

Prince George's County Board of Education

14201 School Lane • Upper Marlboro, Maryland 20772 • www.pgcps.org

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

July 6, 2020

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ADMINISTRATION

Chief Executive Officer
Monica E. Goldson, Ed.D.
Telephone: 301-952-6008

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

The Honorable Angela Alsobrooks
County Executive
Prince George's County Government
Wayne K. Curry Administration Building
1301 McCormick Drive
Largo, MD 20772

**RE: FY 2021 Board of Education Approved Operating Budget Transmittal,
Budget Certification and Maintenance of Effort Certification**

Dear County Executive Alsobrooks and Chair Turner:

Pursuant to the Education Article of the Annotated Code of Maryland, the Board of Education herewith submits its FY 2021 Approved Annual Operating Budget.

On June 25, 2020, the Board of Education adopted this budget totaling \$2,319,506,234, for both revenues and expenditures, for the fiscal year ending June 30, 2021. The overall goal of the FY 2021 Operating Budget are to support critical school-based initiatives while maintaining fiscal responsibility amid COVID-19-related revenue reductions.

Following the final FY 2021 reconciliation, the categorical totals adopted by the Board of Education differ from those adopted by the County Council. Additionally, overall revenue increased from the County Council Approved Budget to account for federal restricted COVID-19 grants as well as the Board of Education's increased use of fund balance to close the budget deficit. Attached is a copy of the Board of Education resolution adopting the FY 2021 Operating Budget.

We respectfully request approval of the below reconciling adjustments between major categories in order to align the County Council's Approved Budget with the Board of Education's Approved Budget.

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.

Expenditures	FY 2021 County Council Approved Budget	FY 2021 Board of Education Approved Budget	Required Reconciling Adjustments
Administration	90,229,400	88,810,485	(1,418,915)
Mid-Level Administration	142,869,000	145,052,729	2,183,729
Instructional Salaries & Wages	787,312,900	787,584,442	271,542
Textbooks and Instructional Materials	20,284,300	21,260,815	976,515
Other Instructional Costs	94,882,300	92,650,021	(2,232,279)
Special Education	314,579,300	322,436,030	7,856,730
Student Personnel Services	32,604,100	45,521,577	12,917,477
Student Health Services	24,549,800	24,951,102	401,302
Student Transportation Services	119,085,200	111,716,468	(7,368,732)
Operation of Plant	140,487,900	142,519,545	2,031,645
Maintenance of Plant	48,425,100	48,241,782	(183,318)
Fixed Charges	452,743,700	476,294,339	23,550,639
Food Service Subsidy	5,178,100	7,416,889	2,238,789
Community Services	4,583,000	4,775,010	192,010
Capital Outlay	323,900	275,000	(48,900)
Total Expenditures	2,278,138,000	2,319,506,234	41,368,234

Attached is the Annual Budget Certification statement, requiring signature from the County Council Chair. Please mail the signed certification along with the attached budget worksheets to the below address. For our records, please also email a copy to our Chief Financial Officer at michael.herbstman@pgcps.org:

Maryland State Department of Education
 Office of Local Financial Reporting, 7th Floor
 200 West Baltimore Street
 Baltimore, Maryland 21201-2595

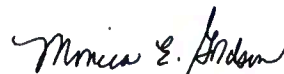
Also attached, for your records, is the signed Annual Maintenance of Effort Certification Statement.

Thank you to County Council and the County Administration for your continued support throughout this annual budget process.

Sincerely,



Alvin Thornton, Ph.D.
 Chair, Board of Education



Monica E. Goldson, Ed.D
 Chief Executive Officer

The Honorable Angela Alsobrooks
The Honorable Todd M. Turner
July 6, 2020
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Attachments

c: Members, Board of Education
Members, County Council
Mr. Major Riddick
Mr. Robert J. Williams, Jr.
Mr. David H. Van Dyke
Ms. Inez Claggett
Mr. Stanley A. Earley
Mr. William Hunt
Members, Executive Cabinet

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:** Adoption of the Fiscal Year 2021 Annual Operating Budget

Abstract and Highlights: On February 20, 2020, the Board of Education (BOE) unanimously adopted a budget totaling \$2.302 billion, for both revenues and expenditures, and submitted the budget to the County. This budget included a requested \$33.8 million above the Maintenance of Effort requirement. The final Prince George's County FY 2021 Approved Operating Budget included a BOE allocation at Maintenance of Effort, resulting in a shortfall of \$33.8 million. A projected increase in state and federal revenues of \$4.6 million was partially offset by a projected decrease in local revenue of \$1.3 million. All of these revenue changes since the BOE-Requested Budget left the budget gap at \$30.5 Million.

Changes unforeseen at the time of the BOE-Requested Budget included Pre-K Expansion Grant changes, a delay in the County Continuous Business Improvement Audit until FY 2021, a required school numbering project and revalidation of all position costs. Together these amendments resulted in a total increase of \$1.0 million, which escalated the operating gap to \$31.4 million.

Administration was compelled to invest an additional \$3.2 million in the following four critical areas for FY 2021:

- Food and Nutrition Fund Supplement: \$2.0 million
- Conditional Educator Tuition Assistance: \$0.9 million
- Purchasing Office Staffing Recommendations: \$0.3 million
- Evening School Changes: \$0.1 million

In order to reconcile the resulting \$34.6 million deficit, the Chief Executive Officer proposed the following measures to the Board of Education on June 11, 2020:

- Centralized Reductions: \$6.9 million
- Early Lease-Purchase Agreement Payments: \$12.3 million
- Savings of Fuel, Gas and Other Utilities: \$1.5 million
- Increased Lapse Savings Projection: \$5.0 million
- Increased Use of Operating Fund Balance: \$9.0 million

The CEO provided a more detailed presentation to the Operations, Budget and Fiscal Affairs (OBFA) Committee on June 15, 2020.

