitted	30% after deductible	Not disclosed	\$0-\$140

A-2 Comparison of Employee Share of Medical Costs of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the employee share of medical cost premium of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: Amounts are presented in terms of cost to the participant.

A-2- Comparison of Employee Share of Medical Costs of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan designs)

Maryland School System	Plans Offered	Employee Share of Premium
Howard County Public Schools:	Aetna Open Choice PPO	13 / 15%*
	Open Access Aetna Select HMO	13 / 15%*
	BlueChoice HMO Open Access	13 / 15%*
Montgomery County Public Schools:	CareFirst BlueChoice Advantage POS	17% (medical) 17% prescription
	CareFirst Blue Choice HMO	12% (medical) 17% prescription
	Kaiser Permanente HMO	12% (medical) 17% prescription
Anne Arundel Public Schools:	CareFirst Blue Choice HMO "Open Access"	12% Units I,II,V,VI 10% Units III & IV
	BlueChoice Low-Option HMO	10%
	CareFirst BlueChoice Triple Option "Open Access"	15%
Baltimore City Public Schools:	BlueChoice POS	7.5% (medical) 1%-4% (prescription)
	Kaiser Permanente Signature HMO	7.5% (medical) 1%-4% (prescription)
	CareFirst BlueCross BlueShield Preferred Provider	7.5% (medical) 1%-4% (prescription)
Baltimore County Public Schools:	Cigna Open-Access Plus In-Network	15%
	Kaiser Permanente HMO	15%
	Cigna Open-Access Plus In and Out-of-Network	24%
Prince George's County Public Schools	Kaiser	25% (0-8 years of service); 20% (8+years of service) includes prescription
	Carefirst HMO	25% (0-8 years of service); 20% (8+years of service) (medical) and 5% (0-8 years of service); 20% (8+years of service)(prescription)
	Carefirst-BluePreferred PPO	25% (0-8 years of service); 20% (8+years of service) (medical) and 5% (0-8 years of service); 20% (8+years of service)(prescription)
	Carefirst Idemnity Option	25% (0-8 years of service); 20% (8+years of service) (medical) and 5% (0-8 years of service); 20% (8+years of service)(prescription)

* HCPSS employees hired on or after 7/1/2011 pay 15%

A-3 Ranking by Lowest Maximum Cost by Category for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to rank from least maximum employee cost to highest maximum cost by category for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: This schedule compares the lowest maximum cost to the participant such that if a plan has a low maximum cost it is considered more expensive than a higher maximum cost plan.

A-3- Ranking by Lowest Maximum Cost by Category for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan designs)

Rankings based on lowest maximum cost to employee

Category	Details	Lowest Employee Cost	Second Lowest Employee Cost	Third Lowest Employee Cost	Fourth Lowest Employee Cost	Fifth Lowest Employee Cost	Highest Employee Cost
Deductible		Baltimore City	Howard County Public Schools	Montgomery County Public Schools	Baltimore County Public Schools	Prince George's County Public Schools	Anne Arundel Public Schools
Cost		\$0	Range \$0 to \$100 Individual/\$300 Family	Range \$0 to \$300 individual/\$600 family	Range \$0 to \$300 individual/\$600 family	Range from \$0 to \$500 individual/\$1,000 family	Range \$0 to \$4,500 individual/\$9,000 family
Calander Year Out of Pocket		Baltimore City	Howard County Public Schools	Prince George's County Public Schools	Baltimore County Public Schools	Anne Arundel Public Schools	Montgomery County
Cost (maximum)		\$4,000	\$9,000	\$9,400	\$11,200	\$12,700	No limit disclosed
Primary Care Visits		Howard County Public Schools	Anne Arundel Public Schools	Montgomery County	Baltimore County Public Schools	Baltimore City	Prince George's County Public Schools
Range of costs		\$10-20% of cost	\$10-20% of cost	\$10-20% of cost	\$5-25% of cost	\$5-30% of cost	\$10-30% of cost
Speciality Visits		Howard County Public Schools	Anne Arundel Public Schools	Montgomery County	Baltimore County Public Schools	Baltimore City	Prince George's County Public Schools
Range of costs		\$15-20% of cost	\$10-20% of cost	\$20-20% of cost	\$5-25% of cost	\$10-30% of cost	\$20-30% of cost
Emergency Room Visits		Howard County Public Schools	Baltimore County Public Schools	Baltimore City	Montgomery County	Prince George's County Public Schools	Anne Arundel Public Schools
Range of costs		\$50	\$35-\$70	\$100	\$100-\$150	\$150	\$85-\$300
Hospital- inpatient		Howard County Public Schools	Montgomery County	Baltimore County Public Schools	Anne Arundel Public Schools	Baltimore City	Prince George's County Public Schools
Range of costs		0%-20%	0%-20%	0%-25%	0-30%	0-30%	0-30%
Urgent Care		Montgomery County	Baltimore City	Anne Arundel Public Schools	Howard County Public Schools	Baltimore County Public Schools	Prince George's County Public Schools
Range of costs		\$20-\$25	\$0-20% of cost	\$10-20% of cost	\$15-20% of cost	\$5-25% of cost	\$20-30% of cost
Prescription		Baltimore City	Montgomery County	Howard County Public Schools	Baltimore County Public Schools	Prince George's County Public Schools	Anne Arundel Public Schools
Range of costs		\$10-\$30	\$10-\$40	\$0-\$70	\$5-\$105	\$0-\$140	\$5-\$150

A-4 Ranking by Lowest Cost by Category for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to rank from lowest minimum employee cost to highest minimum cost by category for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: This schedule compares the lowest minimum cost to the participant such that if a plan has a low minimum cost it is considered more expensive than a higher minimum cost plan.

A-4- Ranking by Lowest Minimum Cost by Category for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan designs)

Rankings based on lowest cost to employee

Category	Details	Lowest Employee Cost	Second Lowest Employee Cost	Third Lowest Employee Cost	Fourth Lowest Employee Cost	Fifth Lowest Employee Cost	Highest Employee Cost
Deductible		Baltimore City Public Schools Cost \$0	Howard County Public Schools Range \$0 to \$100 Individual/\$300 Family	Montgomery County Public Schools Range \$0 to \$300 individual/ \$600 family	Baltimore County Public Schools Range \$0 to \$300 individual/ \$600 family	Prince George's County Public Schools Range from \$0 to \$500 individual/\$1,000 family	Anne Arundel Public Schools Range \$0 to \$4,500 individual/ \$9,000 family
Calander Year Out of Pocket		Baltimore City Public Schools Cost (lowest) \$0	Howard County Public Schools \$500	Prince George's County Public Schools \$1,000	Baltimore County Public Schools \$1,000	Anne Arundel Public Schools \$2,000	Montgomery County No limit disclosed
Primary Care Visits		Baltimore County Public Schools Range of costs \$5-25% of cost	Howard County Public Schools \$10-20% of cost	Anne Arundel Public Schools \$10-20% of cost	Prince George's County Public Schools \$10-30% of cost	Baltimore City \$10-30% of cost	Montgomery County \$15-20% of cost
Speciality Visits		Baltimore County Public Schools Range of costs \$5-25% of cost	Baltimore City \$10-30% of cost	Howard County Public Schools \$15-20% of cost	Anne Arundel Public Schools \$15-20% of cost	Montgomery County \$20-20% of cost	Prince George's County Public Schools \$20-30% of cost
Emergency Room Visits		Baltimore County Public Schools Range of costs \$35-\$70	Howard County Public Schools \$50	Anne Arundel Public Schools \$85-\$300	Baltimore City \$100	Montgomery County \$100-\$150	Prince George's County Public Schools \$150
Hospital- inpatient		Howard County Public Schools Range of costs 0%-20%	Montgomery County 0%-20%	Baltimore County Public Schools 0%-25%	Anne Arundel Public Schools 0-30%	Baltimore City 0-30%	Prince George's County Public Schools 0-30%
Urgent Care		Baltimore City Public Schools Range of costs \$0-20% of cost	Baltimore County Public Schools \$5-25% of cost	Howard County Public Schools \$15-20% of cost	Montgomery County \$20-\$25	Anne Arundel Public Schools Not disclosed	Prince George's County Public Schools Not disclosed
Prescription		Howard County Public Schools Range of costs \$0-\$70	Prince George's County Public Schools \$0-\$140	Baltimore County Public Schools \$5-\$105	Anne Arundel Public Schools \$5-\$150	Baltimore City \$10-\$30	Montgomery County \$10-\$40

A-5- Comparison of design and benefits of Dental Insurance Plans of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the benefits of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: Amounts are presented in terms of cost to the participant.

A-5- Comparison of design, benefits, and cost sharing of Dental Insurance Plans Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan designs)

Maryland School System	Plans Offered	Employee Share of Premium	Network	Deductible	Annual Benefit Maximum	Basic Services	Major Restorative Services	Major Surgical Services	Orthodontics
Howard County Public Schools:	Cigna Dental DHMO	100%	In	\$0	Unlimited	\$0-\$140	\$23-\$140	\$75-\$780	Copayments vary from case to case (maximum benefit of 24 months)
	Delta Dental PPO	100%	In	N/A		0-10%	50%	50%-80%	50% (Lifetime maximum \$1,200)
Montgomery County Public Schools	Aetna Dental Maintenance Organization	17%	In	N/A		0-25%	25%	25%	50%; no lifetime maximum
	Carefirst BlueChoice PPO Dental	17%	In	\$50		0%	50%	0%	50% up to \$1,000 lifetime maximum
			Out	\$100		20%	40%	20%	30% up to \$1,000 lifetime maximum
Anne Arundel Public Schools	United Concordia Dental POS	25%		\$0	\$1,000 out of network	0%-5%	20%-40%	0%-25%	
	Carefirst BlueChoice PPO Dental	25%	In	\$0	\$1,500	0%	20%	20%	50% up to \$1,500 lifetime maximum
			Out	\$50 individual/ \$150 family	\$1,500	20%	40%	40%	35% up to \$1,500 lifetime maximum
CareFirst BlueChoice BlueCross Traditional Dental	25%			\$25 individual/ \$50 family	\$1,500	0%	50%	0%-20%	50% up to \$1,500 lifetime maximum
Baltimore City Public Schools	CareFirst Dental Preferred Provider (DPPO)	20% Basic Services 40 % Major Services 50% Orthodontia Services	In	\$50 individual/ \$150 family' \$1,500 / \$1,500 max		20% of allowed benefit after deductible	40% of allowed benefit after deductible	50% of allowed benefit after deductible	50% of allowed benefit after deductible
			Out			20% of allowed benefit after deductible	40% of allowed benefit after deductible	50% of allowed benefit after deductible	50% of allowed benefit after deductible
Baltimore County Public Schools	CareFirst Regional Traditional Dental	41 - 47%	In	\$10 individual/ \$25 family		20% (AD)	20% (AD)	20% (AD)	50%
			out	\$25 individual/ \$50 family		20% (AD)	20% (AD)	20% (AD)	50%
	CareFirst Dental DHMO	57 - 62%	In	N/A		\$0-\$220 copay	\$15-\$335 copay	\$15-\$335 copay	100% after \$2,900 copayment, in network only
	CareFirst Regional Dental PPO	35%	In	\$10 individual/ \$20 family		20% (AD)	20% (AD)	20% (AD)	50%
Out			\$25 individual/ \$50 family		40% (AD)	40% (AD)	40% (AD)	50%	
Prince George’s County Public Schools	Aetna Dental Maintenance Organization	20%/25%	In	\$50 individual/ \$100 family	\$4,000	0% (AD)	40% (AD)	40% (AD)	50% (AD) Lifetime match of \$3,000
			out	\$100 individual/ \$200 family	\$3,000	10% (AD)	50% (AD)	50% (AD)	60% (AD) Lifetime match of \$3,000

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B-1- Summary of total average medical and dental premiums; comparison of claims expense per person to total average premium per person for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the cost sharing percentage, total average medical and dental premiums, employee average cost of medical and dental premiums, claims expense per person to total average premium of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: Premiums were averaged across the plan offerings for each School district for total, employee, and employer premiums. We obtained the claims information from the financial statements of each school district either from the internal service fund statements or footnote disclosures related to self-insurance claim information. We noted that the claim information for each school district may include retiree information. As there was no breakout available within the financial statements between active and retired, we used this data across each school district for comparison purposes. Number of active employees was obtained through review of each school district financial statement. We noted that Anne Arundel County Public Schools as a high deductible plan. Since no other school district offers this plan, we excluded the plan costs from calculation of the average premiums.

