



# **Bridging the Divides With Transformation, Equity and Innovation**

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FY 2022 Board of Education  
Requested Operating Budget

*County Council – Committee on  
Education and Workforce  
Development*

April 26, 2021



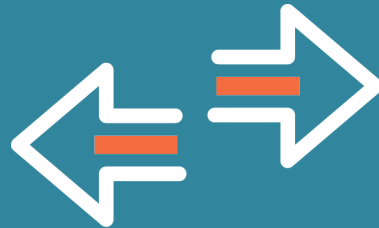


# **CEO'S PROPOSED BUDGET:** Bridging the Divides

# What are the divides?



Statewide  
funding shortfalls  
and inequities



Resource and  
achievement  
gaps



FY 2022  
operating budget  
deficits



# Board of Education Budget Priorities

## **Mental Health Supports**

Increase the number of staff members who will support students in the areas of mental health, counseling and/or social services.

## **Academics**

Look to free up funding resources by eliminating out-of-date practices/programs in our low performing schools and replacing them with innovative programs, modeling some of the programs used successfully in some of our charter schools and specialty program schools, to aid in increasing academic success.

## **Capital Programs/ Facilities**

Ensure the budget adequately reflects the need for schools and school facilities to disinfect the buildings following the CDC protocol to keep students and staff COVID free. This includes supplying materials and training staff to keep waste to a minimum. Also ensure the budget adequately supports schools to begin to become energy efficient, be ADA accessible, and well maintained.

## **Extracurricular Programs**

Increase funding for after school/out of school programs that support continued learning or can support students to learn a skill (problem solving, critical thinking, through mentoring programs) or talent (band, theatre, etc.).

## **Class Size**

Where possible, where class space exists and where needed, add classroom teachers to schools to ensure pre-k, Kindergarten and 1<sup>st</sup> Grade class sizes will be 23 students per classroom. Also, study how class sizes, over time, can be 20 students/class in elementary and middle school and 25 students/class in high school.



