

Board Action Summary

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

New Program: Yes No **X**

Modified Program: Yes **X** No

Subject: Fiscal Year 2026 Financial Review and Categorical Changes

Abstract and Highlights: The Administration regularly monitors the financial condition of the school system throughout the fiscal year and recommends periodic adjustments to meet evolving needs of the District and ensure fiscal stability.

The current unrestricted operating budget for FY 2026 is projected to face a shortfall, as expenditures are projected to exceed the approved appropriation level. This deficit is primarily attributed to a lower-than-projected salary lapse, indicating that the anticipated savings from vacant positions were less than planned. The reduced lapse is a direct consequence of PGCPs's successful and aggressive hiring campaign, which has resulted in higher-than-projected staffing levels and a corresponding earlier-than-budgeted increase in salary and benefits obligations. Consequently, the Administration formally recommends the following modifications to the current Board of Education FY 2026 approved unrestricted operating budget to adequately address instructional and support service requirements for the school year concluding on June 30, 2026:

1. Decrease revenue by \$2.2 million for the state share of Private Pre-K Providers that will be paid directly by the state.
2. Increase use of prior year fund balance by \$38.8 million to cover projected expenditures.
3. Adjust existing expenditure appropriations between major categories.

The Public School Laws of Maryland require Board of Education and County Council approval of transfers between major categories. The resolution attached approves the recommended FY 2026 transfers between major categories and authorizes the Interim Superintendent to request County Council approval. Board of Education approval of the resolution is recommended.

In addition to the resolution, two documents are attached to this board action summary:

- Appendix A: Itemized Changes and Narrative Explanations
- Appendix B: Sources and Uses of Funds by State Category

Budget Implications: \$36.6M (Increase in Revenue and Expenditures)

Staffing Implications: 0.0 FTE

School(s) Affected: All Schools

Preparation Date: March 23, 2026

Person Preparing: Shavonne Smith, Director, Budget & Mgt Svcs

Board Agenda Introduction Date (Consent): March 26, 2026

Board Action Date (Consent): March 26, 2026

Endorsed: _____
Christa Howell
Chief Financial Officer

Endorsed: _____
[Signature]
Chief of Staff

Approved: _____
[Signature]
Interim Superintendent of Schools

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

RESOLUTION

WHEREAS, the financial condition of the school system is regularly monitored throughout the fiscal year with adjustments made periodically to meet evolving needs of the school system and ensure fiscal stability; and

WHEREAS, a review of the financial condition of the school system indicates that expenditures are expected to exceed current appropriated revenues; and

WHEREAS, increase in appropriation is requested; and

WHEREAS, the Public School Laws of Maryland require Board of Education and County Council approval of transfers between major categories;

THEREFORE, BE IT RESOLVED, that the Board of Education of Prince George's County approves the recommended FY 2026 transfers between major categories identified in the Financial Review; and

FINALLY, BE IT RESOLVED, that the Board of Education of Prince George's County authorizes the Interim Superintendent to request County Council approval of the increased use of fund balance to cover excess expenditures and the transfer of funds between major categories identified in the Financial Review, as summarized in the tables below:

REVENUE	FY 2026 Board of Education APPROVED	FY 2026 Financial Review Transfer Request			FY 2026 Board of Education REVISED
	(September 25, 2025)	Unrestricted	Restricted	Total Transfer	(March 26, 2026)
Board Sources	\$ 31,575,391	\$ -	\$ -	\$ -	\$ 31,575,391
County Sources	967,592,621	-	-	-	967,592,621
Federal Sources	137,579,433	-	-	-	137,579,433
State Sources	1,726,926,184	(2,155,859)	-	(2,155,859)	1,724,770,325
Use of Fund Balance	95,000,000	38,794,993	-	38,794,993	133,794,993
Revenue Total	\$ 2,958,673,629	\$ 36,639,134	\$ -	\$ 36,639,134	\$ 2,995,312,763

EXPENDITURES MAJOR CATEGORIES	FY 2026 Board of Education APPROVED	FY 2026 Financial Review Transfer Request			FY 2026 Board of Education REVISED
	(September 25, 2025)	Unrestricted	Restricted	Total Transfer	(March 26, 2026)
Administration	\$ 104,559,702	\$ (7,216,926)		\$ (7,216,926)	\$ 97,342,776
Mid-Level Administration	199,067,814	493,972		493,972	199,561,786
Instructional Salaries	994,116,265	8,798,846		8,798,846	1,002,915,111
Textbooks & Instructional Materials	52,704,964	324,459		324,459	53,029,423
Other Instructional Costs	163,960,330	(12,663,659)		(12,663,659)	151,296,671
Special Education	374,731,540	31,522,533		31,522,533	406,254,073
Student Personnel Services	78,030,250	1,848,658		1,848,658	79,878,908
Student Health Services	49,236,050	2,777,431		2,777,431	52,013,481
Student Transportation Services	141,516,735	(668,304)		(668,304)	140,848,431
Operation of Plant	162,417,903	6,219,982		6,219,982	168,637,885
Maintenance of Plant	69,871,167	(1,244,063)		(1,244,063)	68,627,104
Fixed Charges	534,418,447	5,430,485		5,430,485	539,848,932
Food Services	835,524	173,476		173,476	1,009,000
Community Services	6,206,938	842,244		842,244	7,049,182
Capital Outlay	27,000,000	-		-	27,000,000
Total Expenditures by Category:	\$ 2,958,673,629	\$ 36,639,134	\$ -	\$ 36,639,134	\$ 2,995,312,763

Submitted by:	<u>Dr. Shawn Joseph, Interim Superintendent</u>
Prepared by:	<u>Lisa Howell, Chief Financial Officer</u>
Agenda Date:	<u>March 26, 2026</u>
Discussion:	_____
Consent Agenda:	<u>March 26, 2026</u>
Emergency:	_____
Amended:	_____
Deferred:	_____
Tabled:	_____
Approved by the Board:	_____