Medical						
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools	Baltimore County Public Schools	Baltimore City Public Schools
Employee Share Percentage	13%/15%	10%/12%	12%/17%	20%/25%	15%/25%	5%-19%
Average Medical Total Premium	\$ 15,124	\$ 12,452	\$ 13,904	\$ 16,646	\$ 18,710	\$ 17,459
Average Medical Employee Premium	2,117	1,890	1,996	3,745	3,768	1,718
Average Medical Employer Premium	13,007	10,871	11,908	12,391	15,155	15,741
Dental						
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools	Baltimore County Public Schools	Baltimore City Public Schools
Employee Share Percentage	100%	25%	17%	20%/25%	35%-62%	45%
Average Dental Total Premium	\$ 534	\$ 651	\$ 646	\$ 1,605	\$ 825	\$ 1,059
Average Dental Employee Premium	534	191	110	361	392	476
Average Dental Employer Premium	-	460	536	1,243	433	583
Combined						
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools	Baltimore County Public Schools	Baltimore City Public Schools
Total Claims Expense per 2019 financial statements	\$ 146,642,110	\$ 183,144,027	\$ 272,452,080	\$ 213,312,667	*	\$ 87,920,944
Number of Employees	8,297	15,557	22,466	19,426	*	9,694
Claim per person	17,674	11,772	12,127	10,981	*	9,070
Claim vs Total Premium (medical and dental) (shortage) overage	\$ (2,016)	\$ 1,331	\$ 2,423	\$ 7,270		\$ 9,448

*- Baltimore County public schools participates in the Baltimore County insurance fund and as such this level detail is not available

B-2- Comparison of lowest premium and highest premium versus average claim per person for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the lowest plan premium and highest plan premium versus average claim per person of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: Lowest and highest premiums (including medical, dental, and prescription) are presented as a range of low and high premium per school district. We obtained the claims information from the financial statements of each school district either from the internal service fund statements or footnote disclosures related to self-insurance claim information. We noted that the claim information for each school district may include retiree information. As there was no breakout available within the financial statements between active and retired, we used this data across each school district for comparison purposes. Number of active employees was obtained through review of each school district financial statement. We noted that Anne Arundel County Public Schools has a high deductible plan. Since no other school district offers this plan, we excluded the plan costs from calculation of the average premiums.

B-2- Comparison of lowest premium and highest premium versus average claim per person for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 Plan design; FY 2019 claims information)

Combined

	<u>Howard County Public Schools</u>		<u>Anne Arundel County Public Schools</u>		<u>Montgomery County Public Schools</u>		<u>Prince George's County Public Schools</u>		<u>Baltimore County Public Schools</u>		<u>Baltimore City Public Schools</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
	Total average high and low premiums	\$ 7,532	\$ 23,832	\$ 6,642	\$ 18,935	\$ 7,487	\$ 21,187	\$ 8,991	\$ 22,073	\$ 9,688	\$26,260	\$ 11,078
Claims	\$ 146,642,110	\$ 146,642,110	\$ 183,144,027	\$ 183,144,027	\$ 272,452,080	\$ 272,452,080	\$ 213,312,667	\$ 213,312,667	*	*	\$ 87,920,944	\$ 87,920,944
Number of Employees	8,297	8,297	15,557	15,557	22,466	22,466	19,426	19,426	*	*	9,694	9,694
Claim per person	17,674	17,674	11,772	11,772	12,127	12,127	10,981	10,981	*	*	9,070	9,070
Claim vs Premium (shortage) overage	\$ (10,142)	\$ 6,158	\$ (5,130)	\$ 7,163	\$ (4,640)	\$ 9,060	\$ (1,990)	\$ 11,092			\$ 2,008	\$ 16,502

*- Baltimore County Public Schools participates in the Baltimore County insurance fund and as such this level detail is not available

B-3- Comparison of revenue and expenses of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the revenue and expenses of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, and Prince George's County Public Schools.

Methodology: We obtained the financial statements from each school district and summarized the financial statements. We noted that Baltimore City Public Schools and Baltimore County Public Schools do not present internal service funds for their respective Health and Dental activity and as such are not included. Number of active employees was obtained through review of each school district financial statement.

B-3- Comparison of revenue and expenses of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, and Prince George’s County Public Schools

	2019			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
Revenue				
Employer premium	\$ 110,487,771	\$ 147,488,373	\$ 291,270,195	\$ 163,123,310
Employee premium	27,431,050	20,350,275	49,612,408	45,134,785
Retiree premium	-	15,745,244	-	-
Other	11,151,751	899,399	1,181,295	1,258,809
Total revenue	<u>149,070,572</u>	<u>184,483,291</u>	<u>342,063,898</u>	<u>209,516,904</u>
Expenses				
Administrative and other expenses *	4,605,701	621,552	1,634,340	7,974,635
Claims expense	146,642,110	183,144,027	272,452,080	213,312,667
Other non related expenses **	-	-	55,569,610	16,772,811
Total expenses	<u>151,247,811</u>	<u>183,765,579</u>	<u>329,656,030</u>	<u>238,060,113</u>
Change in net position	<u>\$ (2,177,239)</u>	<u>\$ 717,712</u>	<u>\$ 12,407,868</u>	<u>\$ (28,543,209)</u>
	2019- per employee			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
Number of employees	8,297	15,557	22,466	19,426
Revenue				
Employer premium	\$ 13,317	\$ 9,481	\$ 12,965	\$ 8,397
Employee premium	3,306	1,308	2,208	2,323
Retiree premium	-	1,012	-	-
Other	1,344	58	53	65
Total revenue	<u>17,967</u>	<u>11,859</u>	<u>15,226</u>	<u>10,785</u>
Expenses				
Administrative and other expenses *	555	40	73	411
Claims expense	17,674	11,772	12,127	10,981
Other non related expenses **	-	-	2,473	863
Total expenses	<u>18,229</u>	<u>11,812</u>	<u>14,673</u>	<u>12,255</u>
Change in net position	<u>\$ (262)</u>	<u>\$ 47</u>	<u>\$ 553</u>	<u>\$ (1,470)</u>

Note that Baltimore County Public Schools and Baltimore City Public Schools do not present this level of information in their respective publicly available financial statements.

*- these costs include directly disclosed administrative costs and cost descriptions that would be administrative in nature.

** - these costs are unrelated expenses (Montgomery County includes insurance premiums for third party liability insurance; Prince George’s County Public Schools includes OPEB on behalf payments and life insurance claims expense).

B-3- Comparison of revenue and expenses of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, and Prince George’s County Public Schools

	2018			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
Revenue				
Employer premium	\$ 95,391,580	\$ 163,174,567	\$ 288,996,768	\$ 162,217,853
Employee premium	25,264,743	11,259,459	53,190,494	46,733,042
Retiree premium	-	15,302,449	-	-
Other	15,214	1,072,490	614,262	658,730
Total revenue	<u>120,671,537</u>	<u>190,808,965</u>	<u>342,801,524</u>	<u>209,609,625</u>
Expenses				
Administrative and other expenses *	6,383,928	545,488	1,698,768	7,555,189
Claims expense	129,142,522	177,755,613	274,944,965	191,381,490
Other non related expenses **	-	-	55,937,780	13,524,792
Total expenses	<u>135,526,450</u>	<u>178,301,101</u>	<u>332,581,513</u>	<u>212,461,471</u>
Change in net position	<u>\$ (14,854,913)</u>	<u>\$ 12,507,864</u>	<u>\$ 10,220,011</u>	<u>\$ (2,851,846)</u>
	2018- per employee			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
Number of employees	8,230	15,367	22,248	19,281
Revenue				
Employer premium	\$ 11,591	\$ 10,619	\$ 12,990	\$ 8,413
Employee premium	3,070	733	2,391	2,424
Retiree premium	-	996	-	-
Other	2	70	28	34
Total revenue	<u>14,663</u>	<u>12,418</u>	<u>15,409</u>	<u>10,871</u>
Expenses				
Administrative and other expenses *	776	35	76	392
Claims expense	15,692	11,567	12,358	9,926
Other non related expenses **	-	-	2,514	701
Total expenses	<u>16,468</u>	<u>11,602</u>	<u>14,948</u>	<u>11,019</u>
Change in net position	<u>\$ (1,805)</u>	<u>\$ 814</u>	<u>\$ 459</u>	<u>\$ (148)</u>

Note that Baltimore County Public Schools and Baltimore City Public Schools do not present this level of information in their respective publicly available financial statements.

*- these costs include directly disclosed administrative costs and cost descriptions that would be administrative in nature.

** - these costs are unrelated expenses (Montgomery County includes insurance premiums for third party liability insurance; Prince George’s County Public Schools includes OPEB on behalf payments and life insurance claims expense).