# CEO Focus Areas

1

Addressing the Digital Divide

2

Mental Health Supports

3

Building Maintenance

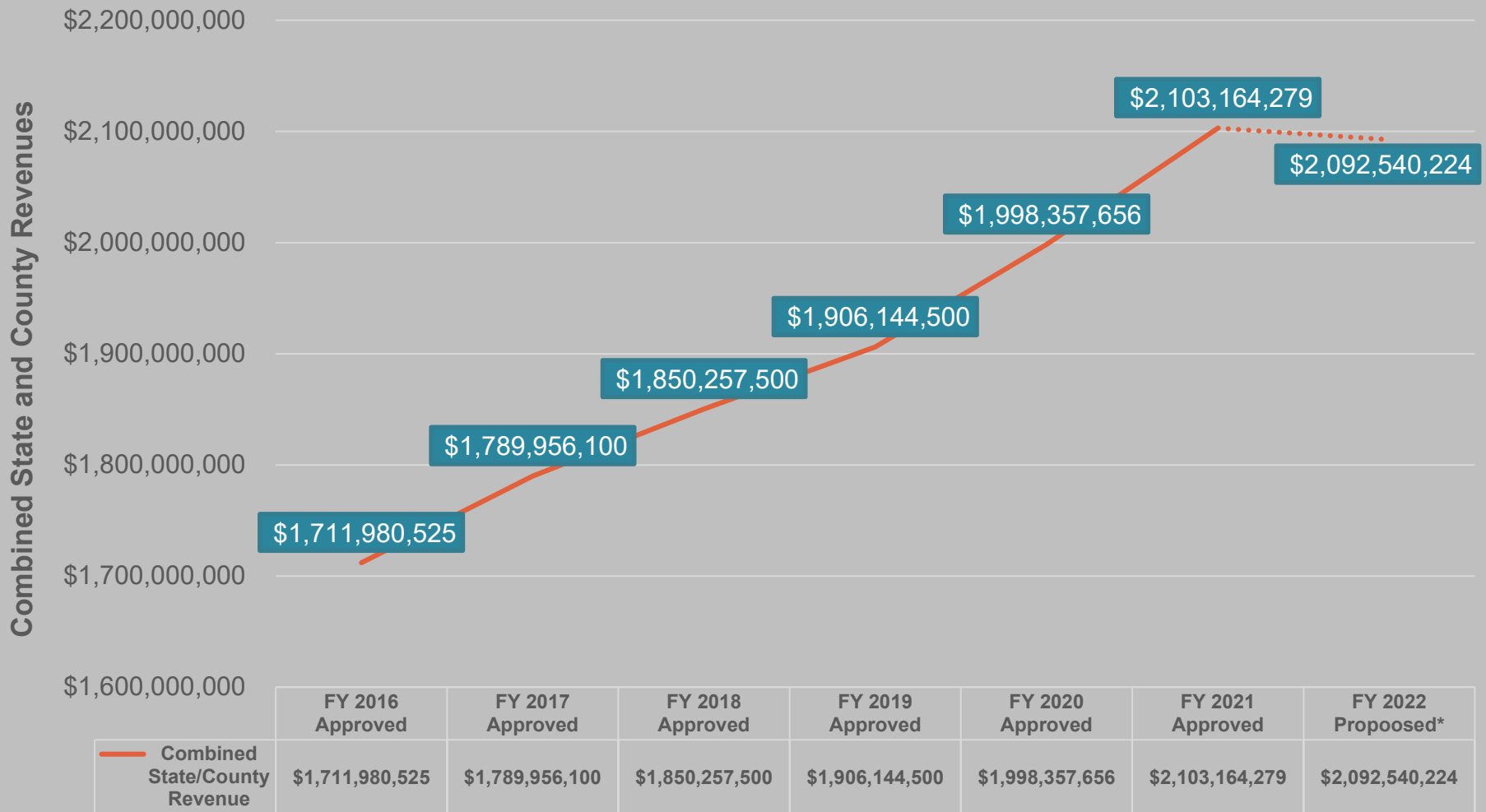
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School Budgeting Effectiveness

