

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 2025 Board of Education Approved Operating Budget

Abstract and Highlights: On February 22, 2024, the Board of Education (BOE) adopted the FY 2025 Board of Education Requested Operating Budget totaling \$2,861,114,201, 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, State and County restricted funds (grants)

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

Updated Revenue Assumptions

- An increase in Board revenue over the FY25 BOE Requested Budget due to higher Interest Income projected for FY25 of \$18.2M.
- An additional \$4.2M in pass through revenue included in the Governor’s Supplemental budget for our publicly funded private Prekindergarten Providers. This is offset by a reduction of nearly \$2.0M in funding for our Tier II Prekindergarten students due to a change in the Blueprint legislation timeline.
- A reduction in the County Contribution due to the realignment of Energy & Telecom revenue discussed in the next section. This change is also impacting the local share of the Blueprint Foundation Program revenue, a portion of which will be used to cover the local share of non-Blueprint grants that used to be funded by the Energy & Telecom revenue.

Funding Program	FY25 Requested	FY25 APPROVED	Approved vs Requested Change \$
Foundation	1,102,342,747	1,098,780,967	(3,561,780)
Compensatory Education	643,830,266	643,830,266	-
English Learner	296,929,765	296,929,765	-
Special Education	129,871,126	129,871,126	-
Comparable Wage Index	69,679,085	69,679,085	-
Prekindergarten	50,184,079	52,389,087	2,205,009
Other Major State Aid *	96,873,224	96,873,224	-
Major State Aid Funding (State & Coun	2,389,710,292	2,388,353,520	(1,356,772)
Other Board, County & Federal Sourc	66,855,764	27,790,110	(39,065,654)
Use of Fund Balance	120,000,000	120,000,000	-
Total Unrestricted Revenue	2,576,566,056	2,536,143,630	(40,422,426)

Differences in the County Council's Final Operating Budget

The FY 2025 County Council Approved Budget included \$909,815,528 in County Sources for schools to meet the minimum Blueprint Requirement. This was below the Board of Education Requested amount of \$973,481,476 due to legislation passed from the Maryland General Assembly that enables the County to use the energy & telecommunications tax revenue provided to schools as part of their required local share.

	FY25 REQUESTED	FY25 Approved	FY25 Approved vs. Requested
FY25 MINIMUM LOCAL COUNTY EFFORT			
BLUEPRINT REQUIREMENT	909,127,293	909,815,528	688,236
ADD:			
Dedicated Energy Tax Revenue Growth	53,419,183	-	(53,419,183)
Telecommunication Tax	10,935,000	-	(10,935,000)
Total Dedicated Revenue Sources	64,354,183	-	(64,354,183)
MINIMUM COUNTY CONTRIBUTION REQUIRED	973,481,476	909,815,528	(63,665,948)

In addition to providing direct support to schools, covering the availability payment for P3 Phase I Schools Construction Financing, Energy & Telecom revenue was also used to meet the local share of non-Blueprint grants. Going forward, these commitments will now be required to come out of the Blueprint Program funding.

Budget Cuts

In an effort to close the budget gap resulting from the reduction in the Count Contribution, as well the additional budget impacts from reconciling items, the following cuts totaling \$50.5M were required.

- In the FY25 Requested Budget, there was an assumption for the Phase II P3 Availability Payment of \$14M (with the other \$10M being planned for early payment in FY24). This obligation will now be paid directly by the County to the State P3 Fund. As such, the budget assumption was removed.
- Lease Purchase Agreements for FY23 and FY24 were paid early in FY24 removing the obligation for FY25 of \$9M.
- HVAC, boiler, playground, door repairs & maintenance of \$2.5M.
- Reducing staffing totaling \$1.3M for the Online Classroom Program to better align with expected enrollment for FY25.
- Phasing in the implementation of the Athletic Trainers for High Schools and Security Enhancements over two fiscal years resulting in a savings for FY25 of \$1.8M.
- Position cuts for new program enhancements included in the FY25 Requested Budget totaling \$2.1M.
- Base adjustments and central office reductions totaling \$11M.
- Hiring freeze for non-instructional and non-essential positions will occur in FY25 to close the remaining gap of \$8.7M.

