

Prince George's County Board of Education
14201 School Lane • Upper Marlboro, Maryland 20772 • www.pgcps.org

June 20, 2017

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ADMINISTRATION

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Kevin Maxwell, Ph.D.
Telephone: 301-952-6008

The Honorable Rushern L. Baker, III
County Executive, Prince George's County

The Honorable Derrick Leon Davis
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 2017 Financial Review as of January 31, 2017

Dear Mr. Baker and Mr. Davis:

This letter requests authority to transfer appropriations between major expenditure categories totaling \$30.8 million, or 1.6%, within the FY 2017 revised operating budget approved by the Board of Education of Prince George's County totaling \$1,932,479,100 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, 2017.

Upon review of the financial condition of the school system as of January 31, 2017, expenditures are expected to remain within current available revenues. However, monitoring of revenues and spending by account managers remains a continuous process. Changes in how resources are utilized by principals and other account managers to address ever evolving instructional and academic requirements necessitates this request to approve transfer between existing revenue and expenditure appropriations in major categories.

Revenues, overall, are expected to meet current estimates which will support our adopted expenditure plan through June 30, 2017. Expenditures are projected to meet current appropriated revenues; however, realignments are necessary to meet increased expenditure requirements identified during this financial review.

This financial review contains anticipated new funding of \$1,119,000 to support the Career Academy Programs at Crossland High School, which is being shifted to appropriate state categories. All other categorical shifts are related to existing programs and it is simply balancing the 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. These actions are necessary to maintain a balanced budget and ensure fiscal stability.

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.

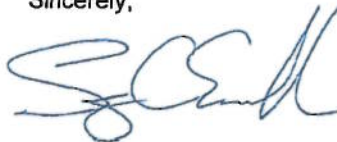
Prince George's County Public Schools

The Honorable Rushern L. Baker, III
The Honorable Derrick Leon Davis
June 20, 2017
Page Two

To the extent that category adjustments result from these actions, a request to transfer expenditure appropriations within the total budget approved by the Board of Education is submitted to the County government to support the FY 2017 operating budget.

The school system has made important progress in many areas during fiscal year 2017, 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 2017 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:rb:ct

Attachments

c: Members, County Council
Members, Board of Education
Dr. W. Wesley Watts
Mr. Raymond Brown
Mr. Robert J. Williams, Jr.
Mr. David H. Van Dyke
Ms. Amber Hendricks

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 2017 Financial Review and Transfer as of January 31, 2017

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 January 31, 2017, 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 2017 expenditure needs based on anticipated and available revenues. County revenue for FY 2017 has increased by \$1,119,000 from Video Lottery Terminal Proceeds, and are dedicated to Crossland High School's Career Academy programs. 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 and developments of legislative sessions unfold.

The Board of Education's operating budget for FY 2017 requires approval of the increase in county appropriation and approval of transfers of existing appropriations between major categories to meet instructional and support service requirements for the school year ending June 30, 2017. The Public School Laws of Maryland require County Council approval of transfers between major categories.

The resolution attached approves the increase in County appropriation and approves the recommended FY 2017 transfers between major categories identified in the Financial Review as of January 31, 2017, including indicated position adjustments, 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: 1.0 FTE (Charter Schools)

School(s) Affected: ALL

Preparation Date: March 31, 2017

Person Preparing: John Pfister, Director

Board Agenda Introduction Date (Budget Consent): April 6, 2017

Board Action Date (Budget Consent): April 6, 2017

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 January 31, 2017, indicates that expenditures are expected to remain within current appropriated revenues;

WHEREAS, County revenue has increased by \$1,119,000;

WHEREAS, expenditures that are supported by a transfer between existing appropriations total \$30.8 million;

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

BE IT RESOLVED, that the Board of Education approves the increase in County Appropriation for FY 2017 in the amount of \$1,119,000;

BE IT FURTHER RESOLVED, that the Board of Education approves the recommended FY 2017 transfers between major categories identified in the Financial Review as of January 31, 2017, including indicated position adjustments;

BE IT FURTHER RESOLVED, that the Board of Education authorizes the Chief Executive Officer to request County Executive and County Council approval of required transfers between major categories identified in the Financial Review as of January 31, 2017, as summarized below; and