5

Program Efficiency Review

# State and County Allocations Over Time



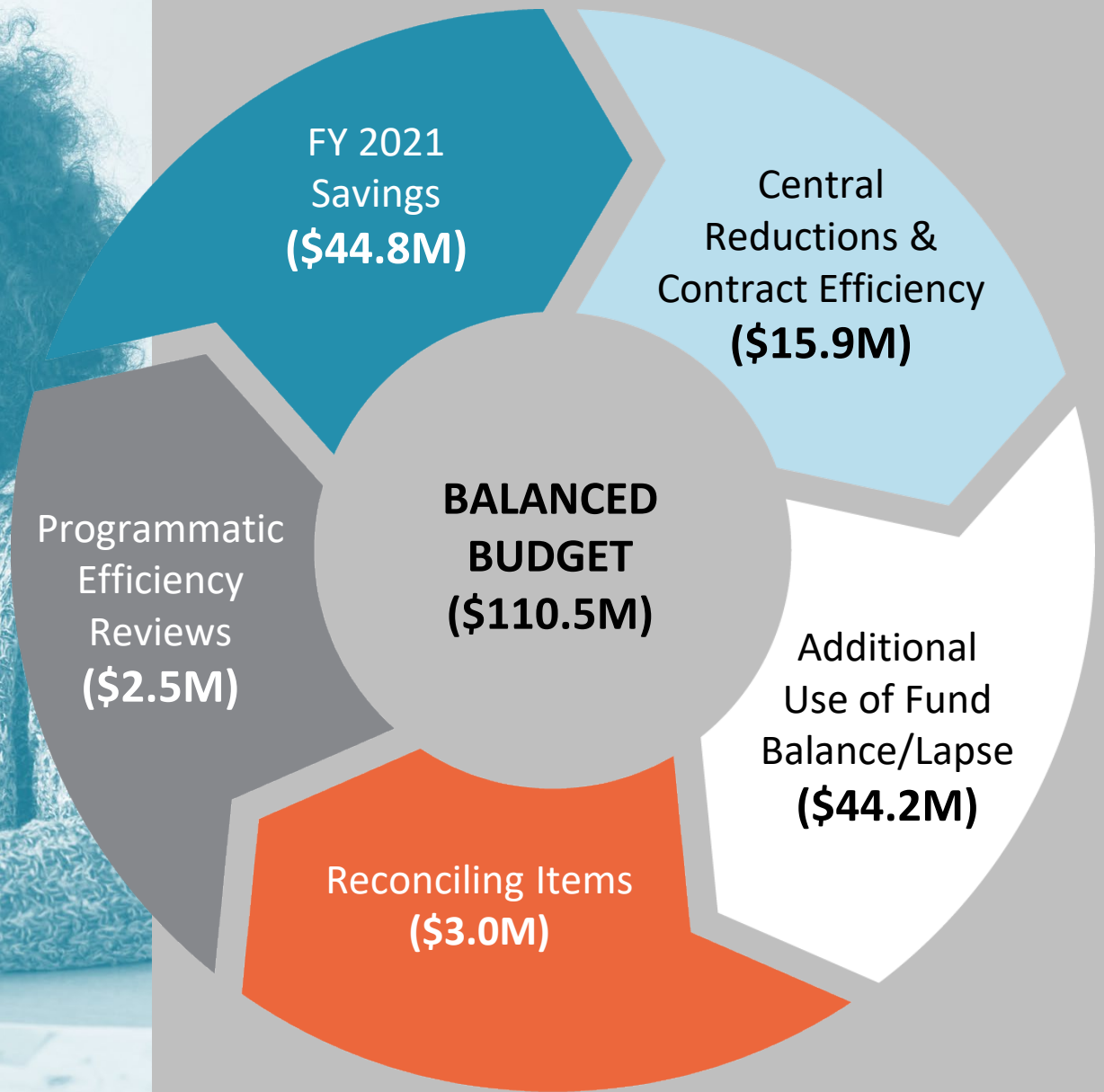
# Operating Revenue Projections

| Funding Source             | FY 2021<br>Approved    | FY 2022<br>Proposed    | Change<br>FY 2022 – FY 2021 |
|----------------------------|------------------------|------------------------|-----------------------------|
| <b>State Sources</b>       | \$1,287,369,279        | \$1,276,745,224        | (\$10,624,055)              |
| <b>Federal Sources</b>     | \$154,414,451          | \$126,413,438          | (\$28,001,013)              |
| <b>County Sources</b>      | \$815,795,000          | \$815,795,000          | \$0                         |
| <b>Local Sources</b>       | \$18,231,442           | \$18,231,442           | \$0                         |
| <b>Use of Fund Balance</b> | \$43,696,062           | \$43,696,062           | \$0                         |
| <b>Total Revenue</b>       | <b>\$2,319,506,234</b> | <b>\$2,280,881,166</b> | <b>(\$38,625,068)</b>       |

