

# 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:** Adoption of the FY 2024 Board of Education Approved Operating Budget

**Abstract and Highlights:** On February 23, 2023, the Board of Education adopted the *FY 2024 Board of Education Requested Operating Budget* totaling \$2,788,334,755, 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:

- updates for budget assumptions and reconciling items;
- differences in the County Council's final operating budget;
- a minor shift in the Educational Effort from the County to the State;
- changes to State restricted funds (grants);

Note: MSDE has not transmitted the final state aid update to local school boards.

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

### Updates to Budget Assumptions and Reconciling Items

To improve the accuracy of projections, updates to the estimated expenditures that were initially used to develop the CEO's Proposed Operating Budget and reflected in the BOE Requested Budget are necessary as the new fiscal year approaches and better assumptions become available to meet the operational requirements of the school system. Reconciling adjustments totaling \$4,046,175 include:

1. Time to Care Act of 2022 requires all employers in the State to offer paid family and medical leave with full implementation required by January 2025. This act was amended during the 2023 Session pushing full implementation to January 2026. The placeholder of \$5,000,000 in the BOE Requested Budget has been reallocated to help close the budget deficit resulting from reconciling adjustments.
2. Special Education ECC Expansion was planned for two sites in the CEO's proposed budget, Cool Spring and Cora Rice Elementary Schools. However, Cool Spring Elementary is no longer a viable option for FY 2024. The funds earmarked for two sites in the BOE Requested Budget have been adjusted down to support what is required for Cora Rice Elementary School. The remaining funds from the second site have been reallocated to help close the budget deficit resulting from reconciling adjustments.
3. During the requested budget cycle, funding for additional student supports totaling \$16,426,673 was added to the CEO's Proposed Budget due to an increase in Compensatory Education revenue. These additional resources were earmarked for academic interventions, technology based instructional materials for teachers and students, virtual learning opportunities to augment in person instructional delivery, as well as mental health supports for students. An additional \$3,666,789 was added as a reconciling item to support these efforts being provided through our Summer School programming.

4. A \$5,000,000 placeholder is in the BOE Requested Budget to support, staff and resources needed for the six new middle schools opening in FY 2024. An additional reconciling adjustment of \$2,054,202 is needed for equipment and supplies, custodial staff, security counselors and assistants.
5. A reconciling adjustment was added to complete the second phase of installing security enhancement equipment at all of our high schools and eight middle schools in fiscal year 2024. Approximately \$969K will be covered by our existing ESSER III grant, with the remaining to be covered by Maryland's School Safety grants (\$1.1M) and general unrestricted funds (\$1.4M).
6. An increase in the lease-purchase estimate of \$1,050,043 is required due to the textbook adoption for mathematics, which came in higher than the projection currently reflected in the BOE Requested Budget.
7. To mitigate the need for an early financial review, operational reserves of \$1,024,791 have been set aside to support budget changes anticipated at the beginning of the fiscal year.
8. Reconciling adjustments totaling \$2.2M have been added for various changes in budget assumptions since the CEO's proposed budget was initially developed, including a pilot to outsource trash collection services as outlined in our Climate Change Action Plan, re-validated cost estimates for position changes, annual licensing costs for the Frontline Applicant tracking system implemented in FY 2023 and other minor adjustments.

### **Differences in the County Council's Final Operating Budget**

The FY 2024 County Council Approved Budget included \$943,054,800 in County Sources for schools. This was above the Board of Education Requested amount of \$931,609,554 due to higher energy & telecommunications tax revenue.

Of the \$11,445,446 increase in County Revenue, \$7,660,400 is restricted for the repair, maintenance and testing of Artificial Turf Athletic Fields (ATAFs) at nine designated high schools, as well as renovations of other school facilities. Beginning in FY 2024, Prince George's County Public Schools (PGCPS) and the Maryland-National Capital Parks & Planning Commission (M-NCPPC) will jointly use the ATAFs, as well as facilities. These one-time funds are restricted for use by PGCPS over the next two fiscal years. Effective July 1, 2025, the financial responsibility for maintenance transitions over M-NCPPC.

The remaining \$3,785,046 in the additional County contribution will be used to close the gap for the reconciling items outlined earlier.

### **Minor shift in the Educational Effort from the County to the State**

The Education Effort adjustment is a contribution from the State to help County government with the local share of the major state aid programs as outlined in the Blueprint legislation. There was a small adjustment in the last state revenue update, which increased this contribution from the State by approximately \$261K, reducing the County's local share by the same amount.

### **Changes to State Restricted Funds (Grants)**

New information on some State grants has become available since the Board of Education passed its Requested Budget on February 23, 2023:

1. The Governor's FY approved 2024 budget appropriates funding for a bonus of \$500 for each non-certificated education support professional. The estimated grant amount is \$3,433,000.

