

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

June 25, 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 February 28, 2018**

Dear Mr. Baker and Ms. Glaros:

This letter requests authority to transfer appropriations between major expenditure categories totaling \$30,554,166 within the FY 2018 revised budget approved by the Board of Education of Prince George's County totaling \$1,986,227,300 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.

Review of the financial condition of the school system as of February 28, 2018, indicates that expenditures are expected to meet current appropriated revenues. The review has revealed necessary adjustments that will need to occur to maintain a balanced budget and ensure fiscal stability through June 30, 2018. Required actions include requests for budget realignments and transfers between existing major state 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.

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

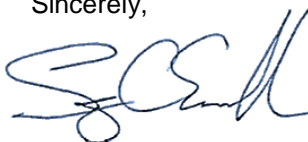
**MISSION STATEMENT**

*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.*

The Honorable Rushern L. Baker, III  
The Honorable Dannielle M. Glaros  
June 25, 2018  
Page Two

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:ct

Attachments

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

The table below provides the Financial Review Transfer request:

REVENUE	FY 2018	FY 2018	FY 2018	FY 2018	FY 2018 Financial Review			FY 2018
	County Council APPROVED	Board of Education Transfer Request 07.01.2018	Board of Education Transfer Request 11.30.2017	Board of Education REVISED Budget	Transfer Request as of 02.28.18			Board of Education REVISED (April 24, 2018)
					Unrestricted	Restricted	Total Transfer	
Federal Sources	\$ 90,026,500	\$ -	\$ 10,233,800	\$ 100,260,300	\$ -	\$ -	\$ -	\$ 100,260,300
State Sources	1,111,076,300	-	-	1,111,076,300	-	-	-	1,111,076,300
Board Sources	13,159,500	-	550,000	13,709,500	-	-	-	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>\$ 10,783,800</b>	<b>\$ 1,986,227,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,986,227,300</b>

EXPENDITURES MAJOR CATEGORIES	FY 2018	FY 2018	FY 2018	FY 2018	FY 2018 Financial Review			FY 2018
	County Council APPROVED	Board of Education Transfer Request 07.01.2018	Board of Education Transfer Request 11.30.2017	Board of Education REVISED Budget	Transfer Request as of 02.28.18			Board of Education REVISED (April 24, 2018)
					Unrestricted	Restricted	Total Transfer	
Administration	\$ 64,839,100	\$ (2,581,489)	\$ 8,012,183	\$ 70,269,794	\$ 335,500	\$ (5,911,943)	\$ (5,576,443)	\$ 64,693,351
Mid-Level Administration	126,137,900	(1,602,134)	1,019,900	125,555,666	(1,727,500)	(545,000)	(2,272,500)	123,283,166
Instructional Salaries	693,185,100	(24,226,616)	4,700	668,963,184	1,469,500	(967,000)	502,500	669,465,684
Textbooks and Instructional Materials	17,916,100	702,020	(11,723)	18,606,397	(75,700)	973,223	897,523	19,503,920
Other Instructional Costs	72,455,300	3,299,915	3,764,864	79,520,079	3,997,300	4,873,068	8,870,368	88,390,447
Special Education	281,943,000	(8,108,563)	200,000	274,034,437	5,075,600	2,770,875	7,846,475	281,880,912
Student Personnel Services	22,483,200	(1,851,281)	739,950	21,371,869	229,200	(25,071)	204,129	21,575,998
Health Services	19,776,100	63,695	237,000	20,076,795	49,500	-	49,500	20,126,295
Student Transportation Services	112,410,200	(6,242,357)	3,304,700	109,472,543	(894,500)	-	(894,500)	108,578,043
Operation of Plant	132,504,300	(2,516,073)	56,822	130,045,049	2,133,600	-	2,133,600	132,178,649
Maintenance of Plant	41,861,000	(2,590,352)	605,000	39,875,648	10,025,000	25,071	10,050,071	49,925,719
Fixed Charges	380,914,000	46,924,978	(7,149,596)	420,689,382	(17,617,500)	(1,187,000)	(18,804,500)	401,884,882
Food Services Subsidy	6,052,900	(1,726,512)	-	4,326,388	(3,000,000)	-	(3,000,000)	1,326,388
Community Services	2,715,300	454,769	-	3,170,069	-	(6,223)	(6,223)	3,163,846
Capital Outlay	250,000	-	-	250,000	-	-	-	250,000
<b>Expenditures Total</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ 10,783,800</b>	<b>\$ 1,986,227,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,986,227,300</b>

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: Fiscal Year 2018 Financial Review and Transfer as of February 28, 2018

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 February 28, 2018, indicates that expenditures are expected to remain within current appropriated 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. 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.

The Board of Education's operating budget for FY 2018 does not require increase in county appropriation, as no change in Revenue is anticipated. However, approval of transfers of existing appropriations between major categories to meet instructional and support service requirements is requested for the school year ending June 30, 2018. The Public School Laws of Maryland require Board of Education and County Council approval of transfers between major categories.

