



PRINCE GEORGE'S COUNTY GOVERNMENT

Office of the County Executive

Angela D. Alsobrooks
County Executive

July 1, 2019

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

It is my pleasure to work in collaboration with the County Council on the adoption of the approved budget for FY 2020. As you know, this is the first budget of my administration and I believe it reflects the priorities that we have laid out during our first year in office. The FY 2020 approved operating budget from all sources totals \$4.34 billion, an increase of \$234.0 million or 5.7% over the FY 2019 budget. This budget supports my vision for Growing Prince George's Pride and core priorities of education, safe neighborhoods, economic development, quality of life and environment, healthy communities and youth development.

A top priority for my administration is the education of our children. I have said many times that education is the civil rights issue of our time and that I believe it is both the equalizer for our youth and the elixir for much of what ails our society today. We have a sacred obligation to ensure that our children receive the highest quality education we can provide them and to that end, our approved budget includes \$2.14 billion for the Prince George's County School System. This is \$18.8 million beyond our maintenance of effort requirement.

We have also included public safety funding to train 100 new police officers, 48 new firefighters Fire/EMS personnel, 60 new Correctional Officers and three new Sheriff's Deputies. There are additional enhancements for our public safety agencies including, an additional pilot to support the expansion of the helicopter fleet from two to four aircraft, and a K-9 trainer for our police department. Due to the record crime reductions we have achieved over the last eight years, this budget is not as heavy on public safety, allowing us to allocate resources to areas that will help us modernize our government. Resources are allocated to ensure that we continue to attract the economic development we need to increase our commercial tax base so we can stop balancing our budget on the backs of those we serve.

The FY 2020 budget includes investments in a number of enhancements in technology such as \$200,000 to the Office of Central Services for E-Procurement software, \$4.6 million of funding to the Office of Information Technology for SAP system completion and support, \$500,000 for the Office of Human Resources Management for software that will allow our county to better fill vacancies with top talent through internal promotions and targeted external recruiting. It will also help us provide more training opportunities for our employees so that they can better serve our constituents. We are also investing \$525,000 in technology upgrades for the Department of Corrections to ensure their camera systems and computers that operate doors meet industry best practices as well as ensure the safety of our officers and inmates.

Additionally, we are providing 15 additional positions in the Department of Permits, Inspection and Enforcement to support various inspection and licensing programs. The Department of Environment has 12 newly funded positions to support improvements in bulky trash collection, which is one part of our multi-faceted beautification program that you will hear more about in the coming months. We are also adding three Community Health Nurses to the Health Department's TB control program to address a pressing health concern within our community. This is part of a larger effort to focus not only investing in economic development projects, but to also invest in the health and well-being of our citizens.

Finally, additional funding is provided within the Department of Public Works and Transportation budget to help to ease travel throughout the county. The FY 2020 budget includes investments for the purchase of 20 new transit buses, four new paratransit buses and funds to maintain 766 bike station docks by the end of FY 2020.

I believe this budget 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 our citizens.

FY 2020 Approved Budget - All Funds

The FY 2020 budget for all operating funds is \$4.34 billion, an increase of \$234.0 million or 5.7% over the FY 2019 budget. The General Fund accounts for 83.8% of all spending in FY 2020 and will increase by \$200.0 million or 5.8%. 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 \$53.1 million in FY 2020, an increase of \$5.9 million or 12.5% over the FY 2019 budget.

The County's Enterprise Fund totals \$201.8 million, a decrease of 8.0% under the FY 2019 budget. This fund accounts for 4.7% of total FY 2020 spending. The Enterprise Fund supports various water quality programs and meets the State mandates.

Special Revenue Funds account for \$215.1 million or 5.1% of all spending in FY 2020. Spending in this fund is projected to increase by \$12.9 million or 6.4%. The growth is primarily due to an increase in debt service costs.

Grant funding accounts for 5.4% of all spending and is estimated to total \$234.4 million in FY 2020. This is an increase of \$32.6 million or 16.1% above the FY 2019 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 2020:

ALL FUNDS SUMMARY					
	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2019 ESTIMATE	FY 2020 APPROVED	CHANGE FY19 - FY20
REVENUES					
General Fund	\$ 3,253,966,276	\$ 3,431,966,100	\$ 3,418,384,700	\$ 3,631,989,800	5.8%
Internal Service Funds	40,571,671	47,189,400	47,179,800	53,111,400	12.5%
Enterprise Funds	169,773,358	219,257,200	165,573,000	201,813,900	-8.0%
Special Revenue Funds	167,929,074	202,256,900	197,375,900	215,146,800	6.4%
Grant Program Funds	173,878,224	201,850,500	208,636,500	234,439,600	16.1%
TOTAL	\$ 3,806,118,603	\$ 4,102,520,100	\$ 4,037,149,900	\$ 4,336,501,500	5.7%
EXPENDITURES					
General Fund	\$ 3,140,982,082	\$ 3,431,966,100	\$ 3,409,207,600	\$ 3,631,989,800	5.8%
Internal Service Funds	40,981,115	47,189,400	46,453,900	53,111,400	12.5%
Enterprise Funds	154,651,307	219,257,200	176,694,900	201,813,900	-8.0%
Special Revenue Funds	160,932,950	202,256,900	193,507,800	215,146,800	6.4%
Grant Program Funds	173,878,224	201,850,500	208,636,500	234,439,600	16.1%
TOTAL	\$ 3,671,425,678	\$ 4,102,520,100	\$ 4,034,500,700	\$ 4,336,501,500	5.7%

General Fund Revenues

The FY 2020 budget is framed by an economy that is experiencing growth in both the real estate and job markets as well as the impact of MGM National Harbor related revenues. Overall, the FY 2020 General Fund forecast represents an increase of \$200.0 million or 5.8% over the FY 2019 Budget. The FY 2020 General Fund budget includes \$2.15 billion in County Sources and \$1.49 billion in Outside Sources.