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 \$10.2M are outlined below:

1. In FY24, the County Contribution included \$7,660,400 restricted for the repair, maintenance and testing of Artificial Turf Athletic Fields (ATAFs) at nine designated high schools, as well as renovations of other school facilities. Prince George's County Public Schools (PGCPS) and the Maryland-National Capital Park & Planning Commission (M-NCPPC) will jointly use the ATAFs, as well as facilities. A portion of these funds are being carried over into FY25 to align with the project spending plan of \$3M.
2. The FY25 BOE Requested Budget included \$1.9M to be passed through to our publicly funded Prekindergarten Providers. As discussed earlier, the Governor's Supplemental budget for PGCPS reflects a total of \$4.2M in funding (State and County share). As such, the pass through expenditure was adjusted by an additional \$2.3M.
3. Additional school-based supports of \$2.3M were added during reconciliation for Special Education, New Glenridge Middle School and various other changes from the student-based budgeting process.
4. An increase in the lease-purchase estimate of \$1.9M is required due to the textbook adoptions that came in higher than the projection currently reflected in the BOE Requested Budget.
5. The cost of the Integrity & Compliance Office mandated by the County Council is \$0.7M higher than the previous budget assumption. The increase to the budget was made during reconciliation.

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

New information on Federal, State and County grants has become available since the Board of Education passed its Requested Budget on February 22, 2024:

Federal Grants (\$73.9M increase)

1. Increase due to anticipated carryover of unspent grant funds for ESSER, Maryland Leads and American Rescue Plan Supplemental, as well as the various entitlement grants (Title I,II, III and IV) (\$70.3M)
2. Increase for EPA School Bus Rebate (\$5.2M)
3. Increase of various Mental Health grants of \$3.5M
4. A reduction in the Special Education grant funds (\$4.9M)
5. Other minor grant reductions (\$0.2M)

State Grants (\$12.9M increase)

1. Increase due to anticipated carryover of unspent grant funds for Concentration of Poverty (COP) personnel and per pupil, as well as Transitional Supplemental Instruction that will be available to use in FY 2025 (\$13.0M).
2. Increase for Special Education Consolidated Local Implementation Grant to support early intervention for Infants and Toddler with disabilities (\$2.2M).
3. Increase of grant funding toward a Blueprint Coordinator included in the Governor's Supplemental budget (\$96K).
4. A reduction in the reserve for future state grants was made (\$1.7M).
5. Removal of COP grant funding for Rose Valley and Concord Elementary schools which are closing at the end of this school year (\$750K).

County Grants (\$3.5M)

1. As noted earlier, PGCPs received funding in FY24 for the restricted use toward repair, maintenance and testing of Artificial Turf Athletic Fields (ATAFs) at nine designated high schools, as well as facilities. An adjustment has been made to account for carryover funding for FY25 totaling \$3M that will be assigned and restricted for future use in the Fund Balance.
2. The reserve for future grants has been reduced (\$250K).

Summary of All Actions

The below chart summarizes all reconciling items totaling \$42,515,268 between the *FY 2025 Board of Education Requested Operating Budget* and the *FY 2025 Board of Education Approved Operating Budget*.

REVENUE	FY25 Requested Revenue	County Contribution	Total Unrestricted Change	County Contribution (Restricted Use)	Federal Grants	State Grants	Board Grants	Total Restricted Change	FY25 Approved Revenue
Federal	145,440,327	-	-	-	73,938,745			73,938,745	219,379,072
State	1,608,881,632	1,516,773	1,516,773	-	-	12,899,780		12,899,780	1,623,298,185
Board	13,310,766	18,207,000	18,207,000	-	-		(381,082)	(381,082)	31,136,684
County	973,481,476	(60,146,199)	(60,146,199)	(3,519,749)	-			(3,519,749)	909,815,528
PY Fund Balance	120,000,000	-	-	-	-			-	120,000,000
Total	2,861,114,201	(40,422,426)	(40,422,426)	(3,519,749)	73,938,745	12,899,780	(381,082)	82,937,694	2,903,629,469

