

From: [David K. Larner](#)
To: [Jahantab Siddiqui](#); [Michael Martirano](#); [Chao Wu](#); [Christina Delmont-Small](#); [Jennifer Mallo](#); [Kirsten Coombs](#); [Mavis Ellis](#); [Sabina Taj](#); [Vicky Cutroneo](#)
Cc: [Karalee Turner-Little](#); [Kathleen V. Hanks](#); [Darin Conforti](#)
Subject: Re: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit
Date: Friday, October 25, 2019 2:44:32 PM
Attachments: [Scoaulweck19102513220.pdf](#)
[image001.png](#)
[image004.png](#)

Good Afternoon,

I am writing to provide information both about Dr. Wu's question regarding the Benefits Advisory Committee and Ms. Coombs' question regarding the unbudgeted benefits credit.

The Benefits Advisory Committee is negotiated and the guidelines for the committee are part of the HCEA contract. I have attached a copy of that to this email. It is a committee that gathers information and makes recommendations to staff regarding plan design, rate setting, cost containment strategies, etc. Staff then uses that information as it makes decisions regarding changes to plan that do not need to be negotiated.

Regarding the benefit credit:

1. During the contract negotiations in late 2017 and early 2018 (for the 2018-19 school year and FY19 budget) there was discussion of reducing the benefit credit that all employees receive.
 - a. The current benefit credit is \$420 per employee.
 - b. The negotiated agreement states that there must be a "benefit credit", but does not state the amount of the credit.
 - i. At the time, the thought was that we would reduce it to as low as \$1 per employee.
 - c. This assumption was in place when the FY19 budget was built.
1. At some point in the negotiations, it was determined that this could not be done.
 - a. The benefit credit remained at \$420 per employee.
2. The money was not put back into the budget and it was approved without the funds to cover.
3. The money for the benefit credit is in the FY20 budget and will be in the proposed FY21 budget.

David Larner
Chief Human Resources and Professional Development Officer
Howard County Public School System
410-313-7498

signature_1858174523



From: Jahantab Siddiqui <Jahantab_Siddiqui@hcpss.org>
Date: Friday, October 25, 2019 at 12:55 PM
To: Chao Wu <Chao_Wu@hcpss.org>, Michael Martirano <Michael_Martirano@hcpss.org>, Kirsten Coombs <Kirsten_Coombs@hcpss.org>, BoE Email <boe@hcpss.org>
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Chao,

As Dr. Martirano stated, the County has been aware of the deficit and how it accumulated. We offered to meet with County staff once we understood the scope of this adverse opinion and that meeting took place this morning. We will provide the Board an overview of that meeting later this afternoon.

To answer your questions, the \$11.1 million provided for FY19 was intended for our FY19 health care costs, not for the deficit. Beyond this \$11.1 million, the Board still had to make reductions during the budget process in order to fully fund our health care costs based on actuarial projections.

I believe the committee you are referring to is the Benefits Advisory Committee. I've copied Dave Larner who can provide more information on how that committee operates.

Thanks,
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MJM

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Superintendent
Howard County Public Schools

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Regards,

**Kirsten Coombs
Vice Chair
Howard County Board of Education**

667-786-3867

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Board members,

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Please don't hesitate to reach out to me with any questions. We will respond to any news inquiries that come up as a result of the county's news release.

Jahantab

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Date: October 24, 2019 at 6:52:33 PM EDT
To: Scott Peterson <speterson@howardcountymd.gov>, Sameer Sidh <ssidh@howardcountymd.gov>, "lrobbins@howardcountymd.gov" <lrobbins@howardcountymd.gov>
Cc: "Brian W. Bassett" <Brian_Bassett@hcpss.org>
Subject: Fwd: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit

Scott, Sameer and Lonnie,

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audit finding is due to the length of time we have had the deficit and the fact that we were not able to reduce it by \$10million as planned. This is very clear in the memo and I wanted to make sure you were aware of the misstatement below.