B-3- Comparison of revenue and expenses of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, and Prince George’s County Public Schools

	2017			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
Revenue				
Employer premium	\$ 101,881,998	\$ 140,778,372	\$ 300,198,354	\$ 172,340,592
Employee premium	23,892,346	15,015,260	48,458,318	38,297,388
Retiree premium	-	14,556,538	-	-
Other	<u>327,669</u>	<u>1,298,555</u>	<u>148,447</u>	<u>252,629</u>
Total revenue	<u>126,102,013</u>	<u>171,648,725</u>	<u>348,805,119</u>	<u>210,890,609</u>
Expenses				
Administrative and other expenses *	9,056,807	1,114,310	3,236,747	7,869,625
Claims expense	122,740,727	174,145,594	269,600,069	178,066,340
Other non related expenses **	<u>-</u>	<u>-</u>	<u>55,996,453</u>	<u>18,187,868</u>
Total expenses	<u>131,797,534</u>	<u>175,259,904</u>	<u>328,833,269</u>	<u>204,123,833</u>
Change in net position	<u>\$ (5,695,521)</u>	<u>\$ (3,611,179)</u>	<u>\$ 19,971,850</u>	<u>\$ 6,766,776</u>
	2017- per employee			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
Number of employees	8,230	14,000	22,138	18,959
Revenue				
Employer premium	\$ 12,379	\$ 10,056	\$ 13,560	\$ 9,090
Employee premium	2,903	1,073	2,189	2,020
Retiree premium	-	1,040	-	-
Other	<u>40</u>	<u>93</u>	<u>7</u>	<u>13</u>
Total revenue	<u>15,322</u>	<u>12,262</u>	<u>15,756</u>	<u>11,123</u>
Expenses				
Administrative and other expenses *	1,100	80	146	415
Claims expense	14,914	12,439	12,178	9,392
Other non related expenses **	<u>-</u>	<u>-</u>	<u>2,529</u>	<u>959</u>
Total expenses	<u>16,014</u>	<u>12,519</u>	<u>14,853</u>	<u>10,766</u>
Change in net position	<u>\$ (692)</u>	<u>\$ (257)</u>	<u>\$ 903</u>	<u>\$ 357</u>

Note that Baltimore County Public Schools and Baltimore City Public Schools do not present this level of information in their respective publicly available financial statements.

*- these costs include directly disclosed administrative costs and cost descriptions that would be administrative in nature.

** - these costs are unrelated expenses (Montgomery County includes insurance premiums for third party liability insurance; Prince George’s County Public Schools includes OPEB on behalf payments and life insurance claims expense).

B-4- Comparison of administrative costs of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the administrative costs of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, and Prince George's County Public Schools.

Methodology: We obtained the financial statements from each school district and highlighted the administrative expenses for each school district. We noted that Baltimore City Public Schools and Baltimore County Public Schools do not present internal service funds for their respective Health and Dental activity and as such are not included. Number of active employees was obtained through review of each school district financial statement.

B-4- Comparison of administrative costs of Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, and Prince George’s County Public Schools

	2019			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
Administrative costs	\$ 4,605,701	\$ 621,552	\$ 1,634,340	\$ 7,974,635
Number of employees	8,297	15,557	22,466	19,426
Average per employee	<u>\$ 555</u>	<u>\$ 40</u>	<u>\$ 73</u>	<u>\$ 411</u>
	2018			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
Administrative costs	\$ 6,383,928	\$ 545,488	\$ 1,698,768	\$ 7,555,189
Number of employees	8,230	15,367	22,248	19,281
Average per employee	<u>\$ 776</u>	<u>\$ 35</u>	<u>\$ 76</u>	<u>\$ 392</u>
	2017			
	Howard County Public Schools	Anne Arundel County Public Schools	Montgomery County Public Schools	Prince George's County Public Schools
Administrative costs	\$ 9,056,807	\$ 1,114,310	\$ 3,236,747	\$ 7,869,625
Number of employees	8,230	14,000	22,138	18,959
Average per employee	<u>\$ 1,100</u>	<u>\$ 80</u>	<u>\$ 146</u>	<u>\$ 415</u>

*- Note that Baltimore County Public Schools and Baltimore City Public Schools do not present this level of information in their respective publicly available financial statements

B-5- Breakout of Howard County Public Schools Medical and Dental Costs and Premiums Compared to Claims

Purpose: The purpose of this schedule is to break out the health insurance and dental insurance components of amounts included in the Howard County Public Schools financial statements and compare average total premiums from the applicable year premium chart against actual premiums charged to HCPSS and employees and determine any potential overage or shortfall. Further, from the breakout we can possibly determine the amount of annual deficit caused by medical and dental separately.

Methodology: We obtained detailed general ledger information that broke out the medical and dental activity into separate columns for comparison (premium versus claims). Retiree contributions are not able to be split between health and dental and thus we estimated the split by determining the average retiree participants by dividing the retiree contributions and other by the average total premium and then multiplying that amount by the average dental premium. Number of active employees was obtained through review of each school district financial statement. We noted that claims expenses appear to include active employee claims expense, participant credits, retiree claims expense, dental claims expense, vision claims expense, and other expenses for HCPSS. We noted that administrative expenses appear to include vendor administrative fees, salaries, technology charges, consultant charges, and other expenses.

B-5- Breakout of Howard County Public Schools Medical and Dental Costs and Premiums Compared to Claims

	Howard County Public Schools								
	2019			2018			2017		
	Total	Medical	Dental	Total	Medical	Dental	Total	Medical	Dental
Total Average Premium	\$ 14,762	\$ 14,228	\$ 534	\$ 14,012	\$ 13,473	\$ 539	\$ 13,410	\$ 12,893	\$ 517
Number of employees	8,297	8,297	8,297	8,230	8,230	8,230	8,297	8,297	8,297
Total	122,480,314	118,049,716	4,430,598	115,318,760	110,882,790	4,435,970	111,262,770	106,973,221	4,289,549
Employer Contributions per financial statements	110,487,771	110,487,771	-	95,391,580	95,391,580	-	101,881,998	101,881,998	-
Employee Contributions per financial statements	27,431,050	22,682,151	4,748,899	25,264,743	20,694,928	4,569,815	23,892,346	19,671,339	4,221,007
	137,918,821	133,169,922	4,748,899	120,656,323	116,086,508	4,569,815	125,774,344	121,553,337	4,221,007
Remove retiree contributions and other	(7,637,489)	(7,637,489)	-	(6,652,681)	(6,652,681)	-	(6,501,024)	(6,501,024)	-
Contributions for active employees	130,281,332	125,532,433	4,748,899	114,003,642	109,433,827	4,569,815	119,273,320	115,052,313	4,221,007
Potential (shortfall) overage of planned contributions	\$ 7,801,018	\$ 7,482,717	\$ 318,301	\$ (1,315,118)	\$ (1,448,963)	\$ 133,845	\$ 8,010,550	\$ 8,079,092	\$ (68,542)
Claims	\$ 146,642,110	\$ 141,267,830	\$ 5,374,280	\$ 129,142,522	\$ 123,995,386	\$ 5,147,136	\$ 122,740,727	\$ 117,856,957	\$ 4,883,770
Administrative cost	4,605,701	4,370,055	235,646	6,383,928	6,159,059	224,869	9,056,807	8,844,462	212,345
Total expenses	151,247,811	145,637,885	5,609,926	135,526,450	130,154,445	5,372,005	131,797,534	126,701,419	5,096,115
Contributions per financial statements	137,918,821	133,169,922	4,748,899	120,656,323	116,086,508	4,569,815	125,774,344	121,553,337	4,221,007
Overage (shortage) of premium vs costs	(13,328,990)	(12,467,963)	(861,027)	(14,870,127)	(14,067,937)	(802,190)	(6,023,190)	(5,148,082)	(875,108)
Miscellaneous revenue	11,151,751	11,151,751	-	15,214	15,214	-	327,669	327,669	-
Remaining overage (shortage)	\$ (2,177,239)	\$ (1,316,212)	\$ (861,027)	\$ (14,854,913)	\$ (14,052,723)	\$ (802,190)	\$ (5,695,521)	\$ (4,820,413)	\$ (875,108)

B-6- Comparison of Howard County Health and Dental Fund Budget and Actual

Purpose: The purpose of this schedule is to present the budget and actual for the Health and Dental fund.

Methodology: We obtained this information from HCPSS.

B-6- Comparison of Howard County Health and Dental Fund Budget and Actual

	2019		
	Budget	Actual	Variance
Sources of funds			
Employer premium	\$ 105,687,145	\$ 110,487,771	\$ 4,800,626
Employee premium			
Employee withholdings	18,227,200	19,793,561	1,566,361
Retiree payments and other	7,172,922	7,637,489	464,567
Total Employee premium	<u>25,400,122</u>	<u>27,431,050</u>	<u>2,030,928</u>
Use of fund balance	-	-	-
Other	<u>7,346,798</u>	<u>11,151,751</u>	<u>3,804,953</u>
Total sources of funds	<u>138,434,065</u>	<u>149,070,572</u>	<u>10,636,507</u>
Uses of Funds			
Administrative expenses	7,172,285	4,605,701	(2,566,584)
Payment of claims	130,575,368	146,642,110	16,066,742
Repayment of fund balance and reserves	<u>686,412</u>	<u>-</u>	<u>(686,412)</u>
Total uses of funds	<u>138,434,065</u>	<u>151,247,811</u>	<u>12,813,746</u>
Net change	<u>\$ -</u>	<u>\$ (2,177,239)</u>	<u>\$ (2,177,239)</u>

B-6- Comparison of Howard County Health and Dental Fund Budget and Actual

	2018		
	Budget	Actual	Variance
Sources of funds			
Employer premium	\$ 77,097,346	\$ 95,391,580	\$ 18,294,234
Employee premium			
Employee withholdings	17,800,000	18,612,062	812,062
Retiree payments and other	6,831,354	6,652,681	(178,673)
Total Employee premium	<u>24,631,354</u>	<u>25,264,743</u>	<u>633,389</u>
Use of fund balance	19,456,502	-	(19,456,502)
Other	<u>11,639,640</u>	<u>15,214</u>	<u>(11,624,426)</u>
Total sources of funds	<u>132,824,842</u>	<u>120,671,537</u>	<u>(12,153,305)</u>
Uses of Funds			
Administrative expenses	7,121,930	6,383,928	(738,002)
Payment of claims	125,516,500	129,142,522	3,626,022
Repayment of fund balance and reserves	<u>186,412</u>	<u>-</u>	<u>(186,412)</u>
Total uses of funds	<u>132,824,842</u>	<u>135,526,450</u>	<u>2,701,608</u>
Net change	<u>\$ -</u>	<u>\$ (14,854,913)</u>	<u>\$ (14,854,913)</u>

B-6- Comparison of Howard County Health and Dental Fund Budget and Actual

	2017		
	Budget	Actual	Variance
Sources of funds			
Employer premium	\$ 72,153,279	\$ 101,881,998	\$ 29,728,719
Employee premium			
Employee withholdings	18,404,493	17,391,322	(1,013,171)
Retiree payments and other	6,060,500	6,501,024	440,524
Total Employee premium	<u>24,464,993</u>	<u>23,892,346</u>	<u>(572,647)</u>
Use of fund balance	35,728,021	-	(35,728,021)
Other	<u>4,024,700</u>	<u>327,669</u>	<u>(3,697,031)</u>
Total sources of funds	<u>136,370,993</u>	<u>126,102,013</u>	<u>(10,268,980)</u>
Uses of Funds			
Administrative expenses	8,356,424	9,056,807	700,383
Payment of claims	128,014,569	122,740,727	(5,273,842)
Repayment of fund balance and reserves	<u>-</u>	<u>-</u>	<u>-</u>
Total uses of funds	<u>136,370,993</u>	<u>131,797,534</u>	<u>(4,573,459)</u>
Net change	<u>\$ -</u>	<u>\$ (5,695,521)</u>	<u>\$ (5,695,521)</u>

B-7- Comparison of Howard County Health and Dental Fund Budgeted Sources of Revenue Against Prior Year Expenses

Purpose: The purpose of this schedule is to compare the budgeted sources of revenue (without Use of Fund balance as a source) for the Health and Dental fund against the Health and Dental Fund prior year expenses to determine whether the budgeted sources of revenue would be sufficient to pay for prior year expenses.

