

Board Action Summary

An Outline of the Superintendent's Recommendation to the Board of Education

New Program: Yes ☐ No ☒

Modified Program: Yes ☒ No ☐

Subject: Adoption of the FY 2026 Board of Education Approved Operating Budget

Abstract and Highlights: On February 27, 2025, the Board of Education (BOE) adopted the FY 2026 Board of Education Requested Operating Budget totaling \$2,978,816,699, for both revenues and expenditures, and submitted the budget to the County Executive and County Council.

Subsequent to the Board of Education approving its Requested Budget, there have been several changes including:

- Updated revenue assumptions
- Differences in the County Council's final operating budget;
- Budget cuts to close the gap resulting from the County Contribution reduction
- Updates for budget assumptions and reconciling items;
- Changes to Federal and State restricted funds (grants).

The following sections outline all recommended operating budget modifications from the Requested Budget.

Updated Revenue Assumptions

- A \$4.1M decrease in State Nonpublic Placement revenue from the FY 2026 BOE Requested Budget due to a shift in the percent share between State and Local from 70/30 to a 60/40 split. This change is the result of legislation passed during the 2025 General Assembly session.
- A \$3.6M reduction in the Local share of Blueprint funding for Foundation in order to cover the local share of non-Blueprint grants.
- A \$6.5M reduction in the County Contribution from the FY 2026 BOE Requested budget due to the County's approved budget excluding the request to fully fund the Office of Integrity and Compliance (\$1.6M), the Office of Sustainability and Resiliency (\$2.9M), and the estimated County maintenance share of Retention Ponds (\$2.0M).

Funding Program	FY26 Requested	FY26 Approved	Approved vs Requested Change \$
Foundation	1,159,758,943	1,156,130,626	(3,628,317)
Compensatory Education	676,733,232	676,733,232	-
English Learner	315,422,408	315,422,408	-
Special Education	147,752,644	147,752,644	-
Comparable Wage Index	70,316,184	70,316,184	-
Prekindergarten	59,634,032	59,634,032	-
Other Major State Aid *	94,295,513	90,222,762	(4,072,751)
Major State Aid Funding (State & County Share)	2,523,912,956	2,516,211,888	(7,701,068)
Other Board, County & Federal Sources	36,266,458	29,824,679	(6,441,779)
Use of Fund Balance	95,000,000	95,000,000	-
Total Unrestricted Revenue	2,655,179,414	2,641,036,567	(14,142,847)

Differences in the County Council's Final Operating Budget

As outlined earlier, the FY 2026 County Council Approved Contribution reflects a reduction of \$6.5M from the FY 2026 BOE Requested Budget for additional funding above the required Blueprint Local Share. This County Blueprint Local Share Requirement of \$969,555,531 in total does align with the Board of Education's request. However, the County's approved budget for FY 2026 also did not include the BOE request for additional County contribution totaling \$3,628,317 to fund the Junior ROTC Program (\$3.4M) and Adolescent Single Parenting Program (\$0.2M). As a result, the local share for these non-Blueprint Grants will have to be funded from the unrestricted Blueprint Programs local share.

	FY26 Requested	FY26 Approved	FY26 Approved vs FY26 Requested
LOCAL COUNTY SHARE MAJOR STATE AID PROGRAMS	1,076,127,126	1,076,127,126	-
LESS: EDUCATION EFFORT ADJUSTMENT-STATE SHARE	(106,571,595)	(106,571,595)	-
MINIMUM LOCAL COUNTY BLUEPRINT REQUIREMENT	969,555,531	969,555,531	-
BLUEPRINT PROGRAMS - UNRESTRICTED	943,690,684	940,062,367	(3,628,317)
BLUEPRINT PROGRAMS - RESTRICTED	10,864,847	10,864,847	-
NON-BLUEPRINT GRANTS - RESTRICTED *	-	3,628,317	3,628,317
P3, Phase I Schools Construction Financing *	15,000,000	15,000,000	-
MINIMUM LOCAL COUNTY BLUEPRINT REQUIREMENT	969,555,531	969,555,531	-
Office of Integrity and Compliance	1,583,747	-	
Adolescent Single Parenting Program	185,000	-	
JROTC Program	3,443,317	-	
Total Dedicated Revenue Sources	5,212,064	-	
MINIMUM COUNTY CONTRIBUTION REQUIRED	974,767,595	969,555,531	(5,212,064)
ADD:			
Office of Sustainability and Resiliency	2,892,601	-	(2,892,601)
Retention Ponds (estimated County Maintenance)	2,000,000	-	(2,000,000)
Additional County Contribution		34,569	34,569
Total Amount Over Minimum Contribution	4,892,601	34,569	(4,858,032)
TOTAL COUNTY CONTRIBUTION	979,660,196	969,590,100	(10,070,096)

In addition to providing direct support to schools, covering the availability payment for P3 Phase I Schools Construction Financing, is also required to come out of the unrestricted portion of Blueprint Program funding.

