Transformation 2026
Equity and Excellence

FY 2023 CEO’s Proposed Operating Budget
December 9, 2021
## FY 2023 Board of Education Budget Priorities

<table>
<thead>
<tr>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand/Improve Curriculum &amp; Instruction (to Include Increased Personnel)</td>
</tr>
<tr>
<td>Professional Development/Continuing Education</td>
</tr>
<tr>
<td>Student Mental Health Supports/Resources</td>
</tr>
<tr>
<td>Smaller Class Size</td>
</tr>
<tr>
<td>After School Clubs, Activities &amp; Mentoring Programs</td>
</tr>
<tr>
<td>Funding for Focus Work Group Goals</td>
</tr>
</tbody>
</table>
FY 2023 CEO Focus Areas
Transformation 2026 Imperatives

1. Academic Innovation
2. Transformational Workforce
3. Organizational Learning Culture
4. Safe & Supportive Environments
5. Infrastructure & Operational Enhancements
FY 2023 Revenue
Blueprint, Enrollment, Uncertainty
The Department of Legislative Services (DLS) estimated FY 2023 State and County Source Revenues Based on Pre-Pandemic Student Enrollment

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>FY 2022 Approved</th>
<th>FY 2023 DLS Estimates</th>
<th>Change FY 2023 DLS Estimates – FY 2022 Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Sources</td>
<td>$1,231,712,122</td>
<td>$1,401,705,652</td>
<td>$169,993,530</td>
</tr>
<tr>
<td>County Sources</td>
<td>$811,950,400</td>
<td>$899,100,000</td>
<td>$87,149,600</td>
</tr>
<tr>
<td>Federal Sources*</td>
<td>$98,140</td>
<td>$98,140</td>
<td>$0</td>
</tr>
<tr>
<td>Local Sources*</td>
<td>$15,821,836</td>
<td>$10,521,836</td>
<td>({$5,300,000})</td>
</tr>
<tr>
<td>Use of Fund Balance*</td>
<td>$83,935,736</td>
<td>$83,935,736</td>
<td>$0</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$2,143,518,234</td>
<td>$2,395,361,364</td>
<td>$251,843,130</td>
</tr>
</tbody>
</table>

*DLS only estimated State and County Sources. Other amounts are based on PGCPS internal projections.
Unrestricted Operating Revenue

- **FY 2022 Approved**
  - Federal/Local/Use of FB: $99,855,712
  - County: $811,950,400
  - State: $1,231,712,122

- **FY 2023 DLS Estimates**
  - Federal/Local/Use of FB: $94,555,712
  - County: $899,100,000
  - State: $1,401,705,652

- **FY 2023 Projection**
  - Federal/Local/Use of FB: $94,555,712
  - County: $841,950,400
  - State: $1,321,702,882

**Total Unrestricted Revenue ($)**

- **Actual** $114.7M
- **DLS Estimate** $251.8M
- **Projection** $114.7M
FY 2023 Budget Deficit
Expenditures, Revenues, Closing the Gap
## Baseline Operating Expenditures

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>$ Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures, FY 2022 Board of Education Approved Budget</td>
<td>$2,775,176,835</td>
</tr>
<tr>
<td>Add: Employee Compensation and Benefits Increases</td>
<td>$69,134,078</td>
</tr>
<tr>
<td>Add: Lease Purchase Payment Timing Increase</td>
<td>$31,870,061</td>
</tr>
<tr>
<td>Add: Other Post Employment Benefits Timing Increase</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Add: Direct School Budget Increases</td>
<td>$6,633,068</td>
</tr>
<tr>
<td>Add: Academic Program Expansions</td>
<td>$5,710,304</td>
</tr>
<tr>
<td>Add: Organizational Improvements</td>
<td>$4,232,237</td>
</tr>
<tr>
<td>Add: Technology Maintenance and Upgrades</td>
<td>$914,718</td>
</tr>
<tr>
<td>Add: Mental Health and Case Management Services</td>
<td>$469,600</td>
</tr>
<tr>
<td>Add: Dual Enrollment Fees and Textbooks</td>
<td>$530,000</td>
</tr>
<tr>
<td>Less: End of Three Years of Longevity Differentials</td>
<td>($9,216,011)</td>
</tr>
<tr>
<td>Less: Restricted Program Decrease (Due to COVID Grant Usage)</td>
<td>($259,278,187)</td>
</tr>
<tr>
<td><strong>Total Baseline Expenditures</strong></td>
<td><strong>$2,641,176,703</strong></td>
</tr>
</tbody>
</table>
Closing the Budget Deficit

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>$ Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline Expenditures</td>
<td>$2,641,176,703</td>
</tr>
<tr>
<td>Baseline Revenues</td>
<td>$2,630,589,409</td>
</tr>
<tr>
<td>Operating Budget Gap (Expenditures Less Revenues)</td>
<td>$10,587,294</td>
</tr>
</tbody>
</table>

- **Central Office Reductions**: $1.3M
- **Alternative School Redesign**: $2.0M
- **Workers’ Comp & Unemployment Adjustments**: $1.3M
- **Additional Use of Fund Balance**: $6.1M
Critical Investments
Student and Staff Supports
Critical Investment: Mitigating Interrupted Instruction

Why is it critical?