FINALLY, BE IT RESOLVED, that the Chief Executive Officer is directed to request County Council approval of the following transfers between existing appropriations identified in the Financial Review as of January 31, 2017, as summarized by major category below:

REVENUE	FY 2017	FY 2017	FY 2017	FY 2017	FY 2017 Financial Review			FY 2017
	County Council APPROVED	Board of Education Transfer Request	Board of Education Additional Appropriation*	Board of Education REVISED* (March 15, 2017)	Unrestricted	Restricted	Total Transfer as of 01.31.17	Board of Education REVISED (April 6, 2017)
Federal Sources	\$ 96,520,100	\$ -	\$ -	\$ 96,520,100	\$ -	\$ -	\$ -	\$ 96,520,100
State Sources	1,091,627,000	-	-	1,091,627,000	-	-	-	1,091,627,000
Board Sources	13,383,900	-	-	13,383,900	-	-	-	13,383,900
County Sources	699,329,100	-	1,119,000	699,448,100	-	-	-	699,448,100
Fund Balance - Prior Year	24,000,000	7,500,000	-	31,500,000	-	-	-	31,500,000
Revenue Total	\$ 1,923,860,100	\$ 7,500,000	\$ 1,119,000	\$ 1,932,479,100	\$ -	\$ -	\$ -	\$ 1,932,479,100

EXPENDITURES MAJOR CATEGORIES	FY 2017	FY 2017	FY 2017	FY 2017	FY 2017 Financial Review			FY 2017
	County Council APPROVED	Board of Education Transfer Request	Board of Education Additional Appropriation*	Board of Education REVISED* (March 15, 2017)	Unrestricted	Restricted	Total Transfer as of 01.31.17	Board of Education REVISED (April 6, 2017)
Administration	\$ 55,768,574	\$ 99,128	\$ -	\$ 55,867,700	\$ 3,434,700	\$ 1,080,500	\$ 4,515,200	\$ 60,382,900
Mid-Level Administration	121,039,512	336,088	-	121,375,600	797,400	465,000	1,262,400	122,638,000
Instructional Salaries	654,369,600	-	-	654,369,600	(7,465,300)	(3,364,840)	(10,830,140)	643,539,460
Textbooks and Instructional Materials	17,037,200	-	-	17,037,200	746,500	-	746,500	17,783,700
Other Instructional Costs	61,806,478	3,627,422	-	65,433,900	3,394,200	3,900,000	7,294,200	72,728,100
Special Education	269,722,101	79,899	-	269,802,000	2,253,600	564,100	2,817,700	272,619,700
Student Personnel Services	19,389,700	14,500	-	19,384,200	362,200	(283,000)	79,200	19,483,400
Health Services	18,203,000	28,000	-	18,231,000	896,700	(282,500)	614,200	18,845,200
Student Transportation Services	102,087,400	624,500	-	102,711,900	6,099,700	-	6,099,700	108,811,600
Operation of Plant	126,073,590	67,310	-	126,140,900	(1,470,500)	60,000	(1,410,500)	124,730,400
Maintenance of Plant	33,217,945	2,623,155	-	35,841,100	7,312,900	(60,000)	7,252,900	43,094,000
Fixed Charges	438,153,700	-	1,119,000	439,272,700	(15,906,800)	(2,715,000)	(18,621,800)	420,650,900
Food Services Subsidy	4,110,000	-	-	4,110,000	(1,100,000)	-	(1,100,000)	3,010,000
Community Services	2,651,300	-	-	2,651,300	644,700	635,740	1,280,440	3,931,740
Capital Outlay	250,000	-	-	250,000	-	-	-	250,000
Expenditures Total	\$ 1,923,860,100	\$ 7,500,000	\$ 1,119,000	\$ 1,932,479,100	\$ -	\$ -	\$ -	\$ 1,932,479,100

* Additional appropriation was from the Video Lottery Terminal proceeds, allocated specifically for the Crossland High School Career Academy programs.
* Per Prince George's County Proposed Operating Budget Fiscal Year 2016, as presented by the County Executive on March 15, 2017.

