



Business Management Services
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FY 2025 Superintendent's PROPOSED Budget Q & A

Questions from the Board of Education

*Budget Work Session – February 1, 2024
Additional Questions*

Divisions:

Business & Management Services

Chief of Staff

General Counsel

Human Resources

Information Technology

Superintendent

Contents: Division Questions

Budget & Management Services	3
1. Briggs:.....	3
2. Briggs:.....	3
3. Briggs:.....	3
4. Adams-Stafford.....	3
5. Adams-Stafford.....	3
6. Adams-Stafford:.....	3
7. Adams-Stafford:.....	4
8. Rivera-Forbes (Student Member of the Board):	5
Human Resources	5
9. Briggs:.....	5
10. Briggs:.....	5
11. Adams-Stafford:.....	5
12. Boozer-Strother:.....	6
13. Boozer-Strother:.....	6
14. Boozer-Strother:.....	6
Information Technology	6
15. Briggs:.....	6
16. Briggs:.....	6

Budget & Management Services

1. **Briggs:** Where does the fund balance of \$120 million come from? (Pg. 30)

Generally, the use of Fund Balance approximates \$55 million. An additional \$65 million is included in the FY 2025 Budget for a total Committed Use of Fund Balance of \$120 million planned. See related response to question number 7.

2. **Briggs:** What do fixed charges under the Chief Financial Officer in the budget cover? (Pg. 36)

The category of Fixed Charges includes all benefit items such as FICA, Health Insurance, Life Insurance, Retirement, Workers Compensation, as well as Liability Insurance and Tuition Reimbursement.

3. **Briggs:** There was a line item for other stipends for restricted salary and wages for \$16 million, where did that money come from and why is it no longer needed? (Pg. 181)

The line item for other stipends for restricted salary and wages that appear as actual expenditures in fiscal year 2023 were one-time retention bonus stipends paid to eligible full-time staff that worked in the district during the Covid-19 pandemic between the months of March 2020 – September 2020 from the ESSER II grant which ended September 2023.

4. **Adams-Stafford:** Please provide a breakdown of Directors, Coordinators and Supervisors. Please provide a table that explains the amount, the grade band or subject they serve, etc. (Pg. 43)

Please see the attached [table](#).

5. **Adams-Stafford:** Given persistent challenges with fundraiser collection in the decentralized extracurriculars, please share the cost comparisons you have made for a district level student activity fund management system. (Pg. 191)

Fundraisers are an integral source of funding for schools. Fundraisers provide additional financial support for the needs and well-being of the schools and aid the morale of students, parents, and the community. The accounting software used to maintain the Student Activity Fund Accounts is SchoolFunds Online, by TRA/KEV Group. SchoolFunds Online (SFO) provides a standardized, user-friendly, efficient, and effective way to record and report on the financial activities in each school's SAF. The annual cost of the licenses, maintenance, tech support, server hosting, and custom coding is approximately \$115,000.

Fundraiser collections are handled in three ways: 1) Through a fundraising company, 2) Directly to students, staff and/or parents/guardians, 3) MySchool Bucks. Funds collected through a fundraising company leverage the company's technology platform to receive the fundraising order or contribution. At the conclusion of the fundraiser using a fundraising company, the company will remit a check directly to the school. The check is recorded on a Monetary Transmittal Form (MTF) for deposit and tracking in the SFO. Monetary funds such as cash, checks, or money orders collected directly from the students, staff, and/or parents/guardians for a fundraiser are remitted to the teacher or fundraising sponsor, captured on an MTF form, and turned into the school financial secretary for verification, deposit, and recording in the SFO. MySchool Bucks payments are made using the online platform and the funds are deposited directly into the school's checking account.

6. **Adams-Stafford:** Please provide the total amount of catering costs for the entire District. (Pg. 36)

There is \$2,647,489 appropriated in the FY 2025 Proposed Budget for Catering Services. Of those funds, \$1.2 million are Unrestricted and \$1.7 million are Restricted funds.

Prince George's County Public Schools
Business Management Services
FY 2025 Proposed Operating Budget

7. **Adams-Stafford:** How is the fund balance funded?

Fund Balance is an accumulation of revenue minus expenditures. The primary revenue sources for PGCPS are intergovernmental payments from the County, State, and Federal Government. Any Surplus revenues in excess of expenditures at the end of a fiscal year falls to the fund balance. It is intended to serve as a measure of the financial resources available in a Governmental Fund. Within PGCPS, our Governmental Funds consist of the following:

- General Fund, which accounts for all financial transactions in support of the educational process, which are not recorded in other funds.
- Capital Projects Fund, which accounts for all financial transactions relating to school construction or major renovation of buildings and facilities, purchase and installation of related equipment; and other purchases of capital assets not accounted for in other funds.
- Special Revenue Fund which accounts for financial transactions related to school breakfast, lunch, snacks and supper, child and adult nutrition care programs under the Food and Nutrition Services fund, as well as the School Activity Fund to account for cash resources of the various clubs, organizations, and annual School System provided cash allotments.