Please don't hesitate to reach out if you have any questions. I've made myself available for questions since we shared the memo with you early last week. We are looking forward to a productive discussion tomorrow on how we can collaborate together.

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*Office of Public Information
3430 Courthouse Drive
Ellicott City, Maryland 21043*

410-313-2022 / FAX 410-313-3390 / www.howardcountymd.gov

*Scott Peterson
Director of Communications
speterson@howardcountymd.gov*

October 24, 2019

Media Contacts: Scott L. Peterson, Director of Communications, Office of Public Information, 202-277-9412

Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit

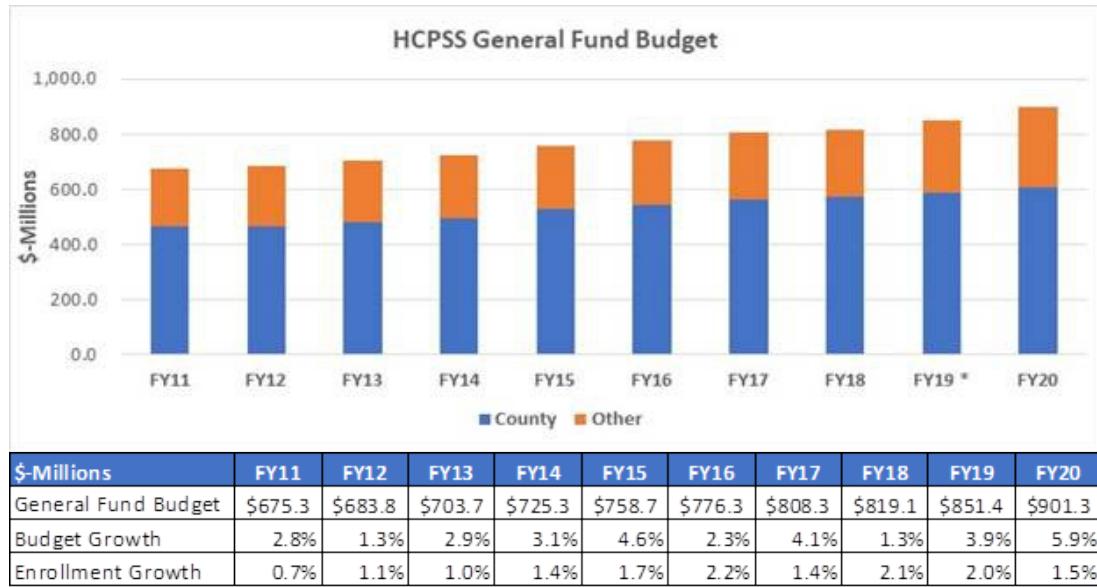
ELLICOTT CITY, MD – Howard County Executive Calvin Ball has issued the following statement on [HCPSS's Health Fund deficit](#):

"The County was just informed of the HCPSS audit concern, which appears to be primarily driven by an unanticipated claims spike that exceeded actuarial projections by \$10.2 million and a policy decision by HCPSS to provide \$3.3 million unbudgeted employee benefit credits, per the superintendent's memo. We feel it is appropriate for HCPSS to review its practices that resulted in the deficit in the Health and Dental Fund and develop a workable plan to address the deficit.

HCPSS makes its own spending decisions and determines its own spending priorities as a separate government entity. The HCPSS General Fund budget in FY20 (\$901.3 million) experienced the largest increase over a decade. During the last 10 years, total direct funding to HCPSS (state, local and other) has averaged an annual growth of 3.2%, more than double its enrollment growth of 1.5% per year on average.

Recently, the County also requested the Maryland State Department of Education to conduct an audit of the HCPSS Health and Dental Fund to assess the financial implications of carrying a historical deficit in this fund, and to provide a comparative analysis to peer jurisdictions based on program design, benefits, cost details and cost sharing agreements to identify opportunities for savings and cost mitigation.”

