



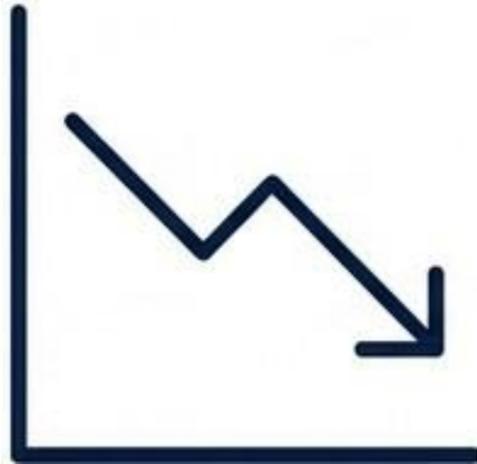
Dollars & Decisions: FY 2027 Budget Briefing

Education & Workforce Development Committee

January 26, 2026



A Tough Budget Year Ahead



Declining Enrollment

Student enrollment declines impact revenue growth



Shrinking Fund Balance

Further depletion would weaken the district's financial position and limit flexibility for future uncertainties.



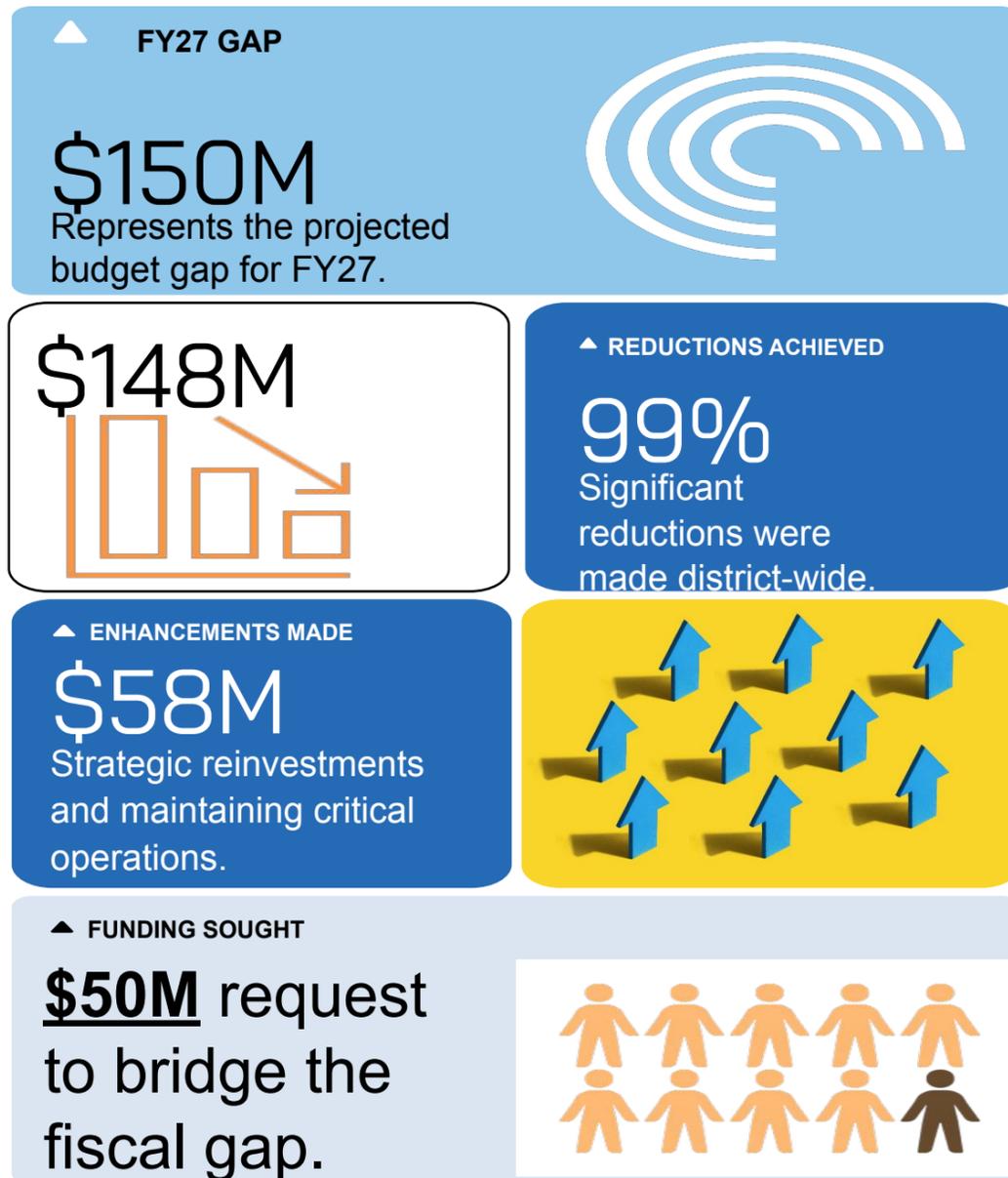
Cost of doing business

Negotiated compensation, special education services and other operating costs are outpacing the growth in revenue.

External Pressures

- **State and County Deficits:** Impacts resource allocations to PGCPS.
- **Federal Uncertainty:** Potential impacts loom for key federal programs like entitlement grants, Medicaid and school meals, shifting costs back to the district.

FY 2027 Proposed Expenditure Changes



Total Investments Proposed \$58M

Accelerants \$35M

- ↑ Strategic investments aimed at accelerated academic growth

Cost of doing business \$23

- ↑ \$15M Textbooks, Computers, bus / non-bus vehicles refresh
- ↑ \$4M in student supports
- ↑ \$3M Utilities
- ↑ \$1M Technology Maintenance & Upgrades

- ✓ **The Challenge:** We are addressing a projected budget gap of **\$150M** just to cover mandatory compensation for FY27.
- ✓ **Efficiency Measures:** Significant action has been taken, identifying **99%** of targeted district-wide reductions.