• The impact of the pandemic on the lives of students, families and staff is immeasurable.
• As we begin to recover from the pandemic, we must reimagine the possibilities and how we serve all students through an equity-centered learning recovery process in order to ensure that interrupted instruction does not become lost instruction.

Key Budget Points

• ESSER Grant Programs: $66.6 million
• Other Federal Grant Programs: $62.2 million
• General Operating Fund: $2.9 million
Critical Investment: Mental Health Supports

Why is it critical?
• Already-prioritized mental health needs of our students and employees are heightened by the Pandemic.
• Last year, the district announced a systemic mental health services expansion to provide full-time contractual therapists to all schools by FY 2024 (SY 2023 – 2024).

Key Budget Points

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>FY 2021 # of Schools</th>
<th>FY 2022 # of Schools</th>
<th>FY 2023 # of Schools</th>
<th>FY 2024 # of Schools</th>
<th>FY 2025 # of Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kirwan I - Concentration of Poverty</td>
<td>65</td>
<td>77</td>
<td>95</td>
<td>112</td>
<td>126</td>
</tr>
<tr>
<td>Maryland Center for School Safety</td>
<td>28</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ESSER I Grants</td>
<td>-</td>
<td>28</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ESSER III Grant</td>
<td>-</td>
<td>35</td>
<td>70</td>
<td>95</td>
<td>-</td>
</tr>
<tr>
<td>General Operating Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>81</td>
</tr>
<tr>
<td>Schools with Full-Time Therapy Supports</td>
<td>93</td>
<td>140</td>
<td>165</td>
<td>207</td>
<td>207</td>
</tr>
<tr>
<td>Schools without Full-Time Therapy Supports</td>
<td>114</td>
<td>67</td>
<td>42</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

$140.4M
Critical Investment:
Substitute Teacher Pay

Why is it critical?
• Historically, recruiting experienced and credentialed substitutes has been difficult and the situation has been heightened by the Pandemic.
• We must ensure a sufficient pool of high-quality substitute teachers for all schools.

Key Budget Points
• $2.0 million has been added to the general fund to augment substitute teacher salaries.

$2.0M
Critical Investment: Alternative Programs Redesign

Why is it critical?
This redesign serves the following purposes:
• Change these schools to programs and enhance student connections to comprehensive schools.
• Revise programming to develop the social-emotional and academic needs of our students.

Key Budget Points
• This program will save $2.5 million in general funding annually.

($2.5m)
Critical Investment:
School Facilities Maintenance

Why is it critical?
• School facilities must be properly cleaned and maintained to implement the ongoing COVID-19 safety protocols and ensure the health and safety of students, employees and visitors.

Key Budget Points
• Funding for 20.0 FTE additional cleaners, sanitation equipment and air quality contractual services to improve school cleanliness standards and building air quality.

$1.4M
Critical Investment: Secondary School Funding

Why is it critical?

- Recent budgets have increased funding for elementary class size reduction.
- Additional funding for middle schools and high schools will allow principals to focus on smaller class sizes and additional course offerings.
- This year, a middle school and K-8 formula-based equity pilot program will explore alternatives to the Student-Based Budgeting (SBB) model.

Key Budget Points

- $2.5 million increase to the 6-8 grade SBB allocation.
- $2.5 million increase to the 9-12 grade SBB allocation.
Critical Investment: Maintaining One-to-One Devices

Why is it critical?
- To meet the challenges of distance learning, PGCPS accelerated its drive toward one-to-one student technology.
- Maintaining a one-to-one environment is critical to ensure continued access to digital learning capabilities for all students; however, ongoing replacement of equipment creates a long-term liability.
- Having an updated technology refresh plan ensures sustainability.

Key Budget Points
- The technology refresh plan sustainably balances purchases across a 15-year time frame.
- FY 2022 – 2024: $35.4 million for ~105 thousand devices planned through ESSER Grants.
- FY 2025 – 2036: $193.8 million for ~460 thousand devices planned through general operating funds (lease-purchase).

$229.2M
Operating Budget Next Steps

**JANUARY 3**
BOE Members submit budget questions for Work Session 1 to Board Office for staff responses

**JANUARY 25**
CEO returns Work Session 2 staff responses to BOE and publicly posts document
BOE Members submit budget questions for Work Session 3 to Board Office for staff responses

**FEBRUARY 3**
2nd BOE Public Hearing & Budget Work Session 2:
- School Leadership
- Human Resources
- Chief of Staff
CEO returns Work Session 3 staff responses to BOE and publicly posts document

**FEBRUARY 16**
OBFA Committee Meeting to Finalize BOE Recommendation

**JANUARY 17**
CEO returns Work Session 1 staff responses to BOE and publicly posts document
BOE Members submit budget questions for Work Session 2 to Board Office for staff responses

**JANUARY 27**
1st BOE Public Hearing & Budget Work Session 1:
- Academics
- Accountability
- Business Management Services

**FEBRUARY 10**
3rd BOE Public Hearing & Budget Work Session 3:
- Operations & Supporting Services
- Information Technology
- Chief Executive Officer

**FEBRUARY 24**
BOE vote on BOE-Requested Budget

Note: Public Hearing/Work Session dates and locations are currently proposed by the OBFA Committee for Board of Education approval on December 9, 2021. Dates and locations are subject to change based on final Board discussions.