To clarify concerns that the deficit will potentially impact the County’s bond rating, the bond rating agencies understand the working relationship between the County and HCPSS and will consider many other factors that are more influential in determining the County’s credit rating.”



* Net of \$11.1 million in one-time non-recurring costs per certification of State Department of Education.

###

Karen Spicer
 Public Information Specialist
 Howard County Government
 3430 Court House Drive
 Ellicott City, MD 21043
 410-313-2022 (office)
 410-313-0538 (direct)
 410-313-3390 (fax)
<https://www.facebook.com/hocogov>
<https://twitter.com/hocogov>

APPENDIX A

Benefits Advisory Committee

The Board agrees to establish a Benefits Advisory Committee to provide recommendations into maintaining quality and affordable benefits. It is understood that the recommendations of the committee do not constitute negotiations and are only advisory.

The focus of the committee shall be to:

- A. Make recommendations on cost containment strategies;
- B. Study, discuss and recommend possible plan design changes and rate setting;
- C. Develop strategies to educate employees regarding benefit plans;
- D. Make recommendations on the insurance fund balance/reserve;
- E. Make recommendations on the HCPSS budget mark for funding employee benefits;
- F. Evaluate insurance vendor bids;
- G. Participate in benefit bid process;
- H. Review monthly reports of claims data s compared to the projection of costs to be aware of the trends.

The Benefits Advisory Committee will be provided with full access, within HIPAA guidelines, to plan utilization and vendor performance, outcome and cost data, including vendor contracts, to facilitate their work towards increasing market transparency and reducing costs.

The Benefits Advisory Committee will meet at least six (6) times per year. The committee will report to the Chief Business and Technology Officer on its work as needed. A copy of their report(s) will be forwarded to the Association/Union president for possible use in negotiations.

The composition of the committee will include up to three (3) representatives appointed by and representing the Board, one (1) representative from each bargaining unit within the Association/Union (e.g., HCEA-Certificated and HCEA-ESP) appointed by the President who is a current employee or the president may appointment himself/herself, one (1) representative from each of the other employee groups appointed by their president or the president may appoint himself/herself, and one (1) person representing the retired employees' association.

The Association/Union representative appointed to the committee shall be released from his/her duties, if necessary, for meetings of the committee without loss of salary whenever such meetings are held during the duty day.

Once appointed, the Committee will elect a chairperson and vice chairperson from the employee/retiree representatives group. The committee shall develop operational procedures to assist them in their work, which may include subject matter experts, to support the focus of the committee as indicated above.

From: [Jahantab Siddiqui](#)
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Subject: RE: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit
Date: Friday, October 25, 2019 1:43:33 PM
Attachments: [2018 04-11 BOE One-Time Funding Req to MSDE.pdf](#)
[image003.png](#)

Chao, Board members,

I am attaching a Board Memo from April 11, 2018 regarding the use of \$11.1 million. As you will note on the last page, this amount was clearly defined as the amount needed to pay for health care costs for FY19 and not to eliminate the deficit.

Jahantab

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410-313-2022 / FAX 410-313-3390 / www.howardcountymd.gov

October 24, 2019

*Office of Public Information
3430 Courthouse Drive
Ellicott City, Maryland 21043*

*Scott Peterson
Director of Communications
speterson@howardcountymd.gov*

Media Contacts: Scott L. Peterson, Director of Communications, Office of Public Information, 202-277-9412

Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit

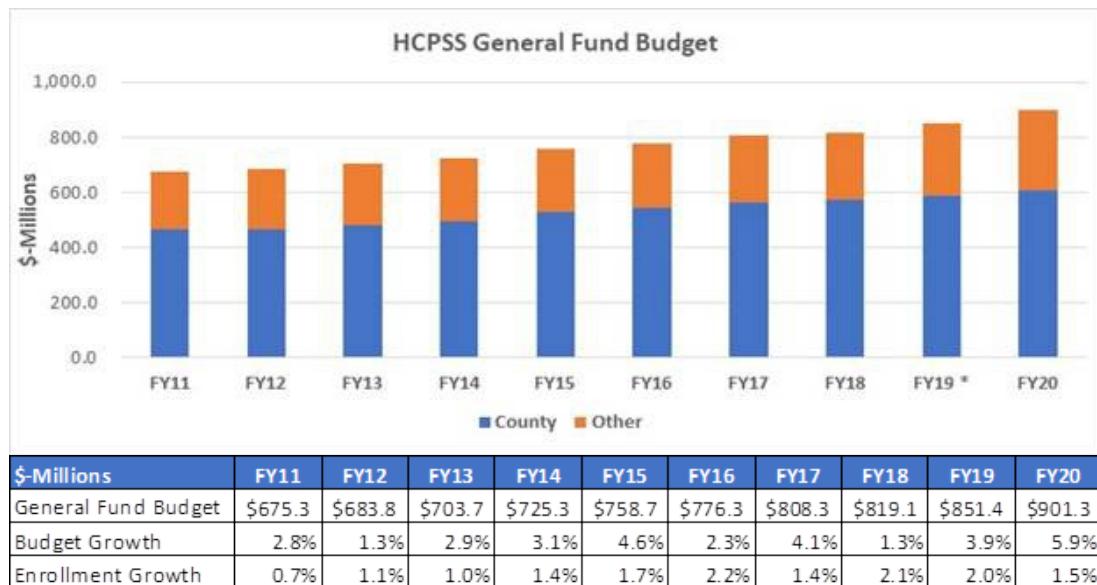
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Karen Spicer
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410-313-3390 (fax)
<https://www.facebook.com/hocogov>
<https://twitter.com/hocogov>



April 11, 2018

CONFIDENTIAL
MEMORANDUM

To: Members of the Board of Education

From: Michael J. Martirano, Ed. D.
Interim Superintendent

Subject: FY 2019 One-Time Funding Approval Request to the Maryland State Department of Education

The purpose of this memorandum is to inform you that on March 29, 2018, the Howard County Public School System along with the County Executive and County Council, forwarded the attached letter to the Deputy Superintendent for Finance and Administration of the Maryland State Department of Education, requesting approval of nonrecurring one-time expenses included in the FY 2019 Board of Education's Requested Budget and their exclusion from the base for calculating the FY 2020 local contribution for MOE.

It has come to my attention, that while the Board of Education Members were copied on the letter, you did not receive a copy from the county. This memo is to rectify that oversight by the county.

Attachment

cc: Executive Staff
Board of Education Office



HOWARD COUNTY GOVERNMENT
3430 Courthouse Drive ■ Ellicott City, Maryland 21043

Ms. Kristy L. Michel
Deputy Superintendent for Finance and Administration
Maryland State Department of Education
200 West Baltimore Street
Baltimore, Maryland 21201

March 29, 2018

Dear Ms. Michel:

Thank you for coming to Howard County last week to meet with representatives of the County and the local school system.

In accordance with the State Maintenance of Effort (MOE) regulations, Howard County requests the enclosed items in the Board of Education's FY 2019 operating budget request be considered nonrecurring one-time expenses and excluded from the base for calculating the FY 2020 local contribution for MOE. The County recognizes the school system's challenge in addressing a growing structural imbalance and a sizable deficit in its Health Fund developed over the past several years. To address this issue the County and the school system have agreed to work together on a multi-year approach, combining permanent solutions with one-time assistance.

The requested nonrecurring items to comply with the MOE regulation deadline of March 31, 2018 is based on the Board of Education's FY2019 operating budget request, before the County budget is proposed by the County Executive or approved by the County Council. Once the Howard County budget is adopted in May 2018, we will forward a revised list of nonrecurring costs for exclusion to your office based on the adopted budget. If you have any questions, please reach out to the County's Budget Office at (410) 313-2085.

