




May 3, 2023

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Malcolm Moody - *MM*
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-049-2023 Supplementary Appropriations

CB-049-2023 (*Proposed and presented by:* The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole

AN ACT CONCERNING SUPPLEMENTARY APPROPRIATIONS for the purpose of declaring additional revenue and appropriating to the General Fund and Internal Service Fund to provide for costs that were not anticipated and included in the Approved Fiscal Year 2023 Budget.

Fiscal Summary

Direct Impact:

Expenditures:

- Increases appropriation authority by \$55,493,600.

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Revenues:

- Increases revenue estimates for the income tax receipts by \$11,400,000

Indirect Impact:

None likely.

Legislative Summary

CB-049-2023, presented by Chair Dernoga at the request of the County Executive, was presented on April 4, 2022, and referred to the Government Operations and Fiscal Policy Committee. CB-049-2023 would increase the General Fund budget as expressed in CB-56-2022. The legislation includes an adjustment in revenue estimates for the income tax receipts (increase of \$11,400,000), use of fund balance (increase of \$14,615,800) and Board of Education outside sources (\$29,477,800).

Current Law/Background

Section 814 of the County Charter¹ authorizes transfers of appropriations between general classifications of expenditures, in excess of \$250,000, upon recommendation of the County Executive. Section 815 of the County Charter² allows the Council, upon the recommendation of the County executive, by legislative act, to make additional or supplemental appropriations from revenue received from anticipated sources. Prince George's County Code (the "Code") Section 10-110³ governs budget appropriation adjustments. The County Code requires the approval for the Council for supplemental appropriations upon the recommendation of the County Executive.

Resource Personnel

- Stanley A. Earley, Director, Office of Management and Budget
 - Brent E. Johnson, Budget Management Analyst, Office of Management and Budget
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Discussion/Policy Analysis

CB-049-2023 provides supplementary appropriations in the General Fund to incorporate the FY 2023 budget reconciliation transfer request from the Board of Education (previously approved by

¹ [Section 814. - Transfer of Appropriations.](#)

² [Section 815. - Supplementary Appropriations; Staffing Level Increases.](#)

³ [Sec. 10-110. - Budget Appropriation adjustment; supplements.](#)

the County Council in October 2022⁴) and cover unanticipated and vital costs needed to meet year-end operational requirements. For the Board of Education reconciliation, the increase in outside sources revenue comes from federal (\$12.2 million), State sources (\$4.6 million), and use of Board fund balance (\$12.6 million) in support of school-based initiatives across various expenditure categories.

As illustrated in Attachment I to the Board of Education’s Reconciliation Transfer Request, the additional funding supports various programming across BOE expenditure categories.

| Prince George's County Board of Education | | | |
|--|---|--|--|
| FY 2023 Budget Reconciliation Transfer Request | | | |
| Expenditure Category | FY 2023 County Council APPROVED Category Totals | FY 2023 County Council REVISED APPROVED Category Totals (pending approval) | FY 2023 BOE Budget Reconciliation Transfer Request |
| Administration | \$82,869,800 | \$86,582,800 | \$ 3,713,000 |
| Instructional Salaries | \$868,535,200 | \$867,678,400 | \$ (856,800) |
| Student Personnel Services | \$58,948,200 | \$64,972,900 | \$ 6,024,700 |
| Student Transportation Services | \$124,457,500 | \$115,513,900 | \$ (8,943,600) |
| Operation of Plant | \$163,856,100 | \$164,394,300 | \$ 538,200 |
| Maintenance of Plant | \$58,565,100 | \$59,592,000 | \$ 1,026,900 |
| Community Services | \$5,749,400 | \$5,582,100 | \$ (167,300) |
| Fixed Charges | \$497,491,500 | \$512,545,800 | \$ 15,054,300 |
| Health Services | \$24,867,400 | \$25,280,200 | \$ 412,800 |
| Special Education | \$339,212,900 | \$331,953,500 | \$ (7,259,400) |
| Mid-Level Administration | \$156,490,300 | \$159,747,600 | \$ 3,257,300 |
| Textbook and Supplies | \$53,524,600 | \$62,934,200 | \$ 9,409,600 |
| Other Instructional Costs | \$173,393,200 | \$169,167,700 | \$ (4,225,500) |
| Food Services | \$7,074,800 | \$6,568,400 | \$ (506,400) |
| Capital Outlay | \$175,000 | \$12,175,000 | \$ 12,000,000 |
| Public Private Partnership | \$15,000,000 | \$15,000,000 | \$ - |
| Expenditure Totals | \$2,630,211,000 | \$2,659,688,800 | \$ 29,477,800 |