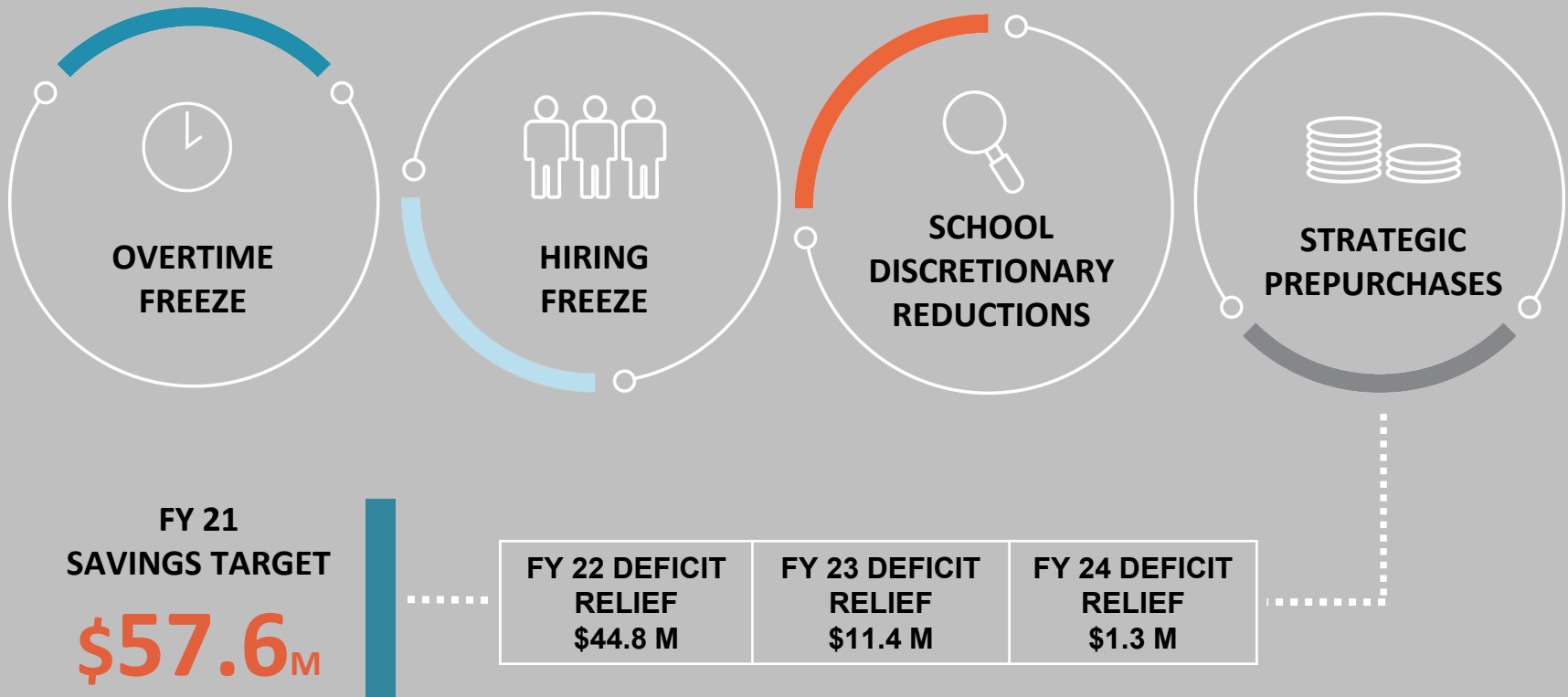
# Operating Expenditures and Budget Gap

| Expenditure Category  | \$ Amount              |
|---|------------------------|
| <b>Expenditures, FY 2021 Board of Education Approved Budget</b>     | <b>\$2,319,506,234</b> |
| Add: Employee Compensation and Benefits Increases                   | \$79,820,840           |
| Add: County Minimum Wage Increases                                  | \$438,295              |
| Add: Building Maintenance Supports                                  | \$8,450,824            |
| Add: Mental Health Clinical Supports for Schools                    | \$2,500,000            |
| Add: Food and Nutrition Fund Subsidy                                | \$15,180,829           |
| Add: Lease Purchase Annual Increase                                 | \$7,448,302            |
| Add: Language Immersion Grade-Level Expansion                       | \$1,111,808            |
| Less: Restricted Program Decrease (Due to Major Grant Culminations) | (\$43,115,382)         |
| <b>Total Expenditures</b>   | <b>\$2,391,341,750</b> |
| <b>Less: Total Revenues</b>   | <b>\$2,280,881,166</b> |
| <b>Operating Budget Gap (Expenditures Less Revenues)</b>            | <b>\$110,460,584</b>   |





# Addressing the Budget Gap



# Central Office Reductions and Contract Efficiency Reviews

## KEY POINTS

Over prior two years, Central Office budgets were reduced by \$27M.

