




THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations

June 10, 2021

MEMORANDUM

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

THRU: David H. Van Dyke 
County Auditor

FROM: Arian Albear 
Legislative Budget and Policy Analyst

RE: Board of Education FY 2021 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 2022 Operating Budget. The Board approved transmittal of this request in March; however, Legislative Branch staff requested that the transmittal be held until it could be appropriately scheduled for action after the County Council's budget review process. Total revenue and expenditures remain at the County Council Approved level of \$2,319,506,234.

To bridge the \$110.5 million Operating Budget deficit for FY 2022, Prince George's County Public Schools (PGCPS) has undertaken steps to close the gap in funding. Among these include COVID-19 pandemic-related savings including additional salary lapse due to the partial hiring freeze, utility savings, and centralized reductions. Savings will be used toward early payments to support the FY 2022 portion of the Other Post Employee Benefits (OPEB) annual contribution. Savings will also be directed to provide additional support to the Food and Nutrition Subsidy (FNS) fund which, in combination with the first financial review increase, will cover the deficit in the major category.

An analysis of Appendix A and Appendix B indicates that explanations provided for the request appear reasonable and are largely the result of reallocations needed due to the pandemic. If approved, a total of \$68,679,856 (\$21,801,651 in unrestricted funds and \$46,878,205 in restricted funds) will be shifted among the following major categories: Administration, Mid-Level Administration, Instructional Salaries, Textbooks & Instructional Materials, Other Instructional Costs, Special Education, Student Personnel Services, Health Services, Student Transportation Services, Operation of Plant, Maintenance of Plant, Fixed Charges, Food Services Subsidy, and Community Services. The overall Operating Budget will remain balanced. Specific details of the transfer request between major expenditure category 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 School System staff.

Exhibit A shows summarized details of the current FY 2021 Board of Education Approved Operating Budget – by revenue and expenditure categories, a summary of the Board of Education transfer request as of December 31, 2020, 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 Reductions		
Lapse Recovery	(4,640,974)	Use of estimated lapse recovery across all departments and schools. These savings are primarily salary and wages that go unspent throughout the year due to turnover. These are additional amounts available due to the implementation of the central office hiring freeze from October to March.
Overtime	(230,000)	Overtime savings due to reduced utilization of facilities for community use during the pandemic.
Part-Time Salaries	(5,350,000)	Systemic part-time savings due to distance learning. This savings is primarily in the areas of substitutes and dedicated aides.
Rate Adjustments	(9,000,000)	Reversal of additional funds requested in the prior Financial Review as well as a savings due to lower than anticipated expenditures for county contributions for Workmen's Compensation.
System-Wide Discretionary	(8,054,434)	Savings in systemic discretionary funds due to distance learning for students and staff during the pandemic. These savings include student activity transportation, private duty nurses and other expenditure categories deemed unnecessary during this period.
Utilities	(1,000,000)	Savings in utilities throughout Districtwide facilities due to a combination of virtual learning for students and staff working from home. This represents additional savings from the 3rd quarter of the fiscal year.
Budget Reductions Total	(28,275,408)	
Early Payment of Other Post Employee Benefits		
Other Post Employee Benefits (OPEB)	15,000,000	Early payment of the FY 2022 portion of the annual contribution toward OPEB. With this early payment, the intent is not to make any additional contributions to OPEB in FY 2022.
Early Payment of Lease Purchase Total	15,000,000	
Mandatory Costs		
Building Maintenance	3,500,000	Additional funds to support day to day operations and emergency spending requirements for contracted services, asbestos abatement and building repairs.
Mandatory Costs Total	3,500,000	
Other Items		

Appendix A: Itemized Changes and Narrative Explanations

Sources and Uses of Funds	Amount	Narrative Explanation
Food Service Subsidy	8,400,000	Additional funds to support Food and Nutrition Services due to fewer student meals being served over the pandemic. This inter-fund transfer from the general fund is needed to support continued operations and maintain stability in the fund. This \$8.4 million transfer along with the \$6.8 million contribution in the March 25, 2020 Financial Review, constitute the full \$15.2 million Food and Nutrition Fund Subsidy included in the FY 2022 CEO's Proposed Operating Budget.
Summer School	1,375,408	Additional funds to support summer school training, instructional materials and software for elementary and middle school students.
Other Items Total	9,775,408	
Intra Project Realignment		
Unrestricted Program Realignment	-	Minor transfers within initiatives to align funds categorically.
Restricted Program Realignment	-	Categorical realignment of restricted funding to account for changes in the type of grants received during the pandemic.
Intra Project Realignment Total	-	
Grand Total	-	

