

Board Action Summary

An Outline of the Interim Superintendent's Recommendation to the Board of Education

New Program: Yes No X

Modified Program: Yes X No

Subject: Adoption of the FY 2027 Board of Education Approved Operating Budget

Abstract and Highlights: On February 26, 2026, the Board of Education adopted the FY 2027 Board of Education Requested Operating Budget totaling \$3,021,664,860, 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 unrestricted revenue assumptions;
- Differences in the County Council's final operating budget;
- Updates to budget assumptions and reconciling items; and
- Changes to restricted funds (grants).

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

Updated Revenue Assumptions

Regarding the FY 2027 Board of Education Requested Operating Budget, the final approved unrestricted revenues reflect a net change of \$54.1 million, primarily attributed to the following factors:

1. A \$0.5M increase in the State and local share of State Aid funding for Foundation, Comparable Wage Index, and Transportation. This adjustment follows an MSDE immunization waiver for 44 students, which increased the total enrollment count as of September 30, 2025, from 125,854 to 125,898.
2. A \$1.9M decrease in State Nonpublic Placement revenue, resulting from a legislative shift in the cost-sharing ratio between the State and the County from 60/40 to a 50/50 split, enacted during the 2025 General Assembly session.
3. A \$2.3M reduction in the State and local share of Blueprint funding for Pre-Kindergarten, driven by a legislative adjustment to the Tier II Pre-K upper federal poverty level range (shifting from 600% to 450%) and the discontinuation of reclassifying Tier II eligible students—specifically those with disabilities or multilingual learners—to the higher per-pupil funding Tier I category.
4. A \$50 million reduction in the County Contribution relative to the Board of Education's requested budget, as the approved County budget did not include the request to fully fund essential services and critical accelerants.
5. A \$1.1 million reduction in Education Effort, which measures local education funding requirements relative to the County's fiscal capacity. This decrease stems from a reduction in the State-calculated Total Program Local Share; because this effort is determined by dividing the local share by County wealth, the lower local share produces a reduced effort ratio. This reflects the mechanics of the Blueprint wealth-equalization formula rather than a reduction in local commitment beyond the requirements of said formula.

Differences in the County Council's Final Operating Budget

The FY 2027 County Council Approved Budget allocates \$969,076,600 in direct county funding to the school district, which represents a reduction of \$49.8 million compared to the Board of Education's original request of \$1,018,922,919. This variance is primarily attributable to the County not including the Board's requested \$50 million in additional operating support for essential services, mandatory cost increases, and strategic priorities.

Separately, the County has proposed allocating \$20 million within its Non-Departmental budget to pay a portion of PGCPs' teacher retirement obligations on behalf of the school district. However, this \$20 million is not included as direct operating revenue in the Board's approved operating budget and remains subject to final County Council approval through separate supplemental budget action. Accordingly, while the proposed County payment would help offset a required PGCPs cost, it should not be treated as finalized revenue or available budget authority until the supplemental appropriation is fully approved and legally confirmed.

Updates to Budget Assumptions and Reconciling Items

To reconcile the operating budget with updated revenue projections and the County Council's final appropriation, total budgeted expenditures have been reduced by \$54.1 million, perfectly offsetting the revenue adjustments and ensuring a structurally balanced budget for FY 2027. This balancing strategy was achieved through targeted operational efficiencies, strategic deferrals, and structural realignments, broken down as follows:

