

October 18, 2022

The Honorable Angela Alsobrooks, County Executive
 The Honorable Calvin S. Hawkins, II, 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 revenue for the next fiscal year (FY). This letter summarizes the Committee's preliminary findings and recommendations for FY 2024.

Based upon a review of various economic and revenue information and trends, the Committee recommends a preliminary General Fund revenue projection of \$4.47 billion in FY 2024, an increase of \$244.3 million or 5.8% above the FY 2023 Approved Budget excluding use of fund balance. (See **Exhibit 1**). While the FY 2024 forecast does not assume use of fund balance, a recommendation related to limited one-time uses of fund balance may be made in the Committee's January 1st letter. The forecast maintains the County's policy of keeping the General Fund balance above the Charter-mandated 5% and policy required 2% level (7.0% of total expenditures). Maintaining this level of General Fund balance has been cited as a factor in the County's bond rating by the three rating agencies.

Exhibit 1

**Prince George's County
 Summary of Current and Projected General Fund Revenue
 (\$ in Millions)**

	FY 2021 Actual	FY 2022 Unaudited	FY 2023 Approved	FY 2024 Forecast	FY 21-22 % Change	FY 22-23 % Change	FY 23-24 % Change
County-Sourced Revenues							
Subtotal County Sources	\$2,225.3	\$2,333.5	\$2,350.6	\$2,488.7	4.9%	0.7%	5.9%
Subtotal w/o Fund Balance	2,225.3	2,333.5	2,350.6	2,488.7	4.9%	0.7%	5.9%
Outside Aid							
Subtotal Outside Aid	1,496.6	2,038.1	1,876.0	1,982.2	36.2%	-8.0%	5.7%
Grand Total	\$3,721.9	\$4,371.6	\$4,226.6	\$4,470.9	17.5%	-3.3%	5.8%
Grand Total w/o Fund Balance	3,721.9	4,371.6	4,226.6	4,470.9	17.5%	-3.3%	5.8%

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

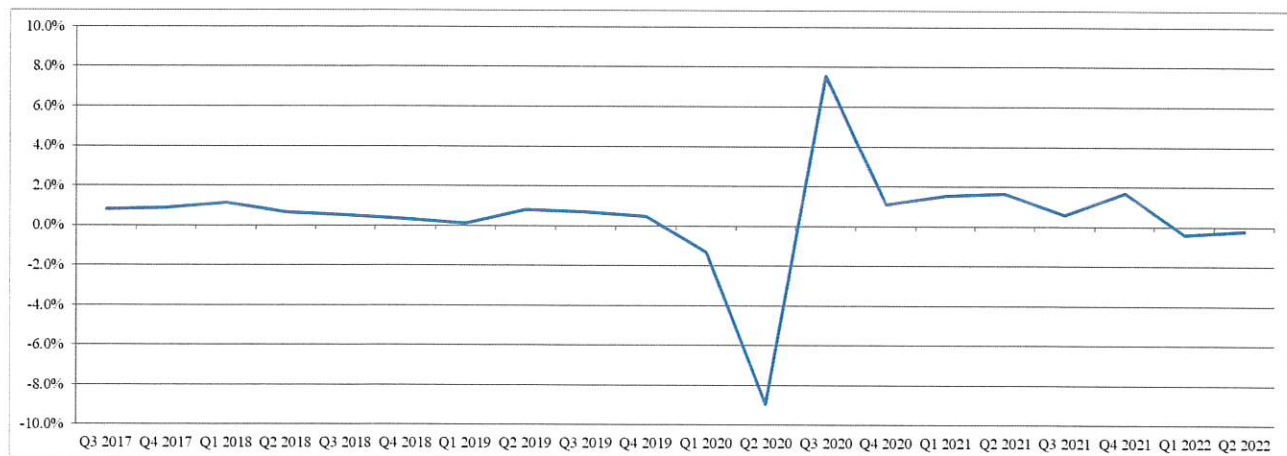
Economic Outlook

The economy remains unsettled two years after the onset of the coronavirus pandemic. Supply chain disruptions and a contraction of the labor force have affected businesses due both to higher prices caused by inflation and wage growth required to attract and retain employees. The war in Ukraine is also affecting energy and food prices. The Federal Reserve Board has acted to address high inflation by raising interest rates, causing mortgage rates to rise sharply and cool the housing market. Rates are expected to continue to increase until inflation moderates. Whether the economy is currently in recession, which has yet to be officially announced, or is heading for a slowdown, the outlook is not positive in the short-term.