2. Three separate grants under Maryland's Safe Schools program totaling \$1,829,973 have been added in the FY 2024 restricted budget based on an update received from the Maryland Center for School Safety. A portion of these funds, 1.1M, will go towards phase two of the Security Enhancement Equipment installation referenced earlier.
3. As we near the end of this fiscal year, we are anticipating the carryover of unspent grant funds for Concentration of Poverty (COP) personnel and per pupil and Transitional Supplemental Instruction that will be available to use in FY 2024.
4. The State aid update provided by MSDE for the Board of Education Requested Budget erroneously included a COP personnel grant for Tall Oaks, which is no longer a school for FY 2024. An adjustment has been made to remove the funding.

## **Summary of All Actions**

The below chart summarizes all reconciling items totaling \$22,871,726 between the *FY 2024 Board of Education Requested Operating Budget* and the *FY 2024 Board of Education Approved Operating Budget*.

REVENUE	FY24 Requested Revenue	Educational Effort	Additional County Contribution	Total Unrestricted Change	County Contribution (Restricted Use)	Additional State Grants	Carryover Grant Funds	Total Restricted Change	FY24 Approved Revenue
Federal	231,738,135	-	-	-	-	-	-	-	231,738,135
State	1,543,631,214	261,129	-	261,129	-	5,262,974	5,902,177	11,165,151	1,555,057,494
Board	11,356,052	-	-	-	-	-	-	-	11,356,052
County	931,609,354	(261,129)	4,046,175	3,785,046	7,660,400	-	-	7,660,400	943,054,800
PY Fund Balance	70,000,000	-	-	-	-	-	-	-	70,000,000
<b>Total</b>	<b>2,788,334,755</b>	<b>-</b>	<b>4,046,175</b>	<b>4,046,175</b>	<b>7,660,400</b>	<b>5,262,974</b>	<b>5,902,177</b>	<b>18,825,551</b>	<b>2,811,206,481</b>

  

EXPENDITURES	Total Unrestricted Change	County Contribution (Restricted Use)	Additional State Grants	Carryover Grant Funds	Total Restricted Change	FY24 Operating Budget
<b>FY 24 Requested Budget</b>		<b>2,788,334,755</b>				<b>2,788,334,755</b>
Family Paid Leave	(5,000,000)					(5,000,000)
Special Education ECC Expansion	(2,368,936)					(2,368,936)
Additional Student Supports (summer school)	3,666,789					3,666,789
New Schools Opening	2,054,202					2,054,202
Security Enhancement Equipment	1,400,000					1,400,000
Lease Purchase	1,050,043					1,050,043
Operational Reserves	1,024,791					1,024,791
Climate Change Initiative	786,509					786,509
Position revalidations	599,717					599,717
Frontline Applicant Tracking	470,000					470,000
Other minor adjustments	363,059					363,059
Repair and maintenance of PGCPs Fields & Facilities		7,660,400			7,660,400	7,660,400
Maryland Safe Schools			1,829,974		1,829,974	1,829,974
Education Support Professionals Bonus			3,433,000		3,433,000	3,433,000
Kirwan - Transitional Supplemental Instruction Carryover				225,000	225,000	225,000
Kirwan - Concentration of Poverty Grant Carryover				5,950,000	5,950,000	5,950,000
Kirwan - Concentration of Poverty (Personnel Grant)				(272,823)	(272,823)	(272,823)
<b>Total Reconciling Adjustments</b>	<b>4,046,175</b>	<b>7,660,400</b>	<b>5,262,974</b>	<b>5,902,177</b>	<b>18,825,551</b>	<b>22,871,726</b>
<b>FY24 Approved Operating Budget</b>						<b>2,811,206,481</b>

The attached resolution makes all of the changes outlined above to the *FY 2024 Board of Education Requested Operating Budget*. The resulting *FY 2024 Board of Education Approved Operating Budget* totals \$2,811,206,481 for both revenues and expenditures. The resolution also directs the Superintendent to distribute the final *FY 2024 Approved Operating Budget* amount to the appropriate major expenditure categories and to request that County Council approve these changes.

**Budget Implications:** \$2,811,206,481 (FY 2024)

**Staffing Implications:** 20,746.03 FTE

**School(s) Affected:** All Schools



*Preparation Date:* June 22, 2023

*Person Preparing:* Lisa Howell, Chief Financial Officer

*Board Agenda Introduction Date (Budget Consent):* June 22, 2023

*Board Action Date (Budget Consent):* June 22, 2023

*Endorsed:* Lisa Howell  
Chief Financial Officer

*Endorsed:* Howard A. Burnett  
Senior Advisor to the Chief Executive Officer

*Approved:* Monica E. Anderson  
Chief Executive Officer

# PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS

## Upper Marlboro, Maryland 20772

### RESOLUTION

**WHEREAS**, the On February 23, 2023, the Board of Education adopted the FY 2024 Board of Education Requested Operating Budget totaling \$2,788,334,755, 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 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 2024 Board of Education Approved Operating Budget totaling \$2,811,206,481, for both revenues and expenditures, with major category totals outlined below; and