Budget Cuts and Realignment

In an effort to close the budget gap resulting from the reduction in State Revenue and County Contribution, as well as the additional budget impacts from reconciling items, the following cuts totaling \$90.9M were required.

1. In the FY 2026 Requested Budget, there was an assumption that the Other Post Employment Benefit of \$15.0M would need to be added. However, this obligation is anticipated to be paid early in FY 2025 and therefore removed from the FY 2026 Approved Budget.
2. Lease Purchase Agreement payment for FY 2025 due in FY 2026 will be paid early in FY 2025; thus, removing the obligation for FY 2026. In addition, it was estimated that the FY 2026 Lease Purchase Agreement would cost more than the FY 2025 amount. The revised estimate came in significantly lower for textbooks. As a result, there is a total net decrease for Lease Purchase payment of \$16.2M.

3. Reduction of \$2.9M due to the elimination of the Administrative Fee for Teacher's Retirement for FY 2026 only. This change is the result of legislation passed during the 2025 General Assembly session.
4. Decreasing health insurance and employee retirement benefits of \$15M for vacant positions anticipated to remain vacant throughout the fiscal year.
5. Reduction of program enhancements, primarily maintenance of the retention ponds, included in the FY 2026 Requested budget totaling \$2.4M.
 - a. The FY 2026 Approved Budget reflects updated assumptions across key areas, including salary lapse, reserve accounts, and contracted services, to align funding with evolving priorities, goals, and objectives. These revised base adjustments, realignments and central office reductions total \$39.4 million, representing a strategic effort to reallocate resources in alignment with operational need.

Updates to Budget Assumptions and Reconciling Items

To improve the accuracy of projections, updates to the estimated expenditures that were initially used to develop the Superintendent's Proposed Operating Budget and reflected in the BOE Requested Budget are necessary as the new fiscal year approaches and better assumptions become available to meet the operational requirements of the school system. Reconciling adjustments totaling \$76.8M are outlined below:

1. When formulating the FY 2026 Requested Budget, only one bargaining unit had a ratified contract in place. Subsequently, another bargaining unit contract was negotiated and signed. The budget assumptions for the remaining two bargaining units were updated based on current proposals in discussion to date. As such, another \$55.1M was added to the budget to reflect these changes.
2. Increased investments of \$11.4M for Special Education were added to the budget in support of the Corrective Action Plan that includes standing up the new Division of Special Education and Student Services, adding 8.0 new positions to the general fund, and increasing funding for hourly instructional costs and substitute teachers.
3. Additional student-based supports of \$4.7M were added during reconciliation for the Mental Health Program, Wellness Clinics, Substitute Teachers and various other changes from the student-based budgeting process.
4. The FY 2026 BOE Requested Budget excluded Textbook Consumables and Digital Extensions. In past years, this cost was rolled into the Lease Purchase Agreement; however, it is more cost-efficient over time to expense consumable and digital textbooks rather than finance them year over year. As a result, \$1.4M was added to the budget to account for these items.
5. Discretionary funds in the amount of \$0.3M were added to Career and Technical Education as a direct result of anticipated increased negotiated instructional costs to cover workshop pay, teacher supplies, and school activity transportation.
6. Hyattsville Elementary School will be moving into swing space located at St. Mark the Evangelist Catholic Church on July 1, 2025. The school system entered a 12-month lease totaling \$0.7M, which was included in the budget during reconciliation.
7. The school district needs to replace the current student transportation platform. The investment of \$3.2M was added to the FY 2026 Approved Budget to cover the upfront hardware and software costs as well as integration and technical support. The hardware package is a one-time cost that can be re-allocated to cover other needs in subsequent fiscal years.

Changes to Federal, State and County Restricted Funds (Grants)

New information on Federal and State grants has become available since the Board of Education passed its Requested Budget on February 27, 2025:

Federal Grants (\$4.2M decrease)

1. Decrease in Title I Part A (\$4.3M)
2. Increase in the Perkins grant funds (\$0.2M)
3. Increase in the Special Education grant funds (\$0.4M)
4. Reduction in the reserve for future federal grants was made (\$0.5M)

State Grants (\$0.2M increase)

1. Slight Increase for Special Education Consolidated Local Implementation Grant to support early intervention for Infants and Toddler with disabilities (\$0.2M).

Summary of All Actions

The below chart summarizes all reconciling items totaling \$18,111,048 between the *FY 2026 Board of Education Requested Operating Budget* and the *FY 2026 Board of Education Approved Operating Budget*.