- ✓ **Strategic Reinvestment:** Despite fiscal pressures, we have committed **\$35M** to strategic investments to ensure future educational opportunities are not compromised. An additional **\$23M** is needed to cover the ongoing operations of the district.
- ✓ **The Solution:** We are seeking an additional funding allocation of **\$50M** to fully bridge the remaining gap.

FY 2027 Proposed Budget Reconciliation

Proposed Unrestricted Revenue Increase	\$ 9,995,328
Mandatory Costs	
Compensation Negotiated Commitments	\$ 95,176,209
Retiree Benefit Contribution	\$ 15,000,000
Salary Lapse	\$ 40,000,000
Total Mandatory Costs	\$ 150,176,209
Cost of Doing Business	
Textbooks, Buses/Other Vehicles, Technology Refresh	\$ 14,675,608
Utilities	\$ 2,500,000
Technology Maintenance and Upgrades	\$ 1,853,009
Student/School Based Supports	\$ 4,023,815
Total Cost of Doing Business	\$ 23,052,432
Program Enhancements	
Special Education Services	\$ 27,204,714
Safety and Security Services	\$ 4,246,964
AI Literacy	\$ 1,300,000
Academic Interventions	\$ 1,217,822
Professional Development	\$ 1,088,500
Total Program Enhancements	\$ 35,058,000
Total Proposed Expenditure Increases for FY 2027	\$ 208,286,641
Budget Reductions	\$ (148,291,313)
Initial Budget Deficit for FY 2027	\$ (50,000,000)
Additional County Funding Request	\$ 50,000,000

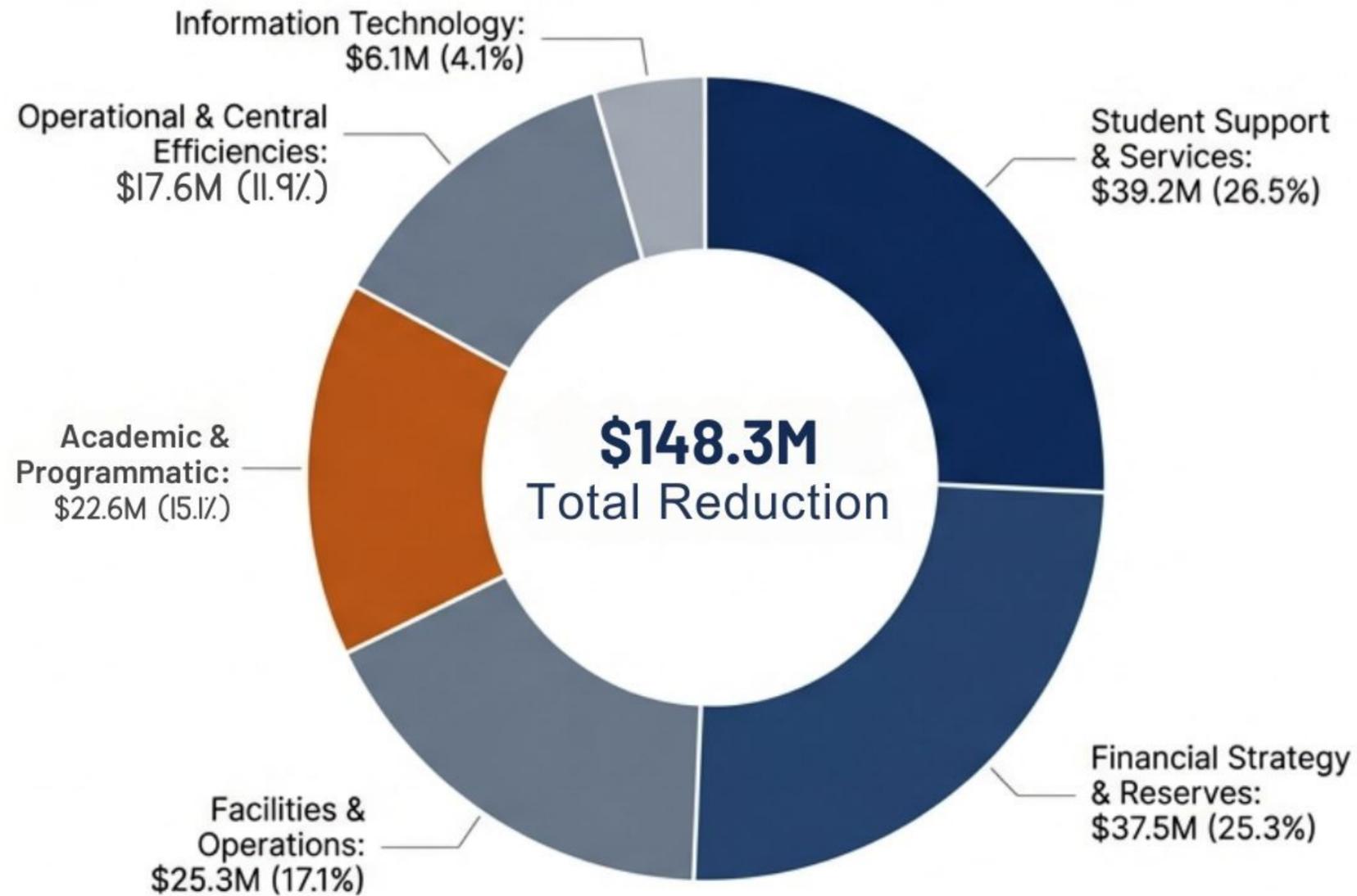
- ❑ We have \$150M in mandatory costs driven by our negotiated agreements, health benefits, retiree contribution, as well as an adjustment to lower the salary lapse assumption due to lower vacancy rate.
- ❑ Ongoing operational costs continue to increase including text books, utilities and other student supports.
- ❑ Program enhancements are planned to continue to focus academic achievement, safety and providing services and supports to our students and staff.
- ❑ After reductions of over \$148M, a request for \$50M in additional funding from the County will be made to restore financial stability.

Additional County Contribution Trend



- ❑ For FY25 and FY26, the County Contribution aligns strictly with the Blueprint Minimum Funding requirement. This is a sharp decline from the 6-11% we received since FY21
- ❑ Prior to FY25, Energy and Telecommunications Tax revenues supplemented the minimum county contribution required.
- ❑ Legislation now permits the Energy and Telecommunications Tax revenues to count toward the required minimum.
- ❑ For FY27, PGCPs is requesting an additional \$50M above the Blueprint-required minimum county contribution.
- ❑ Funding is essential to position the school system for sustained academic and operational improvement.