Targeted additional 10% central office discretionary reductions for FY 2022 leading to \$15.9M savings (15% of discretionary budget).

Additional focus on contract efficiency this year.

| Division                              | \$ Reduction        |
|---------------------------------------|---------------------|
| Academics*                            | \$4,043,730         |
| Accountability                        | \$248,132           |
| Board of Education and Internal Audit | \$120,868           |
| Business Management                   | \$772,958           |
| CEO/Chief of Staff                    | \$958,731           |
| Human Resources                       | \$487,667           |
| Information Technology                | \$1,312,984         |
| Operations                            | \$4,518,295         |
| School Leadership                     | \$3,429,600         |
| <b>Totals</b>                         | <b>\$15,892,965</b> |

\* Excludes non-public school tuition reimbursement which remains at FY21 funding level.



# Programmatic Efficiency Reviews

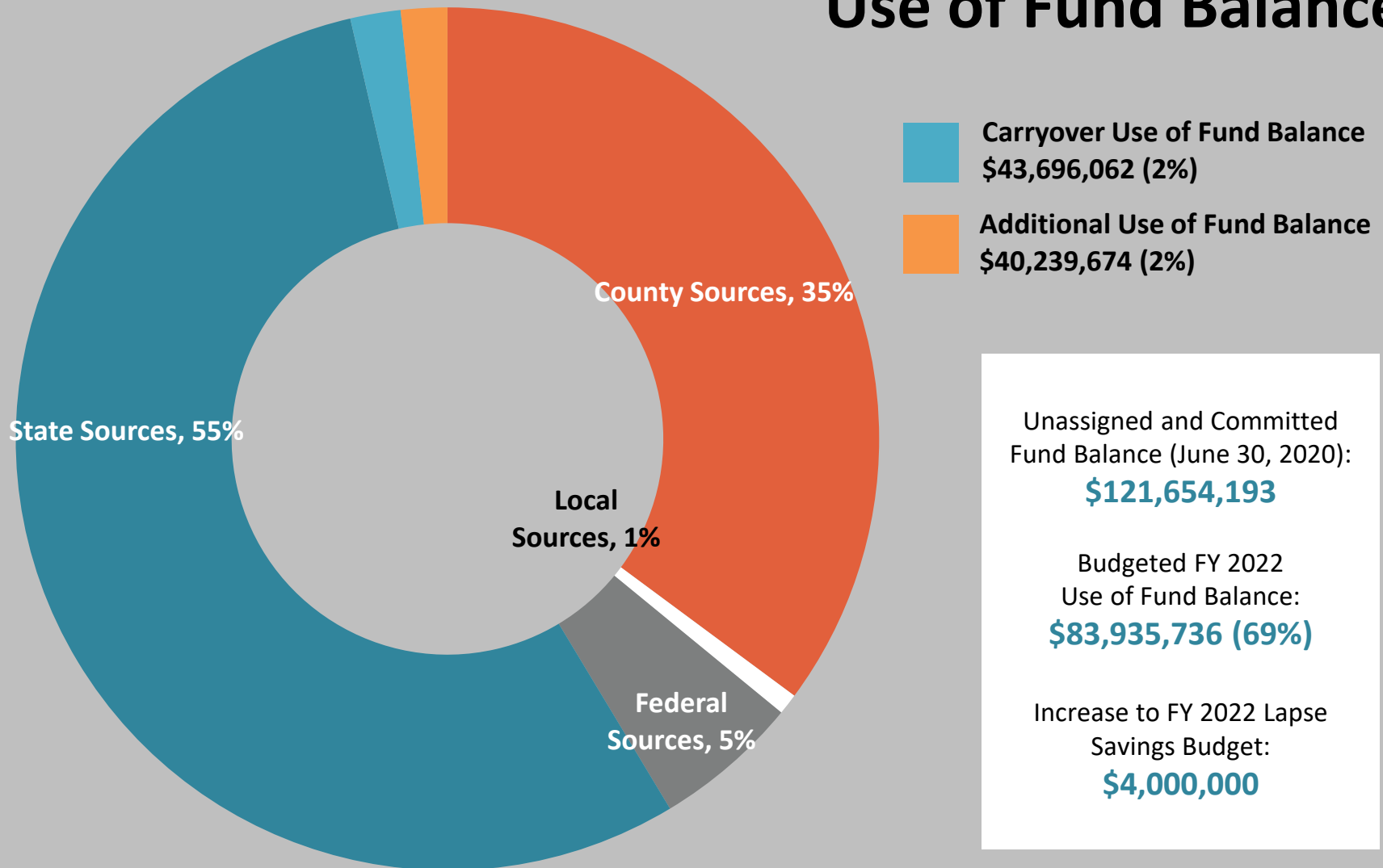
- Evaluating academic and operational programs based on comprehensive data
- Ensuring that programs benefit students and meet rigorous efficiency standards
- Aligned with Board of Education Budget Priority and CEO Focus Area
- Committed to identifying \$2.5 million in efficiencies

