




THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations


June 24, 2022

MEMORANDUM

TO: Calvin S. Hawkins, II, Chair
Prince George's County Council

THRU: Turkessa M. Green 
County Auditor

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Arian Albear 
Legislative Budget and Policy Analyst

RE: Board of Education FY 2022 Financial Review #2.

The Board of Education (BOE) requests authority to transfer appropriated funds between major expenditure categories to maintain a balanced budget and ensure fiscal stability through the end of the fiscal year and to reconcile the FY 2023 Operating Budget. Total revenue and expenditures remain at \$2,775,176,835. This is \$431,944,435 more than the original County Council Approved FY 2022 Budget due to the receipt of additional State and Federal funding.

To bridge the Operating Budget deficit for FY 2022, Prince George's County Public Schools (PGCPS) has undertaken steps to close the gap in funding. Among these is the repurposing of \$38 million in salary lapse recoveries as early payments of three lease-purchase agreements that originally supported the purchase of buses, textbooks, and technology in FY 2019 and FY 2020 together with the FY 2011 Energy Performance Management Agreement. These early payoffs reduce the FY 2023 liabilities in the operating budget.

An analysis of Appendix A and Appendix B indicates that explanations provided for the request appear reasonable and savings are strategically used to prepay future costs. If approved, \$38,051,564 in funds will be shifted from "Lapse Recovery" to "Forward Funding Close Budget Gap." The overall Operating Budget will remain balanced. Specific details of the transfer request between major expenditure categories are detailed within the attached documents labeled Appendix A: Itemized Changes and Narrative Explanations and Appendix B: Sources and Uses of Funds by State Category provided by PGCPS staff.

Exhibit A shows summarized details of the current FY 2022 County Council Approved Budget, the FY 2022 Board of Education Approved Operating Budget – by revenue and expenditure categories, a summary of the Board of Education transfer request as of June 9, 2022, and the resulting anticipated major expenditure category appropriation totals should the County Council approve this transfer request.

If you require additional information or have questions, please contact me

Appendix A: Itemized Changes and Narrative Explanations

Sources and Uses of Funds	Amount	Narrative Explanation
Budget Reduction		
Lapse Recovery	(38,051,564)	Use of a portion of lapse recovery across from all departments and schools. These savings are full-time salary and benefits that go unspent throughout the year due to turnover and vacancies.
Budget Reduction Total	(38,051,564)	
Early Pay-Off of Lease Purchase		
Forward Funding Close Budget Gap	38,051,564	Supports the early payment of three-lease-purchase-agreements. These lease agreements originally supported the purchase of Buses, Textbooks and Technology in FY 2019 and FY 2020 as well as the FY 2011 Energy Performance Management Agreement. The early pay-off of these agreements reduces the liability in the FY 2023 Operating budget.
Early Pay-Off of Lease Purchase Total	38,051,564	
Other Items		
Intra Project Realignment	-	At the beginning of FY 2022, the ESSER II estimate represented the approved budget at that time and the ESSER III budget represented a draft application. The amendment and application changes dedicated significant unanticipated funding primarily to Other Instructional Services for projects to mitigate the impact of interrupted instruction and to Capital Outlay for air-quality improvement projects in schools.
Other Items Total	-	
Grand Total	-	

Appendix B: Sources and Uses of Funds by State Category

Sources and Uses of Funds	01 Administration	02 Mid-Level Administration	03 Instructional Salaries	04 Textbooks & Instructional Materials	05 Other Instructional Costs	06 Special Education	07 Student Personnel Services	08 Student Health Services	09 Student Transportation Services	10 Operation of Plant Services	11 Maintenance of Plant	12 Fixed Charges	13 Food Services	14 Community Services	15 Capital Outlay	Grand Total
Budget Reduction			(38,051,564)													(38,051,564)
Lapse Recovery			(38,051,564)													(38,051,564)
Early Pay-Out of Lease Purchase					14,638,637				8,877,147	14,555,780						38,051,564
Forward Funding Close Budget Gap					14,638,637				8,877,147	14,555,780						38,051,564
Other Items	(5,668,234)	(132,615)	(11,924,676)	(2,084,894)	6,870,087	(62,500)	(13,501,400)	(273,101)	(1,022,821)	(3,370,066)	737,834	(19,118,037)	(50,000)		49,539,894	-
Inter-Project Realignment	(5,668,234)	(132,615)	(11,924,676)	(2,084,894)	6,870,087	(62,500)	(13,501,400)	(273,101)	(1,022,821)	(3,370,066)	737,834	(19,118,037)	(50,000)		49,539,894	-
Grand Total	(5,668,234)	(132,615)	(49,976,240)	(2,084,894)	21,488,724	(62,500)	(13,501,400)	(273,101)	7,854,485	11,185,714	737,834	(19,118,037)	(50,000)	-	-	-