General Fund – County Sources

County source 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 2020, County sources are projected to be \$2.15 billion, an increase of \$81.6 million or 4.0% over the FY 2019 budget. These revenues account for 59.1% of the total General Fund revenues for FY 2020.

Real property taxes represent the largest portion of County source funding for government operations. In FY 2020, receipts are projected to total \$855.7 million, an increase of \$30.0 million or 3.6% over the FY 2019 budget. Excluding the revenue dedicated to the school system, the County’s real property tax revenues are projected to increase by \$28.7 million or 3.6% in FY 2020 over the FY 2019 budget.

Personal property tax revenues are projected to be \$89.9 million, an increase of \$1.8 million or 2.0% in FY 2020. Excluding the additional revenue assigned to the school system, the County’s personal property tax revenues are projected to increase by \$1.7 million or 2.0% in FY 2020.

Income tax revenues are expected to total \$663.7 million in FY 2020, including the State Income Disparity Grant. This represents an increase of \$29.1 million or 4.6% over the FY 2019 budget.

Income tax receipts total \$627.5 million and the Income Disparity grant totals \$36.2 million in FY 2020. The growth in income tax revenues is \$27.0 million or 4.5% and reflects the County's improving unemployment rate and an increase in the number of jobs in the County. Funding from the State Income Disparity Grant is expected to increase by \$2.1 million or 6.2% in FY 2020.

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 increase by \$1.8 million or 4.6% to \$181.2 million in FY 2020. This estimate reflects stability in the County's housing market as the median home sales price continued to rise in 2019.

Revenue from licenses and permit fees is projected to increase by \$6.0 million or 10.2% in FY 2020. This is primarily driven by an increase in building and business license permit revenues generated from development projects in the pipeline as well as anticipated growth in gaming revenue collections.

Intergovernmental revenues are projected to decrease by \$0.5 million or 1.5% under the FY 2019 budget. The decrease is due to an anticipated decrease in project charges generated from Maryland-National Capital Park and Planning Commission.

Moreover, the General Fund budget includes a \$33.6 million use of fund balance to provide \$20.0 million for the Maryland Purple Line capital project, \$5.0 million to support the new Regional Medical Hospital, \$4.1 million for Certificate of Participation payment, \$2.5 million for Hampton Park economic development project, \$4.0 million for the Redevelopment Authority capital projects, \$0.6 million for IT switches for the Circuit Court, \$0.4 million for one-time Non-Departmental grants, and \$0.3 million for Baden Library for a State bond bill match

General Fund – Outside Sources

Outside source 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 2020, Outside Aid is estimated to total \$1.49 billion, an increase of \$118.4 million from the FY 2019 budget level. Outside Aid accounts for 40.9% of total General Fund revenues in FY 2020.

Spending Affordability Committee (SAC) 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 FY 2020 SAC recommendation for the FY 2020 General Fund budget is \$3.52 billion.

The FY 2020 budget is approximately \$111.0 million or 3.2%, above the Committee's recommendation. Several significant actions that occurred since the committee made its recommendation account for the change including:

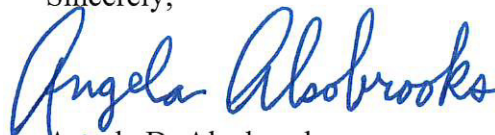
- Increase in Income Disparity Grant based on the State's FY 2020 proposed budget - \$0.6 million;
- Increase in Energy Tax based on year-to-date performance - \$3.0 million;

- Increase in Licenses and Permits revenues based on business licenses and short-term rental year-to-date collections - \$1.2 million;
- Increase in Intergovernmental revenues based on M-NCPPC FY 2020 proposed project charges - \$0.9 million;
- Increase in Use and Money revenues based on year to date performance - \$2.0 million
- Increase in Miscellaneous revenues based on year-to-date performance of the automatic speed enforcement and red-light camera program - \$1.5 million;
- Increase in the Use of Fund Balance – \$5.0 million to the support the new Regional Medical Hospital, \$4.1 million for Certificate of Participation payment, \$2.5 million for Hampton Park economic development project, \$4.0 million for the Redevelopment Authority capital project, \$0.6 million to support IT needs for the Circuit Court and \$0.7 million for one-time grants to community organizations and the to support the Baden Library - \$16.9 million;
- Increase in Stadium Impact Grant - \$0.6 million; and
- Increase in Outside Aid revenues primarily due to alignment with the State’s FY 2020 Budget for the Board of Education, Library and Community College. The State Aid for the Board of Education reflects an increase of \$80.4 million related to Kirwan Commission funding for teacher salary incentives, pre-kindergarten expansion and other priorities – \$84.2 million.

I unequivocally endorse the Committee’s recommendation for the continuation of conservative revenue estimates and the avoidance of using fund balance for ongoing expenditures. Furthermore, the FY 2020 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.

In closing, this budget reflects the input, diligence and the insight of many stakeholders, including staff across the County Government and its partners. The FY 2020 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 that 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

