

**Prince George's County Board of Education**  
14201 School Lane • Upper Marlboro, Maryland 20772 • [www.pgcps.org](http://www.pgcps.org)

February 8, 2018

**BOARD OF EDUCATION**  
Telephone: 301-952-6308  
Facsimile: 301-952-6114

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**ADMINISTRATION**

*Chief Executive Officer*  
**Kevin M. Maxwell, Ph.D.**  
Telephone: 301-952-6008

The Honorable Rushern L. Baker, III  
County Executive, Prince George's County

The Honorable Dannielle M. Glaros  
Chair, Prince George's County Council  
Prince George's County Government  
County Administration Building  
14741 Governor Oden Bowie Drive  
Upper Marlboro, Maryland 20772

**RE: FY 2018 Financial Review as of November 30, 2017**

Dear Mr. Baker and Ms. Glaros:

This letter requests authority to transfer appropriations between major expenditure categories totaling \$8,118,300 within the FY 2018 operating budget approved by the Board of Education of Prince George's County totaling \$1,975,443,500 to maintain a balanced budget and meet current and projected instructional and support services needs of the school system for the remainder of the fiscal year ending June 30, 2018.

Additionally, restricted revenue is expected to increase to include the award of two Federal grants that are not included in the FY 2018 Approved budget (Teachers and School Leaders, valued at \$25 million over five years; and the new Title IV grant). A supplemental request to increase the Board of Education's revenue for FY 2018 will be sent under separate cover.

Upon review of the financial condition of the school system as of November 30, 2017, the realignment of expenditures, based on how resources are utilized by account managers to address the ever evolving instructional and academic requirements, are requested between existing expenditure appropriations in major categories.

These categorical shifts are related to existing programs and is simply a balancing of funds appropriated by major state category, as required by state law. It would be redundant to explain those changes here, as they are explained in greater detail in the attached financial review documents. These actions are necessary to maintain a balanced budget and ensure fiscal stability.

**MISSION STATEMENT**

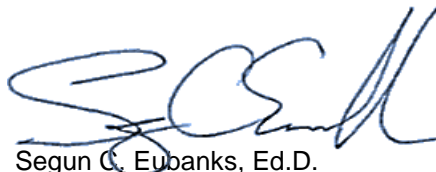
*The Prince George's County Board of Education will advance the achievement of its diverse student body through community engagement, sound policy governance, accountability, and fiscal responsibility.*

The Honorable Rushern L. Baker, III  
The Honorable Dannielle M. Glaros  
February 8, 2018  
Page Two

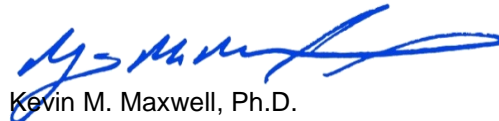
To the extent that category adjustments result from these actions, a request to transfer expenditure appropriations within the total budget approved by the Board of Education is submitted to the County government to support the FY 2018 operating budget.

The school system has made important progress in many areas during fiscal year 2018, including advances in student achievement and increasing graduation rates. By focusing on sound management, maintaining successful programs and providing funds for important initiatives, the FY 2018 operating budget establishes a sound basis for continuing the progress to improve teaching and learning for the students attending Prince George's County Public Schools.

Sincerely,



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



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

SCE:KMM:JP:ct

Attachments

c: Members, County Council  
Members, Board of Education  
Dr. W. Wesley Watts, Jr.  
Mr. John Pfister  
Mr. Robert J. Williams, Jr.  
Mr. David H. Van Dyke  
Ms. Stanley A. Earley  
Ms. Sandra Eubanks

# Board Action Summary

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

New Program: Yes  No **X**

Modified Program: Yes **X** No

Subject: **Fiscal Year 2018 Financial Review and Transfer as of November 30, 2017**

**Abstract and Highlights:** 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. Review of the financial condition of the school system as of November 30, 2017, indicates that restricted expenditures are expected to exceed current appropriated restricted revenues. This financial analysis includes projections to year-end and identified a need for these required actions including submission of a request for transfers between existing appropriations in major categories.

