



Angela D. Alsobrooks  
County Executive

# PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF THE COUNTY EXECUTIVE

March 11, 2021

The Honorable Calvin S. Hawkins, II  
and Members of the County Council  
County Administration Building  
Upper Marlboro, Maryland 20772

Dear Chairman Hawkins and Members of the County Council:

It is my pleasure to submit to you the County's budget for FY 2022. Together over the last year we have faced unprecedented trials. The COVID-19 pandemic has put tremendous pressure on Prince George's County: fifty thousand jobs temporarily disappeared, thousands of residents in danger of losing their homes, increased food insecurity in many areas of the county and, of course, thousands facing significant health issues. In the midst of this turmoil, the County Government's revenues fell by over \$100 million from pre-pandemic projections. Because of this, the next year is going to be a challenge for us all and will require very thoughtful allocation of still-limited resources. That said, I am very proud of how we have responded and am confident that we are now in the process of community and financial recovery. Moreover, I believe this budget reflects the spirit in which we have reinvented our government to face these challenges. It makes strong investments in core areas that will help our county continue to be a leader in the state and region, while also helping to Grow Prince George's Pride for all of our citizens.

### Summary of Key Points

#### Education:

- Education remains one of the very top priorities of my administration and our budget includes \$2.34 billion for the Prince George's County School System. In response to the pandemic, we have had to reimagine our education system by finding ways to connect virtually and close the digital divide.

#### Public Safety:

- Citizen Complaint Oversight Panel – The budget funds stipends for those who participate in the Police Department's disciplinary investigations.
- Police Department – Three new positions are created in accordance with Police Reform Work Group recommendations, including a Director of Race & Equity and psychologists.
- Fire-EMS Department – Funding will continue to support the purchase of turnout gear for volunteer firefighters as well as smoke detectors for County residents that may be unable to obtain them.

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- Department of Corrections – The budget allocates funding for reentry services and behavioral health services.
- Office of the Sheriff – Funding supports efforts to reduce outstanding warrants (with a focus on violent criminals) and to reduce repeat domestic violence calls.
- Department of Homeland Security/Office of Emergency Management – Funding also supports the implementation of preparedness, mitigation, response and recovery efforts through increased staffing and emergency management accreditation for Continuity of Operations Plans, as recommended by the Prince George’s Forward Task Force.

**Technology:**

- Office of Finance – Funding will allow for implementation of a new tax billing and collection system for real and personal property, transfer and recordation taxes.
- Department of Permitting, Inspections and Enforcement – Funding will continue to support replacing the outdated ePermits system with a new comprehensive Permitting and Licensing System (PLS) that integrates permit processing, plan review, inspections and licensing functions.
- Office of Human Resources Management – Funding will allow for new modules for NEOGOV for expanded learning and training for County employees.
- Office of Information Technology –
  - Funding will facilitate implementation of a new performance management dashboard solution (OpenGov).
  - Funding also supports increased cybersecurity protections, an issue that is at the forefront as greater numbers of County employees continue to work remotely.

**Other:**

- Office of Community Relations – Resources are allocated to create an Immigrant Affairs division to more intentionally serve this segment of Prince George’s County residents. This division will include one manager and two support staff positions
- Department of Social Services – Funding will continue to support consultant services for the Food Equity and Food Insecurity Taskforce and Maryland Money Market Double Value Coupon Program.
- Health Department –
  - New positions include three registered nurses for the Immunization Program; two disease control specialists for the Communicable Disease Program; one safety officer; one auditor to review contracts and three system analysts for the Electronic Health Record and Health Information Technology systems. Funding also supports office automation and the Early Childhood Consultant for the Child-Friendly County Campaign.
  - The County is proud to open the new medical center in Largo that will provide improved access to primary and ambulatory care services and serve as a tertiary care center for critically ill patients. The University of Maryland Capital Region Medical Center will serve as a vital asset for health outcomes and an economic development stimulus for the region.

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- The capital budget includes \$4 million to complete the state-of-the-art Regional Health and Human Services Center which will co-locate the Departments of Health, Social Services and Family Services. Co-location of these agencies, which are already known for some of the most noteworthy collaborations in County government, will contribute to an even greater improvement in service delivery to residents.
- Department of Housing and Community Development – Additionally, the proposed budget for the Housing Investment Trust Fund includes funding for the Workforce Housing Gap Financing Program. This program enables the County to develop viable, mixed-income communities of choice for decent and quality workforce housing by providing gap financing for income eligible households.
- Funding will continue to provide civil and human rights protection to aid in positive economic development and public safety.