Submitted by:	<u>Raymond H. Brown, Chief Financial Officer</u>
Agenda Date:	<u>April 6, 2017</u>
Discussion:	_____
First Reader:	_____
Budget Consent Agenda:	<u>April 6, 2017</u>
Emergency:	_____
Amended:	_____
Deferred:	_____
Tabled:	_____
Approved:	_____



FY 2017 Financial Review & Projection

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 January 31, 2017, 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, 2017. 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, 2017.

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: Charter Schools; Student Based Budgeting (SBB); Food Services, Human Resources, Legal, Maintenance, Operations, Special Education, and Student Transportation.

Expenditure Requirements by State Category – Unrestricted Funds

Administration - \$3,434,700

Increase requested supports reduced indirect cost recovery from federal programs (grants), the continuation of the Summer Youth Program, background investigations, Student Data systems and increased legal expenses.

Mid-Level Administration – \$797,400

Increase requested is for increased use of part-time substitute administrators, systemic printing/copying needs and realignment of school-based expenditure needs (Student Based Budgeting).

Instructional Salaries & Wages – (\$7,465,300)

Decrease requested is based on salary lapse savings from full-time salaries, the realignment of SBB salaries, reduced usage of temporary help, the realignment of Charter School and after school program supports. This decrease is offset by a slight increase in workshop pay and other realignments.

Instructional Supplies - \$746,500

Increase requested to support Advanced Placement exam cost for students, textbooks, Crossland High School Career Academy realignment, and additional School-Based Budgeting (SBB) supply allocations.

Other Instructional Costs - \$3,394,200

Increase requested to support the expansion of Community Resource Advocates and Behavioral Health supports, the realignment of Charter School expenditure needs, Crossland High School Career Academy realignment, and the realignment SBB needs.



FY 2017 Financial Review & Projection

Special Education - \$2,253,600

Increase requested to support Dedicated Aides for students, substitute teacher and substitute paraprofessional usage, contractual nurses to fill vacant positions, legal fees and nonpublic placements. This increase is offset by a reduction based on increased nurse vacancies and salary lapse savings from full-time salaries.

Student Personnel Services - \$362,200

Increase requested supports use of home and hospital temporary help and other realignments.

Health Services - \$896,700

Increase requested supports Special Education private duty nurses and health supplies.

Transportation - \$6,099,700

Increase requested supports reduced savings from anticipated salary lapse, bus driver overtime and substitute bus drivers and attendants, offset by reductions in fuel for vehicles, and other realignments.

Operation of Plant – (\$1,470,500)

Decrease requested is based on reduced utility usage, vehicle fuel pricing, and contracted services. This decrease is offset by increased costs of custodial supplies, custodial overtime and temporary custodians.

Maintenance – \$7,312,900

Increase requested supports staff overtime, contracted maintenance services, maintenance supplies and Crossland High School Career Academy realignment. This increase is offset by reductions in vehicle fuel.

Fixed Charges – (\$15,906,800)

Decrease requested is based on reduced health care, employee and teacher pension costs, workers compensation expenditures and Crossland High School Career Academy realignment. This decrease is offset by an additional Other Post-Employment Benefits (OPEB) contribution.

Food Services – (\$1,110,000)

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

Community Services - \$644,700

Increase requested to support overtime usage.

Capital Outlay - \$0

No changes.

Net Increase in Appropriation (Unrestricted Funds): \$0

Unrestricted Staffing changes – 1.00 FTE

Requested increase is for 1.00 FTE for Charter Schools
1.00 Physical Education Teacher



Prince George's County Public Schools
Business Management Services

FY 2017 Financial Review & Projection

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.

Realignments:

Administration - \$1,080,500
Mid-Level Administration – \$465,000
Instructional Salaries & Wages – (\$3,364,840)
Instructional Supplies - \$0
Other Instructional Costs – \$3,900,000
Special Education - \$564,100
Student Personnel Services – (\$283,000)
Health Services – (\$282,500)
Transportation - \$0
Operations – \$60,000
Maintenance – (\$60,000)
Fixed Charges – (\$2,715,000)
Food Services – \$0
Community Services – \$635,740
Capital Outlay - \$0

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

Restricted Staffing changes – 0.00 FTE

None

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
FY 2017 Financial Review and Projection - List of Items by State Category
Unrestricted Funds Only

