



Prince George's County Board of Education
14201 School Lane • Upper Marlboro, Maryland 20772 • www.pgcps.org

July 11, 2016

BOARD OF EDUCATION
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Facsimile: 301-952-6114

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ADMINISTRATION

Chief Executive Officer

Kevin M. Maxwell, Ph.D.
Telephone: 301-952-6008

The Honorable Derrick Leon Davis
Chair, Prince George's County Council

The Honorable Rushern L. Baker, III
County Executive
Prince George's County Government
County Administration Building
14741 Governor Oden Bowie Drive
Upper Marlboro, Maryland 20772

Dear Mr. Davis and Mr. Baker:

On June 14, 2016, the Board of Education approved a Fiscal Year 2017 Operating Budget totaling \$1,931,360,100 for the fiscal year ending June 30, 2016. This represents an additional \$7,500,000 above the County Council's approved budget of \$1,923,860,100.

As part of the FY 2017 Operating Budget reconciliation process, the Chief Executive Officer recommended a series of changes to maintain fiscal stability and preserve essential school system programs and services, consistent with PGCPS Strategic Plan. To continue efforts included in the Board's Strategic Plan, the Chief Executive Officer also recommended an increase above the County Approved Budget of \$7,500,000, to be used from the Board's available, un-appropriated fund balance in order to meet the current needs of the school system. This additional appropriation request, from the Board of Education's Fund Balance, will be forthcoming.

The Board of Education concurred with the Chief Executive Officer's recommendations, incorporating the changes in the budget adopted June 14, 2016. The changes recommended by the Chief Executive Officer and approved by the Board of Education differ from the budget category totals adopted by the County Council. A copy of the Board of Education resolution approving the use of fund balance and the adoption of the reconciled FY 2017 Operating Budget is attached.

The school system has made important progress in many areas during FY 2016, including advances in graduation rates and student achievement. By focusing on sound fiscal management, maintaining and expanding successful programs and providing funds for important initiatives, the FY 2017 Operating Budget continues the progress to improve teaching and learning for the students attending Prince George's County public schools.

Approval of the reconciling transfer (FY 2017 BOE Reconciling Adjustments) between major categories shown on the following page is respectfully requested.

The Honorable Derrick Leon Davis
The Honorable Rushern L. Baker, III
July 11, 2016
Page Two

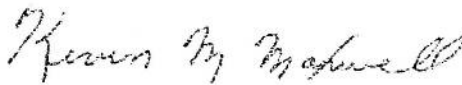
REVENUE	FY 2017 BOE Requested	FY 2017 County Council Approved	FY 2017 Change from BOE Requested to Council Approved	FY 2017 BOE Reconciling Adjustments	FY 2017 BOE Adopted Budget	FY 2017 BOE Transfer (Fund Balance) Request	FY 2017 BOE Approved
Federal Aid	\$ 96,520,100	\$ 96,520,100	\$ -	\$ -	\$ 96,520,100	\$ -	\$ 96,520,100
State Aid	1,092,598,500	1,091,627,000	(971,500)	-	1,091,627,000	-	1,091,627,000
County Contribution	797,292,125	698,329,100	(98,963,025)	-	698,329,100	-	698,329,100
Board Sources	13,383,900	13,383,900	-	-	13,383,900	-	13,383,900
Prior Year Fund Balance	24,000,000	24,000,000	-	-	24,000,000	7,500,000	31,500,000
Revenue Total	\$ 2,023,794,625	\$ 1,923,860,100	\$ (99,934,525)	\$ -	\$ 1,923,860,100	\$ 7,500,000	\$ 1,931,360,100

