



PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

Aisha N. Braveboy
County Executive

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

I am proud to share the approved Fiscal Year 2026 (FY26) budget, created in partnership with the County Council. This \$5.8 billion budget reflects a 5.6 percent increase from last year and keeps our focus on the services you rely on most.

This year, we faced tough financial challenges due to rising State obligations and continued uncertainty at the federal level. Even so, we stayed true to our priorities—supporting Education, Youth Development, Quality of Life, Economic Growth, Healthy Communities, and Safe Neighborhoods.

Through careful planning and smart investments, we made the hard choices needed to balance the budget, protect essential services, and strengthen our financial future.

Facing New Economic Realities

Local governments across the nation are adjusting to shifting economic conditions, and Prince George's County is no exception. For FY26, we are addressing a projected budget shortfall of \$130–\$170 million. Several key factors have contributed to this gap, requiring us to make targeted reductions while preserving critical investments:

- **Increased State Mandates** – Our commitment to the Blueprint for Maryland's Future (Blueprint) requires an additional \$59.8 million in FY26, bringing the County's total contribution to \$969.6 million. With further cost shifts under consideration at the state level, our future obligations remain uncertain.
- **Federal Uncertainty** – Mass federal layoffs threaten local income and property tax revenues. With nearly 73,000 federal employees living in Prince George's County, these changes could have lasting impacts on our economy.
- **Moderate Revenue Growth** – Although overall revenues are growing by 1 percent, expenditures are rising at a faster pace, creating a budget gap that requires careful financial management.

Despite these challenges, we have protected the programs that matter most to residents while ensuring that reductions do not weaken essential services.

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Protecting Investments in Education

Education remains our top priority. In FY26, we are increasing funding for Prince George's County Public Schools (PGCPS) by \$151.8 million, bringing the total budget to \$2.95 billion. This includes:

- \$969.6 million from the County, meeting our Blueprint local share obligation.
- \$143 million for Prince George's Community College, strengthening workforce development.
- \$1 million for the Summer Youth Enrichment Program, providing job opportunities for young people.
- \$42.6 million for Phase Two of the Alternative Construction Financing Program, accelerating delivery of eight new schools.

Maintaining Public Safety Investments

Safe neighborhoods remain a cornerstone of our work. In FY26, we are expanding funding for law enforcement and emergency services:

- \$421.4 million for the Police Department – Includes funding for 110 new recruits, ongoing community policing, and expansion of Police Athletic Leagues.
- \$314 million for Fire & EMS – Includes 95 new recruits and expansion of the paramedic program.
- \$63 million for the Office of the Sheriff and \$44 million for Homeland Security, strengthening emergency preparedness.

With homicides down more than 40 percent, these investments are delivering real results for our residents.

High-Performance Government & Infrastructure

This budget invests \$125 million in programs that enhance government performance and modernize infrastructure, including:

- \$2.75 million for animal shelter renovations and \$3 million for police station upgrades.
- Funding for Vision Zero pedestrian safety initiatives.
- \$3.5 million to improve the County's permitting and licensing system, supporting businesses and homeowners.
- Investments in electric vehicle charging infrastructure to support a sustainable future.

Prioritizing Health & Human Services

Even with limited resources, we continue to strengthen public health and human services:

- \$161.4 million for Health & Human Services, including family support, veterans' programs, and health department services.
 - \$24.9 million for mental health and addiction treatment programs, expanding behavioral health support.
- \$105.7 million for emergency and transitional housing to protect vulnerable residents.

Beautification & Environmental Sustainability

Prince George's County is leading in environmental resilience and sustainability. This budget includes \$310.9 million for programs such as:

- Street sweeping, litter pickup, and Clear-the-Curb initiatives.
- \$218 million for stormwater management projects, mitigating flooding and protecting our environment.

Driving Economic Growth & Housing Affordability

To ensure opportunity for all residents, we are continuing bold investments in economic growth and housing:

- \$50.5 million for the Department of Public Works and Transportation, advancing transit and infrastructure projects.
- \$34 million for the Central Avenue Connector Trail, expanding multimodal access for more than 300,000 residents.
- \$20.2 million for the Housing Investment Trust Fund, supporting affordable housing preservation.

A Responsible and Forward-Looking Budget

Despite historic fiscal challenges, this budget:

- ✓ Protects core services while maintaining fiscal stability.
- ✓ Targets spending where it is most effective, avoiding wasteful cuts.
- ✓ Invests in education, public safety, and essential services.
- ✓ Positions Prince George's County for long-term success, even amid state and federal uncertainty.

