



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

June 24, 2022

MEMORANDUM

TO: Calvin S. Hawkins, II, Chair
Prince George's County Council

THRU: Turkessa M. Green *TMG*
County Auditor

THRU: Josh Hamlin *JH*
Director of Budget and Policy Analysis

FROM: Arian Albear *AA*
Legislative Budget and Policy Analyst

RE: Board of Education FY 2022 Financial Review #1.

The Board of Education (BOE) requests authority to transfer appropriated funds between major expenditure categories to maintain a balanced budget and ensure fiscal stability through the end of the fiscal year and to reconcile the FY 2023 Operating Budget. The Board approved transmittal of this request in March; however, Legislative Branch staff requested that the transmittal be held until it could be appropriately scheduled for action after the County Council's budget review process. Total revenue and expenditures remain at \$2,775,176,835. This is \$431,944,435 more than the original County Council Approved FY 2022 Budget due to the receipt of additional State and Federal funding.

To bridge the Operating Budget deficit for FY 2022, Prince George's County Public Schools (PGCPS) has undertaken steps to close the gap in funding. Among these is the repurposing of \$15 million in salary lapse recoveries as early payments of the FY 2023 portion of the Other Post-Employment Benefits (OPEB) annual contribution. Other recoveries in salary lapse, utilities, and lease purchases were used to supplement bus driver overtime due to vacancies and custodian overtime to support CIP projects.

An analysis of Appendix A and Appendix B indicates that explanations provided for the request appear reasonable and savings are strategically used to prepay future costs. If approved, \$28,365,631 in funds will be shifted among the major expenditure categories. The overall Operating Budget will remain balanced. Specific details of the transfer request between major expenditure categories are detailed within the attached documents labeled Appendix A: Itemized Changes and Narrative Explanations and Appendix B: Sources and Uses of Funds by State Category provided by PGCPS staff.

Exhibit A shows summarized details of the current FY 2022 County Council Approved Budget, the FY 2022 Board of Education Approved Operating Budget – by revenue and expenditure categories, a summary of the Board of Education transfer request as of March 24, 2022, and the resulting anticipated major expenditure category appropriation totals should the County Council approve this transfer request.

If you require additional information or have questions, please contact me.

Wayne K. Curry Administration Building | 1301 McCormick Drive | Largo, MD 20774
VOICE (301) 952-3431; FAX (301) 780-2097; TDD (301) 925-5167

Appendix A: Intemized Changes and Narrative Explanations

Sources and Uses of Funds	Amount	Narrative Explanation
Budget Reduction		
Utilities	(2,249,425)	Savings in utilities due to lower utilization of facility usage by community groups as well as building automation systems that have established set points to turn off lights and regulate HVAC systems.
Lapse Recovery	(24,999,275)	Use of estimated lapse recovery across all departments and schools. These savings are primarily salary and benefits that go unspent throughout the year due to turnover.
Lease Purchase	(1,116,931)	Savings due to lower than anticipated lease purchase rate of .5% for FY 2022 Lease Agreement.
Budget Reduction Total	(28,365,631)	
Cost of Doing Business		
Overtime	8,347,434	Additional funds to support overtime for Bus Drivers due to vacancies and custodial staff to support CIP projects
Terminal Leave	2,000,000	Funds to support the terminal leave payouts for additional staff retirements.
Cost of Doing Business Total	10,347,434	
Forward Funded Items		
Other Post Employee Benefits (OPEB)	15,000,000	Early payment of the FY 2023 portion of the annual contribution toward OPEB. With this early payment, the intent is not to make any additional contributions to OPEB in FY 2023.
Forward Funded Items Total	15,000,000	
Other Items		
Information Technology	887,751	Funds to support data, software expense, expansion of bandwidth, and security upgrades.
Summer School	1,360,446	Funding request to support pre planning personnel and materials cost for the Acceleration Academy, High school and Middle School programs
Career & Technical Education	445,000	Additional funding to support safety equipment, supplies and part-time for Carpentry, Construction Design Management, Electrical, HVAC, Masonry, and Plumbing programs across various schools.
Interpreting Services	325,000	Additional funds to support Language Link and Professional Interpreter Exchange services.
Other Items Total	3,018,197	
Intra Project Realignment		
Unrestricted Program Realignment	-	Minor transfers within initiatives to align funds categorically.
Restricted Program Realignment	-	The attached is a functional realignment of fund 8499 used to offset the loading of restricted program grant appropriation.
Intra Project Realignment Total	-	
Grand Total	-	