The pandemic caused U.S. Gross Domestic Product (GDP) to fall in the second quarter of calendar year (CY) 2020, due to nationwide shutdowns. As the economy re-opened, economic activity rebounded and then stabilized. However, GDP decreased in the first and second quarters of CY 2022, which has historically been an indication that the U.S. is experiencing a recession. This remains uncertain because employment has returned to pre-pandemic levels and wage growth remains strong. **Exhibit 2** illustrates GDP trends before and following the global pandemic.

Exhibit 2

National Gross Domestic Product CY 2017 3rd Quarter – CY 2022 2nd Quarter

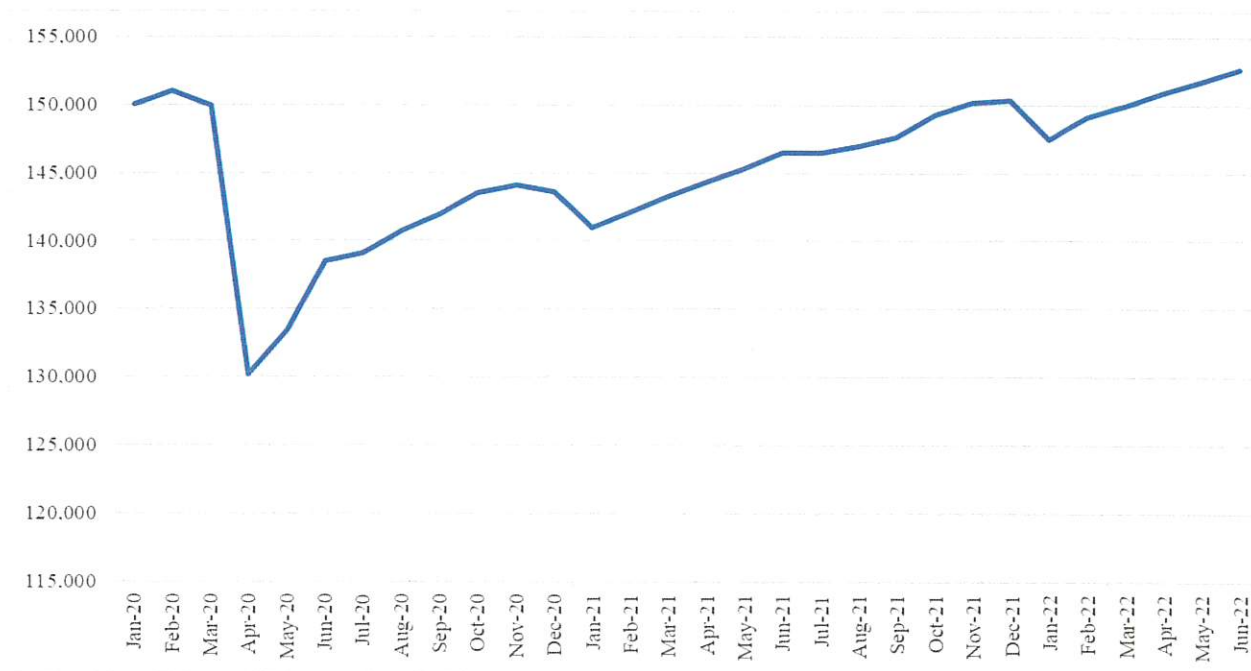


Source: Bureau of Economic Analysis

The nationwide shutdown induced by the pandemic resulted in a significant drop in employment in March 2020, as illustrated in **Exhibit 3**. After the economy re-opened, employment levels gradually grew as vaccines were distributed and workers returned to their jobs. As of June 2022, employment levels in the U.S. had essentially returned to pre-pandemic levels. As interest rates are increased, employment levels will remain closely watched. The Federal Reserve Board intends to engineer a “soft landing” whereby interest rate hikes curb inflation without an appreciable increase in unemployment levels, but this is difficult and should not be assumed that it will be successful.