The resolution attached approves recommended FY 2018 transfers between major categories identified in the Financial Review as of February 28, 2018, 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: NONE (Adjustments Net to Zero)

Staffing Implications: 0.00 FTE


School(s) Affected: ALL

Preparation Date: \_\_\_\_\_

Person Preparing: Ifeoma Smith, Acting Director

Board Agenda Introduction Date (Budget Consent): April 24, 2018

Board Action Date (Budget Consent): April 24, 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 February 28, 2018, indicates that expenditures are expected to meet current appropriated revenues;

**WHEREAS**, no change in appropriation is requested;

**WHEREAS**, expenditures that are supported by a transfer between existing appropriations total \$30.5 million; and

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

**BE IT RESOLVED**, that the Board of Education approves the recommended FY 2018 transfers between major categories identified in the Financial Review as of February 28, 2018;

**FINALLY, BE IT RESOLVED**, that the Board of Education authorizes the Chief Executive Officer to request County Council approval of transfers between major categories identified in the Financial Review as of February 28, 2018, as summarized in the tables below.

REVENUE	FY 2018 County Council APPROVED	FY 2018 Board of Education Transfer Request 07.01.2018	FY 2018 Board of Education Transfer Request 11.30.2017	FY 2018 Board of Education REVISED Budget	FY 2018 Financial Review Transfer Request as of 02.28.18			FY 2018 Board of Education REVISED (April 24, 2018)
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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>\$ 10,783,800</b>	<b>\$ 1,986,227,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,986,227,300</b>

EXPENDITURES MAJOR CATEGORIES	FY 2018 County Council APPROVED	FY 2018 Board of Education Transfer Request 07.01.2018	FY 2018 Board of Education Transfer Request 11.30.2017	FY 2018 Board of Education REVISED Budget	FY 2018 Financial Review Transfer Request as of 02.28.18			FY 2018 Board of Education REVISED (April 24, 2018)
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Operation of Plant	132,504,300	(2,516,073)	56,822	130,045,049	2,133,600	-	2,133,600	132,178,649
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Food Services Subsidy	6,052,900	(1,726,512)	-	4,326,388	(3,000,000)	-	(3,000,000)	1,326,388
Community Services	2,715,300	454,769	-	3,170,069	-	(6,223)	(6,223)	3,163,846
Capital Outlay	250,000	-	-	250,000	-	-	-	250,000
<b>Expenditures Total</b>	<b>\$ 1,975,443,500</b>	<b>\$ -</b>	<b>\$ 10,783,800</b>	<b>\$ 1,986,227,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,986,227,300</b>

Submitted by:	<u>John Pfister, Chief Financial Officer</u>
Agenda Date:	<u>April 24, 2018</u>
Discussion:	_____
First Reader:	_____
Budget Consent Agenda:	<u>April 24, 2018</u>
Emergency:	_____
Amended:	_____
Deferred:	_____
Tabled:	_____
Approved:	_____

## **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 February 28, 2018, indicates that expenditures are expected to meet current appropriated revenues. The review has revealed necessary adjustments that will need to occur to maintain a balanced budget and ensure fiscal stability through June 30, 2018. Required actions include requests for budget realignments and transfers between existing major state categories. No further requests for transfers among major state categories is expected at this time.

### **REVENUES**

Revenues, overall, are expected to meet current and projected expenditures through June 30, 2018.

### **EXPENDITURES**

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 in requirements to support these specific areas: Special Education, Operations, and Maintenance.

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

#### **Administration - \$335,500**

Increase requested is to align expected employee leave payouts with budgeted amounts. Also included is support to replace aging communications equipment to broadcast Board meetings.

#### **Mid-Level Administration – (\$1,727,500)**

Decrease requested is based on salary lapse savings from full-time salaries.

#### **Instructional Salaries & Wages – \$1,469,500**

Increase requested supports full-time and part-time salary needs, offset by a reduction (transfer) of funds for After-School Program Supports.

#### **Instructional Supplies – (\$75,700)**

Decrease is from a reduction (transfer) of funds for After-School Program Supports and other realignments. This reduction is offset by an increase in Teacher Classroom Supplies and Textbooks.

#### **Other Instructional Costs - \$3,997,300**

Increase requested to support dual enrollment tuition, National Board Certified Teacher stipends and dedicated funds for technology needs for MGM impact schools. Also includes an increase (transfer) of funds to provide contracted After-School Program Supports.

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**FY 2018 Financial Review & Projection**

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**Special Education - \$5,075,500**

Increase requested supports reduced savings from anticipated salary lapse and part-time and hourly instructional staff needs, and nonpublic placements. Increase is also necessary to align expected employee leave payouts with budgeted amounts.

**Student Personnel Services - \$229,200**

Increase requested is to align expected employee leave payouts with budgeted amounts and other realignments.

**Health Services - \$49,500**

Increase requested supports needed health supplies.

**Transportation – (\$894,500)**

Decrease reflects a reduction in fuel for vehicles and other realignments.

**Operation of Plant – \$2,133,600**

Increase requested supports costs of custodial overtime, temporary custodians and school security needs.

