



Angela D. Alsobrooks  
County Executive

# PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF THE COUNTY EXECUTIVE

To the Residents and Businesses of Prince George's County:

It is my pleasure to work in collaboration with the County Council on the adoption of the proposed budget for FY 2024. The FY 2024 proposed operating budget from all sources totals \$5.4 billion, an increase of \$317.2 million or 6.2% over the FY 2023 budget.

The budget maintains a vision for investing in our Administration's Proud Priorities of education, safe neighborhoods, economic development, quality of life and environment, healthy communities, and youth development, while also addressing the challenges that were magnified by the impact of the COVID-19 pandemic. With these commitments, we reaffirm our promise to building a stronger, more resilient Prince George's County – a community that is not only able to withstand the changes generated by our County's integration as a dynamic member of the global community, but also able and prepared to recover from future crises with agility, strength and inclusivity.

This year's budget was particularly difficult to navigate, and like many families sitting around the kitchen table, we had to make difficult choices. That's because the new funding obligations for the Blueprint for Maryland's Future (Kirwan) have begun, and we are legally mandated this year to provide an additional \$88.4 million to our school system. With \$180 million in new revenues this year, that equates to half of our new revenues being legally mandated to go to our school system, before we do anything else. The rest of those new revenues are going to areas where we need to improve basic government services for our residents to meet their immediate needs and helping our County long-term to grow revenues and minimize the impact of Kirwan on our budget for the next decade.

Despite these budget constraints, we have still put together a budget that supports all Prince Georgians. We have long maintained that education is the great equalizer, and every child deserves the opportunity to receive a high-quality education. We fully support the goals of Kirwan, which is why this Administration will meet its commitment and obligation to allocate \$2.79 billion to the Prince George's County Public School System. This is a \$61.8 million or 6.2% increase over FY 2023. In addition, this budget also increases funding to the library system by \$1.7 million and the Community College by \$4.7 million.

Providing a safe environment for County residents will always be a top priority for this Administration. That's why this budget includes \$888 million, a \$61.3 million or 7.4% funding increase, across our public safety agencies. There will be continued support for police recruitment incentives and increases in staffing for Fire/EMS, the State's Attorney's Office, Homeland Security, and the Sheriff's Office. Accountability and transparency remain central tenets in our public safety philosophy, and we have accordingly funded a new Assistant Sheriff position for the Bureau of Accountability and allocated \$950,000 for additional body-worn cameras. Critical to facilitating safe communities is providing fulfilling activities for youth when they are not in the classroom. Our Administration has once again increased funding by \$895,000 for the Summer Youth Enrichment Program (SYEP), where more than 6,000 County youth overall are given employment opportunities to prepare them for future careers in Prince George's County and beyond.

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This Administration is committed to instilling pride in our County through its Beautification Initiative. This budget includes increased funding for the Department of Environment’s litter reduction programs, including anti-litter public education, surveillance of illegal dumping sites, and removal of debris from local waterways. Additionally, the budget includes \$2.4 million for the County’s Clean Lot program and enhanced funding at \$1.1 million for increased street sweeping efforts.

Our Office of Information Technology budget continues to place emphasis on modernizing internal processes and improving services to our communities. To help ensure that government functions rise to the highest levels of current technology, this budget includes \$3.0 million to invest in new and innovative information systems throughout County government.

Finally, our communities cannot move forward without taking immediate and deliberative action to address the impacts of climate change. This year our budget makes major commitments to protecting our properties from flooding, stormwater concerns and the degradation of our watersheds with an investment of over \$111 million from Stormwater and Water Quality Funds.

The impact of Kirwan has made this budget difficult and required us to continue to exercise caution and fiscal discipline to meet the needs of our residents. However, I believe this budget makes the strong investments that are vital to helping our County continue to be a leader in the state and region. We are investing every taxpayer dollar wisely, meeting the immediate needs of our residents, and improving critical government services that they rely on.

We are also setting up our County for long-term success, making sure we invest in growing our commercial tax base so we can increase revenues, mitigate the future impact of Kirwan, and finally stop balancing our budget on the backs of homeowners. I know these are priorities we all share, and I am confident this budget is one that our residents can be proud of.

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## **FY 2024 Proposed Budget – All Funds**

The proposed FY 2024 budget for all operating funds is \$5.4 billion, an increase of \$317.2 million or 6.2% over the FY 2023 budget. The General Fund accounts for 83.5% of all spending in FY 2024 and will increase by \$279.6 million or 6.6 %. This fund supports most County government services and program including education, public safety, general government, public works, the environment and other critical services.