Category	Object	Amount
Administration	Indirect Cost Recovery - decrease	2,500,000
	Part-time - Second Assignments	(61,000)
	Human Resources - Summer Youth Program	104,000
	Human Resources - Background Investigations	100,000
	Legal Expenses	500,000
	Student Software	175,000
	Other Realignments	116,700
	Administration Total	\$ 3,434,700
Mid-Level Administration	Student Based Budgeting - Realignments	\$ 114,900
	Part-Time - Substitute Administrators	687,400
	Printing/Copying	100,000
	Other Realignments	(104,900)
	Mid-Level Administration Total	\$ 797,400
Instructional Salaries & Wages	Salary Lapse - increased savings	\$ (3,200,000)
	Student Based Budgeting - Reallocation	(417,800)
	Part-time - Temporary Help /Second Assignments	(381,900)
	Charter School Realignments	(1,205,300)
	After School Program Supports	(2,588,200)
	Staff Development Workshop Pay	210,000
	Other Realignments	117,900
	Instructional Salaries & Wages Total	\$ (7,465,300)
Instructional Supplies & Materials	Advanced Placement Exam Fees	\$ 250,000
	Student Based Budgeting - Reallocation	408,000
	Textbooks	80,000
	After School Program Supports	(41,000)
	Crossland High School CTE Program - Realignment	172,000
	Other Realignments	(122,500)
Instructional Supplies & Materials Total	\$ 746,500	
Other Instructional Costs	Community Resource Advocates/Behavioral Health	\$ 3,379,800
	Student Based Budgeting - Reallocation	(73,000)
	Charter School Realignments	(971,400)
	Crossland High School CTE Program - Realignment	662,000
	Other Realignments	396,800
Other Instructional Costs Total	\$ 3,394,200	
Special Education	Salary Lapse - increased savings	\$ (2,400,000)
	Hourly Instructional	96,500
	Contracted Nurses & Therapists	876,000
	Dedicated Aides for Students	939,700
	Legal Expenses	65,000
	Substitutes -Teachers and Paraprofessionals	902,000
	Nonpublic Placements	1,505,100
	Other Realignments	269,300
Special Education Total	\$ 2,253,600	
Student Personnel Services	Home and Hospital Hourly Instructional	200,000
	Other Realignments	162,200
Student Personnel Services Total	\$ 362,200	
Health Services	Special Education - Private Duty Nurses	\$ 823,200
	Health Supplies	74,400
	Other Realignments	(900)
Health Services Total	\$ 896,700	

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
FY 2017 Financial Review and Projection - List of Items by State Category
Unrestricted Funds Only

Category	Object	Amount
Transportation	Salary Lapse - decreased savings	\$ 600,000
	Overtime	6,148,700
	Substitutes - Bus Drivers and Attendants	600,000
	Fuel	(950,000)
	After School Program Supports	(201,600)
	Other Realignments	(97,400)
	Transportation Total	\$ 6,099,700
Operation of Plant	Overtime	860,900
	Part-time / Temporary Custodians	635,000
	Custodial Supplies	500,000
	Fuel	(150,000)
	Professional Contracted Services	(175,000)
	Electricity, Natural Gas and Fuel Oil	(3,100,000)
	Other Realignments	(41,400)
	Operation of Plant Total	\$ (1,470,500)
Maintenance of Plant	Overtime	912,000
	Contracted Maintenance and Repair of Buildings	1,015,900
	Crossland High School CTE Program - Realignment	285,000
	Fuel	(200,000)
	Lead Remediation & Testing	250,000
	Maintenance Supplies and Materials	5,000,000
	Other Realignments	50,000
	Maintenance of Plant Total	\$ 7,312,900
Fixed Charges	FICA/Medicare/Life Insurances	\$ 515,700
	Health Care	(6,000,000)
	Teacher and Employee Pension	(4,000,000)
	Crossland High School CTE Program - Realignment	(1,119,000)
	OPEB - Additional Contribution	2,500,000
	Worker's Compensation	(7,700,000)
	Other Realignments	(103,500)
	Fixed Charges Total	\$ (15,906,800)
Food Services	Food Services subsidy reduction	\$ (1,100,000)
		Food Services Total
Community Services	Overtime	\$ 644,700
		Community Services Total
Capital Outlay	<i>No changes</i>	\$ 0
		Capital Outlay Total
TOTAL TRANSFER REQUEST		\$ 0