Budget Reductions: Key Levers & Impact



Central Office / Centrally Managed Impacts

- Central Office Discretionary
- Temps / Stipends / Summer Assignments / Overtime
- Buildings & Additions / Maintenance & Repairs of Buildings
- Central Position Eliminations (filled and vacant)
- Ongoing Hiring Freeze
- Reserve adjustments

School Impacts

- Grant Optimization
- Substitutes
- School-based Discretionary (35% reduction)
- Specialty Programs

Student Support & Services (\$39.2M)

Position Eliminations: \$1.9M

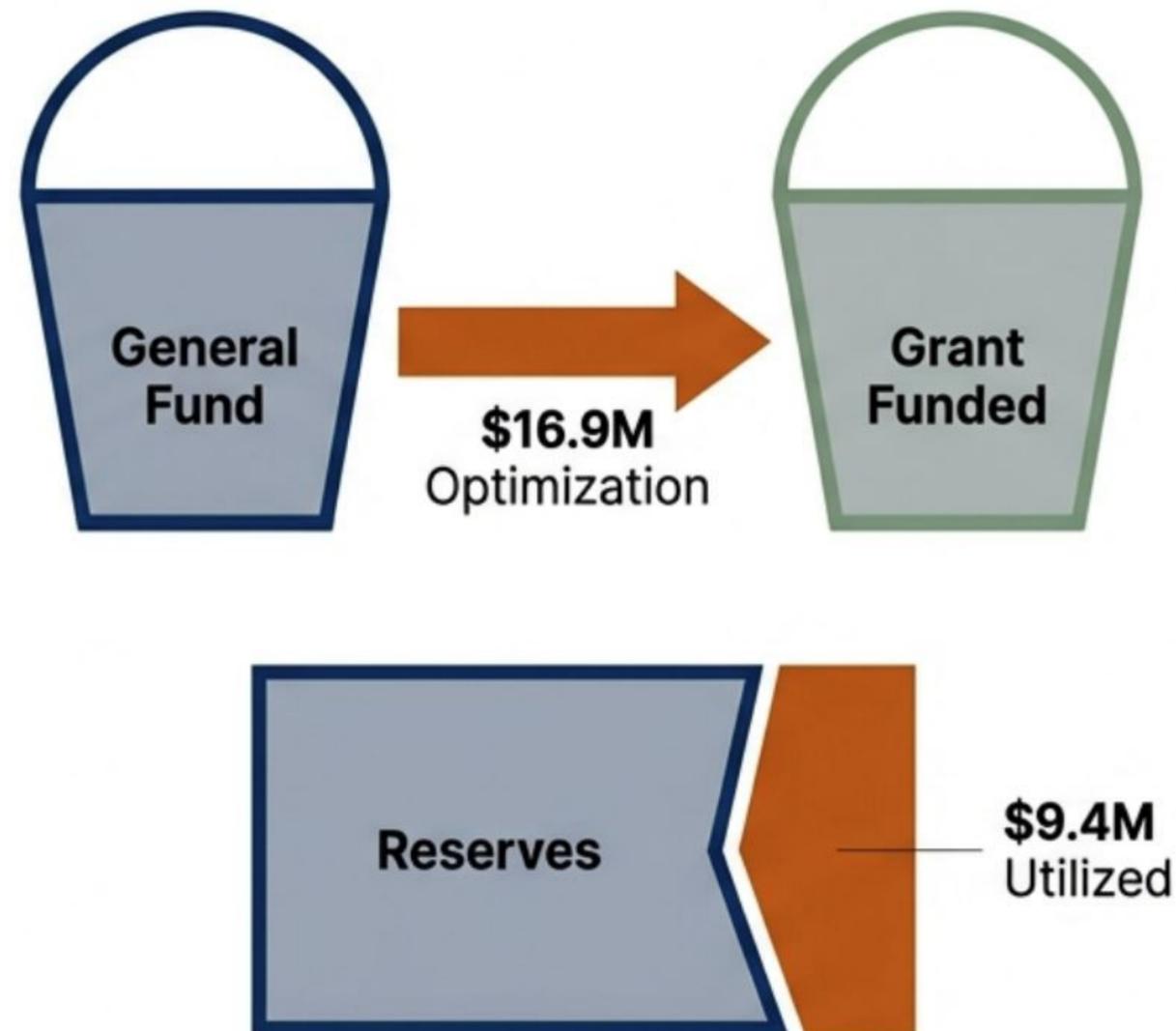
Outsourced Services: \$3.0M

School & Area
Discretionary: \$9.0M

Substitutes: \$25.3M

- ❑ **Positions (\$1.9M):** Removal of Middle School schedulers, admin support, and vacant private duty nurses
- ❑ **Outsourced Services (\$3.0M):** Reduction in Student Services external contracts
- ❑ **Discretionary Budgets:** 35% reduction to School-level discretionary budgets (\$5.0M) and Area Office budgets (\$4.0M)
- ❑ **Substitutes (\$25.3M):** Reductions in classroom coverage due to fewer vacancies

Financial Strategy & Reserves (\$37.5M)



- ❑ Grant Optimization (\$16.9M): Strategic transition of costs to Community Schools grants, including School Health Centers and Parent Engagement/Student Support positions.
- ❑ Reserve Reduction (\$9.4M)
- ❑ Hiring Freeze (\$8.6M): Extended freeze on Central Office positions throughout FY27.
- ❑ Vacancy Elimination (\$2.6M): Permanent removal of long-term unfilled positions.

Facilities & Operations (\$25.3M)

Contracted Services (\$10M):

Reduction of external vendor contracts



Overtime (\$8.8M):

Transportation and Building Services overtime reduction due to fewer vacancies



Capital Improvement Shift (\$4.2M):

Transferring eligible building repairs to the Capital Improvement budget



Maintenance & Supplies (\$2.3M)



Academic & Programmatic Transitions (\$22.6M)



Specialty Program Changes

Boundary Immersion Programs

- Program will be ending for Paint Branch (547 students) and Capital Heights (139 students) Elementary Schools.
- Chinese as a World Language will be offered
- Spanish as a World Language will be offered
- Continued language & cultural learning will be available