The Internal Services Fund totals \$73.6 million in FY 2024, an increase of \$3.7 million or 5.2% over the FY 2023 budget.

The County’s Enterprise Fund totals \$269.9 million, an increase of 10.2% above the FY 2023 budget. This fund accounts for 5.0% of total FY 2024 spending. The Enterprise Fund supports various water quality programs and meets State mandates.

Special Revenue Funds account for \$275.6 million or 5.1% of all spending in FY 2024. Spending in this fund is projected to decrease by -\$4.0 million or -1.4%. The decrease is due to a one-time grant from the State to the Housing Investment Trust Fund and a one-time \$5.0 million grant to the Economic Development Incentive Fund, offset by growth in debt service.

Grant funding accounts for 5.0% of all spending and is estimated to total \$270.7 million in FY 2024. This

is an increase of \$13.0 million or 5.0% above the FY 2023 budget. County agencies will continue to diligently seek new sources of revenue and will likely exceed the budgeted amount before the end of the year.

The chart below provides a summary of all operating funds in FY 2024:

	<b>FY 2022 Actual</b>	<b>FY 2023 Budget</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>	<b>Change FY 23 – FY 24</b>
<b>Revenues</b>					
General Fund	\$3,965,149,495	\$4,226,635,200	\$4,269,045,600	\$4,506,193,800	6.6%
Internal Service Fund	59,195,217	69,928,300	71,665,100	73,597,900	5.2%
Enterprise Fund	184,939,729	244,904,900	221,713,300	269,869,600	10.2%
Special Revenue Fund	233,732,547	279,563,000	267,123,800	275,551,800	-1.4%
Grant Program Fund	231,852,461	257,685,700	294,772,300	270,669,600	5.0%
<b>Total</b>	<b>\$4,674,869,449</b>	<b>\$5,078,717,100</b>	<b>\$5,124,320,100</b>	<b>\$5,395,882,700</b>	<b>6.2%</b>
<b>Expenditures</b>					
General Fund	3,799,426,579	\$4,226,635,200	\$4,251,057,500	\$4,506,193,800	6.6%
Internal Service Fund	63,574,533	69,928,300	69,094,200	73,597,900	5.2%
Enterprise Fund	209,472,003	244,904,900	227,358,900	269,869,600	10.2%
Special Revenue Fund	230,494,947	279,563,000	254,074,300	275,551,800	-1.4%
Grant Program Fund	231,852,461	257,685,700	294,772,300	270,669,600	5.0%
<b>Total</b>	<b>\$4,534,820,523</b>	<b>\$5,078,717,100</b>	<b>\$5,096,357,200</b>	<b>\$5,395,882,700</b>	<b>6.2%</b>

## General Fund Revenues

### General Fund – County Sources

County-sourced revenues – taxes, fees, licenses and permits, service charges, use of money and property etc. – represent resources used to fund most government programs and services, including the County’s contribution to the Board of Education, Memorial Library System, and the Community College.

In FY 2024, County sources are projected to be \$2.55 billion, an increase of \$204.2 million or 8.7% over the FY 2023 budget. These revenues account for 56.7% of the total General Fund revenues for FY 2024.

Real property taxes represent the largest portion of County-sourced funding for government operations. In FY 2024, receipts are projected to total \$993.4 million, an increase of \$41.7 million or 4.4% over the FY 2023 budget. Excluding the revenue allocated to the school system, the County’s real property tax revenues are projected to increase by \$40.0 million or 4.4% in FY 2024 over the FY 2023 budget.

Personal property tax revenues are projected to be \$81.3 million, an increase of \$1.4 million or 1.7% above the FY 2023 approved budget. Excluding the additional revenue assigned to the school system, the County’s personal property tax revenues are projected to grow by \$1.4 million or 1.8% in FY 2024.

Income tax revenues are projected to total \$937.2 million in FY 2024, including the State Income Disparity Grant. This represents an increase of \$116.5 million or 14.2% above the FY 2023 budget. Income tax receipts total \$838.7 million and the Income Disparity Grant totals \$98.5 million in FY 2024. The change in income tax revenues is \$61.7 million over the FY 2023 budget or 7.9%. This is due to lower unemployment and higher wage growth in response to both higher inflation and the need to boost salaries as employers compete for labor. Funding from the State Income Tax Disparity Grant is expected to rise by \$54.8 million or 125.3% in FY 2024. The Comptroller revised calendar year 2021 local tax data in January

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2023, which increased the per capita income tax disparity. This is likely due to capital gains revenue in other counties.