Methodology: We obtained this information from HCPSS.

B-7- Comparison of Howard County Health and Dental Fund Budgeted Sources of Revenue Against Prior Year Expenses

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current year budgeted sources (not including use of fund balance)	\$ 138,434,065	\$ 113,368,340	\$ 100,642,972
Prior year expenses	<u>135,526,450</u>	<u>131,797,534</u>	<u>133,604,352</u>
Difference	<u>\$ 2,907,615</u>	<u>\$ (18,429,194)</u>	<u>\$ (32,961,380)</u>
Projected use of fund balance	<u>\$ -</u>	<u>\$ 19,456,502</u>	<u>\$ 35,728,021</u>
GAAP beginning of year fund balance	<u>\$ (37,019,302)</u>	<u>\$ (22,164,389)</u>	<u>\$ (16,468,868)</u>
Total average employer premium	\$ 12,303	\$ 11,587	\$ 11,088
Number of employees	<u>8,297</u>	<u>8,230</u>	<u>8,230</u>
Total predicted premium	102,077,991	95,361,010	91,254,240
Budgeted employer contributions	<u>105,687,145</u>	<u>77,097,346</u>	<u>72,153,279</u>
Difference	<u>\$ 3,609,154</u>	<u>\$ (18,263,664)</u>	<u>\$ (19,100,961)</u>

B-8- Total Medical Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the Total Medical Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: We obtained or calculated this information from websites of the School Districts and HCPSS.

B-8- Total Medical Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan design)

Maryland School System	Plans Offered	Split	Individual	Parent/Child(ren)	Employee & Spouse	Family
Howard County Public Schools	Aetna Open Choice PPO	Hired before 6/30/2011	\$ 8,176	\$ 15,927	\$ 17,926	\$25,636
		Hired after 6/30/2011	8,176	15,927	17,926	25,636
	Open Access Aetna Select HMO	Hired before 6/30/2011	6,664	12,984	14,610	20,893
		Hired after 6/30/2011	6,664	12,984	14,610	20,893
	BlueChoice HMO Open Access	Hired before 6/30/2011	6,959	13,922	15,315	22,480
		Hired after 6/30/2011	6,959	13,922	15,315	22,480
Montgomery County Public Schools	CareFirst BlueChoice Advantage POS		6,042	12,084	12,084	16,442
	CareFirst Blue Choice HMO		4,738	8,905	8,905	14,590
	Kaiser Permanente HMO		6,487	12,946	12,946	18,760
	Caremark Prescription		1,974	3,944	3,944	4,868
	Kaiser Permanente Prescription		838	1,659	1,659	2,397
Anne Arundel Public Schools	CareFirst Blue Choice HMO "Open Access"	Units I,II, V & VI	6,387	9,981	15,381	18,448
		Units III & IV	6,387	9,981	15,381	18,448
	BlueChoice Low-Option HMO	Units I,II, V & VI	4,614	8,305	9,689	12,619
		Units III & IV	4,614	8,305	9,689	12,619
	CareFirst BlueChoice Triple Option "Open Access"	Units I,II, V & VI	7,915	14,512	18,901	22,672
		Units III & IV	7,915	14,512	18,901	22,672
Baltimore City Public Schools	CareFirst BlueCross BlueShield Preferred Provider	Prescription A	12,055	19,773	22,180	29,408
		Prescription B	12,055	19,773	22,180	29,408
	BlueChoice POS	Prescription A	10,015	15,455	17,643	22,081
		Prescription B	10,015	15,455	17,643	22,081
	Kaiser Permanente Signature HMO	Prescription A	9,470	14,457	16,482	20,483
		Prescription B	9,470	14,457	16,482	20,483
Baltimore County Public Schools	Cigna Open-Access Plus In-Network		8,601	17,041	20,525	23,142
	Kaiser Permanente HMO		9,552	18,925	22,794	25,701
	Cigna Open-Access Plus In and Out-of-Network		9,710	19,238	23,171	26,125
Prince George's County Public Schools	Kaiser		6,868	15,588	15,588	16,412
	Carefirst HMO		8,888	20,224	20,224	21,288
	Carefirst-BluePreferred PPO		8,888	20,224	20,224	21,288
	Carefirst Idemenity Option		8,888	20,224	20,224	21,288

* HCPSS employees hired on or after 7/1/2011 pay 15%

B-9- Employee Medical Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the Employee Medical Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: We obtained or calculated this information from websites of the School Districts and HCPSS.

B-9- Employee Medical Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan design)

Maryland School System	Plans Offered	Split	Individual	Parent/Child(ren)	Employee & Spouse	Family
Howard County Public Schools	Aetna Open Choice PPO	Hired before 6/30/2011	\$ 1,063	\$ 2,070	\$ 2,330	\$ 3,333
		Hired after 6/30/2011	1,226	2,389	2,689	3,845
	Open Access Aetna Select HMO	Hired before 6/30/2011	866	1,688	1,899	2,716
		Hired after 6/30/2011	1,000	1,948	2,192	3,134
	BlueChoice HMO Open Access	Hired before 6/30/2011	905	1,810	1,991	2,922
Hired after 6/30/2011		1,044	2,088	2,297	3,372	
Montgomery County Public Schools	CareFirst BlueChoice Advantage POS		1,027	2,054	2,054	2,795
	CareFirst Blue Choice HMO		569	1,069	1,069	1,751
	Kaiser Permanente HMO		778	1,554	1,554	2,251
	Caremark Prescription		336	671	671	828
	Kaiser Permanente Prescription		142	282	282	407
Anne Arundel Public Schools	CareFirst Blue Choice HMO "Open Access"	Units I,II, V & VI	766	1,198	1,846	2,214
		Units III & IV	639	998	1,538	1,845
	BlueChoice Low-Option HMO	Units I,II, V & VI	9.5% of W2 pay	9.5% of W2 pay and \$3,691	9.5% of W2 pay and \$5,075	9.5% of W2 pay and \$8,004
		Units III & IV	9.5% of W2 pay	9.5% of W2 pay and \$3,691	9.5% of W2 pay and \$5,075	9.5% of W2 pay and \$8,004
	CareFirst BlueChoice Triple Option "Open Access"	Units I,II, V & VI	1,187	2,177	2,835	3,401
Units III & IV		1,187	2,177	2,835	3,401	
Baltimore City Public Schools	CareFirst BlueCross BlueShield Preferred Provider	Prescription A	1,617	3,084	3,541	3,840
		Prescription B	1,743	3,210	3,667	3,966
	BlueChoice POS	Prescription A	522	953	1,085	1,456
		Prescription B	648	1,079	1,211	1,582
	Kaiser Permanente Signature HMO	Prescription A	489	894	1,015	1,360
		Prescription B	615	1,020	1,141	1,486
Baltimore County Public Schools	Cigna Open-Access Plus In-Network		1,290	2,556	3,079	3,471
	Kaiser Permanente HMO		1,433	2,839	3,419	3,855
	Cigna Open-Access Plus In and Out-of-Network	Hired before 2019	2,330	4,617	5,561	6,270
Hired after 2019		2,428	4,810	5,793	6,531	
Prince George's County Public Schools	Kaiser	0-8 years of service	1,717	3,897	3,897	4,103
		8+ years of service	1,373	3,118	3,118	3,283
	Carefirst HMO	0-8 years of service	2,222	5,056	5,056	5,322
		8+ years of service	1,777	4,045	4,045	4,257
	Carefirst-BluePreferred PPO	0-8 years of service	2,222	5,056	5,056	5,322
		8+ years of service	1,777	4,045	4,045	4,257
	Carefirst Idemenity Option	0-8 years of service	2,222	5,056	5,056	5,322
		8+ years of service	1,777	4,045	4,045	4,257

B-10- Employer Medical Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the Employer Medical Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: We obtained or calculated this information from websites of the School Districts and HCPSS.

B-10- Employer Medical Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan design)

Maryland School System	Plans Offered	Split	Individual	Parent/Child(ren)	Employee & Spouse	Family
Howard County Public Schools	Aetna Open Choice PPO	Hired before 6/30/2011	\$ 7,113	\$ 13,857	\$ 15,596	\$22,303
		Hired after 6/30/2011	6,950	13,538	15,237	21,791
	Open Access Aetna Select HMO	Hired before 6/30/2011	5,798	11,296	12,711	18,177
		Hired after 6/30/2011	5,664	11,036	12,418	17,759
	BlueChoice HMO Open Access	Hired before 6/30/2011	6,054	12,112	13,324	19,558
Hired after 6/30/2011		5,915	11,834	13,018	19,108	
Montgomery County Public Schools	CareFirst BlueChoice Advantage POS		5,015	10,030	10,030	13,647
	CareFirst Blue Choice HMO		4,169	7,836	7,836	12,839
	Kaiser Permanente HMO		5,709	11,392	11,392	16,509
	Caremark Prescription		1,638	3,273	3,273	4,040
	Kaiser Permanente PreSCRIPTION		696	1,377	1,377	1,990
Anne Arundel Public Schools	CareFirst Blue Choice HMO "Open Access"		5,621	8,783	13,535	16,234
	BlueChoice Low-Option HMO		4,175	7,516	8,768	11,420
	CareFirst BlueChoice Triple Option "Open Access"		6,728	12,335	16,066	19,271
Baltimore City Public Schools	CareFirst BlueCross BlueShield Preferred Provider	Prescription A	10,438	16,689	18,639	25,568
		Prescription B	10,312	16,563	18,513	25,442
	BlueChoice POS	Prescription A	9,493	14,502	16,558	20,625
		Prescription B	9,367	14,376	16,432	20,499
	Kaiser Permanente Signature HMO	Prescription A	8,981	13,563	15,467	19,123
	Prescription B	8,855	13,437	15,341	18,997	
Baltimore County Public Schools	Cigna Open-Access Plus In-Network		7,311	14,485	17,446	19,671
	Kaiser Permanente HMO		8,119	16,086	19,375	21,846
	Cigna Open-Access Plus In and Out-of-Network	Hired before 2019	7,380	14,621	17,610	19,855
Hired after 2019		7,282	14,428	17,378	19,594	
Prince George's County Public Schools	Kaiser	0-8 years of service	5,151	11,691	11,691	12,309
		8+ years of service	5,495	12,470	12,470	13,129
	Carefirst HMO	0-8 years of service	7,793	10,399	12,587	16,759
		8+ years of service	7,111	16,179	16,179	17,031
	Carefirst-BluePreferred PPO	0-8 years of service	7,793	10,399	12,587	16,759
		8+ years of service	7,111	16,179	16,179	17,031
	Carefirst Idemenity Option	0-8 years of service	7,793	10,399	12,587	16,759
8+ years of service		7,111	16,179	16,179	17,031	

B-11- Total Dental Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the Total Dental Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: We obtained or calculated this information from websites of the School Districts and HCPSS.