The Financial Review attached identifies the actions required to address FY 2018 expenditure needs based on anticipated and available revenues. Federal revenue for FY 2018 has increased by \$10,233,800 from two new federal grants, Title IV and the Teacher and School Leader (TSL) Incentive Program. Board restricted revenue for FY 2018 has increased by \$550,000. Updates on the financial condition and outlook for the school system will continue to be provided throughout the fiscal year as economic circumstances and needs evolve and developments of legislative sessions unfold.

The Board of Education's operating budget for FY 2018 requires approval of the increase in county appropriation and approval of transfers of existing appropriations between major categories to meet instructional and support service requirements for the school year ending June 30, 2018. The Public School Laws of Maryland require County Council approval of transfers between major categories.

The resolution attached approves the increase in Federal and other restricted revenue and approves the recommended FY 2018 transfers between major categories identified in the Financial Review as of November 30, 2017, including indicated position adjustments, and authorizes the Chief Executive Officer to request County Council approval of the transfers between major categories to meet needs identified in the Review. Board of Education approval of the resolution is recommended.

**Budget Implications: \$10,783,800 (Restricted Funds)**

**Staffing Implications: 10.0 FTE (Restricted Funds)**


**School(s) Affected: ALL**

Preparation Date: November 30, 2017

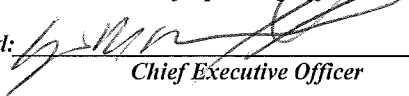
Person Preparing: John Pfister, Chief Financial Officer

Board Agenda Introduction Date (Budget Consent): February 1, 2018

Board Action Date (Budget Consent): February 1, 2018

Endorsed:   
Chief Financial Officer

Endorsed:   
Chief Operating Officer

Approved:   
Chief Executive Officer

**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;

**WHEREAS**, a review of the financial condition of the school system as of November 30, 2017, indicates that restricted expenditures are expected to exceed current appropriated restricted revenues;

**WHEREAS**, Federal revenue has increased by \$10,233,800 and Board restricted revenue has increased by \$550,000;

**WHEREAS**, expenditures that are supported by a transfer between existing appropriations total \$5.0 million; and

**WHEREAS**, the Public School Laws of Maryland require County Council approval of transfers between major categories; therefore;

**BE IT RESOLVED**, that the Board of Education approves the increase in Federal revenue for FY 2018 in the amount of \$10,223,800 and Board restricted revenue by \$550,000;

**BE IT FURTHER RESOLVED**, that the Board of Education approves the recommended FY 2018 transfers between major categories identified in the Financial Review as of November 30, 2017, including indicated position adjustments;

**FINALLY, BE IT RESOLVED**, that the Board of Education authorizes the Chief Executive Officer to request County Executive and County Council approval of the increases in existing appropriations and the required transfers between major categories identified in the Financial Review as of November 30, 2017, as summarized in the tables below.

REVENUE	FY 2018 County Council APPROVED	FY 2018 Board of Education Transfer Request	FY 2018 Board of Education REVISED	FY 2018 Financial Review Transfer Request as of 11.30.17			FY 2018 Board of Education REVISED
				Unrestricted	Restricted	Total Transfer	
Federal Sources	\$ 90,026,500	\$ -	\$ 90,026,500	\$ -	\$ 10,233,800	\$ 10,233,800	\$ 100,260,300
State Sources	1,111,076,300	-	1,111,076,300	-	-	-	1,111,076,300
Board Sources	13,159,500	-	13,159,500	-	550,000	550,000	13,709,500
County Sources	739,181,200	-	739,181,200	-	-	-	739,181,200
Fund Balance - Prior Year	22,000,000	-	22,000,000	-	-	-	22,000,000
<b>Revenue Total</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ 10,783,800</b>	<b>\$ 10,783,800</b>	<b>\$ 1,986,227,300</b>