Exhibit 3

**United States Non-Farm Monthly Payroll Employment Change
CY 2020 1st Quarter – CY 2022 2nd Quarter
(in Thousands)**

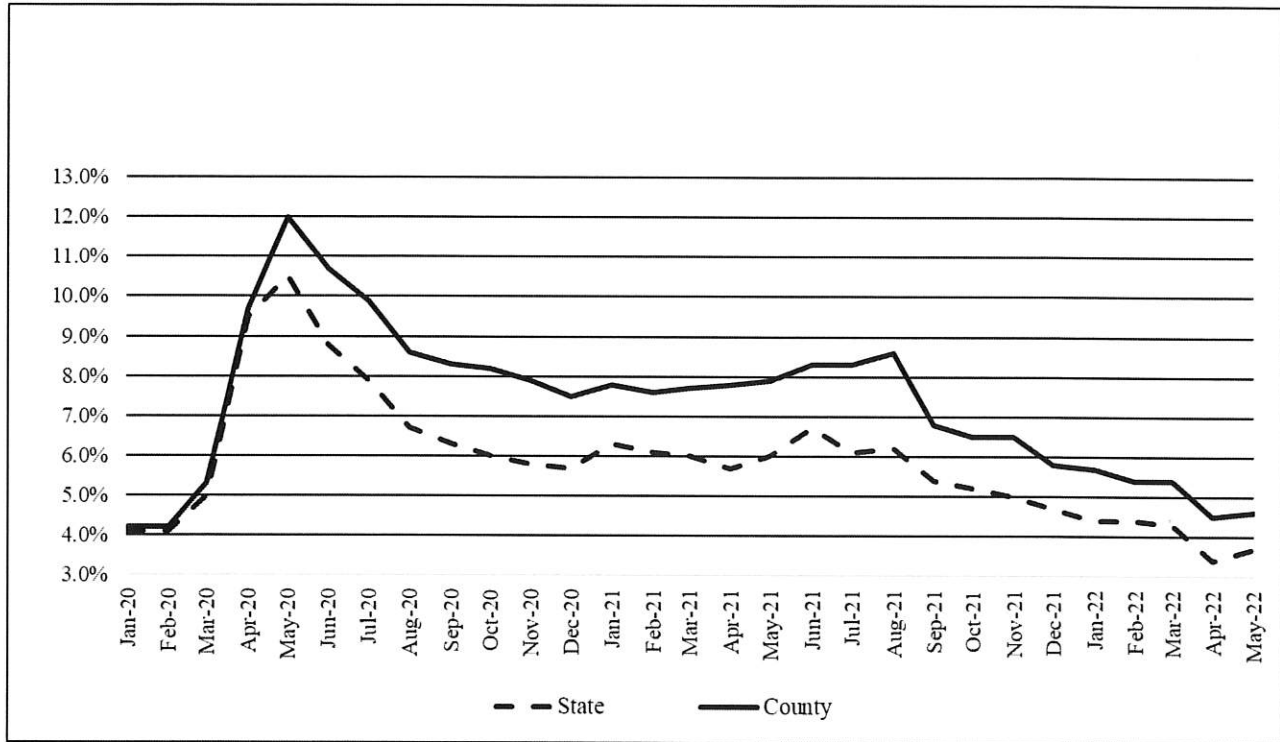


Source: Bureau of Labor Statistics

Exhibit 4 compares the unemployment rate in the County with the statewide average. Prior to the pandemic, County and State unemployment rates were similar. Since March 2020 unemployment levels in the County have been higher than the State, ranging from 0.9 to 2.4 percentage points above the State rate. This is due in part to the contraction in the labor force, a disproportionate impact on lower paid positions such as in the leisure and hospitality sector, and other factors. As of May 2022, the County unemployment rate was 4.6% and the State rate was 3.7%. Each rate is 0.4 percentage points above the pre-pandemic level.