1. *Targeted Operational and Divisional Reductions (\$19.1M)*: A comprehensive review of expenditure categories across all school system divisions was executed for operational efficiency without directly impacting classroom instruction. These consolidation efforts yielded a gross expenditure reduction of \$19.1 million, distributed across the following functional areas:
 - a. Contracted & Professional Services (\$10.2M)
 - b. Facilities, Operations & Security (\$5.9M)
 - c. Personnel, Professional Development & Supplemental Pay (\$1.4M)
 - d. Materials, Supplies & Equipment (\$1.4M)
 - e. Travel, Transportation & Meetings (\$0.2M)
2. *Strategic OPEB Funding Deferral (\$15M)*: Due to immediate fiscal constraints and the necessity of maintaining balanced operations, the initial \$15 million expenditure allocation designated for Other Post-Employment Benefits (OPEB) has been deferred for FY 2027. The district will closely monitor close-out expenditure trends throughout the fiscal year to identify potential savings that subsequently may be redirected toward this obligation.
3. *Teacher Retirement Obligation Realignment (\$20M)*: In alignment with the County's proposed \$20 million allocation within its Non-Departmental budget to pay a portion of the district's teacher retirement obligation, the corresponding internal expenditure line item within the FY 2027 Approved Operating Budget has been reduced by \$20 million. This realignment allows the district to reallocate those funds toward other essential expenses; however, the County's \$20 million payment remains subject to final County Council approval through separate supplemental budget action. As such, these funds should not be considered fully available until the supplemental appropriation is enacted and the County payment is legally confirmed.

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

New information on Federal and State grants has become available since the Board of Education passed its Requested Budget on February 26, 2026. Restricted changes of \$16.7M reflect increases across all funding sources as detailed below:

Federal Grants (\$8.7M increase)

- Increase in Title I (Part A & CSI): \$7.4M
- Addition of Federal Tax Credit from Geothermal Systems Installation: \$3.7M
- Net decrease across Title II, III and IV grants: (\$0.7M)
- Net decrease across Special Education grant funds: (\$0.1M)
- Reduction in the reserve for future federal grants: (\$1.6M)

State Grants (\$5.9M increase)

- Increase in state share of Career Ladder funding due to updated 1st Renewal enrollment count: \$0.6M
- Increase in Concentration of Poverty Grant carryover (Personnel and Per Pupil): \$2.0M
- Addition of anticipated MEA grants for electric school buses and geothermal systems: \$3.3M

County Grants (\$0.4M increase)

- Increase in county share of Career Ladder funding due to updated 1st Renewal enrollment count: \$0.4M

Board Grants (\$1.7M increase)

- Addition of anticipated rebates from geothermal system installation across various school sites: \$1.7M

Summary of All Actions

The chart below summarizes all reconciling items totaling \$37,371,407 between the *FY 2027 Board of Education Requested Operating Budget* and the *FY 2027 Board of Education Approved Operating Budget*.

REVENUE	FY27		Total		County			Total	
	Requested Revenue	County & State Change	Unrestricted Change	Contribution (Restricted Use)	Federal Grants	State Grants	Board Grants	Restricted Change	FY27 Approved Revenue
Federal	117,505,777	-	-	-	8,654,373	-	-	8,654,373	126,160,150
State	1,828,226,073	(3,809,234)	(3,809,234)	-	-	5,924,457	-	5,924,457	1,830,341,296
Board	32,010,091	-	-	-	-	-	1,705,316	1,705,316	33,715,407
County	1,018,922,919	(50,251,073)	(50,251,073)	404,754	-	-	-	404,754	969,076,600
PY Fund Balance	25,000,000	-	-	-	-	-	-	-	25,000,000
Total	3,021,664,860	(54,060,307)	(54,060,307)	404,754	8,654,373	5,924,457	1,705,316	16,688,900	2,984,293,453