EXPENDITURES	FY 2017 BOE Requested	FY 2017 County Council Approved	FY 2017 Change from BOE Requested to Council Approved	FY 2017 BOE Reconciling Adjustments	FY 2017 BOE Adopted Budget	FY 2017 BOE Transfer (Fund Balance) Request	FY 2017 BOE Approved Category Totals
Administration	\$ 59,403,090	\$ 59,403,100	\$ 10	\$ 3,634,526	\$ 55,768,574	\$ 99,126	\$ 55,867,700
Mid-Level Administration	128,887,265	128,887,300	35	7,847,788	121,039,512	336,088	121,375,600
Instructional Salaries	693,947,964	693,600,800	(347,164)	39,231,200	654,369,600	-	654,369,600
Textbooks and Instructional Materials	20,374,378	20,374,400	22	3,337,200	17,037,200	-	17,037,200
Other Instructional Costs	81,460,186	81,623,900	163,714	19,817,422	61,806,478	3,627,422	65,433,900
Special Education	281,845,794	281,845,800	6	12,123,699	269,722,101	79,899	269,802,000
Student Personnel Services	20,847,608	20,847,600	(8)	1,477,900	19,369,700	14,500	19,384,200
Health Services	16,613,253	16,613,200	(53)	(1,589,800)	18,203,000	28,000	18,231,000
Student Transportation Services	105,534,299	105,534,300	1	3,446,900	102,087,400	624,500	102,711,900
Operation of Plant	127,544,115	127,817,000	272,885	1,743,410	126,073,590	67,310	126,140,900
Maintenance of Plant	36,808,720	36,808,700	(20)	3,590,755	33,217,945	2,623,155	35,841,100
Fixed Charges	443,165,922	343,142,000	(100,023,922)	(95,011,700)	438,153,700	-	438,153,700
Food Service Subsidy	4,216,548	4,216,500	(48)	106,500	4,110,000	-	4,110,000
Community Services	2,895,483	2,895,500	17	244,200	2,651,300	-	2,651,300
Capital Outlay	250,000	250,000	-	-	250,000	-	250,000
Expenditures Total	\$ 2,023,794,625	\$ 1,923,860,100	\$ (99,934,525)	\$ -	\$ 1,923,860,100	\$ 7,500,000	\$ 1,931,360,100

Sincerely,



Segun Eubanks, Ed.D.
Chair, Board of Education



Kevin M. Maxwell, Ph.D.
Chief Executive Officer

Attachments

- c: Members, County Council
- Members, Board of Education
- Dr. Wesley W. Watts
- Mr. Raymond H. Brown
- Mr. Robert J. Williams, Jr.
- Mr. William Hunt
- Mr. Thomas Himler
- Mr. David H. Van Dyke
- Ms. Inez Claggett

Board Action Summary

An Outline of the Chief Executive Officer's Recommendation to the Board of Education

New Program: Yes No

Modified Program: Yes No

Subject: Reconciliation and Adoption of the Fiscal Year 2017 Annual Operating Budget

Abstract and Highlights:

The Board of Education Fiscal Year 2017 Annual Operating Budget request submitted to the County Executive on February 26, 2016, totaled \$2,023,794,625. The Board's request included an increase of \$182 million, of which \$80 million is necessary to support the mandatory/costs of doing business, such as negotiated salary enhancements, pension shift costs, health benefits and other mandatory items. Also included was \$102.5 million allocated across five strategic focus areas – Academic Excellence, High Performing Workforce, Safe & Supportive Environments, Family & Community Engagement and Organization Effectiveness.

On May 26, 2016, the County Council approved a FY 2017 Operating Budget for the Board of Education totaling \$1,923,860,100. The amount is \$82,292,375 less than the FY 2017 Requested Operating Budget submitted by the Board of Education.

The process for developing and adopting the budget includes significant public input. The FY 2017 Proposed Annual Operating Budget development process included a Budget Public Forum held in October to receive community input on budget priorities. Public comment was also solicited via the PGCPs website. The Board of Education held three public budget hearings in January and February, and held three public work sessions on the budget in February, as it considered adoption and submission of its budget request to the County Executive by March 1, 2016. One additional public work session was held in May 2016.

The Chief Executive Officer recommends actions to reconcile the Board of Education's request within the total amount approved by the County Council. As a result of final actions by the Governor, General Assembly and County Council, the Chief Executive Officer's recommended reconciliation actions includes a series of expenditure changes to maintain fiscal stability and preserve and enhance essential school system programs and services to address critical needs, consistent with the Strategic Plan this Board adopted in March 2015.

The resolution declares certain actions shall be used to reduce, redirect or eliminate existing resources and focus newly budgeted items in the most effective manner possible, to achieve the goals set forth in the Strategic Plan. Such actions will affect school based resources, employee compensation, expansion of programs, investments in student innovation and other core areas.

The resolution attached accepts the Chief Executive Officer's reconciliation recommendations and other internal budget adjustments as approved by the Board of Education, to meet the needs of Prince George's County public school students and also directs the Chief Executive Officer to distribute the final FY 2017 Approved Operating Budget amount among the required state categories.