Government Accounting Standards Board Statement Number 54 (GASB 54) is the primary guidance for fund balance reporting. This statement highly regulates the reporting of fund balance, clarifies precisely how balances must be designated to specific purposes, and establishes fund balance classifications. Additionally, fund balance should only pay for one-time expenditures. Plugging a recurring structural deficit with fund balance would rapidly deplete the fund balance. Presented in descending order from most constraining to least constraining these categories are:

- Non-spendable fund balance amounts that cannot be spent because they are either not in spendable form or legally/contractually required to be maintained intact, such as inventories and prepaid items.
- Restricted fund includes amounts that are restricted to specific purposes when constraints are placed on the use of resources by constitution, external resource providers, or through enabling legislation.
- Unrestricted has constraints on spending determined by the governmental entity itself and is further broken down into the followings classifications:
 - Committed – Includes fund balance amounts that can be used only for the specific purposes determined by formal action of the Board. This occurs as part of the annual operating budget approval process.
 - Assigned – Includes fund balance amounts that are intended to be used by the School System for specific purposes as determined by Management. The authority to assign funds has been granted to the Superintendent and Chief Financial Officer (CFO). As a reminder, the assigned amount for future one-time expenditures has been set aside through FY 2029 in order to stabilize the impact of the salary increases in the current negotiated agreements.
 - Unassigned - Includes the remaining unrestricted fund balance, which has not been formally committed by the Board or assigned by the CFO.

Our June 30, 2023 Total Fund Balance is \$343.7 million as outlined below.

Composition Of Total Fund Balance

	General Fund	Capital Project Fund	Special Revenue Fund	Total
Nonspendable:				
Inventories	\$ 4,581,025	\$ -	\$ 3,759,877	\$ 8,340,902
Prepaid Items	15,529	-	-	15,529
Total Nonspendable	\$ 4,596,554	\$ -	\$ 3,759,877	\$ 8,356,431
Restricted:				
For Capital Projects	-	15,482,853	-	15,482,853
For Student Activities	-	-	17,997,686	17,997,686
Total Restricted	-	15,482,853	17,997,686	33,480,539
Committed:				
Use in FY 2024 Operating Budget	70,000,000	-	-	70,000,000
Total Committed	70,000,000	-	-	70,000,000
Assigned to:				
Future One-time Expenditure Items	124,412,997	-	-	124,412,997
Food and Nutrition Services	-	-	43,271,507	43,271,507
Special Projects Funds	9,836	-	-	9,836
	124,422,833	-	43,271,507	167,694,340
Encumbrances	33,516,316	-	-	33,516,316
Total Assigned	157,939,149	-	43,271,507	201,210,655
Unassigned	30,615,188	-	-	30,615,188
Total Fund Balance	\$ 263,150,891	\$ 15,482,853	\$ 65,029,069	\$ 343,662,814

Prince George's County Public Schools
Business Management Services
FY 2025 Proposed Operating Budget

Per a statement by The Government Finance Officers Association (GFOA), "GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." Based on this standard, PGCPS is well below the recommended level of unrestricted fund balance (consisting of committed, assigned and unassigned fund balances). The June 30, 2023 unrestricted general fund balance of \$258.6 million equates to 1.10 months of expenditures. An additional \$210 million would be required to meet the 2.00-month best practice.

A summary of the General Fund Balance for the past five years is outlined below.

	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ 4,596,554	\$ 13,257,804	\$ 14,276,060	\$ 4,088,398	\$ 5,030,131
Restricted	-	-	-	-	-
Committed	70,000,000	117,028,351	83,935,736	44,000,000	28,000,000
Assigned	157,939,149	142,720,217	122,254,929	130,247,916	120,038,372
Unassigned	30,615,188	39,029,239	71,846,311	77,958,131	50,035,759
Total General Fund	\$ 263,150,891	\$ 312,035,611	\$ 292,313,036	\$ 256,294,445	\$ 203,104,262

8. **Rivera-Forbes (Student Member of the Board):** Consider hosting a Student Member of the Board (SMOB) budget forum. This would allow interested students to learn more about the budget and its importance.

We would be happy to work with the Student Member of the Board to arrange a budget forum for students to support their understanding and engagement with the Budget process.

Human Resources

9. **Briggs:** Could the \$325k in other contracted services be used to address delays in processing for HR? (Pg. 205)

No. The \$325K is earmarked to support the multi-year electronic records project for employee records. In FY25 the Records & Employee Verification Office will be realigned to the office of Employee & Labor Relations (ELRO). The \$325K funds are reduced from Human Resources Operations & Staffing and being realigned to ELRO.