The attached resolution approves the Chief Executive Officer's reconciliation proposal as endorsed by the OBFA Committee during its June 22, 2020, meeting. The resolution also directs the Chief Executive Officer to distribute the final FY 2021 Approved Operating Budget amount to the appropriate major expenditure categories and to request County Council approval to transfer appropriations between categories of the FY 2021 Annual Operating Budget.

The resolution attached reflects the final FY2021 Approved Operating Budget total of \$2,319,506,234.

Budget Implications: \$2,319,506,234 (FY2021)

Staffing Implications: 19,998.09 FTE

School(s) Affected: All Schools



Preparation Date: June 24, 2020

Person Preparing: Michael Herbstman, Chief Financial Officer

Board Agenda Introduction Date (Budget Consent): June 25, 2020

Board Action Date (Budget Consent): June 25, 2020

Endorsed:

Chief Financial Officer

Endorsed:

Chief of Staff

Approved:

Chief Executive Officer

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

RESOLUTION

WHEREAS, the FY 2021 Operating Fund budget deficit stood at \$30.5 million, prior to reconciliation; and

WHEREAS, the reconciliation includes additional critical programmatic investments; and

WHEREAS, the Chief Executive Officer proposed recommendations to reconcile the budget deficit through centralized reductions, early lease-purchase agreement payments, utility savings, lapse adjustments and increased use of operating fund balance; and

WHEREAS, the Operations, Budget and Fiscal Affairs Committee included the results of the FY-21 budget reconciliation community survey in its deliberations; and

WHEREAS, the Operations, Budget and Fiscal Affairs Committee made no amendments to the proposal; and

THEREFORE, BE IT RESOLVED, that the Board of Education of Prince George's County accepts the Chief Executive Officer'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 2021 Operating Budget totaling \$2,319,506,234, for both revenues and expenditures, with major category totals outlined below; and

	FY 2019 Actual	FY 2020 Approved	FY 2021 CEO Proposed	FY 2021 Board Requested	FY 2021 Board Approved	FY 2021 Change from FY 2020 Approved
REVENUE:						
Board Sources	20,454,257	16,293,003	19,393,003	19,393,003	18,231,442	1,938,439
County Sources	763,978,719	786,469,600	849,541,236	849,621,236	815,795,000	29,325,400
Federal Sources	88,511,534	124,487,315	124,505,455	124,505,455	154,414,451	29,927,136
State Sources	1,138,095,441	1,227,872,982	1,273,705,906	1,273,705,906	1,287,369,279	59,496,297
Fund Balance - Prior Year	-	28,000,000	35,000,000	35,000,000	43,696,062	15,696,062
Total Revenue:	\$ 2,011,039,951	\$ 2,183,122,900	\$ 2,302,145,600	\$ 2,302,225,600	\$ 2,319,506,234	\$ 136,383,334

	FY 2019 Actual	FY 2020 Approved	FY 2021 CEO Proposed	FY 2021 Board Requested	FY 2021 Board Approved	FY 2021 Change from FY 2020 Approved
EXPENDITURES:						
Administration	60,131,928	87,702,853	90,535,441	90,535,441	88,810,485	1,107,632
Mid-Level Administration	125,400,733	136,984,417	143,353,613	143,353,613	145,052,729	8,068,312
Instructional Salaries	679,195,667	745,645,412	789,983,116	789,983,116	787,584,442	41,939,030
Textbooks and Instructional Materials	18,729,851	21,243,729	20,353,085	20,353,085	21,260,815	17,086
Other Instructional Costs	94,660,283	87,423,023	95,204,054	95,284,054	92,650,021	5,226,998
Special Education	285,712,742	301,992,947	315,646,160	315,646,160	322,436,030	20,443,083
Student Personnel Services	20,437,006	31,273,458	32,714,731	32,714,731	45,521,577	14,248,119
Student Health Services	17,473,865	23,580,697	24,633,084	24,633,084	24,951,102	1,370,405
Student Transportation Services	107,829,139	110,755,596	119,489,092	119,489,092	111,716,468	960,872
Operation of Plant	128,437,917	138,821,121	140,964,373	140,964,373	142,519,545	3,698,424
Maintenance of Plant	47,299,674	43,933,355	48,589,315	48,589,315	48,241,782	4,308,427
Fixed Charges	401,992,561	447,417,339	470,560,349	470,560,349	476,294,339	28,877,000
Food Service Subsidy	-	2,155,343	5,195,650	5,195,650	7,416,889	5,261,546
Community Services	3,137,128	3,868,610	4,598,537	4,598,537	4,775,010	906,400
Capital Outlay	100,000	325,000	325,000	325,000	275,000	(50,000)
Total by Category:	\$ 1,988,538,494	\$ 2,183,122,900	\$ 2,302,145,600	\$ 2,302,225,600	\$ 2,319,506,234	\$ 136,383,334

BE IT FINALLY RESOLVED, that the Chief Executive Officer is directed to request County Council approval to transfer appropriations between categories of the FY 2021 Annual Operating Budget, as hereby adopted by the Board of Education.

Submitted by:	<u>Monica E. Goldson, Ed.D., Chief Executive Officer</u>
Agenda Date:	<u>June 25, 2020</u>
Discussion:	_____
First Reader:	_____
Budget Consent Agenda:	<u>June 25, 2020</u>
Emergency:	_____
Amended:	_____
Deferred:	_____
Tabled:	_____
Approved:	_____