The resolution attached reflects the final FY 2017 Approved Operating Budget total of \$1,931,360,100.

Budget Implications: \$1,931,360,100

Staffing Implications: 18,959.78

School(s) Affected: ALL

Preparation Date: May 19, 2016

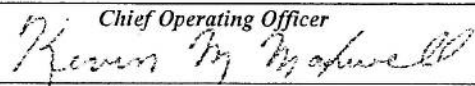
Person Preparing: John Pfister, Director

Board Agenda Introduction Date: June 14, 2016

Board Action Date (Budget Consent): June 14, 2016

Endorsed: 
Chief Financial Officer

Endorsed: _____
Chief Operating Officer

Approved: 
Chief Executive Officer

RESOLUTION

WHEREAS, the Board of Education's Fiscal Year 2017 Annual Operating Budget request submitted to the County Executive on February 26, 2016, totaled \$2,023,794,625, an increase of \$182 million over the current fiscal year budget;

WHEREAS, the budget increase included \$80 million to support the mandatory/costs of doing business, such as negotiated salary enhancements, pension shift costs, health benefits and other mandatory items, and \$102 million allocated across five strategic focus areas – Academic Excellence; High Performing Workforce; Safe & Supportive Environments; Family & Community Engagement; and Organization Effectiveness;

WHEREAS, the FY 2017 Annual Operating Budget was developed with significant public input, including a community forum held in October to receive input on developing budget priorities, three public hearings held by the Board of Education in January, February, and May and public work sessions on the budget in February;

WHEREAS, the Chief Executive Officer recommends the use of \$7,500,000 million from the Board's available, un-appropriated fund balance to be added to the total amount approved by the County Council in order to reconcile the Board's actions taken; and

WHEREAS, the Chief Executive Officer recommends further actions to reconcile the Board's request within the total amount approved below. As a result of final actions by the Governor, General Assembly and County Council, the Chief Executive Officer's recommended reconciliation actions include a series of expenditure changes to maintain fiscal stability and preserve and enhance essential school system programs and services to address critical needs, consistent with the Strategic Plan this Board adopted in March 2015. The Chief Executive Officer recommends approval of the FY2017 Operating Budget of \$1,931,360,100.

THEREFORE, BE IT RESOLVED that the Board of Education accepts the Chief Executive Officer's recommendations, including internal budget adjustments as approved by the Board of Education, and directs the Chief Executive Officer to realign the expenditure budgets among required state categories, within the total approved operating budget of \$1,931,360,100.

AND, BE IT FURTHER RESOLVED, that the Chief Executive Officer is directed to request County Council approval to transfer appropriations among required state categories of the FY 2017 Annual Operating Budget, to reflect the additional revenue request of \$7,500,000 and the reconciling and internal budget adjustments, as hereby adopted by the Board of Education.

Submitted by:	<u>Raymond H Brown, Chief Financial Officer</u>
Agenda Date:	<u>June 14, 2016</u>
Discussion:	_____
First Reader:	_____
Budget Consent Agenda:	<u>June 14, 2016</u>
Emergency:	_____
Amended:	_____
Deferred:	_____
Tabled:	_____
Approved:	_____
Lost:	_____

FY 2017 CEO Recommended Reconciliation

as of 6/10/2016

REVENUE	Board Requested Budget		CEO Recommended Reconciliation		Change
	Amount		Amount		Total
Federal Revenue	\$	96,520,100	\$	96,520,100	\$ -
State Revenue		1,092,598,500		1,091,627,000	(971,500)
County Revenue		797,292,125		698,329,100	(98,963,025)
Local Revenue		13,383,900		13,383,900	-
Fund Balance		24,000,000		31,500,000	7,500,000
Total Revenue	\$	2,023,794,625	\$	1,931,360,100	\$ (92,434,525)