Thank you in advance for your consideration.

Sincerely,

Allan H. Kittleman
County Executive

Mary Kay Sigaty
County Council Chairperson

Dr. Michael J. Martirano
Interim Superintendent of Schools

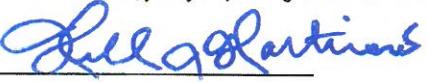
CC: Howard County Council Members
Lonnie R. Robbins, Chief Administrative Officer
Dr. Holly Sun, Budget Administrator
Howard County Board of Education Members
Rafiu O. Ighile, Chief Business and Technology Officer, HCPSS

Qualifying Non-recurring Cost Category (Use Drop Down Menu)	Object/Type (Use Drop Down Menu)	MSDE Category and Object*	Amount	Detailed Justification for Request including description of item, location, if applicable, and rationale for identifying item as a non-recurring cost.	Agree	Disagree
Other One Time Costs	Other - must specify	201-400	\$ 356,560	Former Superintendent Severance		
Other One Time Costs	Other - must specify	212-400	11,067,420	Payment to offset increases in employee health care costs		
-	-					
Other One Time Costs	Other - must specify	212-400	22,164,389	Re-establish Health Fund balance reserve - Paydown the deficit per Audited Statements FY 2017		
Other One Time Costs	Other - must specify	212-400	28,356,502	Re-establish Health Fund balance reserve - Paydown the deficit per estimates for FY 2018		
-	-					
-	-					
-	-					
-	-					
-	-					
-	-					
-	-					

*Please refer to the Financial Reporting Manual for Maryland Public Schools for this information.

Certification of Mutual Agreement

The undersigned representative(s) from the local board of education and county/city government have mutually agreed that the items identified as Other One Time Costs and items checked as "agree" represent one-time expenditures and are therefore, jointly requesting that these costs be approved as nonrecurring costs to be excluded from the local appropriation for the maintenance of effort calculation for Fiscal Year 2019.


Superintendent of Schools


Chairperson of the County Council

From: [David K. Larner](#)
To: [Jahantab Siddiqui](#)
Subject: Re: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit
Date: Friday, October 25, 2019 1:04:27 PM
Attachments: [image001.png](#)
[image004.png](#)

Here is what I found out:

- During the contract negotiations in late 2017 and early 2018 (for the 2018-19 school year and FY19 budget) there was discussion of reducing the benefit credit that all employees receive.
 - The current benefit credit is \$420 per employee.
 - The contract states that there must be a “benefit credit”, but does not state the amount of the credit. The thought was that we would reduce it to as low as \$1 per employee.
 - This assumption was in place when the budget was built.
- At some point, as Kirsten referenced, it was decided that this could not be done.
- The benefit credit remained at \$420 per employee
- The money was not put back into the budget and it was approved without the funds to cover.
- The money for the benefit credit is in the FY20 budget and the proposed FY21 budget

Dave

David Larner
Chief Human Resources and Professional Development Officer
Howard County Public School System
410-313-7498

signature_1858174523



From: Jahantab Siddiqui <Jahantab_Siddiqui@hcpss.org>
Date: Friday, October 25, 2019 at 6:30 AM
To: "David K. Larner" <David_Larner@hcpss.org>
Subject: Fwd: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit

Are you familiar with this?

Sent from my iPhone

Begin forwarded message:

From: Kirsten Coombs <Kirsten_Coombs@hcpss.org>
Date: October 24, 2019 at 11:58:18 PM EDT
To: Jahantab Siddiqui <Jahantab_Siddiqui@hcpss.org>, BoE Email <boe@hcpss.org>
Cc: Michael Martirano <Michael_Martirano@hcpss.org>, Karalee Turner-Little <Karalee_TurnerLittle@hcpss.org>
Subject: Re: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit

In regard to the benefits credit of \$3.3 million - could you elaborate on why that was unbudgeted?
This was a topic of discussion for savings, but we determined we could not end it for FY19 (and FY20).
This did not figure into the last minute "found" money. Could you explain why it is considered

"unbudgeted"?