Expenditures by Category	FY 2022 Actual	FY 2023 Approved	FY 2024 Proposed	FY 2024 Requested	FY 2024 Approved	FY 2024 Change from FY2023 Approved Unrestricted	FY 2024 Change from FY2023 Approved Restricted	FY 2024 Change from FY2023 Approved Total
Administration	\$ 82,513,031	\$ 86,682,782	\$ 88,714,145	\$ 89,194,418	\$ 91,958,555	\$ 10,439,575	\$ (5,163,802)	\$ 5,275,773
Mid-Level Administration	145,310,194	159,747,641	168,404,733	168,551,709	173,770,917	17,578,793	(3,555,517)	14,023,276
Instructional Salaries	775,768,169	867,678,434	940,147,649	943,140,155	934,229,601	66,448,474	102,693	66,551,167
Textbooks & Instructional Materials	32,553,632	62,934,167	32,926,567	42,483,119	40,191,133	6,120,649	(28,863,683)	(22,743,034)
Other Instructional Costs	174,720,228	169,167,706	153,126,383	160,680,889	166,539,545	23,903,375	(26,531,536)	(2,628,161)
Special Education	300,783,267	331,853,458	351,367,652	354,703,044	359,060,752	28,264,780	(1,057,486)	27,207,294
Student Personnel Services	29,686,044	64,972,924	63,912,161	63,912,161	67,633,916	5,687,203	(3,026,211)	2,660,992
Student Health Services	37,551,040	25,280,240	26,043,955	29,760,386	28,692,274	4,217,571	(805,537)	3,412,034
Student Transportation Services	103,557,033	115,513,933	138,165,358	141,755,735	145,156,894	26,847,278	2,795,683	29,642,961
Operation of Plant	147,176,141	164,394,263	157,388,932	157,568,932	157,710,683	8,002,567	(14,686,147)	(6,683,580)
Maintenance of Plant	53,471,277	59,591,999	65,543,152	65,543,152	74,788,851	6,915,139	8,281,713	15,196,852
Fixed Charges	456,125,718	512,545,808	526,554,107	529,207,075	531,519,483	23,424,448	(4,450,773)	18,973,675
Food Services	4,709,000	6,568,360	8,644,862	8,644,862	6,626,606	58,246	-	58,246
Community Services	1,977,553	5,582,055	6,014,120	6,014,120	6,077,271	246,349	248,867	495,216
Capital Outlay	15,187,278	27,175,000	27,175,000	27,175,000	27,250,000	75,000	-	75,000
<b>Total Expenditures by Category:</b>	<b>\$ 2,361,089,605</b>	<b>\$ 2,659,688,770</b>	<b>\$ 2,754,128,774</b>	<b>\$ 2,788,334,755</b>	<b>\$ 2,811,206,481</b>	<b>\$ 228,229,447</b>	<b>\$ (76,711,736)</b>	<b>\$ 151,517,711</b>

Revenues by Category	FY 2022 Actual	FY 2023 Approved	FY 2024 Proposed	FY 2024 Requested	FY 2024 Approved	FY 2024 Change from FY2023 Approved Unrestricted	FY 2024 Change from FY2023 Approved Restricted	FY 2024 Change from FY2023 Approved Total
Board Sources	\$ 11,436,489	\$ 12,931,442	\$ 11,356,052	\$ 11,356,052	\$ 11,356,052	\$ (1,036,866)	\$ (538,524)	(1,575,390)
County Sources	817,161,641	846,997,300	967,946,787	931,609,354	943,054,800	81,131,324	14,926,176	96,057,500
Federal Sources	230,976,260	315,921,071	231,738,135	231,738,135	231,738,135	-	(84,182,936)	(84,182,936)
State Sources	1,273,521,075	1,366,810,606	1,473,087,800	1,543,631,214	1,555,057,494	195,163,340	(6,916,452)	188,246,888
Use of Fund Balance	-	117,028,351	70,000,000	70,000,000	70,000,000	(47,028,351)	-	(47,028,351)
<b>Total Revenue by Category:</b>	<b>\$ 2,333,095,465</b>	<b>\$ 2,659,688,770</b>	<b>\$ 2,754,128,774</b>	<b>\$ 2,788,334,755</b>	<b>\$ 2,811,206,481</b>	<b>\$ 228,229,447</b>	<b>\$ (76,711,736)</b>	<b>\$ 151,517,711</b>

**BE IT FINALLY RESOLVED**, that the Board of Education directs the Chief Executive Officer to submit the FY 2024 Board of Education Approved Operating Budget to the County Council.

Submitted by:	<u>Lisa Howell, Chief Financial Officer</u>
Agenda Date:	<u>June 22, 2023</u>
Discussion:	_____
First Reader:	_____
Budget Consent Agenda:	<u>June 22, 2023</u>
Emergency:	_____
Amended:	_____
Deferred:	_____
Tabled:	_____