FY 2026 Approved Budget - All Funds

The approved FY26 budget for all operating funds totals **\$5.8 billion**, an increase of **\$306.1 million (5.6%)** over FY25.

- **General Fund** – At **\$4.8 billion**, the General Fund represents **82.9% of all FY26 spending** and grows by **\$227.4 million (5.0%)**. This fund supports the majority of County services, including education, public safety, general government, public works, environmental programs, and other essential services.
- **Internal Service Funds** – Totaling **\$84.1 million**, these funds rise by **\$7.5 million (9.8%)** over FY25.
- **Enterprise Fund** – At **\$275 million**, the Enterprise Fund increases by **4.9%** and accounts for **4.7% of total spending**. This fund supports water quality programs and addresses State mandates.
- **Special Revenue Funds** – Totaling **\$358.5 million (6.2% of all spending)**, this category grows by **\$65 million (22.1%)**. The majority of this increase (**\$59.1 million**) is tied to debt service for previously issued bonds. Additional growth includes **\$12.1 million** from the new Opioid Local Abatement Fund, as well as increases in the Drug Enforcement & Education Fund, Cannabis Reinvestment & Repair Fund, Property Management & Services Fund, the Fair Election Fund, and the Transportation Services Improvement Fund. Spending from the Housing Investment Trust Fund decreases by **\$8 million**.
- **Grants** – Grant funding accounts for **\$273.2 million (4.7% of total spending)**, a decrease of **\$6.7 million (2.4%)** compared to FY25. County agencies will continue to pursue additional grants throughout the year, and actual revenues are expected to exceed budgeted amounts.

The chart below provides a summary of all operating funds in FY 2026:

	FY 2024 ACTUAL	FY 2025 BUDGET	FY 2025 ESTIMATE	FY 2026 APPROVED	CHANGE FY25 - FY26
REVENUES					
General Fund	\$4,499,149,682	\$4,588,593,200	\$4,741,247,900	\$4,815,956,900	5.0%
Internal Service Funds	71,060,206	76,573,200	78,243,900	84,060,400	9.8%
Enterprise Funds	221,756,276	262,062,700	262,975,700	274,962,000	4.9%
Special Revenue Funds	271,352,130	293,539,100	275,976,100	358,540,300	22.1%
Grant Program Funds	298,074,057	279,837,100	266,457,500	273,182,700	-2.4%
TOTAL	\$5,361,392,351	\$5,500,605,300	\$5,624,901,100	\$5,806,702,300	5.6%
EXPENDITURES					
General Fund	\$4,443,780,111	\$4,588,593,200	\$4,741,247,900	\$4,815,956,900	5.0%
Internal Service Funds	76,794,686	76,573,200	77,108,000	84,060,400	9.8%
Enterprise Funds	239,242,432	262,062,700	262,975,700	274,962,000	4.9%
Special Revenue Funds	252,438,295	293,539,100	273,350,600	358,540,300	22.1%
Grant Program Funds	298,074,057	279,837,100	266,457,500	273,182,700	-2.4%
TOTAL	\$5,310,329,581	\$5,500,605,300	\$5,621,139,700	\$5,806,702,300	5.6%

General Fund Revenues

The economy is showing signs of slowing, influenced in part by federal workforce reductions. On March 6, 2025, the State Board of Revenue Estimates revised its income tax revenue projection downward by **\$300 million** in anticipation of potential reductions. Anecdotal reports suggest that Prince George's County lost at least 5,000 federal jobs in 2025. Inflation has been gradually rising, partly due to federal tariff policy. However, the Federal Reserve Board plans to cut interest rates in September, with potential additional cuts later in the year, which could support the real estate market.

High mortgage rates have continued to suppress home sales and building permits in FY25. State budget actions also affected the County, including the repeal of the Teacher Retirement Supplemental Grant over two years, additional retirement obligations for teachers and Community College employees, and increased contributions to the State Department of Assessments & Taxation.

The **FY26 General Fund budget** includes **\$2.7 billion from County sources and \$2.1 billion from Outside sources**.

General Fund – County Sources

County-sourced revenues, including taxes, fees, licenses, permits, service charges, and use of money and property, fund most government programs and services, such as the County's contributions to the Board of Education, Memorial Library System, and Community College.