B-11- Total Dental Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan design)

Maryland School System	Plans Offered	Individual	Parent/Child(ren)	Employee & Spouse	Family
Howard County Public Schools:	Cigna Dental DHMO	\$ 140	\$ 314	\$ 238	\$ 442
	Delta Dental PPO	391	632	902	1,216
Montgomery County Public Schools	Carefirst BlueChoice PPO Dental	392	785	785	1,153
	Aetna Dental Maintenance Organization	259	517	517	761
Anne Arundel Public Schools	United Concordia Dental POS	204	340	408	544
	Carefirst BlueChoice PPO Dental	389	638	806	1,219
	CareFirst BlueChoice BlueCross Traditional Dental	417	683	862	1,304
Baltimore City Public Schools	CareFirst Dental Preferred Provider (DPPO)	565	959	1,130	1,581
Baltimore County Public Schools	CareFirst Regional Traditional Dental	309	669	669	1,015
	Carefitst Dental DHMO	543	1,040	1,040	1,564
	CareFirst Regional Dental PPO	350	734	734	1,233
Prince George's County Public Schools	Aetna Dental Maintenance Organization	608	1,904	1,904	2,004

B-12- Employee Dental Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the Employee Dental Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: We obtained or calculated this information from websites of the School Districts and HCPSS.

B-12- Employee Dental Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan design)

Maryland School System	Plans Offered	Split	Individual	Parent/Child(ren)	Employee & Spouse	Family
Howard County Public Schools:	Cigna Dental DHMO		\$ 140	\$ 314	\$ 238	\$ 442
	Delta Dental PPO		391	632	902	1,216
Montgomery County Public Schools	Aetna Dental Maintenance Organization		67	133	133	196
	Carefirst BlueChoice PPO Dental		44	88	88	129
Anne Arundel Public Schools	United Concordia Dental POS		51	160	201	305
	Carefirst BlueChoice PPO Dental		97	160	201	305
	CareFirst BlueChoice BlueCross Traditional Dental		104	171	216	326
Baltimore City Public Schools	CareFirst Dental Preferred Provider (DPPO)		254	432	508	711
Baltimore County Public Schools	CareFirst Regional Traditional Dental		108	234	234	355
	Carefitst Dental DHMO		342	605	605	904
	CareFirst Regional Dental PPO		149	299	299	573
Prince George's County Public Schools	Aetna Dental Maintenance Organization	25% contibution (0-8 years of service)	152	476	476	501
		20% contribution (8+ years of service)	121	380	380	401

B-13- Employer Dental Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools

Purpose: The purpose of this schedule is to compare the Employer Dental Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George's County Public Schools.

Methodology: We obtained or calculated this information from websites of the School Districts and HCPSS.

B-13- Employer Dental Premium by Plan for Howard County Public Schools, Montgomery County Schools, Anne Arundel County Public Schools, Baltimore City Public Schools, Baltimore County Public Schools, and Prince George’s County Public Schools (FY 2020 plan design)

Maryland School System	Plans Offered	Split	Individual	Parent/Child(ren)	Employee & Spouse	Family
Howard County Public Schools:	Cigna Dental DHMO		\$ -	\$ -	\$ -	\$ -
	Delta Dental PPO		-	-	-	-
Montgomery County Public Schools	Aetna Dental Maintenance Organization		325	652	652	957
	Carefirst BlueChoice PPO Dental		215	429	429	632
Anne Arundel Public Schools	United Concordia Dental POS		153	180	207	239
	Carefirst BlueChoice PPO Dental		292	479	604	914
	CareFirst BlueChoice BlueCross Traditional Dental		312	512	647	978
Baltimore City Public Schools	CareFirst Dental Preferred Provider (DPPO)		311	528	622	870
Baltimore County Public Schools	CareFirst Regional Traditional Dental		201	435	435	660
	Carefitst Dental DHMO		201	435	435	660
	CareFirst Regional Dental PPO		201	435	435	660
Prince George's County Public Schools	Aetna Dental Maintenance Organization	25% contibution (0-8 years of service)	455	1,427	1,427	1,502
		20% contribution (8+ years of service)	485	1,522	1,522	1,603

Appendix C- Categorical and Programmatic Variances over \$500,000 and 5% for 2017, 2018, and 2019

Category Number	Category Description	Year	Program	Budget	Actual	Variance	Variance %	Explanation per Management
1	Administration	2017	Legal Services	\$ 470,514	\$ 1,249,396	\$ (778,882)	166%	Legal fees were high in FY 2017 due to the Board of Education and former Superintendent's litigation. The result was the former Superintendent vacated the position at the end of FY 2017. In FY 2018, Legal counsel was added to the staff to avoid considerable usage of outside counsel.
1	Administration	2017	Office of the Superintendent	782,400	1,320,164	(537,764)	69%	Increase in actuals due to severance payments made to the former Superintendent payout.
1	Administration	2018	Office of the Superintendent	924,778	1,532,666	(607,888)	66%	Increase in actuals due to severance payments made to the former Superintendent payout as well as a reorganization that happened after Dr. Martirano took the Acting Superintendent role. One example of the reorganization is the Director Executive Services and Legislation was repurposed to an Assistant Superintendent position.
1	Administration	2018	Shared accountability	2,150,529	1,599,836	550,693	26%	The Chief Accountability Officer was budgeted in Shared Accountability in FY 2018. However, as part of the change in Superintendent, this position was eliminated on 6/30/17. Additionally, various accountability contracted services, Harvard PIER Fellows, software and training not utilized.
								HCPSS Leadership informed the BOE that they would utilize year-end savings realized in the General Fund in order to increase the revenues going to the Print Shop and Technology Services to fund one-time costs anticipated in FY20.
								Technology expenses included replacement of out-of-date computers that had unsupported software and posed major data security risks to our network systems and allowed for Chromebook purchases that prioritizes student need and on-going equity initiatives.
								Print Services expenses included contracted equipment moves to new facility location, County fiber network wiring at new location, low voltage and network wiring at new location, replacement of aging equipment that had unsupported software.
1	Administration	2019	Internal service fund charges	1,215,255	1,815,255	(600,000)	49%	
1	Administration	2017	Total	12,894,327	13,582,728	(688,401)	5%	A BOE and County Council approved Categorical Transfer of \$750,000 was shifted into Category 1 to cover legal fees and severance payments associated with the contract buyout of the former Superintendent.
2	Mid-level Administration	2017	Teacher and paraprofessional development	3,675,972	2,744,683	931,289	25%	This program also included systemic initiatives which were removed/reduced/frozen to create savings to be available for transfer to State Category 1 (see line 17). This was miscategorized in an earlier version to state these savings were for the Health Fund.
2	Mid-level Administration	2018	Chief academic officer	8,881,659	9,656,432	(774,773)	9%	This program includes Executive Directors, Directors, Coordinators and Instructional Facilitators that support the Academic programs. Two positions that were budgeted in 3330 were transferred to this program in FY17.

2	Mid-level Administration	2018	Internal service fund charges	5,110,521	5,710,521	(600,000)	12%	Year-end savings were prudently applied to augment internal service fund charges to the Technology Service Fund funding much needed Chromebook purchases for students that could not be funded due to budget constraints.
2	Mid-level Administration	2019	Internal service fund charges	5,792,055	6,492,055	(700,000)	12%	Year-end savings realized in the General Fund were utilized to increase the revenues going to the Print Shop and Technology Services to fund one-time costs anticipated in FY20 that could not be funded due to budget constraints. Technology expenses included replacement of out-of-date computers that had unsupported software and posed major data security risks to our network systems and allowed for Chromebook purchases that prioritizes student need and on-going equity initiatives. Print Services expenses included contracted equipment moves to new facility location, County fiber network wiring at new location, low voltage and network wiring at new location, replacement of aging equipment that had unsupported software.
2	Mid-level Administration	2018	Teacher and paraprofessional development	3,150,052	2,561,979	588,073	19%	Underbudget of this budget was due to contracted labor that was intended for professional development coaches and consultants and online course that were not utilized. This also had an impact on the amount of wages workshop and substitutes.
2	Mid-level Administration	2019	Chief academic officer	7,448,086	6,839,350	608,736	8%	Approved Budget Assumed 835K salary turnover savings and 3 vacant positions would be 100% filled for full fiscal year (\$340k).
3	Instructional Salaries and Wages	2017	Academic intervention	859,523	1,362,063	(502,540)	58%	This Program actually has several programs that roll which makes the budget \$1,605,123. The programs are: Academic Intervention, Academic Intervention Office, BSAP, Hispanic Achievement and MESA. This brings the variance to 15%. Most of which is caused by turnover in Liaison positions.
3	Instructional Salaries and Wages	2019	Academic intervention	892,927	1,441,276	(548,349)	61%	This Program actually has several programs that roll which makes the budget \$1,556,353. The programs are: Academic Intervention, Academic Intervention Office, BSAP, Hispanic Achievement and MESA. This brings the variance to 7% which is due workshop wages being lower than budgeted.
3	Instructional Salaries and Wages	2017	Early childhood programs	19,085,682	17,654,322	1,431,360	7%	Approved Budget Assumed no salary turnover savings and 20 vacant positions would be 100% filled for full fiscal year (\$900k). Vacancies were held due to not moving forward with new initiatives such as the World Language (1001) and Pre-K (1301) expansions that were in the budget. The savings were needed to shift budget to fund the Health Fund.