Exhibit 4

**Unemployment Rate
Prince George’s County vs. State of Maryland
January 2020 – May 2022**

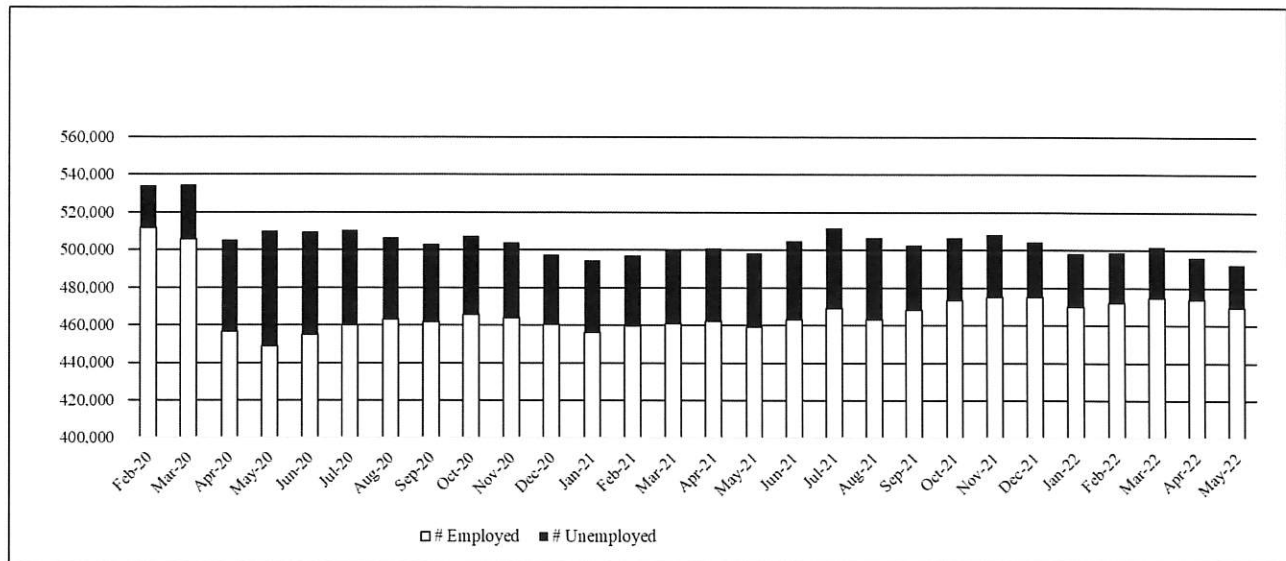


Source: Maryland Department of Labor

Exhibit 5 provides data on the County’s labor force. At its peak in February 2020, the total number of employed and unemployed residents stood at approximately 534,000. For the rest of CY 2020 it averaged 506,000; a decrease of about 28,000 either working or seeking employment. As shown, the unemployment rate was higher during the national shutdown, reaching 12% by May 2020. While employment levels have nearly returned to pre-pandemic levels the size of the County labor force has continued to shrink. As of May 2022, the labor force had contracted to about 492,000. National studies indicate that as many as 16 million suffer from what is termed “long COVID” symptoms, of which 4 million are unable to return to work. This may partly explain the reduction, but it is likely that many factors are at play. Some number of employees may have chosen to completely leave the labor force by opting for retirement. This trend will continue to be monitored to see if the changes in the labor force are permanent or temporary.

Exhibit 5

**Prince George’s County Labor Force Trends
 February 2020 – May 2022**



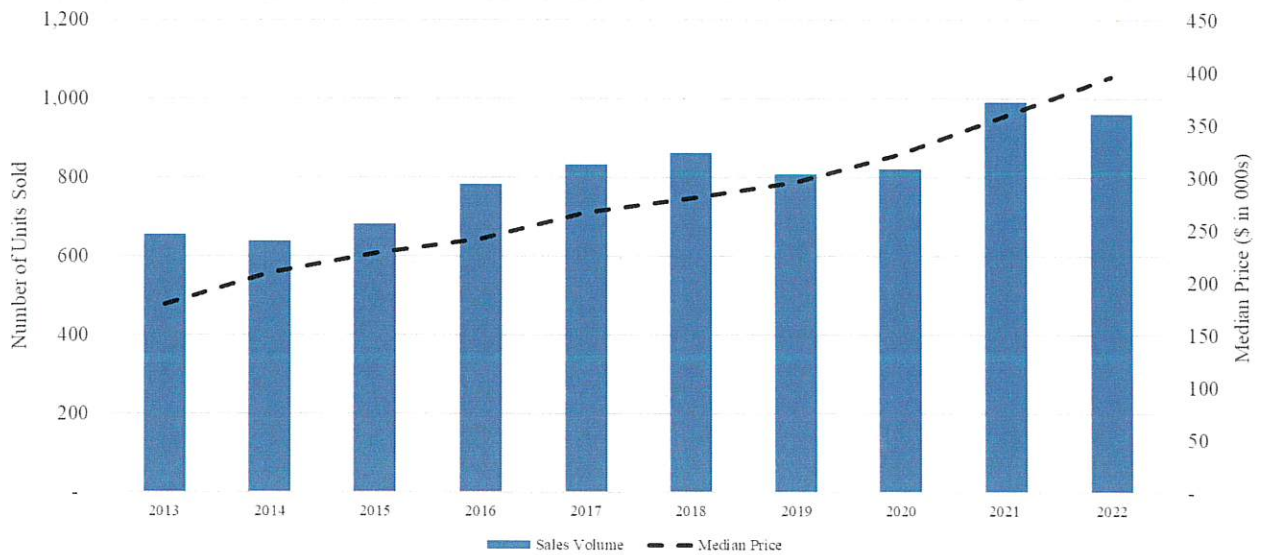
Source: Maryland Department of Labor

Real estate trends are highlighted in **Exhibit 6**. In CY 2019 and 2020 the median home price in the County was approximately \$300,000 and sales averaged 800 per month. Record low interest rates made mortgages competitive with rental costs, and the advent of greater teleworking led many renters and homeowners to seek larger residences with home office space. Nationally home construction had also been slower since the Great Recession of 2008. The combination of low inventory and high demand led to a surge in sales and prices. The volume of home sales in the County grew to about 1,000 a month and the median price eclipsed \$400,000 in March 2022. As the Federal Reserve Board began raising interest rates in March 2022, mortgage rates increased to about 5.5%. Home sales have decreased to about 850 per month for FY 2022 but it is less likely that prices will decline. Construction inflation has been at its highest level in years, growing from around 4% a year to 16% in FY 2022.

A moratorium on foreclosures was in effect from early in CY 2020 through August 2021. The State began reporting data in the first quarter of CY 2022, showing the County with 299 foreclosures; well below the range of 1,400 – 1,600 per quarter prior to the pandemic. The 299 foreclosures represented 18% of the statewide average, also below the historical rate of 21% - 27%.

Exhibit 6

**Prince George's County
Median Sales Price and Sales Volume
FY 2013 – FY 2022
(\$ in Millions)**



Source: Metropolitan Regional Information Systems

Revenue Outlook

OMB projects that County-sourced General Fund revenue will increase in FY 2024 by \$138.1 million, or 5.9% exclusive of the use of fund balance.

Major County-Sourced Revenue

Property Tax

Real property tax revenues are projected to increase by 4.4% in FY 2024 to \$993.4 million relative to the FY 2023 budget. Home sales and the median price have grown steadily for several years and the State Department of Assessments & Taxation estimates that the County will have \$86 million in unused real property tax capacity in the next fiscal year even with the Homestead Tax Credit growing 5% in FY 2024.

Personal property tax revenues are projected to grow by \$1.4 million, or 1.7% in FY 2024 to \$81.3 million. This is based on the March 2022 estimate of the assessable base of personal property in the County for FY 2023.