EXPENDITURES MAJOR CATEGORIES	FY 2018 County Council APPROVED	FY 2018 Board of Education Transfer Request	FY 2018 Board of Education REVISED	FY 2018 Financial Review Transfer Request as of 11.30.17			FY 2018 Board of Education REVISED
				Unrestricted	Restricted	Total Transfer	
Administration	\$ 64,839,100	\$ (2,581,489)	\$ 62,257,611	\$ 100,000	\$ 7,912,183	\$ 8,012,183	\$ 70,269,794
Mid-Level Administration	126,137,900	(1,602,134)	124,535,766	197,400	822,500	1,019,900	125,555,666
Instructional Salaries	693,185,100	(24,226,616)	668,958,484	(153,000)	157,700	4,700	668,963,184
Textbooks and Instructional Materials	17,916,100	702,020	18,618,120	(44,400)	32,677	(11,723)	18,606,397
Other Instructional Costs	72,455,300	3,299,915	75,755,215	894,400	2,870,464	3,764,864	79,520,079
Special Education	281,943,000	(8,108,563)	273,834,437	200,000	-	200,000	274,034,437
Student Personnel Services	22,483,200	(1,851,281)	20,631,919	350,000	389,950	739,950	21,371,869
Health Services	19,776,100	63,695	19,839,795	235,500	1,500	237,000	20,076,795
Student Transportation Services	112,410,200	(6,242,357)	106,167,843	3,289,500	15,200	3,304,700	109,472,543
Operation of Plant	132,504,300	(2,516,073)	129,988,227	-	56,822	56,822	130,045,049
Maintenance of Plant	41,861,000	(2,590,352)	39,270,648	-	605,000	605,000	39,875,648
Fixed Charges	380,914,000	46,924,978	427,838,978	(5,069,400)	(2,080,196)	(7,149,596)	420,689,382
Food Services Subsidy	6,052,900	(1,726,512)	4,326,388	-	-	-	4,326,388
Community Services	2,715,300	454,769	3,170,069	-	-	-	3,170,069
Capital Outlay	250,000	-	250,000	-	-	-	250,000
<b>Expenditures Total</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ 10,783,800</b>	<b>\$ 10,783,800</b>	<b>\$ 1,986,227,300</b>

Submitted by:	Chief Financial Officer
Agenda Date:	February 1, 2018
Discussion:	
First Reader:	
Budget Consent Agenda:	February 1, 2018
Emergency:	
Amended:	
Deferred:	
Tabled:	
Approved:	

The table below provides the Financial Review Transfer request separated out from the Supplemental request that will be address under separate cover:

REVENUE	FY 2018 County Council APPROVED	FY 2018 Board of Education Transfer Request	FY 2018 Board of Education REVISED	FY 2018 Financial Review			
				Transfer Request as of 11.30.17			Restricted Supplemental
				Unrestricted	Restricted	Total Transfer	
Federal Sources	\$ 90,026,500	\$ -	\$ 90,026,500	\$ -	\$ -	\$ -	\$ 10,233,800
State Sources	1,111,076,300	-	1,111,076,300	-	-	-	-
Board Sources	13,159,500	-	13,159,500	-	-	-	550,000
County Sources	739,181,200	-	739,181,200	-	-	-	-
Fund Balance - Prior Year	22,000,000	-	22,000,000	-	-	-	-
<b>Revenue Total</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,783,800</b>

EXPENDITURES MAJOR CATEGORIES	FY 2018 County Council APPROVED	FY 2018 Board of Education Transfer Request	FY 2018 Board of Education APPROVED	FY 2018 Financial Review			
				Transfer Request as of 11.30.17			Restricted Supplemental
				Unrestricted	Restricted	Total Transfer	
Administration	\$ 64,839,100	\$ (2,581,489)	\$ 62,257,611	\$ 100,000	\$ (55,000)	\$ 45,000	\$ 7,967,183
Mid-Level Administration	126,137,900	(1,602,134)	124,535,766	197,400	822,500	1,019,900	-
Instructional Salaries	693,185,100	(24,226,616)	668,958,484	(153,000)	-	(153,000)	157,700
Textbooks and Instructional Materials	17,916,100	702,020	18,618,120	(44,400)	-	(44,400)	32,677
Other Instructional Costs	72,455,300	3,299,915	75,755,215	894,400	1,970,000	2,864,400	900,464
Special Education	281,943,000	(8,108,563)	273,834,437	200,000	-	200,000	-
Student Personnel Services	22,483,200	(1,851,281)	20,631,919	350,000	-	350,000	389,950
Health Services	19,776,100	63,695	19,839,795	235,500	-	235,500	1,500
Student Transportation Services	112,410,200	(6,242,357)	106,167,843	3,289,500	(4,000)	3,285,500	19,200
Operation of Plant	132,504,300	(2,516,073)	129,988,227	-	4,000	4,000	52,822
Maintenance of Plant	41,861,000	(2,590,352)	39,270,648	-	55,000	55,000	550,000
Fixed Charges	380,914,000	46,924,978	427,838,978	(5,069,400)	(2,792,500)	(7,861,900)	712,304
Food Services Subsidy	6,052,900	(1,726,512)	4,326,388	-	-	-	-
Community Services	2,715,300	454,769	3,170,069	-	-	-	-
Capital Outlay	250,000	-	250,000	-	-	-	-
<b>Expenditures Total</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,783,800</b>