REVENUE	FY26 Requested Revenue	County Contribution	Total Unrestricted Change	County Contribution (Restricted Use)	Federal Grants	State Grants	Board Grants	Total Restricted Change	FY26 Approved Revenue
Federal	141,753,207	-	-	-	(4,173,774)			(4,173,774)	137,579,433
State	1,730,827,905	(4,072,751)	(4,072,751)	-	-	205,573		205,573	1,726,960,727
Board	31,575,391	-	-	-	-		-	-	31,575,391
County	979,660,196	(10,070,096)	(10,070,096)	-	-			-	969,590,100
PY Fund Balance	95,000,000	-	-	-	-			-	95,000,000
Total	2,978,816,699	(14,142,847)	(14,142,847)	-	(4,173,774)	205,573	-	(3,968,201)	2,960,705,651

EXPENDITURES	Total Unrestricted Change	County Contribution (Restricted Use)	Federal Grants	Additional State Grants	Total Restricted Change	FY25 Operating Budget
FY 26 Requested Budget	2,978,816,699					2,978,816,699
Estimated Negotiated Agreement costs for all Bargaining Unit	55,082,995					55,082,995
Other Post Employment Benefits early payoff	(15,000,000)					(15,000,000)
Elimination of Administrative Fee for Teacher's Retirement	(2,857,693)					(2,857,693)
Reduction of new program enhancements	(2,380,000)					(2,380,000)
Reduction of Employee Retirement & Health Insurance	(15,000,000)					(15,000,000)
Lease Purchase Agreement - Textbooks, Vehicles, IT, Instrum	(16,178,243)					(16,178,243)
Textbook Consumables and Digital Extensions	1,419,302					1,419,302
CTE Discretionary (Workshop Pay, Teacher Supplies, School A	267,140					267,140
Special Education - Corrective Action, Re-Org, Hourly Instruct	11,369,693				-	11,369,693
St. Mark's Building Rental Fee	723,000					723,000
Student Based Supports	4,684,353					4,684,353
BusPlanner Enterprise Transportation Management	3,200,000					3,200,000
Base Adjustments and Central Office Reductions	(39,473,394)					(39,473,394)
Title I, Part A			(4,265,295)		(4,265,295)	(4,265,295)
Carl B. Perkins Grant			185,973		185,973	185,973
Special Education Grants			388,472		388,472	388,472
SPED CLIG Blueprint for MD Grant				205,573	205,573	205,573
Reserve for Future Grants			(482,924)	-	(482,924)	(482,924)
Total Reconciling Adjustments	(14,142,847)	-	(4,173,774)	205,573	(3,968,201)	(18,111,048)
FY26 Approved Operating Budget						2,960,705,651

Budget Implications: \$2,960,705,651 (FY 2026)

Staffing Implications: 19,981.13 FTE (Operating)

School(s) Affected: All

Preparation Date: June 17, 2025

Person Preparing: Shavonne Smith, Director of Budget & Management Services

Board Agenda Introduction Date (Budget Consent): June 26, 2025

Board Action Date (Budget Consent): June 26, 2025

Endorsed: 

Chief Financial Officer

Endorsed: 

Chief of Staff

Approved: 

Superintendent of Schools

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
Upper Marlboro, Maryland 20772

RESOLUTION

WHEREAS, on February 27, 2025, the Board of Education adopted the FY 2026 Board of Education Requested Operating Budget totaling \$2,978,816,699, for both revenues and expenditures; and

WHEREAS, modifications were necessary to align with the State Operating Budget, the final County Operating Budget, and amended reconciling items; and

THEREFORE, BE IT RESOLVED, that the Board of Education of Prince George's County accepts the Superintendent's recommendations to reconcile the budget; and

BE IT FURTHER RESOLVED, that the Board of Education of Prince George's County accepts the resulting FY 2026 Board of Education Approved Operating Budget totaling \$2,960,705,651, for both revenues and expenditures, with major category totals outlined below; and