Income Tax

Income tax revenue grew strongly since the pandemic due to several factors. During the pandemic, federal aid to employers and additional unemployment compensation ensured that there was not a drop off in tax revenue despite high unemployment levels. As pandemic-related restrictions were eased and businesses re-opened, businesses had to pay higher wages to attract workers in part because the labor force contracted. Higher inflation due to supply chain shortages also required higher wages so that employees did not lose purchasing power. In addition to these factors, federal and State law changes modified the tax treatment of income by Pass-Through Entities. This income is declared by individual taxpayers. Income tax withholding grew because of these changes.

Based on final distributions at the end of August, the FY 2022 unaudited income tax attainment is \$777 million. The FY 2024 forecast projects \$858 million for this revenue source, which is about \$81 million or 10.4% above the FY 2023 approved budget. Given the 2022 revenue level though, which is equal to the approved budget, the current year estimate is understated and is expected to attain \$808 million. This would place the growth level above the revised estimate at about \$50 million or 6.2%.

The Disparity Grant is expected to rise by 2% in FY 2024 based on expected growth in income taxes per capita, which is the basis for this State formula. The exact amount of funding won't be known until Tax Year 2021 data is available to compare the County data relative to the statewide average.

Transfer and Recordation Taxes

Since the pandemic, the County has seen strong demand for homes. Low interest rates and a limited inventory of homes for sale fueled growth in the median home price. In FY 2021 and 2022 annual home sales exceeded 11,500 and the median price surpassed \$400,000 for the first time. Not only has the inventory of homes for sale remained low during this period, the number of building permits for single family homes decreased 19% in FY 2022. This is likely due to higher inflation for construction materials as well as increased interest rates since March 2022. The forecast assumes an increase of \$17.4 million, or 9.3% in transfer and recordation tax revenue but the overall total of \$204.6 million remains below the \$247.7 in the FY 2022 unaudited budget. This is because 20% of recordation tax revenue began to be dedicated to the Housing Investment Trust Fund in FY 2023 and partly due to an expectation of lower home sales due to rising interest rates. It is expected that the median price will continue to rise slightly due to inflation.

Other County-Sourced Revenue

Energy Taxes are estimated to increase by \$1.5 million, or 2.0% over the FY 2023 approved budget. This reflects the higher cost of fuel.

State Shared Taxes are expected to climb by \$1.7 million, or 21.3%. Highway user revenues grow by \$1.5 million based on legislation (Chapter 240 of 2022) which increases the percentage of revenue shared with the local jurisdictions each year through FY 2027. The amount of revenue from transfer taxes on corporate assets also grows by \$0.2 million based on the FY 2022 unaudited level.

Charges for Services decline by \$1.9 million, or 2.8%. Legislation to increase the 9-1-1 fee to \$1.40 per line in FY 2023 would only go into effect for part of the fiscal year, so the forecast assumes an increase of \$1.6 million to fully annualize the growth. Revenue declines by \$1.3 million for cable franchise fees based on a downward trend in recent years as consumers cancel cable service in favor of streaming services. Health fees also decrease based on the FY 2022 unaudited level.

Intergovernmental Revenues are expected to decrease from approximately \$39 million in FY 2023 to about \$34 million in FY 2024, mostly due to one-time Police Aid funding that was provided in the current fiscal year. The Governor had included extra funding in the FY 2023 budget to re-fund police departments in conjunction with legislation to permanently increase the State Aid for Police Protection formula. Although the legislation failed, the additional funding in FY 2023 was not reduced from the budget.

Miscellaneous Revenues in FY 2022 totaled \$8.3 million and are expected to remain at that level in FY 2024. Automated speed enforcement revenue has declined over multiple years and is projected to decrease in FY 2024 based on changes in driver behavior. Miscellaneous revenue sources are estimated at a lower level based on average attainment in prior fiscal years.

Other Financing Sources The forecast does not presently assume any use of fund balance, but some one-time use may be recommended by the Committee for FY 2024.

Outside Aid Revenue

Board of Education, Community College and Library aid is expected to grow due to formula changes in State law. The Blueprint for Maryland's Future is estimated to increase State aid for the Board of Education by more than \$100 million dollars in FY 2024, with continued growth in the out years. Now that the Cade formula for community college enhancement is fully phased-in, a 2% growth assumption is made. The library formula provides a per capita grant amount and is projected to grow by 1%.