10. **Briggs:** I noticed we made cuts in the HR operations and staffing office, but this comes when principals in my district say that we are losing very qualified and interested candidates because of the elongated process. Can we address this creatively with those proposed staff cuts in mind? (Pg. 214)

For FY25, we are realigning some offices and work responsibilities from the Department of Human Resources Operations & Staffing (HRO) to the Office of Employee & Labor Relations. Thus, the positions are moving from one area to another area so there are no cuts. This move will allow the HROS to have a more streamlined focus on recruitment and staffing. In addition, Superintendent House has approved additional positions in HROS for FY24 to support several offices with hiring responsibilities, i.e. Certification, Data Operations, & Instructional staffing. The additional positions will also provide a 1:1 ratio for the instructional staffing team and Area Office/School Clusters. Additionally, we continue to partner with Information Technology to implement an automated Recruitment & Hiring platform and transition PGCPS from a manual process.

11. **Adams-Stafford:** How many total Instructional Positions went unfilled and what was the total cost?

Staff attrition occurs throughout the year for various reasons. As of January 2024, we have 1,194 vacant instructional positions which includes Classroom and Resource Teachers, Instructional Specialists and Supervisors, Media Specialists, Guidance Counselors, Speech Therapist and various other instructional roles. Salary lapses resulting from unfilled

positions, staff attrition and differences in average salary assumptions for vacant positions versus actual salaries of those positions filled is anticipated and included in our budget development process. As such, the value of unfilled instructional positions in the budget is offset by budgeted salary lapse based on historical trends. Furthermore, a portion of instructional salary lapse is also used to fund substitute positions hired to cover short or long-term vacancies.

12. **Boozier-Strother:** What would be the budget implications to implement the top 3 demands that we have been hearing for years from bus drivers? GUARANTEED 8 HOURS, END PRORATION, and PAID HOLIDAYS? (Pg. 201)

Each one of these would be a negotiated item, which would have an impact on the entire ACE-AFSCME Local 2250 collective bargaining union, therefore an exact cost cannot be provided at this time.

13. **Boozier-Strother:** Please explain the staff reductions from FY24 to FY25? (Pg. 214)

For FY25, we are realigning some offices and work responsibilities from the Department of Human Resources Operations & Staffing (HRO) to the Office of Employee & Labor Relations. Thus, the positions are moving from one area to another area so there are no cuts. This move will allow the HROS to have a more streamlined focus on recruitment and staffing. In addition, Superintendent House has approved additional positions in HROS for FY24 to support several offices with hiring responsibilities, i.e. Certification, Data Operations, & Instructional staffing. The additional positions will also provide a 1:1 ratio for the instructional staffing team and Area Office/School Clusters.

14. **Boozier-Strother:** Are the Contracted Services the same as the Equity Leads enhancements? (Pg. 211)

The Equity Lead enhancements are distinct from contracted services. The enhancement aims to increase the stipend provided to school-based equity leads for their effort. The contracted services cover the next level of work from the equity audit and other vendor-based services.

Information Technology

15. **Briggs:** We're making about a 900k reduction in the proposal for student supplies and nearly \$12.5 million less than the estimated amount for FY24. What is that normally budgeted for specifically? (Pg. 225)

These budget line items fall under restricted funding, namely the Elementary and Secondary School Emergency Relief (ESSER) Fund. Essentially, restricted funding is federal, or state grants awarded for specific purposes. ESSER grant funding has been used to create and sustain the school district's 1-to-1 student technology program, pay for staff laptops, and provision SMART interactive flat panels in all school schools. This funding expires on September 30, 2024. All FY2025 purchases using ESSER funding will be made prior to September 30, 2024, and will sustain our technology program for the duration of FY2025. For FY2026, we will need to add funding to the operating budget—especially, the lease purchase program—to sustain our technology infrastructure.

16. **Briggs:** Again, we requested about \$3 million for the software licensing for FY 24, and we estimate it will be \$11 million; our current budget proposal is \$19k. What does the software license normally cover? (Pg. 228)

The software licensing on page 228 is an ESSER grant funded budget item. The \$11 million represents the funding we will utilize for FY24 and FY25, since the expiration date for spending ESSER funds is September 30, 2024. Therefore, about \$5.5 million will be expended in FY24, and another \$5.5 million will be expended at the beginning of FY25 for annual software renewal fees. After the ESSER funding expires, we will need to add funding to the operating budget in FY2026 to sustain our software licensing for critical technology applications currently covered by ESSER funding. These applications include large scale applications, such as the Canvas Learning Management System and Synergy Student Information System, as well as an array of classroom instructional technology applications, such as Nearpod and EdPuzzle.