Expenditures by Category	FY 2024 Actual	FY 2025 Approved	FY 2025 Revised	FY 2026 Proposed	FY 2026 Requested	FY 2026 Approved	FY 2026 Change from	FY 2026 Change from	FY 2026 Change from
							FY2025 Approved	FY2025 Approved	FY2025 Approved
							Unrestricted	Restricted	Total
Administration	\$ 83,211,057	\$ 101,943,636	\$ 101,943,636	\$ 104,185,429	\$ 104,185,429	\$ 104,559,702	\$ 12,459,689	\$ (9,845,123)	\$ 2,614,566
Mid-Level Administration	169,349,272	188,885,165	188,885,165	196,294,847	196,294,847	199,067,814	9,752,188	431,961	\$ 10,184,149
Instructional Salaries	862,404,164	935,423,074	935,423,074	972,729,968	985,298,090	994,116,265	64,491,440	(5,798,249)	\$ 58,693,191
Textbooks & Instructional Materials	65,241,712	50,669,338	50,669,338	44,895,280	55,009,318	52,704,964	(2,483,309)	4,518,935	\$ 2,035,626
Other Instructional Costs	172,155,767	168,562,642	168,562,642	178,426,758	182,250,384	165,992,352	(868,490)	(1,701,800)	\$ (2,570,290)
Special Education	329,414,119	352,307,118	352,307,118	362,594,468	367,926,631	374,731,540	22,592,099	(167,677)	\$ 22,424,422
Student Personnel Services	44,778,582	80,836,705	80,836,705	72,945,809	74,852,858	78,030,250	1,137,739	(3,944,194)	\$ (2,806,455)
Student Health Services	61,110,968	48,893,031	48,893,031	40,078,710	42,673,810	49,236,050	7,667,000	(7,323,981)	\$ 343,019
Student Transportation Services	166,529,726	144,257,328	144,257,328	131,592,921	131,592,921	141,516,735	2,901,740	(5,642,333)	\$ (2,740,593)
Operation of Plant	148,380,290	168,884,803	168,884,803	163,671,670	165,347,017	162,417,903	5,087,220	(11,554,120)	\$ (6,466,900)
Maintenance of Plant	63,146,361	80,168,880	80,168,880	72,870,778	72,870,778	69,871,167	(2,322,920)	(7,974,793)	\$ (10,297,713)
Fixed Charges	506,204,498	545,964,978	545,964,978	563,041,790	565,446,724	534,418,447	(12,624,653)	1,078,122	\$ (11,546,531)
Food Services	61,862	2,881,817	2,881,817	3,018,761	3,018,761	835,524	(2,046,293)	106,497	\$ (1,939,796)
Community Services	1,792,495	6,450,954	6,450,954	4,549,131	4,549,131	6,206,938	(350,513)	-	\$ (350,513)
Capital Outlay	57,373,998	27,500,000	27,500,000	27,500,000	27,500,000	27,000,000	(500,000)	-	\$ (500,000)
Total Expenditures by Category:	\$ 2,731,154,871	\$ 2,903,629,469	\$ 2,903,629,469	\$ 2,938,396,320	\$ 2,978,816,699	\$ 2,960,705,651	\$ 104,892,937	\$ (47,816,755)	\$ 57,076,182

Revenues by Category	FY 2024 Actual	FY 2025 Approved	FY 2025 Revised	FY 2026 Proposed	FY 2026 Requested	FY 2026 Approved	FY 2026 Change from	FY 2026 Change from	FY 2026 Change from
							FY2025 Approved	FY2025 Approved	FY2025 Approved
							Unrestricted	Restricted	Total
Board Sources	\$ 39,417,811	\$ 31,136,684	\$ 31,136,684	\$ 31,575,391	\$ 31,575,391	\$ 31,575,391	\$ 2,000,000	\$ (1,561,293)	\$ 438,707
County Sources	943,047,668	909,815,528	909,815,528	945,500,079	979,660,196	969,590,100	56,259,520	3,515,052	\$ 59,774,572
Federal Sources	231,055,747	219,379,072	219,379,072	141,753,207	141,753,207	137,579,433	-	(81,799,639)	(81,799,639)
State Sources	1,537,398,703	1,623,298,185	1,623,298,185	1,724,567,644	1,730,827,905	1,726,960,727	71,633,417	32,029,125	103,662,542
Use of Fund Balance	-	120,000,000	120,000,000	95,000,000	95,000,000	95,000,000	(25,000,000)	-	(25,000,000)
Total Revenue by Category:	\$ 2,750,919,929	\$ 2,903,629,469	\$ 2,903,629,469	\$ 2,938,396,320	\$ 2,978,816,699	\$ 2,960,705,651	\$ 104,892,937	\$ (47,816,755)	\$ 57,076,182

BE IT FINALLY RESOLVED, that the Board of Education directs the Superintendent to submit the FY 2026 Board of Education Approved Operating Budget to the County Council.

Submitted by:	<u>Shavonne Smith, Director of Budget & Management Services</u>
Agenda Date:	<u>June 26, 2025</u>
Discussion:	_____
First Reader:	_____
Second Reader:	_____
Consent Agenda:	_____
Budget Consent:	_____
Emergency:	_____
Amended:	_____
Deferred:	_____
Tabled:	_____
Approved by the Board:	_____