Appendix B: Sources and Uses of Funds by State Category

Source 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	11 Maintenance of Plant	12 Fixed Charges	13 Food Services Subsidy	14 Community Services	15 Capital Outlay	Grand Total
Budget Reductions	(979,762)															(28,275,408)
Lapse Recovery		3,654,881	(6,072,674)		(1,662,294)	(6,326,100)	(1,039,792)	(1,193,081)	(2,785,081)	(2,111,088)	500,000	(9,965,201)	(529,809)	(2,424,910)	-	(4,640,974)
Overtime		5,272,582				(150,743)	(301,066)	(65,426)	(932,241)	(1,097,204)	500,000		(436,574)	(230,000)	-	(330,000)
Part-Time Salaries			(3,150,000)			(2,200,000)										(5,350,000)
Rate Adjustments												(9,000,000)				(9,000,000)
System-Wide Discretionary	(979,762)	(1,617,701)	5,809,503		(1,662,294)	(3,975,357)	(738,726)	(1,129,655)	(1,852,840)	(13,884)		(965,201)	(93,235)	(835,282)		(8,054,434)
Utilities										(1,000,000)						(1,000,000)
Forward Funded Items												15,000,000				15,000,000
Other Post-Employee Benefits (OPEB)																
Intra Project Realignment	(15,738,344)	(1,876,706)	(7,881,510)	21,849,371	23,781,862	-	(10,515,976)	336,209	(2,095,415)	(2,041,021)	1,181,420	(6,678,890)	(320,000)	-	-	15,000,000
Unrestricted Program Realignment		(165,786)	(733,480)	4,800	263,663		(115,976)	2,794	3,979			741,526				(9,000,000)
Restricted Program Realignment	(15,738,344)	(1,710,000)	(7,148,030)	21,844,571	23,518,799	-	(10,400,000)	333,415	(2,095,415)	(2,045,000)	1,181,420	(7,421,416)	(320,000)	-	-	(8,054,434)
Mandatory Costs											3,500,000					(1,000,000)
Building Maintenance											3,500,000					3,500,000
Other Items			672,000	600,000	41,248							62,160	8,400,000			9,775,408
Food Service Subsidy			672,000	600,000	41,248							62,160	8,400,000			9,775,408
Summer School Materials																1,375,408
Grand Total	(16,718,106)	1,778,175	(10,622,681)	22,449,371	22,160,816	(6,326,100)	(11,555,768)	(856,872)	(4,880,496)	(4,152,109)	5,181,420	(1,582,911)	7,550,191	(2,424,910)	-	-

Exhibit A

**Prince George's County Board of Education
FY 2021 Financial Review Transfer Request #2
as of March 25, 2021**

Revenue Category	FY 2021 County Council REVISED APPROVED (Pending)* (03-25-2021)	FY 2021 Financial Review Transfer Request (as of 03-25-2021)			FY 2021 County Council REVISED APPROVED Totals (06-10-2021)
		Unrestricted	Restricted	Total Transfer	
Federal Sources	154,414,451	\$ -	\$ -	\$ -	\$ 154,414,451
State Sources	1,287,369,279	-	-	-	\$ 1,287,369,279
Board Sources	18,231,442	-	-	-	\$ 18,231,442
County Sources	815,795,000	-	-	-	\$ 815,795,000
Fund Balance - Prior Year	43,696,062	-	-	-	\$ 43,696,062
Revenue Totals	\$ 2,319,506,234	\$ -	\$ -	\$ -	\$ 2,319,506,234

Expenditure Major Category	FY 2021 County Council REVISED APPROVED (Pending)* (03-25-2021)	FY 2021 Financial Review Transfer Request (as of 03-25-2021)			FY 2021 County Council REVISED APPROVED Totals (06-10-2021)
		Unrestricted	Restricted	Total Transfer	
Administration	\$ 88,024,424	\$ (979,762)	\$ (15,738,344)	\$ (16,718,106)	\$ 71,306,318
Mid-Level Administration	\$ 137,866,067	\$ 3,488,175	(1,710,000)	\$ 1,778,175	139,644,242
Instructional Salaries	\$ 781,742,596	\$ (3,474,651)	(7,148,030)	\$ (10,622,681)	771,119,915
Textbooks and Instructional Materials	\$ 21,764,542	\$ 604,800	21,844,571	\$ 22,449,371	44,213,913
Other Instructional Costs	\$ 107,713,900	\$ (1,357,983)	23,518,799	\$ 22,160,816	129,874,716
Special Education	\$ 324,141,808	\$ (6,326,100)	-	\$ (6,326,100)	317,815,708
Student Personnel Services	\$ 43,314,242	\$ (1,155,768)	(10,400,000)	\$ (11,555,768)	31,758,474
Health Services	\$ 23,942,094	\$ (1,190,287)	333,415	\$ (856,872)	23,085,222
Student Transportation Services	\$ 103,964,081	\$ (2,785,081)	(2,095,415)	\$ (4,880,496)	99,083,585
Operation of Plant	\$ 144,078,173	\$ (2,107,109)	(2,045,000)	\$ (4,152,109)	139,926,064
Maintenance of Plant	\$ 46,142,406	\$ 4,000,000	1,181,420	\$ 5,181,420	51,323,826
Fixed Charges	\$ 478,151,256	\$ 5,838,485	(7,421,416)	\$ (1,582,931)	476,568,325
Food Services Subsidy	\$ 14,211,353	\$ 7,870,191	(320,000)	\$ 7,550,191	21,761,544
Community Services	\$ 4,174,292	\$ (2,424,910)	-	\$ (2,424,910)	1,749,382
Capital Outlay	\$ 275,000	\$ -	-	\$ -	275,000
Expenditure Totals	\$ 2,319,506,234	\$ -	\$ -	\$ -	\$ 2,319,506,234

* pending approval of Financial Review #1