### **FY 2022 Proposed Budget - All Funds**

The FY 2022 budget for all operating funds is \$4.58 billion, an increase of \$100.4 million or 2.2% over the FY 2021 budget. The General Fund accounts for 82.6% of all spending in FY 2022 and will increase by \$63.6 million or 1.7%. This fund supports the majority of County government services and programs including education, public safety, general government, public works, the environment and other critical services.

The Internal Service Funds total \$64.3 million in FY 2022, an increase of \$3.1 million or 5.1% over the FY 2021 budget.

The County's Enterprise Funds total \$216.0 million, an increase or 3.7% over the FY 2021 budget. The Enterprise Funds support various water quality programs and meets State mandates. The budget includes tipping fee increases to support the Solid Waste Fund.

Special Revenue Funds account for \$244.5 million or 5.3% of all spending in FY 2022. Spending in this fund is projected to increase by \$5.1 million or 2.7%, primarily due to an increase in debt service.

Grant funding accounts for 6.0% of all spending and is estimated to total \$273.3 million in FY 2022. This is an increase of \$20.8 million or 8.3% above the FY 2021 budget. County agencies will continue to diligently seek new sources of revenues and will likely exceed the budgeted amount before year-end.

The chart below provides a summary of all operating funds in FY 2022:

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|                        | FY 2020<br>ACTUAL       | FY 2021<br>BUDGET       | FY 2021<br>ESTIMATE     | FY 2022<br>PROPOSED     | CHANGE<br>FY21 - FY22 |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| <b>REVENUES</b>        |                         |                         |                         |                         |                       |
| General Fund           | \$ 3,522,798,913        | \$ 3,714,400,900        | \$ 3,727,125,200        | \$ 3,778,048,700        | 1.7%                  |
| Internal Service Funds | 52,500,051              | 61,232,700              | 60,594,000              | 64,344,400              | 5.1%                  |
| Enterprise Funds       | 179,974,879             | 208,248,400             | 200,370,800             | 216,019,100             | 3.7%                  |
| Special Revenue Funds  | 204,495,548             | 239,396,600             | 218,983,000             | 244,465,000             | 2.1%                  |
| Grant Program Funds    | 215,098,397             | 252,467,700             | 453,893,500             | 229,563,700             | -9.1%                 |
| <b>TOTAL</b>           | <b>\$ 4,174,867,788</b> | <b>\$ 4,475,746,300</b> | <b>\$ 4,660,966,500</b> | <b>\$ 4,532,440,900</b> | <b>1.3%</b>           |
| <b>EXPENDITURES</b>    |                         |                         |                         |                         |                       |
| General Fund           | \$ 3,481,490,794        | \$ 3,714,400,900        | \$ 3,727,125,200        | \$ 3,778,048,700        | 1.7%                  |
| Internal Service Funds | 51,866,016              | 61,232,700              | 59,111,400              | 64,344,400              | 5.1%                  |
| Enterprise Funds       | 186,258,720             | 208,248,400             | 196,553,300             | 216,019,100             | 3.7%                  |
| Special Revenue Funds  | 204,731,876             | 239,396,600             | 218,983,000             | 244,465,000             | 2.1%                  |
| Grant Program Funds    | 215,098,397             | 252,467,700             | 453,893,500             | 229,563,700             | -9.1%                 |
| <b>TOTAL</b>           | <b>\$ 4,139,445,803</b> | <b>\$ 4,475,746,300</b> | <b>\$ 4,655,666,400</b> | <b>\$ 4,532,440,900</b> | <b>1.3%</b>           |

### General Fund Revenues

The FY 2022 budget is framed by an economy that is expected to begin recovering from the coronavirus pandemic, which has impacted business activity and led to increased unemployment. The largest impact has been on the leisure and hospitality industry and the long-term effects for this sector of the economy are uncertain. These impacts affect the County's receipt of Admissions and Amusement taxes, hotel taxes, and MGM National Harbor related revenues. Overall, the FY 2022 General Fund forecast represents an increase of \$97.7 million or 2.2% over the FY 2021 Budget. The FY 2022 General Fund budget includes \$2.17 billion in County Sources and \$1.61 billion in Outside Aid.

#### General Fund – County Source

County source revenues – taxes, fees, licenses and permits, service charges, use of money and property, etc. – represent resources used to fund the majority of government programs and services, including the County's contribution to the Board of Education, the Memorial Library System and the Community College. In FY 2022, County sources are projected to be \$2.17 billion, an increase of \$10.7 million or 0.5% over the FY 2021 budget. These revenues account for 57.3% of the total General Fund revenues for FY 2022.

Real property taxes represent the largest portion of County source funding for government operations. In FY 2022, receipts are projected to total \$912.6 million, an increase of \$30.3 million or 3.4% over the FY 2021 budget. Excluding the revenue dedicated to the school system, the County's real property tax revenues are projected to increase by \$32.5 million or 3.8% in FY 2022 over the FY 2021 budget.

Personal property tax revenues are projected to be \$73.1 million, a decrease of -12.3 million or -14.4% in FY 2022. Excluding the additional revenue assigned to the school system, the County's personal property tax revenues are projected to decrease by \$11.8 million or -14.4% in FY 2022.

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Income tax revenues are expected to total \$647.7 million in FY 2022, including the State Income Disparity Grant. This represents an increase of \$22.2 million or 3.5% over the FY 2021 budget. This growth is due to federal stimulus aid to businesses in FY 2021, which supported incomes during the pandemic and saved the County from revenue losses. Funding from the State Income Disparity Grant is expected to increase by \$4.9 million or 18.0% in FY 2022.

The County's real estate market is forecasted to remain stable over the next year. As such, the combined receipts from both the Transfer and Recordation taxes are anticipated to remain at the FY 2021 level. Although the median home price has increased, the number of homes for sale is at the lowest level in 10 years and the effect of the pandemic on continued sales growth is a concern.

Revenue from licenses and permit fees is projected to increase by \$14.3 million or 27.4% in FY 2022. This is primarily driven by the end of pandemic-induced capacity limits on casinos and the expectation that gaming activity will return to pre-pandemic levels in FY 2022. A small across-the-board increase in permitting and license fees supports the budget starting in July 2021.

Intergovernmental revenues are projected to increase by \$0.7 million or 1.5% over the FY 2021 budget. Growth in Police Aid and the recognition of targeted crime grants is offset by one-time federal disaster assistance.

Moreover, the General Fund budget includes a \$49.0 million use of fund balance to support FY 2022 spending.

### **General Fund – Outside Aid**

Outside Aid revenues include State Aid and other revenues (e.g. federal aid, fees, charges, tuition) generated by the Board of Education, Community College and Library. In FY 2022, Outside Aid is estimated to total \$1.61 billion, an increase of \$53.0 million from the FY 2021 budget level. Outside Aid accounts for 42.7% of total General Fund revenues in FY 2022.

### **Spending Affordability Committee (SAC) Guidelines**

The County's Spending Affordability Committee (SAC) is a dedicated citizen committee of truly exceptional professionals who have been invaluable assets to Prince George's County for many years.

The FY 2022 SAC recommendation for the FY 2022 General Fund budget is \$3.72 billion. The FY 2022 budget is approximately \$5.7 million or 13.2%, above the Committee's recommendation. Several significant actions have occurred since the committee made its recommendation, including:

- Increase in Income Tax revenue based on unanticipated Pass Through Entity withholding due to recent State legislation - \$17.6 million;
- Increase in Personal Property Tax revenue based on year-to-date performance - \$5.1 million;

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- Increase in Licenses and Permits revenues based on building and grading permit and business license year-to-date collections - \$2.9 million;
- Increase in Intergovernmental revenues based on the actual FY 2022 State aid allowance - \$10.2 million;
- Use of Money and Property reduced interest income based on record low interest rates - (\$9.8) million;
- Increase in the Use of Fund Balance - \$5.7 million to support the operating budget; and
- Increase in Outside Aid revenues primarily due to alignment with the State’s FY 2020 Budget for the Board of Education – \$19.0 million.

I unequivocally endorse the Committee’s recommendations to align ongoing revenues and ongoing spending, to develop long-term financial plans to address unfunded liabilities and the continuation of conservative revenue estimates. Furthermore, the FY 2022 budget complies with their recommendation to preserve the County’s General Fund reserves at the Charter-mandated 5.0% and the financial policy-required 2.0%. I share the Committee’s recommendation to continue with these important efforts. These practices are essential to us in maintaining the County’s AAA bond rating from the major rating agencies.

This budget is the result of the hard work, input, and partnership of stakeholders across our community and County Government. The FY 2022 budget embodies our values and priorities in the face of the unique challenges that we are facing together in the coming year while maintaining critical investments in growing our economy, improving our schools, providing safe neighborhoods, protecting our environment and providing high-quality health and human services to our residents.

Sincerely,



Angela D. Alsobrooks  
County Executive