The County's real estate market has performed well since the pandemic, but interest rate hikes adopted by the Federal Reserve Board resulted in higher mortgage rates which has dampened home sales across the country. Combined receipts from both the Transfer and Recordation taxes are anticipated to total \$204.6 million in FY 2024. The FY 2023 budget was built upon the expectation of a decrease in home sales based on the assumption that rising rates would reduce demand. The lower level of activity is carried forward into the FY 2024 budget. However, because the housing inventory is low, the median home price has remained at approximately \$400,000. The proposed budget reflects some growth in home prices due to higher construction cost inflation. In accord with County law, the greater of 20% or \$10.0 million of the Recordation tax is credited to the Housing Investment Trust Fund.

Charges for Services grow by \$0.9 million, or 1.3% in FY 2024. This is due to the annualization of the increase in the 9-1-1 fee, Sheriff's charges and other service charges. These increases are offset by lower estimates for health charges and cable franchise fees, based on actual attainment.

Revenues from Licenses & Permits is projected to increase by \$6.0 million, or 8.2% in FY 2024 compared to the FY 2023 budget. This is mostly due to combined growth in gaming revenues which have performed strongly since the pandemic as well as revenue from Building & Grading Permits. Smaller growth is expected from liquor licenses, health permits and street use permits.

Intergovernmental revenues are projected to decrease by -\$2.8 million or -7.2% below the FY 2023 budget. Decreases in State aid include a one-time grant to help businesses affected by construction of the Purple Line and the allocation of one-time Police Aid enhancement funding.

The FY 2024 budget is balanced using \$14.6 million of fund balance. Of this, \$10,681,700 is being applied to one-time purposes such as capital projects, including the Suitland Manor project (\$314,000), Glenarden Apartments (\$686,000) Office of Information Technology projects (\$3,000,000) and MD 210 improvements (\$6,681,700).

### **General Fund – Outside Sources**

Outside-sourced revenues include State Aid and other revenues (e.g., federal aid, fees, charges, tuition revenue) generated by the Board of Education, Community College and Library. In FY 2024 Outside Aid is estimated to total \$1.95 billion, an increase of \$75.3 million over the FY 2023 approved budget. Outside Aid accounts for 43.3% of total General Fund revenues in FY 2024.

### **Spending Affordability Committee Guidelines**

The County's Spending Affordability Committee (SAC) is a truly dedicated citizen committee of exceptional professionals who have been invaluable assets to Prince George's County for many years. The SAC recommendation for the FY 2024 General Fund budget is \$4.464 billion.

At \$4.506 billion, the FY 2024 proposed budget is \$42 million or 0.9% above the Committee's recommendation. There are a variety of items that make up this increase, most of which is spending for k-12 education because neither the State nor the County share of the Blueprint for Maryland's Future enhancements was finalized when the County's forecast was reviewed by the Committee. Further, State aid was higher than expected largely because of the increase in the Disparity Grant formula. County-sourced revenue is also higher because of revised projections of the Energy Tax revenues and other minor sources, based on year-to-date attainment.

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I unequivocally endorse the Committee’s recommendations. This includes the limited use of fund balance, the increase in County reserves, and conservative forecasting. I would like to emphasize that the proposed FY 2024 budget includes not only the Charter-mandated 5.0% reserve but also begins phasing in an increase of the policy-required reserve by one percentage point to stand at 3.0% in the proposed budget. SAC had recommended increasing the policy-required reserve to 5.0% by FY 2026. The Committee also recommended that the County continue to project revenues cautiously and conservatively. I share the Committee’s recommendations to continue with these important efforts. These practices are essential to us maintaining the County’s Triple-A bond rating from the major rating agencies.

In closing, this budget reflects the input, diligence, and insight of many stakeholders, including staff across the County government and its partners. The FY 2024 budget maintains the critical investments to keep us on a path toward growing the economy, improving our schools, providing safe neighborhoods, maintaining high-quality health and human service levels, and protecting our environment. Furthermore, it is a responsible fiscal plan and continues investment in our future and ensures that we will continue to provide a high level of services to County taxpayers.

Sincerely,



Angela D. Alsobrooks  
County Executive