## **FY 2018 Financial Review & Projection**

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### **OVERVIEW**

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. Review of the financial condition of the school system as of November 30, 2017, indicates that restricted expenditures are expected to exceed current appropriated restricted revenues. This financial analysis includes projections to year-end and identified a need for these required actions including submission of a request for transfers between existing appropriations in major categories

### **REVENUES**

Restricted revenue is expected to increase to include the award of two Federal grants that are not included in the FY 2018 Approved budget. The first is the Teachers and School Leaders incentive grant, valued at \$25 million over five years, and the new Title IV grant. With these increases, revenue is expected to meet current and projected expenditures through June 30, 2018.

### **UNRESTRICTED EXPENDITURES**

Unrestricted expenditures are projected to meet current appropriated revenues; however, budget realignments are necessary to meet increased expenditure requirements identified during this financial review. Factors contributing to increased expenditure requirements include an increase to support these specific areas: Student engagement & supports, the graduation audit and Student Transportation.

#### **Expenditure Requirements by State Category – Unrestricted Funds**

##### **Administration - \$100,000**

Increase requested for professional Minority Business Enterprise (MBE) services.

##### **Mid-Level Administration – \$197,400**

Increase requested is for two Academic Deans for the French Immersion Programs.

##### **Instructional Salaries & Wages – (\$153,000)**

Decrease requested is a reduction of two Program Coordinators for the French Immersion Programs.

##### **Instructional Supplies – (\$44,400)**

Decrease is based on anticipated needs.

##### **Other Instructional Costs - \$894,400**

Increase requested to support the expansion of Venture Philanthropy Partnership (VPP) Ready to Work and Youth Connect Services at Suitland, Oxon Hill and High Point High Schools. Also included is an estimated \$700,000 for the MSDE Graduation Audit.

##### **Special Education - \$200,000**

Increase requested to support special education related translations/interpretations.



**FY 2018 Financial Review & Projection**

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**Student Personnel Services - \$350,000**

Increase requested supports use of home and hospital temporary help and increased use of interpreting and translation services.

**Health Services - \$235,500**

Increase requested additional days for nurses related to immunization requirements.

**Transportation - \$3,289,500**

Increase requested supports bus driver overtime.

**Operation of Plant – \$0**

No changes.

**Maintenance – \$0**

No changes.

**Fixed Charges – (\$5,069,400)**

Decrease requested is based on a projected reduction in workers compensation expenditures.

**Food Services – \$0**

No changes.

**Community Services - \$0**

No changes.

**Capital Outlay - \$0**

No changes.

**Net Increase in Appropriation (Unrestricted Funds): \$0**

**Unrestricted Staffing changes – 0.00 FTE**

No changes.





**FY 2018 Financial Review & Projection**

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**RESTRICTED EXPENDITURES**

Realignment between state categories within existing appropriation in the anticipated restricted unallocated reserve is needed as a result of new grants and/or grant reassignments that represent the distribution of appropriated resources consistent with approved project plans for carryover grants, projected future grants, and realignments between categories of existing grants.

**Expenditure Requirements by State Category – Restricted Funds**

- Administration - \$7,912,183
- Mid-Level Administration – \$822,500
- Instructional Salaries & Wages – \$157,700
- Textbooks & Instructional Materials - \$32,677
- Other Instructional Costs – \$2,870,464
- Special Education - \$0
- Student Personnel Services – \$389,950
- Health Services – \$1,500
- Student Transportation Services - \$15,200
- Operation of Plant – \$56,822
- Maintenance of Plant– \$605,000
- Fixed Charges – (\$2,080,196)
- Food Services – \$0
- Community Services – \$0
- Capital Outlay - \$0

**Net Increase in Appropriation (Restricted Funds): \$10,783,800**

**Restricted Staffing changes – 10.00 FTE**

Administration – 10.0 FTE