EXPENDITURES	Board Requested Budget		CEO Recommended Reconciliation		Change
	FTE	Amount	FTE	Amount	FTE / Total
FY 2016 Revised Operating Budget	18,873.3	\$ 1,841,567,725	18,873.3	\$ 1,841,567,725	- \$ -
Mandatory/Cost of Doing Business Changes:					
Changes Required to Maintain the Existing Programs:					
Base Adjustments	(22.3)	\$ 3,710,575	(11.0)	\$ 13,188,992	\$ 9,478,417
Restricted Programs	(4.0)	(10,579,772)	(4.0)	(10,579,772)	-
		(6,869,197)		2,609,220	9,478,417
Employer Obligations:					
Health Insurance		11,000,000		11,000,000	-
Other Post Employment Benefits (OPEB)		15,000,000		15,000,000	-
Teacher Pension Shift		5,000,000		5,000,000	-
		31,000,000		31,000,000	-
Risk Management:					
Risk Management		585,000		585,000	-
General Liability Insurances		9,000,000		9,000,000	-
		9,585,000		9,585,000	-
Internal Services and Other Essential Support:					
Compensation Commitments		22,225,346		22,225,346	-
Lease Purchases		12,241,144		7,541,144	(4,700,000)
Technology Education - MSDE Requirement		374,955		374,955	-
Technology Infrastructure		1,617,600		1,617,600	-
HB197: Youth Wellness Leadership Pilot Program		-		87,500	87,500
		36,459,045		31,846,545	(4,612,500)
Total Mandatory/Costs of Doing Business Changes	(26.3)	\$ 70,174,848	(15.0)	\$ 75,040,765	\$ 4,865,917
Redirected Resources					
Board of Education	-	-	-	\$ (155,997)	\$ (155,997)
Chief Executive Officer	-	-	-	(391,080)	(391,080)
Chief Operating Officer	-	-	-	(5,033,104)	(5,033,104)
Deputy Superintendent	-	-	-	(2,336,654)	(2,336,654)
Deputy Superintendent for Teaching and Learning	-	-	-	(3,120,642)	(3,120,642)
Forestville / Skyline Consolidation	-	-	(13.0)	(1,333,145)	(13.0) (1,333,145)
Salary Lapse (Keep at FY 2016 level of \$35M)	-	10,000,000	-	-	(10,000,000)
Total Redirected Resources	-	\$ 10,000,000	(13.0)	\$ (12,370,622)	(13.0) \$ (22,370,622)