3	Instructional Salaries and Wages	2019	Early Childhood Programs	20,419,723	19,125,262	1,294,461	6%	Approved Budget Assumed no salary turnover savings and 21 vacant positions would be 100% filled for full fiscal year (\$800k). These positions were not held as they were in FY17. The savings/vacancies are due to Teacher turnover.
3	Instructional Salaries and Wages	2017	Elementary school instruction	69,881,956	67,514,868	2,367,088	3%	Underbudget is attributable to turnover above what was budgeted for in this program.
3	Instructional Salaries and Wages	2017	High School Instruction	69,881,956	67,514,868	2,367,088	3%	Underbudget is attributable to turnover above what was budgeted for in this program.
3	Instructional Salaries and Wages	2017	High School Athletics and Activities	2,594,350	1,995,695	598,655	23%	\$552K was budgeted in HS Athletics for HS advisor stipends that were expensed against Program 8801 Co-Curricular Activities.
3	Instructional Salaries and Wages	2017	Instructional technology	5,952,623	5,139,980	812,643	14%	Approved Budget Assumed no salary turnover savings and 10 vacant positions would be 100% filled for full fiscal year (\$560k). Vacancies were held due to not moving forward with new initiatives or program expansions that were in the budget. The savings were needed to shift budget to fund the Health Fund.
3	Instructional Salaries and Wages	2017	Library media	9,337,810	8,735,825	601,985	6%	Approved Budget Assumed no salary turnover savings and 6.5 vacant positions would be 100% filled for full fiscal year (\$350k). Vacancies were held due to not moving forward with new initiatives or program expansions that were in the budget. The savings were needed to shift budget to fund the Health Fund.
3	Instructional Salaries and Wages	2017	Program support for schools	11,132,510	9,611,004	1,521,506	14%	Approved Budget Assumed 500K in Teacher salary turnover savings and 22 vacant positions would be 100% filled for full fiscal year (\$1.26 million). Vacancies and pooled positions were held to move savings needed to shift budget to fund the Health Fund.
3	Instructional Salaries and Wages	2017	World languages	5,103,066	3,971,821	1,131,245	22%	Approved Budget Assumed no salary turnover savings and 24 vacant positions would be 100% filled for full fiscal year (\$1 million). Vacancies were held due to not moving forward with new initiatives such as the World Language (1001) and Pre-K (1301) expansions that were in the budget. The savings were needed to shift budget to fund the Health Fund.
4	Textbooks and Instructional Costs	2017	Elementary programs	57,984	1,066,859	(1,008,875)	1740%	This Program actually has several programs that roll with makes the budget \$2,807,905 and the actuals \$2,316,252. The programs are: Elementary Language Arts, Elementary Mathematics, Elementary Programs, and Elementary Social Studies. The underbudget is due to workshop wages not being spent in the General Fund as a result of utilization of Title I grant funding to provide training opportunities.

4	Textbooks and Instructional Costs	2019	Elementary programs	(7,723)	683,333	(691,056)	8948%	This Program actually has several programs that rollup with a total budget of \$2,791,039 and the actuals \$2,537,531. The programs are: Elementary Language Arts, Elementary Mathematics, Elementary Programs, and Elementary Social Studies. The underbudget is due to turnover.
4	Textbooks and Instructional Costs	2017	Total	11,709,755	9,306,445	2,403,310	21%	Underbudget for this State Category was due to deferment of textbook replacement and reductions in supplies in order to create savings of \$2,400,000 that was included in the BOE and County Council approved categorical transfer to Fixed Charges to fund the Health Fund.
4	Textbooks and Instructional Costs	2018	Total	9,640,536	7,207,840	2,432,696	25%	Underbudget for this State Category was due to deferment of textbook replacement and reductions in supplies in order to create savings of \$707,500 that was included in the BOE and County Council approved categorical transfer to Fixed Charges to fund the Health Fund.
4	Textbooks and Instructional Costs	2019	Total	9,823,425	8,758,701	1,064,724	11%	Underbudget for this State Category was due to deferment of textbook replacement and reductions in supplies in order to create savings of \$450,000 that was included in the BOE and County Council approved categorical transfer to Fixed Charges to fund the Health Fund.
5	Other Instructional Costs	2018	Total	3,109,046	1,885,962	1,223,084	39%	Underbudget for this State Category was due to reductions in Transfers-Out of County (Foster program and SEED school expenses), contracted labor, contracted officials and maintenance software in order to create savings to which \$426,000 was included in the BOE and County Council approved categorical transfer to Fixed Charges to fund the Health Fund.
6	Special Education	2017	Nonpublic services and special education	7,567,274	8,141,655	(574,381)	8%	Transfers for non-public tuition have been over budget due to increased costs, unpredictable nonpublic placements and/or settlement agreements and being under funded over the past few years. To determine budget for student placement needs, a methodology is applied that calculates projections based on the average costs spent in the prior year for any student under our nonpublic case management. This includes tuition and other instructional/related services and support costs paid for any student receiving nonpublic services within that year.
6	Special Education	2018	Nonpublic services and special education	7,902,570	9,718,470	(1,815,900)	23%	Transfers for non-public tuition have been over budget due to increased costs, unpredictable nonpublic placements and/or settlement agreements and being under funded over the past few years. To determine budget for student placement needs, a methodology is applied that calculates projections based on the average costs spent in the prior year for any student under our nonpublic case management. This includes tuition and other instructional/related services and support costs paid for any student receiving nonpublic services within that year.
6	Special Education	2019	Nonpublic services and special education	7,915,382	10,629,136	(2,713,754)	34%	Transfers for non-public tuition have been over budget due to increased costs, unpredictable nonpublic placements and/or settlement agreements and being under funded over the past few years. To determine budget for student placement needs, a methodology is applied that calculates projections based on the average costs spent in the prior year for any student under our nonpublic case management. This includes tuition and other instructional/related services and support costs paid for any student receiving nonpublic services within that year.

6	Special Education	2018	Countywide services	10,530,760	9,988,523	542,237	5%	Qualified professionals could not be found to staff vacant positions in the budget in some instances. In these cases, services were contracted out or temporary help (which often can provide a more cost effective solution to contracted services) was hired when possible to fill the need.
6	Special Education	2018	Speech, language, and hearing services	10,269,804	11,443,614	(1,173,810)	11%	In order to provide services to the number of students requiring them, additional labor needed to be contracted to compensate for positions not funded through the budget or for positions funded through the budget but for which qualified professionals could not be found to staff those positions.
6	Special Education	2019	Speech, language, and hearing services	10,827,097	11,773,315	(946,218)	9%	In order to provide services to the number of students requiring them, additional labor needed to be contracted to compensate for positions not funded through the budget or for positions funded through the budget but for which qualified professionals could not be found to staff those positions.
6	Special Education	2017	Custodial services	22,353,052	20,400,899	1,952,153	9%	Turnover savings were not factored into the budget in FY 2017. In fact, so many positions were frequently vacant, that the approved staffing for the FY 2018 budget was reduced by 22.0 FTEs.
10	Operation of Plant	2017	Internal service fund charges	412,702	1,075,702	(663,000)	161%	Additional costs incurred for health and dental fund claims payments.
10	Operation of Plant	2017	Logistics center	1,492,592	322,208	1,170,384	78%	In FY 2017, there were known issues with Workday in the accounting for inventory replenishment orders and stores orders. On 6/30, multiple journal entries were completed to reconcile stores orders, but inventory issues remained at year end.

Appendix C- Categorical and Programmatic Variances over \$500,000 and 5% for 2017, 2018, and 2019

10	Operation of Plant	2017	Utilities	13,123,184	12,869,856	2,253,328	15%	Utilities are budgeted conservatively to account for the many variables factor into utility costs- severity of winter and summer temperatures; market rates for gas and electric and staff utilizing additional items in the buildings such as mini fridges, space heaters, and coffee pots.
10	Operation of Plant	2018	Utilities	13,560,840	11,394,282	2,166,558	16%	Utilities are budgeted conservatively to account for the many variables factor into utility costs- severity of winter and summer temperatures; market rates for gas and electric and staff utilizing additional items in the buildings such as mini fridges, space heaters, and coffee pots.
10	Operation of Plant	2019	Utilities	13,702,257	12,359,240	1,343,017	10%	Utilities are budgeted conservatively to account for the many variables factor into utility costs- severity of winter and summer temperatures; market rates for gas and electric and staff utilizing additional items in the buildings such as mini fridges, space heaters, and coffee pots.
10	Operation of Plant	2017	Total	44,124,441	38,996,339	5,128,102	12%	Underbudget for this State Category was primarily due to savings in utilities and turnover in Custodial Services. Savings of \$4,100,000 was included in the BOE and County Council approved categorical transfer to Fixed Charges to fund the Health Fund.
10	Operation of Plant	2018	Total	40,501,696	37,974,825	2,526,871	6%	The main reason for the underbudget in this State Category is utilities expenses coming in \$2.2m under budget. Utilities are budgeted conservatively to account for the many variables factor into utility costs- severity of winter and summer temperatures; market rates for gas and electric and staff utilizing additional items in the buildings such as mini fridges, space heaters, and coffee pots.
11	Maintenance	2017	Building maintenance	11,377,548	10,543,318	834,230	7%	Turnover savings were not factored into the budget in FY 2017. In the FY21 budget, this has been adjusted.
11	Maintenance	2019	Building maintenance	13,113,014	12,362,733	750,281	6%	Turnover savings were not factored into the budget in FY 2017. In the FY21 budget, this has been adjusted.

Appendix C- Categorical and Programmatic Variances over \$500,000 and 5% for 2017, 2018, and 2019

11	Maintenance	2019	Enterprise applications	3,412,113	2,576,528	835,585	24%	Some budgeted software costs were funded through the Howard County Master Lease in FY 2019, resulting in General Fund savings.
12	Fixed charges	2017	Fixed charges	153,744,715	167,644,698	(13,899,983)	9%	The Maryland legislation changed in FY17 that shifted additional pension liability from the state to the localities. The amount for retirement costs were over budgeted due to misinterpretation of the legislation. Actuals were underbudget due to not moving forward with new initiatives such as the World Language (1001) and Pre-K (1301) expansions that were in the budget. The savings were needed to shift budget to fund the Health Fund.
12	Fixed charges	2017	Total	156,484,715	170,296,393	(13,811,678)	9%	A BOE and County Council approved Categorical Transfer of \$14,060,000 was shifted into Category 12 to cover an under budget of the Health Fund.

Appendix D- Budgeted Turnover Savings Compared to Actual Turnover Savings for 2017, 2018, and 2019

Purpose: The purpose of this schedule is to compare the budgeted turnover savings to actual turnover savings and associated percentages.

Methodology: We obtained or calculated this information from HCPSS.

Appendix D- Budgeted Turnover Savings Compared to Actual Turnover Savings for 2017, 2018, and 2019

	2017 Budgeted Turnover Savings	2017 Actual Turnover Savings	Difference	Salaries Budget	Budgeted Savings as a Percentage of Salaries Budget	Actual Savings as a Percentage of Salaries Budget
Administration	\$ -	\$ 391,084	\$ 391,084	\$ 9,796,177	0.00%	3.99%
Mid-Level Administration	-	483,745	483,745	53,912,526	0.00%	0.90%
Instructional Salaries & Wages	4,000,000	2,298,351	(1,701,649)	337,202,925	1.19%	0.68%
Special Education	800,000	685,344	(114,656)	88,182,155	0.91%	0.78%
Student Personnel Services	-	-	-	2,956,719	0.00%	0.00%
Health Services	-	(2,665)	(2,665)	7,354,229	0.00%	-0.04%
Transportation	-	-	-	1,464,683	0.00%	0.00%
Operation of Plant	-	257,032	257,032	21,843,478	0.00%	1.18%
Maintenance	-	401,217	401,217	12,386,535	0.00%	3.24%
Food and Nutrition Service	-	42,504	42,504	8,065,491	0.00%	0.53%
Community Services	-	39,915	39,915	3,935,854	0.00%	1.01%
Capital Outlay	-	-	-	814,306	0.00%	0.00%
	<u>\$ 4,800,000</u>	<u>\$ 4,596,527</u>	<u>\$ (203,473)</u>	<u>\$ 547,915,078</u>	<u>0.88%</u>	<u>0.84%</u>

Appendix D- Budgeted Turnover Savings Compared to Actual Turnover Savings for 2017, 2018, and 2019