Regards,

Kirsten Coombs
Vice Chair
Howard County Board of Education

667-786-3867

From: Jahantab Siddiqui <Jahantab_Siddiqui@hcpss.org>
Sent: Thursday, October 24, 2019 9:32 PM
To: BoE Email <boe@hcpss.org>
Cc: Michael Martirano <Michael_Martirano@hcpss.org>; Karalee Turner-Little <Karalee_TurnerLittle@hcpss.org>
Subject: Fwd: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit

Board members,

I wanted to share my note to County staff raising the fact that this statement contains misinformation regarding the deficit and the potential for an adverse opinion. In addition, I wanted to make sure you are aware that per the memo shared with you regarding the Health Fund Deficit, this information was shared with the County on October 15, 2019 (day after this information was shared with the Board.)

Please don't hesitate to reach out to me with any questions. We will respond to any news inquiries that come up as a result of the county's news release.

Jahantab

Begin forwarded message:

From: Jahantab Siddiqui <Jahantab_Siddiqui@hcpss.org>
Date: October 24, 2019 at 6:52:33 PM EDT
To: Scott Peterson <speterson@howardcountymd.gov>, Sameer Sidh <ssidh@howardcountymd.gov>, "lrobbins@howardcountymd.gov" <lrobbins@howardcountymd.gov>
Cc: "Brian W. Bassett" <Brian_Bassett@hcpss.org>
Subject: Fwd: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit

Scott, Sameer and Lonnie,

Just want to make sure you're aware that the audit concern is not because of the higher than expected costs for FY19, as stated in the message below. For FY19, after significant reductions in academic programs and eliminating positions, the Board funded the Health Fund based on actuarial projections and the auditors understand that costs can fluctuate due to various factors. The potential audit finding is due to the length of time we have had the deficit and the fact that we were not able to reduce it by \$10million as planned. This is very clear in the memo and I wanted to make sure you were aware of the misstatement below.

Please don't hesitate to reach out if you have any questions. I've made myself available for questions since we shared the memo with you early last week. We are looking forward to a productive discussion tomorrow on how we can collaborate together.

Jahantab

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From: "Spicer, Karen" <kspicer@howardcountymd.gov>
Date: October 24, 2019 at 6:05:59 PM EDT
To: "Spicer, Karen" <kspicer@howardcountymd.gov>
Subject: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit



*Office of Public Information
3430 Courthouse Drive
Ellicott City, Maryland 21043*

410-313-2022 / FAX 410-313-3390 / www.howardcountymd.gov

*Scott Peterson
Director of Communications
speterson@howardcountymd.gov*

October 24, 2019

Media Contacts: Scott L. Peterson, Director of Communications,
Office of Public Information, 202-277-9412

Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit

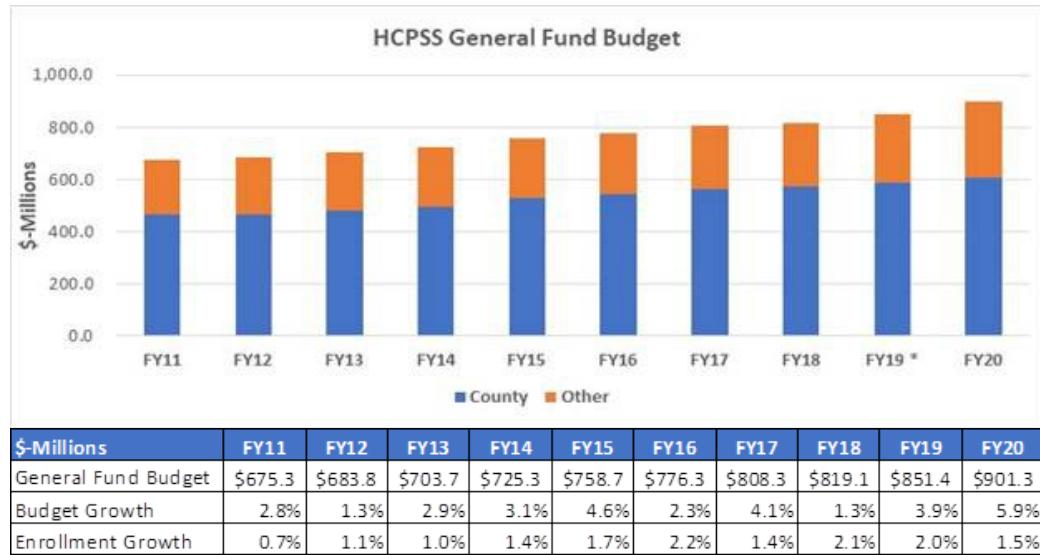
ELLICOTT CITY, MD – Howard County Executive Calvin Ball has issued the following statement on [HCPSS's Health Fund deficit](#):

"The County was just informed of the HCPSS audit concern, which appears to be primarily driven by an unanticipated claims spike that exceeded actuarial projections by \$10.2 million and a policy decision by HCPSS to provide \$3.3 million unbudgeted employee benefit credits, per the superintendent's memo. We feel it is appropriate for HCPSS to review its practices that resulted in the deficit in the Health and Dental Fund and develop a workable plan to address the deficit.

HCPSS makes its own spending decisions and determines its own spending priorities as a separate government entity. The HCPSS General Fund budget in FY20 (\$901.3 million) experienced the largest increase over a decade. During the last 10 years, total direct funding to HCPSS (state, local and other) has averaged an annual growth of 3.2%, more than double its enrollment growth of 1.5% per year on average.

Recently, the County also requested the Maryland State Department of Education to conduct an audit of the HCPSS Health and Dental Fund to assess the financial implications of carrying a historical deficit in this fund, and to provide a comparative analysis to peer jurisdictions based on program design, benefits, cost details and cost sharing agreements to identify opportunities for savings and cost mitigation."

To clarify concerns that the deficit will potentially impact the County's bond rating, the bond rating agencies understand the working relationship between the County and HCPSS and will consider many other factors that are more influential in determining the County's credit rating."



###

Karen Spicer
 Public Information Specialist
 Howard County Government
 3430 Court House Drive
 Ellicott City, MD 21043
 410-313-2022 (office)
 410-313-0538 (direct)
 410-313-3390 (fax)
<https://www.facebook.com/hocogov>
<https://twitter.com/hocogov>

From: [David K. Larner](#)
To: [Jahantab Siddiqui](#)
Subject: Re: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit
Date: Friday, October 25, 2019 6:44:00 AM
Attachments: [image001.png](#)
[image004.png](#)

I will look into it today. I am aware of the benefit credit and some of the history behind it, but not the budgeted piece.

Dave

David Larner
Chief Human Resources and Professional Development Officer
Howard County Public School System
410-313-7498

signature_1858174523



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Howard County Government News Release

410-313-2022 / FAX 410-313-3390 / www.howardcountymd.gov

Office of Public Information
3430 Courthouse Drive
Ellicott City, Maryland 21043

October 24, 2019

Scott Peterson
Director of Communications
speterson@howardcountymd.gov

Media Contacts: Scott L. Peterson, Director of Communications,
Office of Public Information, 202-277-9412