Exhibit A

Prince George's County Board of Education
FY 2022 Financial Review Transfer Request #2

Revenue Category	FY 2022 County Council APPROVED	FY 2022 Board of Education REVISED <i>(March 24, 2022)</i>	FY 2022 Financial Review Transfer Request			FY 2022 Board of Education REVISED APPROVED Totals <i>(March 24, 2022)</i>
			Unrestricted	Restricted	Total Transfer	
Board Sources	\$ 18,231,500	\$ 18,231,442	\$ -	\$ -	\$ -	\$ 18,231,442
County Sources	816,947,300	816,947,300	-	-	-	816,947,300
Federal Sources	126,413,400	574,278,154	-	-	-	574,278,154
State Sources	1,297,704,500	1,281,784,203	-	-	-	1,281,784,203
Use of Fund Balance	83,935,700	83,935,736	-	-	-	83,935,736
Revenue Total	\$ 2,343,232,400	\$ 2,775,176,835	\$ -	\$ -	\$ -	\$ 2,775,176,835

Expenditures Major Categories	FY 2022 County Council APPROVED	FY 2022 Board of Education REVISED <i>(March 24, 2022)</i>	FY 2022 Financial Review Transfer Request			FY 2022 Board of Education REVISED <i>(June 9, 2022)</i>
			Unrestricted	Restricted	Total Transfer	
Administration	\$ 67,309,000	\$ 97,415,730	\$ (108,234)	\$ (5,500,000)	\$ (5,608,234)	\$ 91,807,496
Mid-Level Administration	149,580,900	160,264,564	(132,615)	-	(132,615)	\$ 160,131,949
Instructional Salaries	806,240,500	896,790,603	(42,976,240)	(7,000,000)	(49,976,240)	\$ 846,814,363
Textbooks & Instructional Materials	21,716,800	82,074,260	175,000	(2,259,894)	(2,084,894)	\$ 79,989,366
Other Instructional Costs	88,813,900	180,340,220	21,488,724	-	21,488,724	\$ 201,828,944
Special Education	325,333,300	365,342,307	(62,500)	-	(62,500)	\$ 365,279,807
Student Personnel Services	38,589,400	57,998,242	(101,400)	(13,400,000)	(13,501,400)	\$ 44,496,842
Student Health Services	22,604,800	75,339,577	(273,101)	-	(273,101)	\$ 75,066,476
Student Transportation Services	107,102,100	121,556,983	8,344,855	(490,000)	7,854,855	\$ 129,411,838
Operation of Plant	133,915,000	152,615,658	14,685,714	(3,500,000)	11,185,714	\$ 163,801,372
Maintenance of Plant	53,100,500	59,329,532	737,834	-	737,834	\$ 60,067,366
Fixed Charges	499,325,300	500,126,310	(1,728,037)	(17,390,000)	(19,118,037)	\$ 481,008,273
Food Services	8,686,000	6,008,085	(50,000)	-	(50,000)	\$ 5,958,085
Community Services	5,664,900	4,724,764	-	-	-	\$ 4,724,764
Capital Outlay & Public Private Partnerships	15,250,000	15,250,000	-	49,539,894	49,539,894	\$ 64,789,894
Total Expenditures	\$ 2,343,232,400	\$ 2,775,176,835	\$ -	\$ -	\$ -	\$ 2,775,176,835