



PRINCE GEORGE'S COUNTY GOVERNMENT

Office of the County Executive

Angela D. Alsobrooks
County Executive

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 2023. The FY 2023 approved operating budget from all sources totals \$5.1 billion, an increase of \$524.5 million or 11.5% over the FY 2022 budget.

This 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 budget highlights our sacred obligation to ensure that our children receive the highest quality education we can provide. To that end, our approved budget includes \$2.63 billion for the Prince George's County Public School System. This is a \$287.0 million increase over last year. Additionally, this budget acknowledges the growing need in our communities for appropriate support for the whole student, including access to internet connectivity and technological resources both at school and at home, by securing planned maintenance of take-home laptops and tablets across our school system for at least the next five years. Further, this budget includes safeguards for physical and behavioral health of our most vulnerable families by providing \$5 million to go toward access to healthcare for uninsured families, and \$1.5 million to provide safe housing for those impacted by domestic violence, because a Prince Georgian's zip code should never determine the outcome of their future.

We know that optimal public safety requires more than a strong police force; it takes the efforts of the entire village. That's why our budget includes \$1 million for a more targeted approach to address violence in our communities through our "Hope in Action" program. With this funding, we seek to directly impact precursors to violence—hunger, unemployment, and an inability to resolve conflict.

Our Office of Information Technology budget continues to place emphasis on modernizing internal processes and improving services to our communities. We are ensuring that government functions rise to the highest levels of current technology. For example, the budget includes approximately \$4.0 million to invest in the County's Momentum Online system, which centralizes the permitting and licensing process for residents and businesses. Our goal is to ensure that Prince George's County remains a dynamic destination for business in the region and a primary economic

Wayne K. Curry Administration Building
1301 McCormick Drive, Largo, MD 20774
(301) 952-4131 • www.princegeorgescountymd.gov

engine of the State of Maryland. Finally, our communities cannot move forward without taking immediate and deliberative action to address the impacts of climate change. To this end, our budget makes bold commitments to protecting our properties from flooding and the degradation of our watersheds with an unprecedented investment totaling over \$370 million.

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 us to build a County that will continue to make all of our residents Prince George's Proud.

FY 2023 Approved Budget - All Funds

The approved FY 2023 budget for all operating funds is \$5.1 billion, an increase of \$524.5 million or 11.5% over the FY 2022 budget. The General Fund accounts for 83.2% of all spending in FY 2023 and will increase by \$432.0 million or 11.4%. 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 \$69.9 million in FY 2023, an increase of \$5.6 million or 8.7% over the FY 2022 budget.

The County's Enterprise Fund totals \$244.9 million, an increase of 11.2% above the FY 2022 budget. This fund accounts for 4.8% of total FY 2023 spending. The Enterprise Fund supports various water quality programs and meets State mandates.

Special Revenue Funds account for \$279.6 million or 5.5% of all spending in FY 2023. Spending in this fund is projected to increase by \$34.9 million or 14.3%. The growth is primarily due to an increase in debt service costs and a new dedication of a portion of recordation taxes to the Housing Investment Trust Fund.

Grant funding accounts for 5.1% of all spending and is estimated to total \$257.7 million in FY 2023. This is an increase of \$27.2 million or 11.8% above the FY 2022 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 2023:

	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2022 ESTIMATE	FY 2023 APPROVED	CHANGE FY22 - FY23
REVENUES					
General Fund	\$3,721,904,422	\$3,794,635,800	\$4,274,834,900	\$4,226,635,200	11.4%
Internal Service Funds	61,857,607	64,344,400	62,905,100	69,928,300	8.7%
Enterprise Funds	177,195,945	220,149,100	189,194,800	244,904,900	11.2%
Special Revenue Funds	220,740,163	224,615,000	233,651,600	279,563,000	4.3%
Grant Program Funds	384,012,508	230,476,200	426,316,700	257,685,700	11.8%
TOTAL	\$4,565,710,645	\$4,554,220,500	\$5,186,903,100	\$5,078,717,100	11.5%
EXPENDITURES					
General Fund	\$3,594,341,153	\$3,794,635,800	\$4,228,327,000	\$4,226,635,200	11.4%
Internal Service Funds	61,596,782	64,344,400	64,378,400	69,928,300	8.7%
Enterprise Funds	156,948,680	220,149,100	192,305,000	244,904,900	11.2%
Special Revenue Funds	218,953,412	244,615,000	235,648,500	279,563,000	14.3%
Grant Program Funds	384,012,508	230,476,200	426,316,700	257,685,700	11.8%
TOTAL	\$4,415,852,535	\$4,554,220,500	\$5,146,975,600	\$5,078,717,100	11.5%

General Fund Revenues

The FY 2023 budget reflects an improved economy 2 years after the start of the pandemic. Federal stimulus funds helped to stabilize businesses and family income. The unemployment rate has fallen continuously since peaking in 2020, and wage growth has been higher than expected due to inflation and competition for labor. Low interest rates and the entry of millennials into the housing market boosted real estate activity nationwide. Despite rising assessments, the County housing market remains competitive relative to surrounding jurisdictions. Overall, the FY 2023 General Fund budget represents an increase of \$432.0 million or 11.4% over the FY 2022 Budget. The FY 2023 General Fund budget includes \$2.35 billion in County Sources and \$1.88 billion in Outside Sources.