# Additional Reconciling Adjustments

These centrally-budgeted items require adjustments based on long-term actual expenditure trends.

| Category   | Required Change      |
|--|----------------------|
| Unemployment   | \$750,000            |
| Worker's Compensation  | (\$1,000,000)        |
| Retirement State Contribution<br>(Teacher and Administrator) | (\$750,000)          |
| Utilities  | (\$2,000,000)        |
| <b>Total Reductions</b>                                      | <b>(\$3,000,000)</b> |

# Use of Fund Balance







# **BOE'S REQUESTED BUDGET:** Critical Investments

# Board of Education Requested Initiatives

| Initiative                           | Description   | Cost     |
|--------------------------------------|---|----------|
| K-3 Reading Tutoring                 | High-dosage tutoring in groups of six students or fewer for four or more days to address learning loss.   | \$10.0 M |
| Bridge to Excellence School Supports | Additional supports for Bridge to Excellence schools to provide the resources needed to succeed in the learning environment.  | \$10.0 M |
| Supports for At-Risk Students        | Mentoring, mental health, workforce development, social work, family support, athletic programs, extra-curricular activities, academic enrichment, exposure activities, restorative practices and alternatives to suspension                                  | \$3.0 M  |
| TranZed Academy for Working Students | Innovative workforce development program for high school students designed to keep students who are on track to graduate engaged with the school system while simultaneously providing them a flexible academic schedule and maximizing their work potential. | \$2.1 M  |
| STEAM Internship                     | Summer internship and mentorship opportunities for approximately 100 High School students per year  | \$0.5 M  |
| Special Education Audit              | Comprehensive academic and operational audit of districtwide special education services.  | \$0.1 M  |

**\$15.0 Million Added to the Requested Budget for the Alternative Capital Financing (ACF) County Operating Contribution.**

|                        |
|------------------------|
| <b>Total Additions</b> |
| <b>\$40.7 Million</b>  |

# Operating Revenue: BOE-Requested Budget

| Funding Source             | FY 2021<br>Approved    | FY 2022<br>Requested   | Change<br>FY 2022 – FY 2021 |
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| <b>Federal Sources</b>     | \$154,414,451          | \$126,413,438          | (\$28,001,013)              |
| <b>County Sources</b>      | \$815,795,000          | \$856,495,000          | \$40,700,000                |
| <b>Local Sources</b>       | \$18,231,442           | \$18,231,442           | \$0                         |
| <b>Use of Fund Balance</b> | \$43,696,062           | \$83,935,736           | \$40,239,674                |
| <b>Total Revenue</b>       | <b>\$2,319,506,234</b> | <b>\$2,361,820,840</b> | <b>\$42,314,606</b>         |





## **SUBSEQUENT EVENTS**

Changes After BOE Request

# Blueprint for Maryland's Future – Kirwan II

## Background

- Comprehensive changes to school operations, accountability and funding in alignment with the recommendations of The Kirwan Commission on Innovation and Excellence in Education
- HB 1300 (2020): Originally Passed by General Assembly During 2020 Regular Session (Vetoed by Governor Noting Lost Revenues from COVID-19).
- HB 1372 (2021) : Set of amendments after HB 1300 veto was overridden.
- Enacted as law April 9 after governor did not sign or veto by the deadline.