⁴ [LTR 10252022a Draft No. 1](#) – Proposed Correspondence to the Honorable Juanita Miller, Ph.D., Chair, Board of Education, regarding reconciliation of Board of Education FY 2023 Approved Annual Operating Budget (October 25, 2022)

Additionally, this legislation provides resources to several County agencies to cover unanticipated costs needed to meet year-end operational requirements. The adjustments and purposes are listed below.⁵

| Agency | Amount | Purpose |
|---|----------------|--|
| County Council | \$ 26,600 | Due to costs associated with community notifications |
| Office of the Information Technology | \$ 3,615,700 | To reimburse the Information Technology Internal Service Fund for agency technology allocation charges not received in FY 2022 |
| Board of Elections | \$ 150,000 | For overages in their operating expenditures because of the 2022 Gubernatorial Election |
| Office of Central Services | \$ 1,000,000 | For utility and security costs associated with the former Cheverly Health Center site |
| Fire/EMS Department | \$ 19,705,800 | For costs associated with anticipated overtime expenditures and anticipated fringe benefits costs |
| Department of the Environment | \$ 1,544,300 | For mandated improvements to the Animal Services Division |
| Department of Housing and Community Development | \$ - | Due to reallocation between compensation and fringe benefits and operating expenses due to personnel savings to support a HUD repayment and consultant services to cover a recent retirement and loan servicing requirements |
| Memorial Library | \$ 800,000 | Due to costs for an afterschool tutoring program for 20 elementary schools |
| Prince George's Community College | \$ 1,064,000 | Due to costs associated with free tuition for courses, certifications, developmental courses, and apprenticeship training. Additional costs for a financial empowerment center. |
| Board of Education | \$ 29,477,800 | For costs to cover unanticipated and vital costs needed to meet year end operational requirements |
| Non-Departmental | \$ (1,864,000) | Due to funding allocated for PAYGO funding for Board of Education capital projects being repurposed |
| Grand Total | \$ 55,520,200 | |
| | | Reallocation within agency |
| | | Additional appropriations to cover unanticipated operational requirements |
| | | Reallocation of VLT Funds per CR-115-2022 |

Within the Department of Housing and Community Development, there is a reallocation between compensation and fringe benefits and operating expenses from personnel savings to support a HUD repayment and consultant services to cover a recent retirement and loan servicing requirements.

CB-049-2023 also reallocates video lottery terminal (VLT) funds within the General Fund from Non-Departmental based on the revised allocation set in CR-115-2022⁶. Within Non-Departmental, there is a portion of funding allocated for PAYGO funding for Board of Education capital projects (\$1,890,600) is now being repurposed for:

⁵ The table shows a grand total that is different from the total in Draft 1 of CB-049-2023. Council Staff has been informed by OMB that the Bill's total is accurate and that the Non-Departmental adjustment will need to be changed. A Draft 2 of the Bill will be offered to correct the issue.

⁶ [CR-115-2022](#)

- free tuition courses, certifications, developmental courses, and apprenticeship training (\$1.0 million) and a financial empowerment center (\$64,000) at the Prince George's Community College;
- afterschool tutoring program for twenty (20) elementary schools (\$800,000) at the Prince George's Memorial Library; and
- community notifications (\$26,600) in the County Council.

This legislation also provides for \$3,615,700 in additional appropriation to the fund balance from within the Information Technology Internal Service Fund to restore the fund's balance due to two unpaid agency technology allocation charges from FY 2022 (Department of Health - \$2.7 million and Department of Permitting, Inspections, and Enforcement - \$900,000). The Fiscal Year 2023 Internal Service Fund Budget (Information Technology and Fleet Management) as expressed by CB-56-2022⁷ increases from \$69,928,300 to \$73,544,000.

Fiscal Impact

- *Direct Impact:*

The legislation will increase the Fiscal Year 2023 General Fund Budget from \$4,226,635,200 to \$4,282,128,800. The legislation includes an adjustment in revenue estimates for the income tax receipts (an increase of \$11,400,000), use of fund balance (an increase of \$14,615,800), and Board of Education outside sources (\$29,477,800).

- *Indirect Impact:*

None.

Appropriated in the Current Fiscal Year Budget:

No.

Effective Date of Proposed Legislation

The proposed Act shall take effect forty-five (45) calendar days after it becomes law.

If you require additional information, or have questions about this fiscal impact statement, please call me.

⁷ [CB-056-2022](#)