EXPENDITURES	FY 25 Requested Budget	Total Unrestricted Change	County Contribution (Restricted Use)	Federal Grants	State Grants	Board Grants	Total Restricted Change	FY25 Operating Budget
FY 25 Requested Budget	2,861,114,201							2,861,114,201
Phase II P3 Availability Payment		(14,046,000)						(14,046,000)
Base adjustments and central office reductions		(11,019,924)						(11,019,924)
Lease Purchase Agreement - Early Payoff (FY23, FY24)		(9,046,656)						(9,046,656)
Salary Lapse from Hiring Freeze		(8,669,694)						(8,669,694)
Reduction of new program enhancements		(2,152,576)						(2,152,576)
Building Maintenance & Repairs		(2,500,000)						(2,500,000)
Reduce Online classroom staffing		(1,380,626)						(1,380,626)
Athletic Trainers in High Schools - Phased Implementation		(1,062,200)						(1,062,200)
Security Enhancements - Phased Implementation		(738,918)						(738,918)
Artificial Turf Athletic Fields and Facilities Improvements		3,000,000	(3,000,000)				(3,000,000)	-
PreK Private Providers Distribution		2,327,537						2,327,537
Student Based Supports		2,287,610						2,287,610
Lease Purchase Agreement - Textbooks		1,887,955						1,887,955
Incremental Impact of Integrity Compliance Office		691,066						691,066
Carryover Grants (ESSER, MD Leads, Entitlement)				70,372,911			70,372,911	70,372,911
Mental Health Grant Awards				3,509,009			3,509,009	3,509,009
EPA Clean Bus Rebate				5,215,000			5,215,000	5,215,000
Special Education Grants				(4,901,032)			(4,901,032)	(4,901,032)
Other Federal Awards				600,632			600,632	600,632
Concentration of Poverty Grant Carryover					6,300,000		6,300,000	6,300,000
Transitional Supplemental Instruction Carryover					4,606,000		4,606,000	4,606,000
SPED CLIG Blueprint for MD Grant					2,200,000		2,200,000	2,200,000
Concentration of Poverty Carryover (Personnel Grant)					2,100,000		2,100,000	2,100,000
Blueprint Coordinator Grant					96,480		96,480	96,480
Concentration of Poverty (Personnel Grant)					(547,610)		(547,610)	(547,610)
Concentration of Poverty (Personnel Grant)					(200,806)		(200,806)	(200,806)
Reserve for Future Grants			(519,749)	(857,775)	(1,654,284)	(381,082)	(3,412,890)	(3,412,890)
Total Reconciling Adjustments		(40,422,425)	(3,519,749)	73,938,745	12,899,780	(381,082)	82,937,694	42,515,268
FY25 Approved Operating Budget								2,903,629,469

Budget Implications: \$2,903,629,469 (FY 2025)

Staffing Implications: 21,373.03 FTE

School(s) Affected: All

Preparation Date: June 27, 2024

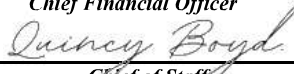
Person Preparing: Lisa Howell, Chief Financial Officer

Board Agenda Introduction Date (Budget Consent): June 27, 2024

Board Action Date (Budget Consent): June 27, 2024

Endorsed: 
Lisa Howell (Jul 2, 2024 16:33 EDT)

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 22, 2024, the Board of Education adopted the FY 2025 Board of Education Requested Operating Budget totaling \$2,861,114,201, 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;

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 2025 Board of Education Approved Operating Budget totaling \$2,903,629,469, for both revenues and expenditures, with major category totals outlined below; and