	2018 Budgeted Turnover Savings	2018 Actual Turnover Savings	Difference	Salaries Budget	Budgeted Savings as a Percentage of Salaries Budget	Actual Savings as a Percentage of Salaries Budget
Administration	\$ -	\$ 169,539	\$ 169,539	\$ 10,291,499	0.00%	1.65%
Mid-Level Administration	-	453,992	453,992	54,791,053	0.00%	0.83%
Instructional Salaries & Wages	4,000,000	3,326,380	(673,620)	345,966,464	1.16%	0.96%
Special Education	800,000	1,402,260	602,260	93,523,868	0.86%	1.50%
Student Personnel Services	-	-	-	2,985,269	0.00%	0.00%
Health Services	-	33,614	33,614	7,647,864	0.00%	0.44%
Transportation	-	40,734	40,734	1,443,709	0.00%	2.82%
Operation of Plant	-	370,568	370,568	21,013,172	0.00%	1.76%
Maintenance	-	557,402	557,402	11,936,645	0.00%	4.67%
Food and Nutrition Service	-	59,469	59,469	8,103,700	0.00%	0.73%
Community Services	-	23,555	23,555	4,126,915	0.00%	0.57%
Capital Outlay	-	-	-	798,055	0.00%	0.00%
	<u>\$ 4,800,000</u>	<u>\$ 6,437,513</u>	<u>\$ 1,637,513</u>	<u>\$ 562,628,213</u>	<u>0.85%</u>	<u>1.14%</u>

Appendix D- Budgeted Turnover Savings Compared to Actual Turnover Savings for 2017, 2018, and 2019

	2019 Budgeted Turnover Savings	2019 Actual Turnover Savings	Difference	Salaries Budget	Budgeted Savings as a Percentage of Salaries Budget	Actual Savings as a Percentage of Salaries Budget
Administration	\$ -	\$ 528,492	\$ 528,492	\$ 10,026,930	0.00%	5.27%
Mid-Level Administration	-	422,409	422,409	54,720,951	0.00%	0.77%
Instructional Salaries & Wages	4,000,000	3,879,220	(120,780)	348,389,986	1.15%	1.11%
Special Education	800,000	1,460,700	660,700	97,622,653	0.82%	1.50%
Student Personnel Services	-	81,380	81,380	3,161,956	0.00%	2.57%
Health Services	-	144,030	144,030	8,275,781	0.00%	1.74%
Transportation	-	-	-	1,531,058	0.00%	0.00%
Operation of Plant	-	213,574	213,574	22,228,115	0.00%	0.96%
Maintenance	-	681,853	681,853	12,081,034	0.00%	5.64%
Food and Nutrition Service	-	50,050	50,050	8,398,030	0.00%	0.60%
Community Services	-	92,091	92,091	4,098,711	0.00%	2.25%
Capital Outlay	-	-	-	820,059	0.00%	0.00%
	<u>\$ 4,800,000</u>	<u>\$ 7,553,799</u>	<u>\$ 2,753,799</u>	<u>\$ 571,355,264</u>	<u>0.84%</u>	<u>1.32%</u>

Appendix E- Comparison of GFOA's Best Practices for Salaries Budgeting with Policies and Procedures in Place at Howard County Public Schools

Purpose: The purpose of this schedule is to compare the best practices as described by the Government Finance Officers Association with practices at Howard County Public Schools.

Methodology: We obtained this information from GFOA's website and printed information and discussions with management of HCPSS.

Appendix E- Comparison of GFOA’s Best Practices for Salaries Budgeting with Policies and Procedures in Place at Howard County Public Schools

Step	GFOA Best Practice	Howard County Public School Procedure
Personnel Tracking System	<p>Budget payroll projections are based on the estimate of budgeted positions for the year, so providing the correct number of budgeted positions is important. The system to track budgeted positions may reside in the human resources department rather than the budget department, so it is vital that the departments work together to be consistent in reporting. The system should be able to track all types of employees, not just full-time.</p>	<p>HCPSS employs Workday to track positions (both budgeted and actual), which tracks all types of employees.</p>
Vacancy Adjustments	<p>Not all positions will be filled 52 weeks per year, so expected vacancies need to be addressed in the salary budget. In doing so, however, governments should consider developing policies on how to treat these vacancies. If the government fully funds salaries associated with vacancies, it is building some potential cushion into the budget. Items to consider include start dates, trends, frozen or eliminated positions, funded versus unfunded positions, and attrition (planned retirements).</p>	<p>HCPSS calculates turnover savings (i.e., vacancy adjustments) on actual historical full time equivalent turnover data. SBC noted that the budgeted turnover savings for 2017, 2018, and 2019 was \$4.8 million for each year. Actual savings ranged from \$4.6 million to \$7.6 million over that same time period.</p>
Collective Bargaining Units	<p>When the personnel budget is being developed, the positions that are covered under collective bargaining should be noted. The group name and representation should be identified, along with the beginning and end date of the contract. Also, the government should use consistent terminology when referring to union and non-union payroll items.</p>	<p>HCPSS considers positions covered under collective bargaining, identifies the group, and tracks beginning and ending dates of the collectively bargained contract.</p>
Impact of Inflation	<p>Inflation can have a significant impact on payroll forecasting. Cost-of-living adjustments often are used when forecasting personnel costs. The Consumer Price Index (CPI), a broad measure of consumer inflation, is the cost-of-living index used most often for determining salary increases. The U.S. Bureau of Labor Statistics Employment Cost Index might be a better index for this purpose, as it measures the change in the cost of labor, free from the influence of employment shifts among occupations and industries.</p>	<p>The majority of employees of HCPSS are covered by contracts that are collectively bargained which sets the compensation for the period of time in the contract. We noted that during the negotiation process with collective bargaining units, CPI is factored into the process.</p>
Optimal Staffing Level	<p>One of the biggest challenges a government will face is determining the optimal level of staff needed to meet the organization’s goals and objectives. Methods to accomplish this include comparison to other governments, staffing guidelines, classifying positions by goal, use of volunteers, and seasonal and temporary positions.</p>	<p>HCPSS follows staffing guidelines, compares to other school districts and uses volunteers.</p>
Compensation Approaches	<p>When analyzing budgeted position compensation, the following items should be considered: step and grade system, pay for performance, and wage surveys.</p>	<p>The majority of employees of HCPSS are covered by contracts that are collectively bargained which sets the compensation for the period of time in the contract. We noted that there is a step and grade system that is embedded in the compensation agreement with the collective bargaining units.</p>
Personnel Categorization	<p>A traditional way of approaching the personnel budget is the view that each position directly affects the operating budget. This may not always be true, however. Items to consider include capital versus operating classification, cost allocation, funding sources, or privatization or shared services.</p>	<p>HCPSS categorizes salary through the State of Maryland categories (1-15, see appendix D-1 for a listing of categories and respective budgeted and actual salary expenditures)</p>
Monitoring	<p>Governments need to monitor the salary and wages budget through the year, not just when the budget is being put together. Should actual results deviate from the budget in a significant fashion, then adjustments need to be made</p>	<p>HCPSS monitors salary expenditures against budget on pay period by pay period basis and on a monthly basis on a macro level. Adjustments are made and approved as needed.</p>

Appendix F- Table of Contents

F-1- Listing of sole source contracts provided by management including description, justification, and contract amount

F-1- Listing of sole source contracts provided by management including description, justification, and contract amount

Vendor	Services Provided by Vendor	Sole Source Justification	Contract Amount
QBS	Safety Care training for HCPSS staff. This training in restarint/seclusion is required by COMAR and must be done annually. QBS ensures our staff is compliant with training regulations and provides technical assistance.	QBS did not go through an official RFP process. When the department of special education was considering the need to change organizations, they looked at different training offerings, cost, etc. and attending the trainings on site as an observer.	\$ 12,000
Swagit	HCPSS currently contracts with Swagit for the live streaming of the Board of Education meetings. The encoder that is used to convert the video recording into a digital format to be transferred over to Swagit server then streamed on HCPSS website, needs to be upgraded. Within a short period of two months. HCPSS has experienced three incidences impacting online viewing of the BOE meetings. Swagit confirmed this was due to the old Swagit encoder and recommend that it be upgrade to the new CaptionPrime encoder. This CaptionPrime encoder will also integrate with the new Swagit's Hands-Free Video Streaming@ EASERu system that HCPSS is planning to contract with Swagit to reduce the risk and cost associated with boardcasling BOE meetings.	Since HCPSS currently contracts with Swagit for the live streaming of the BOE meetings, this proprietary equipment can only be obtained through Swagit.	\$ 13,890
Phonak	Phonak Roger assistive listening technology provides the deaf and hard of hearing individual with a direct audio connection, specific to their hearing aid or cochlear implant (make and model specific), to the listener in the classroom setting. Providing a clear audio signal listener when in the presence of background noise or distance	Studies have demonstrated that Phonak Roger technology provides superior speech-in-noise scores. Roger has been shown to provide as much as 54% better speech in noise scores over traditional FM signal transmission. Phonak has specifically designed their equipment for classroom use. A simple FM signal is subject to frequent signal interference and static.	\$ 6,180
Mas Kettle	Mas Kettle is the caterer that Ten Oak ballroom uses for our principal and AP meetings. This service is for linens and labor only - no food or beverage.	Mas Kettle is the caterer that Ten Oak ballroom uses for our principal and AP meetings.	\$ 10,000
Sodexo	550 lunch boxes for the 4/26/19 HS stduent learning conference and 5/31/19 MS expo	Sodexo is the only permitted caterer for this event facility (Johns Hopkins University Applied Physica Laboratory Kassiakoff Center	\$ 12,139
PG Sports Complex	The PG complex is the only facility in the DC/Baltimore metro area large enough to hold indoor track meets	The PG complex is the only facility that has a full indoor track and spectator seating. This facility has been used by HCPSS for many years. It is also used by many other area high school distritcs	\$ 21,700
Institute for Multi-Sensory Education	Provides understanding of OE methods and the tools to apply it to the classroom. After participation, teachers will be able to assess phomanic awareness, multisensory strategies for reading, writing, spelling, syllabication patterns for encoding/decoding, reciprocal teaching for comprehension, multisnsory techniques for sight words, assessment techniques, and guidelines for lesson plans.	Data from K-2 map, benchmark, and IEP data reveal students with IEPs with reading foundational skills may require more supports/intervention in this area.	\$ 13,500
LRP Publications	Specialeducation.com is a comprehensive database of fully searchable case law, federal policy, and guidance and statutes and regulations designed specifically for special education professionals. The database also includes practical guidance, legal interpretations, real word applications, tolls, solutions, and tips for navigating special ed.	Theer are no other databases like LRP, which is specifically tailored to special education, IEPs, and 504 Plans.	\$ 1,000

F-1- Listing of sole source contracts provided by management including description, justification, and contract amount