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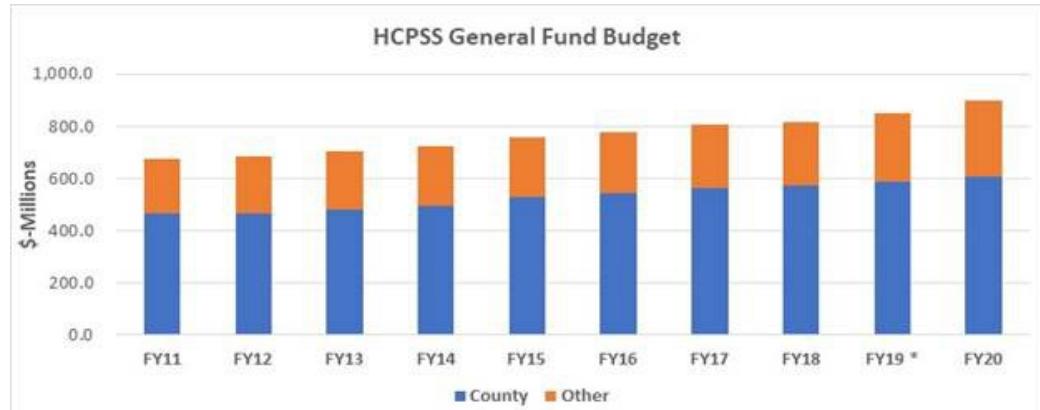
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\$ Millions	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
General Fund Budget	\$675.3	\$683.8	\$703.7	\$725.3	\$758.7	\$776.3	\$808.3	\$819.1	\$851.4	\$901.3
Budget Growth	2.8%	1.3%	2.9%	3.1%	4.6%	2.3%	4.1%	1.3%	3.9%	5.9%
Enrollment Growth	0.7%	1.1%	1.0%	1.4%	1.7%	2.2%	1.4%	2.1%	2.0%	1.5%

* Net of \$11.1 million in one-time non-recurring costs per certification of State Department of Education.

###

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 Ellicott City, MD 21043
 410-313-2022 (office)
 410-313-0538 (direct)
 410-313-3390 (fax)
<https://www.facebook.com/hocogov>
<https://twitter.com/hocogov>

From: [Jahantab Siddiqui](#)
To: [Chiefs: Michael Martirano](#)
Subject: Fwd: [External] Statement of Howard County Executive Calvin Ball on HCPSS Health Fund Deficit
Date: Thursday, October 24, 2019 7:10:41 PM
Attachments: [image003.png](#)

FYI

Sent from my iPhone

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*Scott Peterson
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October 24, 2019

Media Contacts: Scott L. Peterson, Director of Communications, Office of Public Information, 202-277-9412

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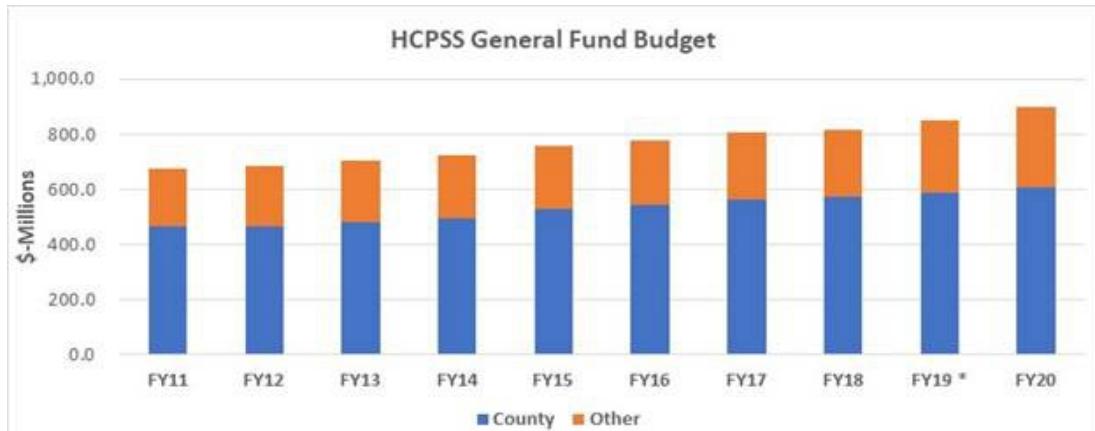
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