Expenditures by Category	FY 2023 Actual	FY 2024 Approved	FY 2024 Revised	FY 2025 Proposed	FY 2025 Requested	FY 2025 Approved	FY 2025	FY 2025	FY 2025
							Change from FY2024 Approved Unrestricted	Change from FY2024 Approved Restricted	Change from FY2024 Approved Total
Administration	\$ 73,370,616	\$ 91,958,555	\$ 86,658,281	\$ 88,436,017	\$ 88,698,804	\$ 101,943,636	\$ 10,414,262	\$ (429,181)	\$ 9,985,081
Mid-Level Administration	155,350,309	173,770,917	174,267,021	187,893,125	187,713,492	188,885,165	14,851,518	262,730	\$ 15,114,248
Instructional Salaries	818,960,173	934,229,601	898,041,697	958,383,361	960,422,800	935,423,074	13,030,315	(11,836,842)	\$ 1,193,473
Textbooks & Instructional Materials	53,111,419	40,191,133	40,028,633	39,245,329	52,340,512	50,669,338	(2,585,388)	13,063,593	\$ 10,478,205
Other Instructional Costs	142,248,998	166,539,545	201,436,627	142,922,824	157,102,642	168,562,642	6,394,682	(4,371,585)	\$ 2,023,097
Special Education	314,674,723	359,060,752	359,989,028	354,815,175	357,165,175	352,307,118	(7,282,881)	529,247	\$ (6,753,634)
Student Personnel Services	38,307,103	67,633,916	58,378,500	54,494,093	53,050,436	80,836,705	5,107,741	8,095,048	\$ 13,202,789
Student Health Services	48,757,301	28,692,274	37,967,197	43,210,102	41,299,380	48,893,031	1,122,901	19,077,856	\$ 20,200,757
Student Transportation Services	117,802,737	145,156,894	150,299,153	139,998,752	137,198,480	144,257,328	(6,590,948)	5,691,382	\$ (899,566)
Operation of Plant	146,626,823	157,710,683	157,539,675	154,828,000	155,202,000	168,884,803	10,616,649	557,471	\$ 11,174,120
Maintenance of Plant	55,843,722	74,788,851	65,485,314	71,031,224	71,031,224	80,168,880	9,468,804	(4,088,775)	\$ 5,380,029
Fixed Charges	488,686,882	531,519,483	529,457,798	549,753,332	549,437,038	545,964,978	16,801,605	(2,356,110)	\$ 14,445,495
Food Services	1,084,631	6,626,606	6,548,185	3,760,600	3,760,600	2,881,817	(3,744,789)	-	\$ (3,744,789)
Community Services	3,766,619	6,077,271	7,168,006	5,395,620	5,395,620	6,450,954	249,251	124,432	\$ 373,683
Capital Outlay	1,678,497	27,250,000	40,250,000	41,296,000	41,296,000	27,500,000	250,000	-	\$ 250,000
Total Expenditures by Category:	\$ 2,460,270,552	\$ 2,811,206,481	\$ 2,813,515,115	\$ 2,835,463,552	\$ 2,861,114,201	\$ 2,903,629,469	\$ 68,103,722	\$ 24,319,266	\$ 92,422,988

Revenues by Category	FY 2023 Actual	FY 2024 Approved	FY 2024 Revised	FY 2025 Proposed	FY 2025 Requested	FY 2025 Approved	FY 2025	FY 2025	FY 2025
							Change from FY2024 Approved Unrestricted	Change from FY2024 Approved Restricted	Change from FY2024 Approved Total
Board Sources	\$ 11,436,489	\$ 11,356,052	\$ 13,664,686	\$ 13,310,766	\$ 13,310,766	\$ 219,379,072	\$ 22,091,032	\$ 46,149,658	\$ 68,240,690
County Sources	817,161,641	943,054,800	943,054,800	958,797,572	973,481,476	31,136,684	(22,194,310)	(11,044,962)	(33,239,272)
Federal Sources	230,976,260	231,738,135	231,738,135	145,440,327	145,440,327	909,815,528	18,207,000	1,573,632	19,780,632
State Sources	1,273,521,075	1,555,057,494	1,555,057,494	1,597,914,887	1,608,881,632	1,623,298,185	-	(12,359,063)	(12,359,063)
Use of Fund Balance	-	70,000,000	70,000,000	120,000,000	120,000,000	120,000,000	50,000,000	-	50,000,000
Total Revenue by Category:	\$ 2,333,095,465	\$ 2,811,206,481	\$ 2,813,515,115	\$ 2,835,463,552	\$ 2,861,114,201	\$ 2,903,629,469	\$ 68,103,722	\$ 24,319,266	\$ 92,422,987

BE IT FINALLY RESOLVED, that the Board of Education directs the Superintendent to submit the FY 2025 Board of Education Approved Operating Budget to the County Council.

Submitted by:	<u>Millard House II, Superintendent</u>
Prepared by:	<u>Lisa Howell, Chief Financial Officer</u>
Agenda Date:	<u>June 27, 2024</u>
Discussion:	_____
First Reader:	_____
Second Reader:	_____
Consent Agenda:	<u>June 27, 2024</u>
Budget Consent:	_____
Emergency:	_____
Amended:	_____
Deferred:	_____
Tabled:	_____
Approved by the Board:	_____