Vendor	Services Provided by Vendor	Sole Source Justification	Contract Amount
Nutrislice	Nutrislice software allows Food and Nutrition Service to publish menus to an interactive website, a smartphone app for iPhone and Android: PDF's can also be printed from the software application. The application also helps us to be more transparent and provide better information about the food we serve, including detailed menus, allergen information and nutrient analyses. The software also allows parents and students to easily provide feedback about meals, thereby helping the department to improve meal service to students. The contract amount covers the acquisition and use of software services from January 01, 2020 to December 31, 2020.	This service is unique, as Nutrislice is one of the leading provider of K-12 digital menus. Food and Nutrition Service implemented this system few years ago through a piggyback agreement with Baltimore County Public Schools. Since then, HCPSS has renewed the contract annually, based on terms and conditions that have been specific to HCPSS (including Data Privacy Agreement). The use of this application/tool has resulted in increased meal participation and healthy meal choices.	\$ 9,513
Jasper	Administration of leave billing and COLA for HCPSS	Annual charge for services = \$23,500 which is under bid amount of \$25,500.	\$ 23,500
Coreworks	Vendor offers offsite discounted classes using appropriate equipment under supervision that is needed for the classes.	The provider offers a variety of classes at off site facilities that has equipment readily available for all employees to use under supervision at a discounted rate.	\$ 6,160
HC Drug Free	HC drug free will provide branded medication lock boxes for distribution of HCPSS families to help prevent HCPSS students from accessing and abusing prescription drugs, especially opiates.	HCPSS and the Howard County Health Department have an ongoing relationship partnership with HC Drug Free. HC Drug Free branded drug safes are more likely to be used by HCPSS families. Similar products cost the same or more and do not come with Howard County branding.	\$ 11,405
AMF Bowlero	Bowling facilities for Allied Bowling program. Bowlero Normandy and Bowlero Columbia.	These two bowling facilities are the only facilities in Howard County large enough for the Allied Bowling program.	\$ 10,000
Collaborative Classrooms	The SIPP's program is a unique reading intervention only produced by this vendor. It meets the needs of a specific group of student need within each school and must be provided in order to ensure students close achievement gaps in reading foundational skills.	SIPPS has been used with general education and special education students as a research based intervention and that meets unique reading needs of students with dyslexia. This intervention is needed for use in the ESY program for students to maintain skills during the summer break as well as during the school year.	\$ 17,500
ABA Solutions	Certified behavioral analyst supervision for other analysts and registered behavioral technicians (RBTs) as designated by the contractor serve as a consultant to the PSE behavior team to guide integration of applied behavioral analysis.	Students IEPs dictate requirements for behavior intervention/crisis intervention support. Currently, we have a team of behaviorists assigned to the elementary level. The increase in the number of students who need frequent and immediate behavioral support is evident. Special and general education staff in addition to administration are sharing privately and publicly about the needs and impact of support capacity.	\$ 8,000
Impact Applications	Subscription for online concussion testing program for each high school. Twelve high schools for \$655 each.	This is part of the Memorandum of Understanding (MOU) with the Health Department.	\$ 8,220
Conscious Campus	Empathy and bully prevention assembly for student body to address a series of bullying and race related incidents that have occurred in the school community.	This program directly addresses the specific incidents. The program was recommended by the community superintendent and performance director.	\$ 5,500
Humanim	During the summer of 2018 Humanim developed and provided pre employment transition services for students with disabilities in their senior year of high school.	During this time, Humanim conducts authentic assessments in the work setting to determine skill sets and gaps, implements curriculum for self advocacy and employability, provides on site supervision and job coaching, as well as follow up support for up to one year after graduation. This is a unique service no other vendor has been able to.	\$ 24,998

Vendor	Services Provided by Vendor	Sole Source Justification	Contract Amount
Frontline Technologies Group, LLC	Framework for Teacher Evaluation Update	Frontline Technologies Group LLC dba Frontline Education is the exclusive owner, developer, copyright holder and sole provider of the Frontline Professional Learning Management System; Frontline Evaluation Management; Frontline Calibration, Coaching & Collaboration; Frontline Professional Learning Suite and related licenses. These products and services cannot be contracted through third party commercial vendors or resellers.	\$ 136,770.00
Apex Learning, Inc.	HCPSS development teams have reviewed the existing digital content and have supplemented with HCPSS materials to develop master courses for 20 blended original and credit recovery courses. The courses meet both MSDE instructional design and web accessibility standards. The master courses allow for over 500 enrollments per school year.	Subscription for digital content software and instructional services for digital education. HCPSS has aligned Apex programs within the Department of Program Innovation including Credit Recovery, Innovative Pathways, and the Comprehensive Simmer Schools. Teams have created master courses combining HCPSS and Apex resources.	\$ 45,000.00
Microsoft Premier Support Services	Assistance from Microsoft specialists on design, development and deployment of best practices	Microsoft is the preferred vendor to support Microsoft products and services.	\$ 102,100.00
Maryland School for the Blind	The Maryland School for the Blind (MSB) has the ability to provide qualified itinerant vision substitute services as needed. MSB will utilize an hourly rate plus reimbursable expenses to cover routine paperwork, interact with parents and provide consultation as required. Services will also include collaborating with HCPSS staff regarding student evaluations and attendance at IEP/student department meetings as required.	IF HCPSS does use Maryland School for the Blind as a resource for obtaining Teach of Visually Impaired, HCPSS will be out of compliance and unable to meet the needs of our students with visual impairments. Due to increase needs and lack of candidates we will be unable to logistically and physically provide services without this support to fill our open position.	\$ 140,000.00
Florida Virtual School	The Howard County Public School System (HCPSS) desires to continue offering online content and instruction to enrolled students in the Digital Education Program. Online courses may include the curriculum offered by the provider or the school system may utilize the online service to deliver the school system's content.	HCPSS will not be in compliance for COMAR-Digital Learning (13A.04.15) for use of approved online courses. Florida Virtual School is approved by MSDE. MSDE approved the courses offered by Florida Virtual School.	\$ 48,000.00
Houghton Mifflin Harcourt	Read 180 reading intervention application helps teachers differentiate instruction based on a student's specific reading and writing needs. Teachers apply this learning tool to accelerate a student toward proficiency whose reading achievement is below the proficient level identified in HCPSS' Reading Seminar C (Comprehension). The application consists of cloud-based hosting service, software and licensing, paperback and audio books, and teacher training and coaching. System 44 reading achievement application helps students master the system of 44 sounds and 26 letters that constitute the English language. Teachers apply this learning tool to facilitate instruction of foundational literacy skills of phonemic awareness, phonics, vocabulary, fluency, and comprehension for students with disabilities and English language learners. The application consists of cloud-based hosting service, software and licensing, paperback and audio books, and teacher training.	The resources are for System 44 Next Generation and Read 180 Universal. Included for System 44 Next Generation are student consumables for small group teacher-directed instruction and the hosting of licenses. For Read 180, the requested service is to upgrade from Read 180 Next Generation to Read 180 Universal. The materials in the upgrade are the following: classroom libraries, student ebooks, student consumables, student licenses and hosting, and teacher resources. Due to the increased enrollment in Seminar C, System 44 Next Generation licenses are being converted to Read 180 Universal licenses. Reading Inventory hosting services will be renewed to measure student growth.	\$ 185,636.11

Vendor	Services Provided by Vendor	Sole Source Justification	Contract Amount
Achieve 3000	The Howard County Public School System's (HCPSS) Secondary Language Arts Department has selected Achieve 3000's Empower3000 web-based application, a differentiated instruction methodology designed to accelerate student reading comprehension, vocabulary, and writing proficiency at the high school level. Through Empower3000, teachers may apply instruction that incorporates a variety of strategies to match a student's range of reading comprehension, fluency, writing and vocabulary. Empower3000 is currently being used in all high schools within the school system.	Achieve 3000 addresses the Maryland College and Career Readiness Standards. A blended model of balanced literacy is supported within this program. Extensive differentiation is addressed within the program to meet the individual needs of students. Through the use this program, teachers can address the needs of students in Strategic Reading I and Strategic Reading II.	\$ 38,244.00
Apex Learning, Inc.	HCPSS development teams have reviewed the existing digital content and have supplemented with HCPSS materials to develop master courses for 20 blended original and credit recovery courses. The courses meet both MSDE instructional design and web accessibility standards. The master courses allow for over 500 enrollments per school year.	Subscription for digital content software and instructional services for digital education. HCPSS has aligned Apex programs within the Department of Program Innovation including Credit Recovery, Innovative Pathways, and the Comprehensive Simmer Schools. Teams have created master courses combining HCPSS and Apex resources.	\$ 52,500.00
Northwest Evaluation Association (NWEA)	Provide the web-based Measures of Academic Progress (MAP) services for elementary and middle school students since the 2012-13 school year. The services included online access to reports, instructional resources, and teacher and administrator support for accessing and using the data to assist in the measurement of student progress. The content assessment areas include reading and mathematics.	NWEA is the only provider of the MAP. Most similar vendors do not offer the full complement of services NWEA provides. MAP is able to demonstrate growth over time on valid assessment items in both reading and mathematics.	\$ 333,616.50
Corbett Technology Systems, Inc. (CTSI)	Provide labor/programming, equipment, materials, and all related items required to maintain, repair or upgrade Rauland manufactured PA system equipment throughout the school system on an as-needed basis.	CTSI is a very specialised source that has the ability to repair damaged/obsolete materials needed to maintain the PA systems, as well as, provide new materials as needed. They are the only distributor for Rauland products in the Mid-Atlantic region.	\$ 100,000.00
Acer, Inc.	The Howard County Public School System (HCPSS) has chosen Acer, Inc. (Acer) Chrome OS computer as the standard "student device". A student device is part of the Standard Classroom Infrastructure package and is essential for providing equitable instructional opportunities.	Acer, Inc. is the only source available for OEM replacement parts.	\$ 40,000.00
Project Lead the Way (PLTW)	PLTW was the entity and provider of rigorous and innovative Science, Technology, Engineering, and Mathematics (STEM) education curricular program used in elementary, middle, and high schools across the United States. PLTW engages students in activities, project and problem-based learning, which provides hands-on classroom experiences. Students create, design, build, discover, collaborate and solve problems while applying what they learn in math and science.	The Maryland State Department of Education (MSDE) approved PLTW as the engineering Program of Study to be offered in the schools. HCPSS applied to offer PLTW in all high schools. MSDE approved the request.	\$ 42,750.00
Movie Licensing USA	Movie Licensing USA is the exclusive licensing agent for a majority of the major motion picture studios and their affiliates of the films that would be shown in the schools. This entity can offer the school system an annual public performance site license for all schools.	Movie Licensing USA is the only provider that covers all the major motion picture studios.	\$ 32,339.00
Time Clock Services	Provide additional time clocks for addtuitibak staff beginning in FY 20 to replace paper-based forms and manual data entry into Workday.	Approximately 176 Accu-Time time clocks were purchased and installed in 2016 because of their compatibility with Workday. Accu-time time clocks and software are used to record work hours HCPSS hour staff. Without the time clock devices, hourly staff will need to use computers to check in and check out of Workday and most of these staff do not have easy access to a computer.	\$ 112,287.00