Appendix B: Sources and Uses of Funds by State Category

Sources and Uses of Funds	01 Administration	02 Mid-Level Administration	03 Instructional Salaries	04 Textbooks & Instructional Materials	05 Instructional Costs, Other	06 Special Education	07 Student Personnel Services	08 Student Health Services	09 Student Transportation Services	10 Operation of Plant Services	11 Maintenance of Plant	12 Fixed Charges	13 Food Services	14 Community Services	15 Capital Outlay	Grand Total
Budget Reduction			(14,999,275)		(469,643)				(45,280)	(2,851,433)		(10,000,000)				(28,365,631)
Utilities			(14,999,275)						(45,280)	(2,851,433)		(10,000,000)				(28,365,631)
Lease Recovery			(14,999,275)		(469,643)				(45,280)	(602,008)						(14,999,275)
Lease Purchase			(14,999,275)		(469,643)				(45,280)	(602,008)						(14,999,275)
Cost of Doing Business	150,000	150,000	600,000		400,000		150,000	50,000	7,809,480	1,341,149	100,000	300,000		703,195		10,347,434
Overtime							100,000		7,709,480	1,341,149				703,195		8,347,434
Terminal Leave	150,000	150,000	600,000		400,000		50,000	50,000	100,000	100,000	100,000	300,000				2,000,000
Forward Funded Items												15,000,000				15,000,000
Other Post Employee Benefits (OPEB)	960,926	53,726	817,457	917,608	(62,064)					245,000		85,544				3,018,197
Information Technology	642,751			340,000						245,000						887,751
Summer School				340,000						245,000						1,360,446
Career & Technical Education				577,608	(62,064)											445,000
Interpreting Services	325,000															325,000
Intra Project Realignment	14,524,272	4,886,614	1,956,325	(63,864,754)	6,554,027	13,955,082	(5,225,292)	50,806,997	1,410,730	(6,852,522)	2,555,005	(18,143,265)	(2,545,219)	(20,000)		-
Unrestricted Program Realignment	19,524,272	1,379,164	1,956,325	(494,079)	(2,445,973)	(334,368)	(435,642)	(54,228)	(163,693)	(778,099)	159,786	(18,143,265)	(150,000)	(20,000)		-
Restricted Program Realignment	(5,000,000)	3,509,450		(63,370,675)	9,000,000	14,289,450	(4,789,450)	50,861,235	1,574,423	(6,074,423)	2,395,219	(2,395,219)	(2,395,219)			-
Grand Total	15,655,198	5,092,340	(11,625,493)	(62,947,146)	6,022,320	14,955,082	(5,075,492)	50,856,997	9,174,990	(8,117,806)	2,655,005	(12,757,721)	(2,545,219)	(723,195)	-	-

Exhibit A

Prince George's County Board of Education
FY 2022 Financial Review Transfer Request #1

Revenue Category	FY 2022 County Council APPROVED	FY 2022 Board of Education APPROVED <i>(June 24, 2021)</i>	FY 2022 Financial Review Transfer Request			FY 2022 Board of Education REVISED APPROVED Totals <i>(March 24, 2022)</i>
			Unrestricted	Restricted	Total Transfer	
Board Sources	\$ 18,231,500	\$ 18,231,442	\$ -	\$ -	\$ -	\$ 18,231,442
County Sources	816,947,300	816,947,300	-	-	-	816,947,300
Federal Sources	126,413,400	574,278,154	-	-	-	574,278,154
State Sources	1,297,704,500	1,281,784,203	-	-	-	1,281,784,203
Use of Fund Balance	83,935,700	83,935,736	-	-	-	83,935,736
Revenue Total	\$ 2,343,232,400	\$ 2,775,176,835	\$ -	\$ -	\$ -	\$ 2,775,176,835

Expenditures Major Categories	FY 2022 County Council APPROVED	FY 2022 Board of Education APPROVED <i>(June 24, 2021)</i>	FY 2022 Financial Review Transfer Request			FY 2022 Board of Education REVISED <i>(March 24, 2022)</i>
			Unrestricted	Restricted	Total Transfer	
Administration	\$ 67,309,000	\$ 81,780,532	\$ 20,635,198	\$ (5,000,000)	\$ 15,635,198	\$ 97,415,730
Mid-Level Administration	149,580,900	155,172,224	1,582,890	3,509,450	5,092,340	\$ 160,264,564
Instructional Salaries	806,240,500	908,416,096	(11,625,493)	-	(11,625,493)	\$ 896,790,603
Textbooks & Instructional Materials	21,716,800	145,021,406	423,529	(63,370,675)	(62,947,146)	\$ 82,074,260
Other Instructional Costs	88,813,900	174,317,900	(2,977,680)	9,000,000	6,022,320	\$ 180,340,220
Special Education	325,333,300	350,987,225	65,632	14,289,450	14,355,082	\$ 365,342,307
Student Personnel Services	38,589,400	63,073,534	(285,842)	(4,789,450)	(5,075,292)	\$ 57,998,242
Student Health Services	22,604,800	24,482,580	(4,228)	50,861,225	50,856,997	\$ 75,339,577
Student Transportation Services	107,102,100	112,382,053	7,600,507	1,574,423	9,174,930	\$ 121,556,983
Operation of Plant	133,915,000	160,733,464	(2,043,383)	(6,074,423)	(8,117,806)	\$ 152,615,658
Maintenance of Plant	53,100,500	56,674,527	259,786	2,395,219	2,655,005	\$ 59,329,532
Fixed Charges	499,325,300	512,884,031	(12,757,721)	-	(12,757,721)	\$ 500,126,310
Food Services	8,686,000	8,553,304	(150,000)	(2,395,219)	(2,545,219)	\$ 6,008,085
Community Services	5,664,900	5,447,959	(723,195)	-	(723,195)	\$ 4,724,764
Capital Outlay & Public Private Partnerships	15,250,000	15,250,000	-	-	-	\$ 15,250,000
Total Expenditures	\$ 2,343,232,400	\$ 2,775,176,835	\$ -	\$ -	\$ -	\$ 2,775,176,835