EXPENDITURES	FY27 Requested Budget		Total		County			Total	
	Requested Budget	Change	Unrestricted Change	Contribution (Restricted Use)	Federal Grants	State Grants	Board Grants	Restricted Change	FY27 Approved Revenue
FY27 Requested Budget	3,021,664,860								3,021,664,860
Contracted & Professional services			(10,198,054)						(10,198,054)
Facilities, Operations & Security			(5,870,375)						(5,870,375)
Personnel, Professional Development & Supplemental Pay			(1,452,185)						(1,452,185)
Materials, Supplies & Equipment			(1,366,175)						(1,366,175)
Travel, Transportation & Meetings			(173,518)						(173,518)
Other Post-Employment Benefits			(15,000,000)						(15,000,000)
Teacher Retirement Payment			(20,000,000)						(20,000,000)
College & Career Readiness-County				(1,119)		1,119		-	-
Career Ladder-County				405,890		586,110		992,000	992,000
Blueprint Coordinator				(17)		17		-	-
Entitlement Grants (Title I, II, IV)					6,869,798			6,869,798	6,869,798
MEA Grants						3,292,900		3,292,900	3,292,900
Special Education Grants					(342,029)			(342,029)	(342,029)
Other Federal Awards					3,769,691			3,769,691	3,769,691
Concentration of Poverty Grant Carryover (Per Pupil)						1,925,661		1,925,661	1,925,661
SPED CLIG Blueprint for MD Grant						36,126		36,126	36,126
Concentration of Poverty Grant Carryover (Personnel)						82,524		82,524	82,524
Reserve for Future Grants					(1,643,087)		1,705,316	62,229	62,229
Total Reconciling Adjustments			(54,060,307)	404,754	8,654,373	5,924,457	1,705,316	16,688,900	(37,371,407)
FY27 Approved Operating Budget									2,984,293,453

Budget Implications: \$2,984,293,453 (FY 2027 Operating)

Staffing Implications: 19,878.57 FTE (Operating)

School(s) Affected: All

Preparation Date: June 23, 2026


Person Preparing: Shavonne Smith, Director of Budget & Management Services

Board Agenda Introduction Date (Consent): June 25, 2026

Board Action Date (Consent): June 25, 2026

Endorsed: 
Chief Financial Officer

Endorsed: 
Chief of Staff

Approved: 
Interim Superintendent of Schools

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

RESOLUTION

WHEREAS, on February 26, 2026, the Board of Education adopted the FY 2027 Board of Education Requested Operating Budget totaling \$3,021,664,860, 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 2027 Board of Education Approved Operating Budget totaling \$2,984,293,453, for both revenues and expenditures, with major category totals outlined below; and

Expenditures by Category	FY 2025 Actual	FY 2026 Approved	FY 2026 Revised	FY 2027 Proposed	FY 2027 Requested	FY 2027 Approved	FY 2027	FY 2027	FY 2027
							Change from FY2026 Revised Unrestricted	Change from FY2026 Revised Restricted	Change from FY 2026 Revised Total
Administration	\$ 89,797,009	\$ 104,559,702	\$ 99,475,333	\$ 98,661,851	\$98,661,851	\$ 102,807,906	\$ 6,542,854	\$ (3,210,281)	\$ 3,332,573
Mid-Level Administration	187,518,889	199,067,814	197,304,459	207,911,557	\$207,911,557	\$ 206,371,481	\$ 5,895,095	\$ 3,171,927	\$ 9,067,022
Instructional Salaries	916,631,188	994,116,265	1,001,925,011	1,004,918,814	\$1,013,059,014	\$ 1,006,431,705	\$ (7,763,150)	\$ 12,269,844	\$ 4,506,694
Textbooks & Instructional Materials	51,098,225	52,704,964	53,029,423	44,066,305	\$47,150,508	\$ 43,739,123	\$ (1,714,813)	\$ (7,575,487)	\$ (9,290,300)
Other Instructional Costs	208,418,165	165,992,352	172,297,449	174,806,550	\$175,229,376	\$ 164,683,508	\$ (1,146,507)	\$ (6,467,434)	\$ (7,613,941)
Special Education	342,879,949	374,731,540	384,550,790	397,313,966	\$400,425,762	\$ 400,316,864	\$ 8,370,247	\$ 7,395,827	\$ 15,766,074
Student Personnel Services	55,379,498	78,030,250	68,406,347	64,555,789	\$72,462,639	\$ 75,733,562	\$ (13,751,695)	\$ 21,078,910	\$ 7,327,215
Student Health Services	56,386,063	49,236,050	60,046,614	50,066,223	\$50,066,223	\$ 39,369,968	\$ (3,470,585)	\$ (17,206,061)	\$ (20,676,646)
Student Transportation Services	145,122,617	141,516,735	139,759,411	139,347,354	\$139,347,354	\$ 135,230,964	\$ (6,010,540)	\$ 1,482,093	\$ (4,528,447)
Operation of Plant	156,734,590	162,417,903	166,162,868	172,528,175	\$172,528,175	\$ 169,161,348	\$ 1,877,833	\$ 1,120,647	\$ 2,998,480
Maintenance of Plant	62,016,920	69,871,167	68,322,828	57,664,023	\$57,664,023	\$ 57,904,344	\$ (12,648,399)	\$ 2,229,915	\$ (10,418,484)
Fixed Charges	529,342,910	534,418,447	541,167,707	550,651,842	\$554,002,814	\$ 546,364,174	\$ 1,919,154	\$ 3,277,313	\$ 5,196,467
Food Services	555,408	835,524	1,009,000	749,283	\$1,575,983	\$ 749,283	\$ (259,717)	\$ -	\$ (259,717)
Community Services	4,410,356	6,206,938	5,547,016	4,576,058	\$4,579,581	\$ 4,659,532	\$ (673,620)	\$ (213,864)	\$ (887,484)
Capital Outlay	42,133,317	27,000,000	30,754,957	27,000,000	\$27,000,000	\$ 30,769,691	\$ -	\$ 14,734	\$ 14,734
Total Expenditures by Category:	\$ 2,848,425,104	\$ 2,960,705,651	\$ 2,989,759,213	\$ 2,994,817,789	\$ 3,021,664,860	\$ 2,984,293,453	\$ (22,833,843)	\$ 17,368,083	\$ (5,465,760)