**Maintenance – \$10,025,000**

Increase requested to support new water fountains in many schools, maintenance supplies, overtime, asbestos removal, emergency repairs and the purchase of temporary classrooms to reduce overcrowding.

**Fixed Charges – (\$17,617,500)**

Decrease requested is based on reduced health care, employee and teacher pension costs, workers compensation expenditures and the realignment of expected employee leave payouts.

**Food Services – (\$3,000,000)**

Decrease requested is based on a reduction of the Food Services subsidy.

**Community Services - \$0**

No Change

**Capital Outlay - \$0**

No Change

**Net Increase in Appropriation: \$0**

**Staffing changes – 0.00 FTE**

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

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

#### **Overview:**

Realignment between state categories within existing appropriation in the anticipated restricted unallocated reserve is needed as a result of 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. Adjustments also reflect the late delay in receiving the Teachers and School Leaders (TSL) Incentive grant.

#### **Realignments:**

Administration – (\$5,911,943)  
Mid-Level Administration – (\$545,000)  
Instructional Salaries & Wages – (\$967,000)  
Instructional Supplies - \$973,223  
Other Instructional Costs – \$4,873,068  
Special Education - \$2,770,875  
Student Personnel Services – (\$25,071)  
Health Services – \$0  
Transportation - \$0  
Operations – \$0  
Maintenance – \$25,071  
Fixed Charges – (\$1,187,000)  
Food Services – \$0  
Community Services – (\$6,223)  
Capital Outlay - \$0

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

#### **Restricted Staffing Change – 0.00 FTE**

None



PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
**FY 2018 Financial Review and Projection - List of Items by State Category**

*Unrestricted Funds Only*

Category	Object	Amount
Administration	Communications	43,071
	Employee Leave Payments	400,000
	Other Realignments	(107,571)
	<b>Administration Total</b>	<b>\$ 335,500</b>
Mid-Level Administration	Salary Lapse - increased savings	\$ (1,727,544)
	Other Realignments	44
	<b>Mid-Level Administration Total</b>	<b>\$ (1,727,500)</b>
Instructional Salaries & Wages	Full-time salary	\$ 1,469,537
	After School Program Supports	(2,440,764)
	Part-time & Hourly Instructional Wages	2,400,000
	Other Realignments	40,727
	<b>Instructional Salaries &amp; Wages Total</b>	<b>\$ 1,469,500</b>
Instructional Supplies & Materials	Classroom Teacher Supplies & Textbooks	\$ 100,940
	After School Program Supports	(60,000)
	Other Realignments	(116,640)
	<b>Instructional Supplies &amp; Materials Total</b>	<b>\$ (75,700)</b>
Other Instructional Costs	After School Program Supports	\$ 3,034,274
	Dual Enrollment Tuition	350,577
	National Board Certified Stipends	62,479
	Technology for Schools - MGM Impact Area funds	550,000
	Other Realignments	(30)
	<b>Other Instructional Costs Total</b>	<b>\$ 3,997,300</b>
Special Education	Salary Lapse - decreased savings	\$ 773,436
	Part-time & Hourly Instructional wages	295,139
	Employee Leave Payments	700,000
	Nonpublic Placements	3,306,960
	Other Realignments	65
	<b>Special Education Total</b>	<b>\$ 5,075,600</b>
Student Personnel Services	Employee Leave Payments	200,000
	Other Realignments	29,200
	<b>Student Personnel Services Total</b>	<b>\$ 229,200</b>
Health Services	Other Realignments	\$ 49,500
<b>Health Services Total</b>		<b>\$ 49,500</b>
Transportation	Fuel	\$ (894,552)
	Other Realignments	52
	<b>Transportation Total</b>	<b>\$ (894,500)</b>
Operation of Plant	Part-time / Temporary Custodians	1,883,634
	School Security	250,000
	Other Realignments	(34)
	<b>Operation of Plant Total</b>	<b>\$ 2,133,600</b>
Maintenance of Plant	Water Fountains	250,000
	Temporary Buildings	3,000,000
	Maintenance	6,775,000
	Other Realignments	-
	<b>Maintenance of Plant Total</b>	<b>\$ 10,025,000</b>

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
**FY 2018 Financial Review and Projection - List of Items by State Category**

*Unrestricted Funds Only*

Category	Object	Amount
Fixed Charges	Health Care	(5,000,000)
	Teacher and Employee Pension	(5,000,000)
	Employee Leave Payments	(4,275,000)
	Worker's Compensation	(3,342,475)
	Other Realignments	(25)
<b>Fixed Charges Total</b>		<b>\$ (17,617,500)</b>
Food Services	Food Services subsidy reduction	\$ (3,000,000)
	Other Realignments	-
<b>Food Services Total</b>		<b>\$ (3,000,000)</b>
Community Services	<i>No changes</i>	\$ -
	<b>Community Services Total</b>	
Capital Outlay	<i>No changes</i>	\$ 0
	<b>Capital Outlay Total</b>	
<b>TOTAL TRANSFER REQUEST</b>		<b>\$ 0</b>