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 2023, County sources are projected to be \$2.35 billion, an increase of \$173.1 million or 7.9% over the FY 2022 budget. These revenues account for 55.6% of the total General Fund revenues for FY 2023.

Real property taxes represent the largest portion of County-sourced funding for government operations. In FY 2023, receipts are projected to total \$951.7 million, an increase of \$39.1 million or 4.3% over the FY 2022 budget. Excluding the revenue dedicated to the school system, the County's real property tax revenues are projected to increase by \$37.5 million or 4.3% in FY 2023 over the FY 2022 budget.

Personal property tax revenues are projected to be \$79.9 million, an increase of \$6.9 million or 9.4% above the FY 2022 approved budget. Excluding the additional revenue assigned to the school system, the County's personal property tax revenues are projected to grow by \$6.5 million or 9.3% in FY 2023.

Income tax revenues are expected to total \$820.7 million in FY 2023, including the State Income Disparity Grant. This represents an increase of \$150.9 million or 22.5% above the FY 2022 budget. Income tax receipts total \$777.0 million and the Income Disparity grant totals \$43.7 million in FY 2023. The change in income tax revenues is \$143.5 million over the FY 2022 budget or 22.6%. This is due to lower unemployment and wage growth in response to both higher inflation and the need to boost salaries as employers compete for labor. Funding from the State Income Disparity Grant is expected rises by \$7.4 million or 20.5% in FY 2023 based on actual 2020 census data that increased the County's share of revenue under the formula.

The County's real estate market has performed well since the pandemic. Combined receipts from both the Transfer and Recordation taxes are anticipated to total \$187.2 million in FY 2023. The FY 2023 budget reflects stability in the County's housing market as home sales have remained strong and the median house price is competitive with adjacent jurisdictions. County legislation has dedicated the greater of 20% or \$10.0 million of the Recordation tax to the Housing Investment Trust Fund.

Charges for Services grow by \$8.9 million, or 19.0% in FY 2023. This is due to an increase in the Medicaid reimbursement rate for emergency transports, authorized by federal legislation, and a proposed increase in the 9-1-1 fee so as to fully recover the costs of that service. State legislation enacted in 2019 authorized Counties to increase 9-1-1 fees to enable cost recovery. These two increases are offset by lower estimates of other charges for services, based on actual attainment.

Revenue from licenses and permit fees is projected to increase slightly by \$1.9 million or 2.7% in FY 2023 compared to the FY 2022 budget. This is mostly due to continued growth in gaming revenue, which has performed strongly since the pandemic as well as due to a State law change that eliminated the "hold-harmless" deductions from County revenue.

Intergovernmental revenues are projected to decrease by \$1.1 million or -2.6% below the FY 2022 budget. Decreases in federal and local revenue are based on actual attainment in FY 2021.

The FY 2023 budget is balanced without the need to use fund balance.

General Fund – Outside Sources

Outside-sourced 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 2023, Outside Aid is estimated to total \$1.88 billion, an increase of \$258.9 million over the FY 2022 estimated budget. Outside Aid accounts for 44.4% of total General Fund revenues in FY 2023.

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 FY 2023 SAC recommendation for the FY 2023 General Fund budget is \$3.955 billion.

At \$4.2 billion, the FY 2023 approved budget is \$272.0 million, or 6.9%, above the Committee's recommendation. There are a variety of items that make up this increase, most of which is spending from Board of Education sources that were not anticipated when the County's forecast was reviewed by the Committee. Secondly, State aid was higher than expected because of enhancements and favorable formula calculations that benefited the County. County-sourced revenue is also higher because federal legislation authorized a higher Medicaid matching rate for emergency transports, and also because of the decision to propose a slightly higher 9-1-1 fee per phone line to fully cover the County's costs for providing that service.

I unequivocally endorse the Committee's other recommendations. This included foregoing the use of fund balance as part of an effort to rebuild reserve levels, after drawing them down during the pandemic. The FY 2023 budget complies with its recommendation to preserve the County's General Fund reserves at the Charter-mandated 5.0% and the financial policy-required 2.0%. The Committee also recommended that the County continue to project revenues cautiously and conservatively. I share the Committee's recommendation 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.