- **County Sources** are projected at **\$2.7 billion**, an increase of **\$129.1 million (5.0%)** over FY25, representing **56.7% of total General Fund revenues**.
- **Real property taxes** are the largest source, projected at **\$1.1 billion**, up **\$65.3 million (6.2%)** over FY25 (or 3.9% based on estimated FY25 actuals). Excluding school-dedicated revenues, the increase is **\$62.7 million (6.2%)**.
- **Personal property taxes** are projected at **\$93.3 million**, up **\$0.9 million (1.0%)**, excluding school-dedicated revenues.
- **Income tax revenues** are expected to total **\$929.8 million**, including the State Income Disparity Grant. This reflects an **increase of \$70.3 million (8.2%)** over FY25, though the growth rate is 3.9% relative to FY25 estimated actuals. The State Income Disparity Grant is projected at **\$68.3 million**, down **\$1.0 million** due to the pandemic-driven anomaly in FY25, partially offset by a one-time \$11.4 million allocation.
- **Transfer and recordation taxes** are projected at **\$154.6 million**, slightly higher than FY25's \$141 million, assuming modest improvements in home sales as interest rates ease. **\$10 million** is dedicated to the Housing Investment Trust Fund.
- **Other local taxes** are expected to grow **\$44.9 million (33.5%)**, primarily due to the repeal of the 9% sales tax on telecommunications and its replacement with a stable \$3.50 per-line excise tax. Other growth reflects higher energy tax rates and a \$3.3 million increase in admissions and amusement taxes.

- **Licenses and permit fees** are projected to decline **\$2.6 million (-3.3%)**, due to lower building and grading permit activity, while **gaming revenue** rises **\$2.9 million (8.7%)** due to a new annual \$3 million impact aid grant.
- **Use of money and property** is projected to decrease **\$6.2 million**, reflecting lower interest earnings and rental income.
- **Charges for services** increase **\$2.4 million (3.3%)**, largely from 9-1-1 fee revenue.
- **Intergovernmental revenues** decrease **\$11.6 million (-22.1%)**, primarily due to one-time ARPA funding in FY25 and the phase-out of the Teacher Retirement Supplemental Grant, partially offset by a \$4.7 million increase in reimbursements from the Maryland-National Capital Park and Planning Commission.

The FY26 budget is balanced using **\$4.4 million in fund balance** for one-time pay-as-you-go capital spending and an additional **\$6.0 million** in assigned fund balance from the FY24 Public Safety & Behavioral Health surcharge, which will fund self-contained breathing apparatus for the Fire Department.

General Fund – Outside Sources

Outside-sourced revenues, including State aid, federal aid, fees, charges, and tuition generated by the Board of Education, Community College, and Library, are projected at **\$2.1 billion**, an increase of **\$98.3 million** over FY25. These revenues represent **43.3% of total General Fund revenues** in FY26.

Spending Affordability Committee (SAC) Guidelines

The County's **Spending Affordability Committee (SAC)**, a dedicated group of resident professionals, recommended a FY26 General Fund budget of **\$4,753.6 billion**. The approved FY26 budget of **\$4,816.0 billion** is **\$62.4 million (1.3%)** above SAC's recommendation.

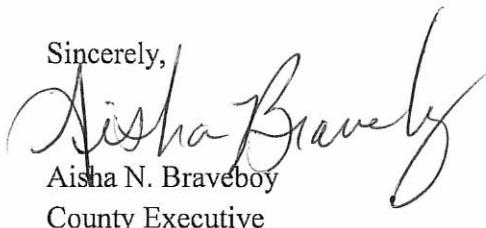
The difference is largely due to the transition from a telecommunications sales tax to a \$3.50 per-line excise tax, and adjustments to align with the approved State FY26 budget. By law, SAC cannot recommend revenue increases; thus, the approved budget is effectively balanced while complying with SAC guidelines.

The SAC also recommended completing the phase-in of the policy reserve from 2% to 5% of General Fund spending over three years. The FY26 approved budget increases the policy reserve from 4% to **5%**, marking the final year of the phase-in. Combined with the Charter-mandated reserve, the County now holds **10% of the General Fund budget in reserve**, strengthening fiscal stability.

Conclusion

This budget reflects the voices and priorities of Prince Georgians. Through careful planning and thoughtful decision-making, we are ensuring that our County remains safe, prosperous, and well-positioned for the future. The past six years have brought remarkable progress, and with continued fiscal responsibility, we will be ready to meet the challenges and opportunities ahead. Thank you for your engagement and dedication to our community.

Sincerely,

A handwritten signature in black ink, appearing to read "Aisha N. Braveboy".

Aisha N. Braveboy
County Executive