## Key Components

- Increases Direct State Aid and Local County Contributions to School Districts beginning in FY 2023.
  - Includes restricted grant increases with corresponding supplemental requirements.
- Imposes additional programmatic and operational requirements for educator career ladder & salaries, pre-kindergarten, career & technical education, curriculum, summer school, tutoring & supplemental instruction, behavioral health supports, professional development, technology, leadership training and various other mandates.
- Mandates various new forms of accountability reporting (under penalty of withheld funding) and use of new financial and student systems.

# Blueprint for Maryland's Future – Kirwan II

## Direct State Aid to PGCPS – Projected Changes (\$ in Millions)

| Year                              | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Projected Change from Current Law | \$0.0   | \$194.8 | \$254.1 | \$298.2 | \$364.8 | \$430.4 | \$510.7 | \$585.7 | \$680.1 |

## Direct County Appropriation to PGCPS – Projected Changes (\$ in Millions)

| Year                              | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Projected Change from Current Law | \$0.0   | \$38.8  | \$64.1  | \$60.3  | \$85.9  | \$100.7 | \$115.0 | \$136.2 | \$152.0 |



# Additional Federal Funding for COVID-19

## ESSER II Grant

### Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)

- **Anticipated Award Amount:** \$122,234,704
- **Grant Period:** March 2020 – September 2023
- **Application Status:** PGCPSS applied to MSDE on February 26 (awaiting application approval).
- **Allowable Uses:** For COVID-19 use only. Must align with at least one of the sixteen allowable COVID-19 uses.
- **Primary Planned Uses of Funds:**
  - *Addressing Student Learning Loss*
  - *Building Quality and Safety*
  - *Mental Health Supports*

## ESSER III Grant

### American Rescue Plan (ARP)

- **Anticipated Award Amount:** \$274,521,788
- **Grant Period:** March 2020 – September 2024
- **Application Status:** Awaiting application from State.
- **Allowable Uses:** For COVID-19 use only. Must align with at least one of the sixteen allowable COVID-19 uses. (Must use >20% on addressing student learning loss due to COVID-19).

**Note: Unlike County ARP funds, LEA ARP funds cannot be used to replace lost revenue.**

# Projected Unrestricted Budget Deficit

| Revenue Type   | Comments  | Unrestricted Revenue Impact |
|--|---|-----------------------------|
| State Unrestricted Revenue per Preliminary Governor's Budget Released in January | Governor's Preliminary Budget included a hold harmless for State Aid funding (to account for FY 2021 decreased statewide enrollment) but did not extend to non-State-Aid Unrestricted revenues.   | \$8.7 M                     |
| County Request in BOE- Requested Budget (Above Prior Year)                       | <p>\$15.0 Million for ACF Project not included in Proposed Budget because cost assumed to be funded through a separate MOU.</p> <p>\$25.7 million for additional Board of Education Requested Budget Initiatives (detailed on earlier slide).</p> | \$40.7 M                    |
| Board of Education Requested Initiatives Shifted to New Grants                   | <p>\$10.0 Million K-3 Reading Tutoring to State Tutoring and Supplemental Instruction (Kirwan II)</p> <p>\$5.0 Million of Bridge to Excellence School Supports to ESSER III</p> <p>\$3.0 Million Supports for At-Risk Students to ESSER III</p>   | (\$18.0 M)                  |
| <b>Projected FY 2022 Unrestricted Budget Deficit for Reconciliation</b>          |   | <b>\$31.4 M</b>             |

