

**PRINCE GEORGE'S COUNTY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: 7/8/2003**Reference No.:** CB-39-2003**Proposer:** County Executive**Draft No.:** 1**Sponsors:** Shapiro, Knotts

Item Title: An Act appropriating to the General Fund revenue in excess budget estimates, to provide funds for costs that were not anticipated in the approved FY 2001-2002 budget for the Board of Education and to transfer surplus appropriations reflecting the amount of a grant for the Board of Education

Drafter: Christopher J. Ketchen
OMB**Resource** Tracy Johnson, Acting Budget
Personnel: Director
Board of Education

LEGISLATIVE HISTORY:**Date Presented:** __/__/__**Executive Action:** 7/16/2003 S**Committee Referral:** 6/16/2003 HEHS**Effective Date:** 8/25/2003**Committee Action:** 7/2/2003 FAV**Date Introduced:** 6/16/2003**Public Hearing:** 7/8/2003 10:00 A.M.**Council Action:** 7/8/2003 ENACTED**Council Votes:** PS:-, MB:A, SHD:A, TD:-, CE:A, DCH:A; TH:A, TK:A, DP:A**Pass/Fail:** P**Remarks:** _____

HEALTH, EDUCATION AND HUMAN SERVICES COMMITTEE DATE 7/2/03

Committee Vote: Favorable, 4-0 (In favor: Council Members Hendershot, Exum, Dean, and Harrington)

Staff provided an overview of the bill's intent. The budget revisions contained in the bill recognize additional outside resources received by the Board of Education. CB-39-2003 increases appropriations to the Board of Education FY 2001-2002 budget by \$12,024,184, an amount supported by increased revenues of the same amount from unanticipated grant funding. The revised Operating Budget incorporates the transfer of \$20,353,196 between categories to

meet expenditures. The transfer reduces funding primarily in Administration, Textbooks, and Instructional Supplies, School Plant Services, and Maintenance of Plant. The increases are primarily in Instructional Salaries, Student Transportation Services, Special Education, Fixed Charges and Other Instructional Supplies.

The Health, Education and Human Services Chair explained the supplemental appropriation and transfer request process for the benefit of the new Council Members.

The Board of Education's Chief Executive Officer explained that with the \$12,024,184 appropriations, there remains a deficit of \$15.7 million for FY 2001-2002.

The Council will receive the supplemental appropriations and transfer request in September after the financial audit for the FY 2002-2003 Operating Budget. They are anticipating a deficit of approximately \$15 million in FY 2002-2003. The deficit is the result of \$11.5 million for payroll (one pay period) that was not originally included in the expenditures for FY 2002-2003.

The Chief Executive Officer offered preliminary options for eliminating future deficits. The Committee requested to be briefed on the Board of Education's financial status after the financial audit. This briefing will give the Council a more realistic view of the financial situation of the school system.

The County Auditor noted that FY 2002 was the first year the Board of Education reported a deficit.

The Office of Audits & Investigations has determined that there should not be any negative fiscal impact on the County as a result of enacting CB-39-2003. The Office of Law finds it to be in proper legislative form.

BACKGROUND INFORMATION/FISCAL IMPACT

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation contains revisions to the FY2002 approved budget for the General Fund as amended by CB-32-2001. This legislation increases appropriations to the Board of Education by \$12,024,184, an amount supported by increased revenues of the same amount from unanticipated grant funding.

CODE INDEX TOPICS: