

# Appendix B

Appendix B includes the following reference information relating to the Fiscal Year 2024 Proposed Operating Budget:

Spending Affordability Committee Report ..... 775



January 3, 2023

The Honorable Angela D. Alsobrooks, III, County Executive  
 The Honorable Thomas E. Dernoga, Chair, County Council

In accordance with Subtitle 10, Division 1A of the County Code, the Spending Affordability Committee has reviewed the preliminary projections of the County's Office of Management and Budget (OMB) for General Fund revenues for FY 2023 and FY 2024. This letter summarizes the Committee's major findings and recommendations for FY 2024. A detailed discussion of OMB's assumptions on various revenues is provided in the appendix to this letter.

**Overview**

**Exhibit 1** shows the general fund outlook for FY 2024, which projects a \$62.0 million shortfall between revenues and spending. Although the economy has fully re-opened following the pandemic, the economy is affected by supply chain problems, a national reduction in the labor force and the effects of the war in Ukraine. High inflation has affected the costs of goods and services and resulted in high wage growth. Outyear projections show an imbalance between revenues and spending through FY 2028. The County will face difficult decisions to produce balanced budgets in the near term. **The Committee recommends a spending ceiling of \$4.464.1 billion in FY 2024, with the proviso that the County use unassigned balance for one-time purposes such as Pay-as-you-go (PAYGO) capital. The County will also need to constrain spending so that shortfalls projected for FY 2025 and beyond do not worsen.**

**Exhibit 1**

**Prince George's County  
 General Fund Outlook  
 (\$ in Millions)**

	FY 2022 Unaudited	FY 2023 Approved	FY 2024 Forecast
County-Sourced Revenue	\$2,362.1	\$2,350.6	\$2,479.1
Outside Aid Revenue	2,038.1	1,876.0	1,923.0
<b>Total Revenue</b>	<b>\$4,400.2</b>	<b>\$4,226.6</b>	<b>\$4,402.1</b>
County Agency and Non-D Expenditures	1,329.0	1,434.1	1,543.5
Education and Library Expenditures	2,932.9	2,792.6	2,920.6
<b>Total Expenditures</b>	<b>\$4,261.9</b>	<b>\$4,226.6</b>	<b>\$4,464.1</b>
<b>Surplus/(Deficit)</b>	<b>\$138.3</b>	<b>\$0.0</b>	<b>-\$62.0</b>

Source: Prince George's County Office of Management and Budget

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- General Fund revenues are estimated at \$4.402 billion in FY 2024; an increase of \$175.5 million, or 4.2% over the FY 2023 approved budget. Most of the growth is expected from additional real property, income, and transfer and recordation taxes and outside education aid. The County's assessable property base continues to increase though the Homestead Tax Credit limits growth to the maximum 5% rate for FY 2024. Income tax revenues are being driven by wage growth, as employers continue to compete for workers and offer salaries that offset the effects of higher inflation. The County is also facing larger contributions to the Board of Education under the State's Blueprint for Maryland's Future initiative.
- OMB projects that General Fund expenditures will reach \$4.464 billion in FY 2024, an increase of \$237.4 million or 5.6% over the FY 2023 budget. This projection is based on FY 2023 estimated expenditures and preliminary FY 2024 assumptions of compensation per collective bargaining results, fringe benefits, public safety classes, contributions to public education spending, additional debt service obligations, costs related to the Capital Improvement Program, and other discretionary spending.
- These projections were developed prior to the January 2023 release of the Governor of Maryland's proposed FY 2024 budget, which will be modified by legislative action. The projections therefore do not include the potential impact from State budget cuts, modifications to statutory aid programs, or budgetary enhancements. Final action on the State budget will not be known until late March or early April.

## Economic Outlook

Following the pandemic, the economy re-opened but businesses found they were unable to meet consumer demand due to a combination of supply chain problems and labor shortages. This was caused in part by COVID-related lockdowns in China, which manufactures many of the parts and finished products consumed in the U.S., but also by a labor force reduced by retirements, workers impacted by COVID, and other factors. To attract workers employers began offering higher wages. Combined with the scarcity of goods, higher wages induced inflation. Year-over-year consumer prices rose above 5% in the spring of 2021 and eclipsed 7% by December. To combat inflation the Federal Reserve Board began raising the federal fund rate in March 2022 followed by six additional rate hikes through December 2022. Although inflation has come down from its high of 9.1% in June 2022 it remained above 7% at the close of the calendar year. The U.S. unemployment rate was at 3.5% before the pandemic, rising above 14% in April 2020. It fell to the pre-pandemic level in September 2022. Demands for higher wages continues to be an issue and could limit efforts to constrain price growth.

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Real estate activity had been strong since the pandemic. Record low interest rates also induced the millennial generation to enter the housing market. Combined with low housing inventory, home prices began to rise. Mortgage rates rose to nearly 7% after the Federal Reserve Board raised the federal fund lending rate seven times in Calendar Year (CY) 2022, as it attempts to rein in inflation. This has caused average monthly sales to fall from an average of 962 per month in FY 2022 to 751 per month, during the first five months of FY 2023. The median price has held up in the current fiscal year and may continue at higher levels because construction inflation has also been high. If the available inventory of homes for sale continues to climb the median home price can be expected to decrease. The approved FY 2023 budget anticipated a decline in transfer and recordation tax revenue based on rising interest rates.

## Revenue

In this section, revenue changes in FY 2024 are compared to the FY 2023 December estimate, unless noted otherwise. In addition, the FY 2023 estimate is compared to the FY 2022 unaudited level. **Exhibit 2** shows OMB's preliminary revenue projections for FY 2023 and FY 2024.

### Major sources of revenue changes:

- **Real Property Tax** revenues are expected to increase in FY 2023 and FY 2024, by 2.9% and 4.6% respectively. In January 2022 the State Department of Assessments & Taxation (SDAT) reported that the County's assessable base grew by 15.8%. The FY 2024 forecast assumes 4.4% growth, to \$993.4 million. The Homestead Tax Credit was again set at the maximum 5.0% growth rate due to inflation. Offsetting the growth is an assumption of lost revenue due to tax credits approved for affordable housing projects.
- **Personal Property Tax** revenue is estimated to increase by \$1.4 million, or 1.7% in FY 2024 based on the assessable base provided in February 2022 by SDAT. This estimate will be adjusted when updated data is received in 2023.
- **Income Tax** receipts increased to \$777.0 million in FY 2022. Wage growth has continued to rise as employers continue to compete for employees and employees demand higher wages to counteract higher costs of goods and services due to inflation. The FY 2023 estimate is revised upward to \$788.4 million. Although employer withholding has continued to grow, it is expected that capital gains income will offset some of that growth. The FY 2024 forecast assumes that wage growth will continue into the next fiscal year, but it will begin to moderate as inflation is projected by Moody's Analytics to fall to an average rate of 4.0% growth in CY 2023. FY 2024 revenue is projected at \$838.7 million.

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## Exhibit 2

### Prince George's County FY 2024 General Fund Revenue (\$ in Millions)

(\$ in Millions)	FY 2022	FY 2023	FY 2023	FY 2024	FY 2023-FY 2024	
	Unaudited	Approved	Dec. Est.	Dec. Est.	\$ Change	% Change
<b>County Sourced Revenues</b>						
Real Property Tax	923.4	951.7	950.0	993.4	41.7	4.4%
Personal Property Tax	84.2	79.9	80.5	81.3	1.4	1.7%
Income Tax	777.0	777.0	788.4	838.7	61.7	7.9%
Disparity Grant	36.3	43.7	43.7	44.6	0.9	2.0%
Transfer Tax	168.5	144.0	144.0	152.1	8.1	5.7%
Recordation Tax	73.2	43.2	43.2	52.4	9.2	21.4%
Energy Tax	74.9	73.9	73.9	75.3	1.5	2.0%
Telecommunications Tax	13.4	12.2	12.2	12.2	0.0	0.0%
Other Local Taxes	24.8	23.7	23.7	24.6	0.9	3.8%
State-Shared Taxes	8.5	8.0	8.2	9.6	1.6	20.3%
Licenses and Permits	76.5	72.4	79.0	78.3	6.0	8.2%
Use of Money and Property	-1.6	3.1	2.8	2.9	-0.1	-4.0%
Charges for Services	57.4	68.8	64.7	69.5	0.7	1.0%
Intergovernmental Revenue	36.4	39.3	39.3	34.6	-4.7	-12.0%
Miscellaneous Revenue	9.3	9.8	9.7	9.5	-0.3	-3.1%
Other Financing Sources	0.0	0.0	0.0	0.0	0.0	NA
<b>Subtotal County Sources</b>	<b>2,362.1</b>	<b>2,350.6</b>	<b>2,363.3</b>	<b>2,479.1</b>	<b>128.5</b>	<b>5.5%</b>
<b>Subtotal w/o Fund Balance</b>	<b>2,362.1</b>	<b>2,350.6</b>	<b>2,363.3</b>	<b>2,479.1</b>	<b>128.5</b>	<b>5.5%</b>
<b>Outside Aid</b>						
Board of Education	1,958.2	1,783.2	1,783.2	1,828.4	45.2	2.5%
Community College	70.8	82.9	82.9	84.5	1.7	2.0%
Library	9.0	9.9	9.9	10.0	0.1	1.0%
<b>Subtotal Outside Aid</b>	<b>2,038.1</b>	<b>1,876.0</b>	<b>1,876.0</b>	<b>1,923.0</b>	<b>47.0</b>	<b>2.5%</b>
<b>Grand Total General Fund</b>	<b>4,400.2</b>	<b>4,226.6</b>	<b>4,239.3</b>	<b>4,402.1</b>	<b>175.5</b>	<b>4.2%</b>

Source: Prince George's County Office of Management and Budget

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- The **State Income Disparity Grant** increases each jurisdiction's per capita income tax level to 75% of the statewide average, though statutory caps limit the total amount provided by the State. The forecast assumes \$44.6.3 million in FY 2024. In FY 2023 the County benefitted by a higher population reported by the 2020 Census and a law change that now provides 75% of the uncapped grant to jurisdictions with a 3.2% local income tax rate. The actual growth rate will not be known until the State releases local income tax data for Tax Year 2021.
- **Transfer and Recordation Tax** revenues grew to \$241.6 million in FY 2022, fueled by growth in home sales and the median price. But as mortgage rates rose, the County factored in a decrease in transfer and recordation tax revenue. A change in County law also began dedicating 20% of Recordation tax revenue to the Housing Investment Trust Fund (HIST). The FY 2023 approved budget remains at \$187.2 million. The FY 2024 forecast assumes growth in the median price because construction inflation has grown in the last two fiscal years. The FY 2024 projection is \$204.6 million net of the dedication to the HIST.
- **Energy Tax** revenue has remained in the low \$70 million range after decreasing during the pandemic. The FY 2022 unaudited attainment was \$74.9 million. The FY 2023 estimate is at \$73.9 million. The FY 2024 forecast assumes a 2% increase, to \$75.3 million based on inflation.
- **Telecommunications Tax** revenues have declined over a number of years, likely due to a shift in use of texting and emails instead of calls, which are subject to the tax. A small decrease from the FY 2022 unaudited level is expected, from \$13.4 million down to \$12.2 million in FY 2023. The forecast level funds the revenue estimate because the rate of decline has slowed. This implies that there may be a base level of calls annually that are subject to the tax.
- **Other Local Taxes** revenues are expected to grow by \$0.9 million or 3.2% in FY 2024. Both hotel/motel taxes and the Admissions & Amusement tax fell sharply during the pandemic, but both returned to pre-pandemic levels in FY 2022. Nominal growth in both revenue sources is estimated.
- **License and Permit** revenues are expected to grow by \$6.0 million, or 8.2% in FY 2024. This is due largely to the gaming forecast, which continues to perform well since the pandemic. Building and Grading revenue is also increased to align with FY 2022 attainment.
- Revenue from **Charges for Services** is estimated at \$69.5 million, an increase of \$0.7 million above the FY 2023 approved budget. The forecast reflects a full year of revenue from the 9-1-1 fee increase that was passed in the fall of 2022, offset by lower estimates of health fee revenue based on the FY 2022 unaudited level.

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- **Intergovernmental Revenues** are projected to decrease by \$4.7 million due to one-time State aid received in FY 2023 as part of a proposal by the Governor to enhance the Police Aid formula. Although the legislation failed, the additional funding remained in the budget.
- **Miscellaneous Revenues** are expected to decrease slightly to \$9.5 million in FY 2024, about \$0.2 million below FY 2023. The bulk of this source comes from the Automated Speed Enforcement and Red-Light Camera programs, both of which have been declining as drivers modify their behavior.
- **Other Financing Sources** consist of transfers and use of fund balance. No use of fund balance was expected for FY 2023. At present there is a projected imbalance of \$62 million between revenues and spending, hence the use of unassigned balance for one-time expenses.
- **Outside Aid** revenues are projected to increase in FY 2023 and FY 2024 as State aid to the Board of Education grows following passage of the Blueprint for Maryland's Future initiative. State aid for the Memorial Library and Community college grow more modestly in both years based on the provisions of the State aid formulas. Outside aid is estimated at \$1.88 billion in FY 2023 and \$1.92 billion in FY 2024.

## Spending Ceilings

The Committee recommends an overall General Fund spending ceiling of \$4.464.1 billion in FY 2024, an increase of \$237.5 million or 5.6% above the FY 2023 budget. Actual spending for certain items supported by designated revenue resources could change based on budgeted or actual revenues received. The County proposes General Fund spending allocations for the Board of Education, debt service and all other general government expenditures as shown in **Exhibit 3**.

**Board of Education:** \$2.754.1 billion for the Board of Education – an increase of \$123.9 million or 4.7% over the FY 2023 approved budget. This increase assumes outside aid of \$1.828.4 billion from Federal and State aid and Board sources; an increase of \$45.2 million, or 2.5% over the FY 2023 approved budget. The FY 2024 forecast includes a projected County contribution of \$925.7 million, representing an increase of \$78.7 million or 9.3% above the FY 2023 approved budget. Higher County contributions are required under the multi-year Blueprint for Maryland's Future initiative.

**Debt Service:** \$188.4 million for debt service – an increase of \$9.0 million or 5.0% above the FY 2023 budget, based on existing and anticipated bond sales and estimated interest rates. The County will receive the lowest possible interest rates if it continues to maintain its AAA bond rating.

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**Other:** \$1.521.6 billion for the remaining General Fund expenditures – an increase of \$104.6 million or 7.4% above the FY 2023 budget. This spending category includes all General Fund support for County services and operations except for payments to the Board of Education and the debt service listed in the preceding paragraphs. Funding to support these expenditures are generated from various revenue sources, with the majority coming from County property and income taxes.

**Exhibit 3**

**Prince George’s County  
 Spending Ceiling Recommendation  
 (\$ in Millions)**

	FY 2022 Unaudited	FY 2023 Budget	FY 2024 Projected	FY 2024 Project ed v. FY 2023 Budget
Debt Service Obligations	\$ 163.1	\$ 179.4	\$ 188.4	5.0%
Board of Education	2,363.7	2,630.2	2,754.1	4.7%
Other	1,735.2	1,417.0	1,521.6	7.4%
<b>TOTAL</b>	<b>\$ 4,262.0</b>	<b>\$ 4,226.6</b>	<b>\$ 4,464.1</b>	<b>5.6%</b>
% Change		22.6%	5.6%	
		FY 2023 Budget	FY 2024 Projected	FY 2024 Project ed v. FY 2023 Budget
<u>Board of Education</u>				
County Contribution	\$ 816.9	\$ 847.0	\$ 925.7	9.3%
Outside Aid	1,546.8	1,783.2	1,828.4	2.5%
<b>TOTAL</b>	<b>\$ 2,363.7</b>	<b>\$ 2,630.2</b>	<b>\$ 2,754.1</b>	<b>4.7%</b>
% Change		25.6%	4.7%	

Notes:

1. Debt service amounts do not include Certificates of Participation (COP) payments shown under “Other”.
2. The Board of Education FY 2024 amount is based on OMB’s preliminary recommendation based on the assumption that the County will fall under Tier 2 of the Blueprint for Maryland’s Future local share funding formula which will yield additional State formula funding.

Source: Prince George’s County Office of Management and Budget

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## Fund Balance and Reserve Levels

**Exhibit 4** shows the projected County Charter-mandated 5% Reserve, the policy-required 2.0% and the Unassigned Fund Balance.

### Exhibit 4

#### Prince George's County General Fund Projected Ending Fund Balance (\$ in Millions)

	FY 2022 Approved	FY 2023 Approved	FY 2023 Estimated	FY 2024 Forecast
Revenues	\$3,794.6	\$4,226.6	\$4,239.3	\$4,402.1
Expenditures	3,794.6	4,226.6	4,240.3	4,464.1
Surplus/(Deficit)	0.0	0.0	-1.0	-62.0
<b>Fund Balance</b>				
Restricted (5%)	\$189.7	\$211.3	\$212.0	\$220.1
Committed (2%)	75.9	84.5	84.8	88.0
Unassigned	81.3	250.1	336.0	262.7
<b>Total</b>	<b>\$346.9</b>	<b>\$546.0</b>	<b>\$632.8</b>	<b>\$570.8</b>
Fund Balance as % of General Fund	9.1%	12.9%	14.9%	13.0%
Revenues				

Source: Prince George's County Office of Management and Budget

Notes:

The FY 2022 unaudited expenditures are based on draft annual comprehensive financial report (ACFR) data from the Office of Finance. Revenues and expenditures assume revised FY 2022 outside aid figures for the Education sector. Finally, the FY 2022 estimated unassigned fund balance includes use of \$32.0 million in fund balance designated for OPEB and Risk Management.

Both the Charter-mandated 5% Restricted Reserve (County Charter Section 806) and the policy-required 2.0% Operating Reserve are established to provide the County with the ability to address unexpected risks or events such as dramatic economic downturns or natural and man-made disasters. They are important to the County's fiscal position considering the various revenue/tax caps and limitations on the County.

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In its October 3, 2022, letter the Committee recommended that the policy-required reserve be increased from 2% to 5% phased-in over three years. The Committee finds that a higher level of reserves is justified based on a review of the drop in revenue in two of the last three recessions. **Exhibit 5** shows that revenue fell by more than 10% after the 1991 and 2008 recessions. When reserves are insufficient to cover revenue shortfalls, budget cuts or tax increases are necessary to balance the budget. Cutting services or asking residents to pay more during an economic downturn are difficult options. The Committee also reviewed reserve levels in the other 23 counties. **Exhibit 6** shows that 13 of the 24 counties have reserves ranging from 10% - 20%.

**Exhibit 5**

**Prince George’s County  
 Revenue Volatility Following Prior Recessions**

	County-Sourced Revenue in the			
	Proposed Budget	Actual Revenue	Variance	% Variance
FY 1991	757,020,633	642,073,980	(114,946,653)	-15.2%
FY 1992	702,907,116	664,258,846	(38,648,270)	-5.5%
FY 2002	1,014,052,400	1,012,561,813	(1,490,587)	-0.1%
FY 2008	1,517,626,600	1,330,690,544	(186,936,056)	-12.3%
FY 2009	1,537,845,600	1,454,085,679	(83,759,921)	-5.4%
FY 2020	2,139,952,000	2,071,238,081	(68,713,919)	-3.2%

Source: Prince George’s County Office of Management and Budget

**Exhibit 6**

**Reserve Fund Levels in Maryland by County**

0%	5%	6%-9%	10%	11%-15%	15%-20%
Dorchester	Carroll	Anne Arundel	Baltimore	Charles	Allegany
Somerset	Harford	Baltimore City	Caroline	Queen Anne’s	Cecil
Talbot		Calvert	Garrett	Worcester	St. Mary’s
		Frederick	Howard		Washington
		Kent	Montgomery		Wicomico
		<b>Prince George’s (7%)</b>			

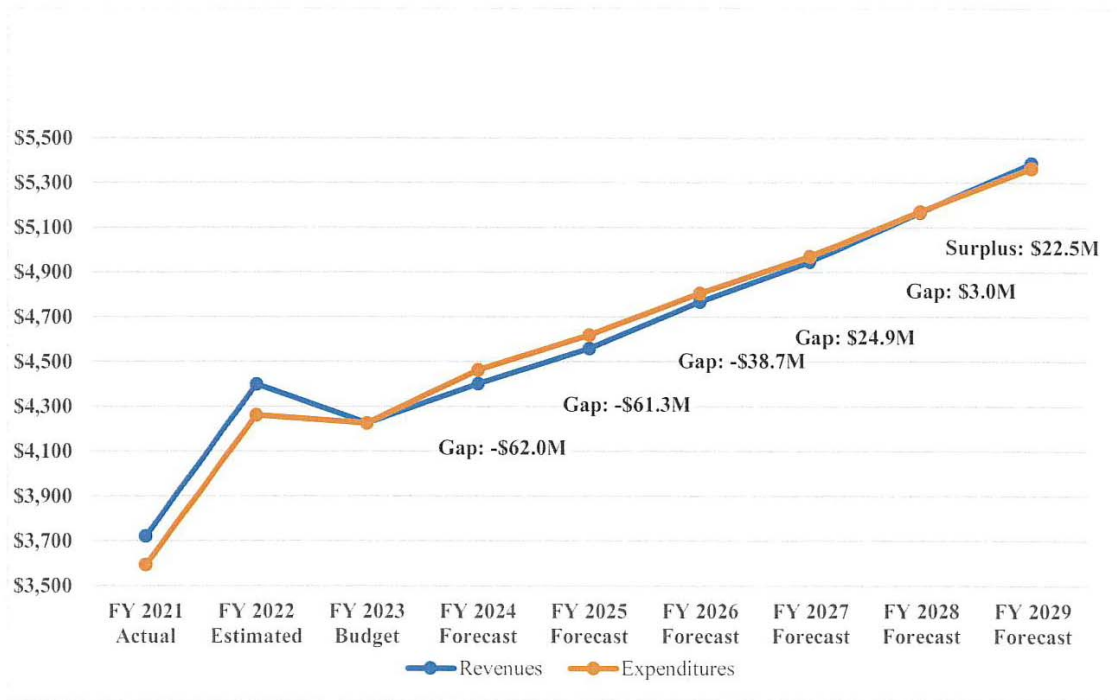
Source: Maryland Association of Counties

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**Forecast of Revenues and Expenditures**

**Exhibit 7** illustrates the long-term forecast of General Fund revenues and spending. As noted, a shortfall of \$62.0 million is projected for FY 2024, but remains at about this level in the projection for FY 2025. Revenue is anticipated to increase faster than spending in the later years of the forecast, though a small surplus is not expected until FY 2029.

**Exhibit 7**  
**Prince George’s County**  
**General Fund Forecast: FY 2024-FY 2029**  
**(\$ in Millions)**



Source: Prince George’s County Office of Management and Budget

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## Challenges and Potential Risks

Prince George's County will continue to experience fiscal challenges and risks during the forecast period, including the following.

- In the short-term year-over-year inflation continues to exceed 7% and some economists project a potential mild recession in the next 12-15 months. While inflation is estimated to decline to 4% for CY 2023, higher costs will reduce the County's purchasing power and additional spending may be required to attract and retain employees and maintain agency operations and services. Moreover, even a mild recession may reduce revenue from the income tax if unemployment increases and could impact transfer and recordation taxes if home sales slow further.
- The estimated FY 2024 operating budget exceeds revenue by \$62.0 million, and a similar shortfall is projected for FY 2025. The County will need to constrain ongoing spending growth so that the projected deficit does not worsen.
- While the pandemic's effects on the economy are reduced, vaccination rates in the rest of the world are lower than in the U.S. There is a risk of new variants of COVID affecting the economy until vaccines are updated. If supply chains are disrupted, higher inflation could again become an issue.
- The County also continues to face large unfunded liabilities including a pension system that is approximately 62% funded, \$2.4 billion for Other Post-Employment Benefits; and approximately \$173 million to address an identified risk management fund deficit.

## Conclusion and Recommendations

Projections of the County budget indicate a shortfall of \$62.0 million in FY 2024, extending into the out years of the forecast. Against this backdrop, the current economic news is mixed. Inflation has been trending downward but is still higher than the target rate of the Federal Reserve Board. Unemployment remains low and consumer spending remains positive, but rising interest rates have tempered home sales, and there is concern that there is potential for a recession. Even a mild recession could exacerbate the shortfall by lowering General Fund revenues due to higher unemployment or further dampening home sales. The County will need to make difficult decisions to constrain ongoing spending growth. Because of the economic uncertainty the Committee supports an increase in the policy-required reserve, from the current 2% level to a higher 5% level. This will help better position the County to be able to continue providing needed services to residents during the next economic downturn. More than ever, the County should be conservative in its approach to revenue forecasting and prudently manage the operating budget.

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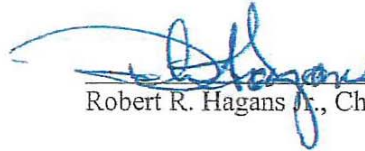
**The Committee's recommendations include the following:**

- **General Fund operating spending should be limited to \$4.464 billion in FY 2024.**
- **The current forecast projects no use of fund balance in FY 2023. A projected shortfall of \$62.0 million between revenues and spending in FY 2024 will necessitate the use of unassigned balance for one-time purposes. However, every effort should be made to reduce ongoing spending in the FY 2024 proposed budget. Gaps are projected in each year of the forecast through FY 2028 and the near-term economic outlook is uncertain. Therefore, the Committee does support the limited use of unassigned balance for one-time purposes such as PAYGO capital.**
- **The Committee does not feel that the County has adequate reserves to maintain operations during an economic downturn. In addition to maintaining the Charter-required 5.0% the Committee had recommended in its October 2022 letter that the policy-required 2.0% reserve be phased-in to the 5.0% level during FY 2024-2026. Given the likelihood of a recession in the near-term and the size of the unassigned balance the Committee recommends that the policy-required reserve be increased to 5.0% as part of the FY 2024 proposed budget.**
- **The County should be commended for making progress on the unfunded liability in its Pension Funds and the Risk Management Fund but needs to continue to reduce them. A long-term plan is also needed to begin addressing the County's unfunded OPEB liability.**
- **Conservative revenue estimating should be continued. By adhering to conservative budget estimates, the County will be better able to absorb any decreases in revenues, inflation-driven spending growth or increases in service demands.**


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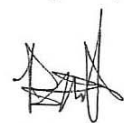
The Committee wishes to thank both the Executive and Legislative Branches of government for the opportunity to review the County's forecast. We believe that we have performed due diligence in reviewing revenue estimates for FY 2023 and FY 2024 and believe them to be reasonable.

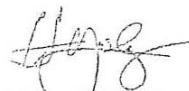
Respectfully,

  
Robert R. Hagans Jr., Chairman

  
Terri K. Bacote-Charles, Member

  
Stephen A. Brayman, Member

  
Brad Frome, Member

  
Henry W. Mosley, Member

Appendix 1

Detailed Discussion of Revenue Projections

Property Tax

- The County has experienced double digit growth in assessments since 2016. Based on payments to-date real property taxes are projected to increase by 4.5% in FY 2022 and billings grow by 2.9% in FY 2023. Higher growth of 4.6% is expected in FY 2024 based on the tax cap, which rises by the maximum 5.0% based on inflation over the past year. Some of the increase is offset by tax credits approved by the County for affordable housing. Personal property taxes are expected to decrease by 4.4% in FY 2023, based on the assessable base reported by the State Department of Assessments & Taxation (SDAT). For FY 2024 the personal property tax is estimated to increase by 1% due to a projected economic slowdown.
- Real property tax revenues are primarily impacted by assessment changes and the homestead tax credit. In FY 2023 and FY 2024, the County’s real property tax rate remains at \$1.00 per \$100 of assessable value and includes \$0.04 dedicated to the local school board.

Exhibit 8 shows that gross real property assessments in the County are projected to increase by 5.9% in FY 2024. After factoring in homestead exemptions, real property assessments are projected to increase by 5.4%.

Exhibit 8

Prince George’s County  
 Projections of Real Property Assessments Subject to County Taxes  
 (\$ in Millions)

	Estimate FY 2023	Estimate FY 2024	\$ Change	% Change
Gross Assessment	\$1,129.4	\$1,195.7	\$66.3	5.9%
Homestead Tax Credit	98.5	98.4	-0.1	-0.2%
<b>Net Assessment</b>	<b>\$1,227.9</b>	<b>\$1,294.1</b>	<b>\$66.2</b>	<b>5.4%</b>

Source: State Department of Assessments and Taxation