- Maintain strong foundations in listening, speaking, reading, and writing

Immersion Continuation Pathway

- No new incoming students will be accepted into the program
- Program will transition out of Greenbelt Middle School (58 students)
- Rising 7th and 8th grade students will continue in Immersion Program

High School Immersion (120 students)

- No new incoming students will be accepted into the program
- Program continues for currently enrolled students;
- World language instruction will be available at boundary high schools

International Baccalaureate Primary Years Program (PYP) and Middle Years Program (MYP) will be discontinued:

- Melwood Elementary School (PYP) - 556 students
- Maya Angelou Elementary School (PYP and MYP) - 334 students
- Eisenhower Middle School (MYP) - 1027 students
- James Madison Middle School (MYP) - 756 students
- Frederick Douglass (MYP); however, the Diploma Program (DP) will remain - 551 students
- Formal IB Designation for these programs will be going away
- Continued inquiry-based learning through current curriculum and connections to Learner Profile will continue

Middle School AVID Elective Course

- Dedicated career counselor in every middle school will remain
- College & career readiness will be available for all students

Operational & Central Office Efficiencies (\$17.6M)

Central Office Personnel (\$7.5M):



Elimination of 15 positions and discretionary funds across key administrative divisions: Accountability, Finance, Chief of Staff, General Counsel, and the Superintendent's Office.

Non-Instructional Expenses (\$5.1M):



Includes reductions in non-local travel, registration expenses, and catering.

Food Services Reimbursement (\$5.0M):



Capturing overhead reimbursement from the Food Services program

Information Technology (\$6.1M)

Software Licensing (\$2.5M)

Reduction or expiration of ESSER-funded software licenses

Staffing Efficiencies (\$2.3M)

Elimination of IT Tech Coordinators and other support positions

Contracted Services (\$1M)

Reduction in Consultant Services and Telecommunications contracts

IT Operations (\$0.3M)

Reductions in IT Tech Overtime and Discretionary funds