- continued -

EXPENDITURES	Board Requested Budget		CEO Recommended Reconciliation		Change	
	FTE	Amount	FTE	Amount	FTE	Total
Organization Improvements:						
Focus Area 1: Academic Excellence						
Advanced & Enriched Instruction Supports	-	\$ 210,500	-	\$ -	-	\$ (210,500)
Aerospace Engineering & Aviation Tech Program Expansion	-	180,873	1.0	353,999	1.0	173,126
Alternative Education Supports	9.0	985,662	-	-	(9.0)	(985,662)
Career Academy Program Expansion	9.0	778,168	3.0	259,439	(6.0)	(518,729)
Charter Schools	-	6,584,123	24.0	6,584,123	24.0	-
Class Size Reduction Teachers (K-2)	34.0	2,820,300	-	-	(34.0)	(2,820,300)
Classroom Teachers - Maya Angelou French Immersion	2.0	331,600	-	-	(2.0)	(331,600)
Classroom Teachers - Systemic	25.5	2,380,060	-	-	(25.5)	(2,380,060)
College and Career School Based Positions	11.0	958,829	-	-	(11.0)	(958,829)
Creative Arts Programs Office Expansion	5.0	1,338,831	1.0	98,487	(4.0)	(1,240,344)
Curriculum Writing	-	600,000	-	-	-	(600,000)
Dual Enrollment	-	400,000	-	-	-	(400,000)
English Language Learner (ELL) supports	10.0	1,171,179	-	-	(10.0)	(1,171,179)
Foreign Language Opportunities for I.B. feeder schools	7.0	583,311	-	-	(7.0)	(583,311)
Guidance and Counseling services	-	822,000	-	-	-	(822,000)
Instructional Lead Teachers - Priority Schools	-	755,688	-	-	-	(755,688)
Instructional Specialist - Primary Talent Development	1.0	132,790	-	-	(1.0)	(132,790)
International Schools	22.0	3,036,839	14.0	1,996,702	(8.0)	(1,040,137)
Interpreting and Translation Services	2.0	223,322	-	-	(2.0)	(223,322)
Junior Achievement Finance Park	-	520,500	-	520,500	-	-
Language Immersion Programs	20.5	2,289,289	15.5	1,702,004	(5.0)	(587,285)
Literacy Plan	14.0	2,978,127	7.0	1,452,769	(7.0)	(1,525,358)
Math Specialists	20.0	2,832,567	8.0	1,275,832	(12.0)	(1,556,735)
Middle College - Pre-Teacher Academy	5.0	1,298,027	-	-	(5.0)	(1,298,027)
Physical Education - Water Safety Partnership	1.0	183,600	-	-	(1.0)	(183,600)
Pre-K and Kindergarten - Additional Staffing	21.0	1,781,302	16.0	1,313,880	(5.0)	(467,422)
Project Lead the Way (PLTW) - Engineering & Science Academy	-	202,200	-	100,000	-	(102,200)
Psychological Services	8.0	913,200	1.0	101,653	(7.0)	(811,547)
School Based Professional Development	-	4,416,551	-	-	-	(4,416,551)
Special Education - Speech Therapists	2.0	-	2.0	-	-	-
STEM	6.0	760,203	-	-	(6.0)	(760,203)
Student Based Budgeting (SBB)	-	5,000,000	-	-	-	(5,000,000)
Student Expulsion Alternatives/Supports	3.0	782,076	-	-	(3.0)	(782,076)
Summer Academy - China Leadership and Students	-	145,000	-	-	-	(145,000)
Summer Youth Employment Program (SYEP)	-	14,600	-	-	-	(14,600)
Varsity Lacrosse	-	614,572	-	614,572	-	-
Vocational Education Equipment Improvements	-	1,000,000	-	-	-	(1,000,000)
	238.0	\$ 50,025,889	92.5	\$ 16,373,960	(145.5)	\$ (33,651,929)
Focus Area 2: High-Performing Workforce						
Compensation Reserve for Negotiations	-	\$ 42,542,867	-	\$ 8,400,000	-	\$ (34,142,867)
Mentor and Peer Assistance & Review (PAR) Teachers	7.0	683,676	-	-	(7.0)	(683,676)
Nationally Board Certified Teacher Stipends	-	689,000	-	-	-	(689,000)
Principal Leadership	5.0	890,673	5.0	890,673	-	-
	12.0	\$ 44,806,216	5.0	\$ 9,290,673	(7.0)	\$ (35,515,543)
Focus Area 3: Safe and Supportive Environments						
Athletic Trainers	-	\$ 542,250	-	\$ -	-	\$ (542,250)
Bus Drivers	25.0	1,265,875	-	-	(25.0)	(1,265,875)
Building Services - Cleaners	-	-	-	-	-	-
Maintenance - Second Shift & Supplies	21.0	2,179,419	-	-	(21.0)	(2,179,419)
Nurses	-	238,022	-	236,000	-	(22)
Student Safety Task Force Recommendation	-	-	2.0	224,936	2.0	224,936
	46.0	\$ 4,223,566	2.0	\$ 460,936	(44.0)	\$ (3,762,630)
Focus Area 4: Family and Community Engagement						
Healthy Start Breakfast	-	\$ 200,000	-	\$ -	-	\$ (200,000)
International Business Partnerships	2.0	239,436	-	21,495	(2.0)	(217,941)
Naviance Software	-	200,000	-	-	-	(200,000)
Parent University	5.0	933,463	2.0	475,168	(3.0)	(458,295)
	7.0	\$ 1,572,899	2.0	\$ 496,663	(5.0)	\$ (1,076,236)
Focus Area 5: Organization Effectiveness						
Data Information Security Software	-	\$ 500,000	-	\$ 500,000	-	\$ -
Instructional Directors - Secretary Staffing	7.0	621,143	-	-	(7.0)	(621,143)
Office of Continuous Systemic Improvement - Staffing	2.0	302,339	-	-	(2.0)	(302,339)
	9.0	\$ 1,423,482	-	\$ 500,000	(9.0)	\$ (923,482)
Total Organization Improvements	312.0	\$ 102,052,052	101.5	\$ 27,122,232	(210.5)	\$ (74,929,820)
Total Change from FY 2016 Revised	285.7	\$ 182,226,900	86.5	\$ 89,792,375	(199.2)	\$ (92,434,525)
Total	19,159.0	\$ 2,023,794,625	18,959.8	\$ 1,931,360,100	(199.2)	\$ (92,434,525)