Revenues by Category	FY 2025 Actual	FY 2026 Approved	FY 2026 Revised	FY 2027 Proposed	FY 2027 Requested	FY 2027 Approved	FY 2027	FY 2027	FY 2027
							Change from FY2026 Revised Unrestricted	Change from FY2026 Revised Restricted	Change from FY 2026 Revised Total
Board Sources	\$ 39,595,204	\$ 31,575,391	\$ 31,575,391	\$ 32,010,091	\$ 32,010,091	\$ 33,715,407	\$ -	\$ 2,140,016	\$ 2,140,016
County Sources	910,110,809	969,590,100	\$ 965,232,535	1,010,793,303	1,018,922,919	969,076,600	\$ 6,152,379	\$ (2,308,315)	\$ 3,844,064
Federal Sources	178,847,497	137,579,433	\$ 137,579,433	117,505,777	117,505,777	126,160,150	\$ -	\$ (11,419,283)	\$ (11,419,283)
State Sources	1,588,293,224	1,726,960,727	\$ 1,721,576,861	1,809,508,618	1,828,226,073	1,830,341,297	\$ 79,808,771	\$ 28,955,665	\$ 108,764,436
Use of Fund Balance	-	95,000,000	\$ 133,794,993	25,000,000	25,000,000	25,000,000	\$ (108,794,993)	\$ -	\$ (108,794,993)
Total Revenue by Category:	\$ 2,716,846,734	\$ 2,960,705,651	\$ 2,989,759,213	\$ 2,994,817,789	\$ 3,021,664,860	\$ 2,984,293,453	\$ (22,833,843)	\$ 17,368,083	\$ (5,465,760)

BE IT FINALLY RESOLVED, that the Board of Education of Prince George's County directs the Interim Superintendent to submit the FY 2027 Board of Education Approved Operating Budget to the County Council.

Submitted by:	<u>Dr. Shawn Joseph, Interim Superintendent</u>
Prepared by:	<u>Shavonne Smith, Director of Budget & Management Services</u>
Agenda Date:	<u>June 25, 2026</u>
Discussion:	_____
Consent Agenda:	<u>June 25, 2026</u>
Emergency:	_____
Amended:	_____
Deferred:	_____
Tabled:	_____
Approved by the Board:	_____