Preliminary Revenue Forecast

Exhibit 7 summarizes the General Fund forecast for FY 2023 and FY 2024. The largest changes are related to the real property and income taxes and State aid to the Board of Education. The State budget saw record surpluses for the current year budget, but there is concern about the future of the economy. Large increases or cuts in State aid are not expected, but if there is a recession then the County will need to closely monitor State budget balancing actions.

Exhibit 7

Prince George's County Current and Projected General Fund Revenue FY 2021 – FY 2024 (\$ in Millions)

(\$ in Millions)	FY 2021	FY 2022	FY 2023	FY 2023	FY 2023		FY 2024	FY 2023-2024	
	Actual	Unaudited	Approved	Sept SAC	\$ Change	% Change	Sept SAC	\$ Change	% Change
County Sourced Revenues									
Real Property Tax	883.2	906.7	951.7	950.0	-1.7	-0.2%	993.4	41.7	4.4%
Personal Property Tax	95.6	84.2	79.9	80.5	0.6	0.7%	81.3	1.4	1.7%
Income Tax	738.3	777.0	777.0	807.7	30.7	3.9%	857.9	80.9	10.4%
Disparity Grant	35.9	36.3	43.7	43.7	0.0	0.0%	44.6	0.9	2.0%
Transfer Tax	143.6	172.8	144.0	144.0	0.0	0.0%	152.1	8.1	5.7%
Recordation Tax	60.3	74.9	43.2	43.2	0.0	0.0%	52.4	9.2	21.4%
Energy Tax	73.3	74.9	73.9	73.9	0.0	0.0%	75.3	1.5	2.0%
Telecommunications Tax	14.8	13.4	12.2	12.2	0.0	0.0%	12.2	0.0	0.0%
Other Local Taxes	13.4	24.8	23.7	23.7	0.0	0.0%	24.6	0.9	3.8%
State-Shared Taxes	7.6	7.2	8.0	8.2	0.2	2.5%	9.7	1.7	21.3%
Licenses and Permits	58.3	76.4	72.4	74.4	2.1	2.8%	72.6	0.2	0.3%
Use of Money and Property	3.3	-1.8	3.1	2.8	-0.3	-8.3%	2.9	-0.1	-4.0%
Charges for Services	46.7	52.8	68.8	64.7	-4.1	-5.9%	66.9	-1.9	-2.8%
Intergovernmental Revenue	40.0	23.8	39.3	39.2	-0.2	-0.4%	34.4	-4.9	-12.5%
Miscellaneous Revenue	10.6	10.0	9.8	9.8	0.0	0.0%	8.3	-1.5	-15.8%
Other Financing Sources	0.0	0.0	0.0	0.0	0.0	na	0.0	0.0	na
Subtotal County Sources	2,225.3	2,333.5	2,350.6	2,378.0	27.4	1.2%	2,488.7	138.1	5.9%
Subtotal w/o Fund Balance	2,225.3	2,333.5	2,350.6	2,378.0	27.4	1.2%	2,488.7	138.1	5.9%
Outside Aid									
Board of Education	1,418.3	1,958.2	1,783.2	1,783.2	0.0	0.0%	1,887.6	104.4	5.9%
Community College	70.2	70.8	82.9	82.9	0.0	0.0%	84.5	1.7	2.0%
Library	8.2	9.0	9.9	9.9	0.0	0.0%	10.0	0.1	1.0%
Subtotal Outside Aid	1,496.6	2,038.1	1,876.0	1,876.0	0.0	0.0%	1,982.2	106.2	5.7%
Grand Total General Fund	3,721.9	4,371.6	4,226.6	4,254.0	27.4	0.6%	4,470.9	244.3	5.8%

Source: Office of Management and Budget

Risks facing the forecast could result in a revenue write down. Inflation remains at elevated levels despite actions by the Federal Reserve Board to raise interest rates. Supply chain problems persist, and the War in Ukraine and related energy issues are impacting the European economy. These factors raise the potential for a recession in the U.S. over the coming 12-18 months depending on how aggressively the Federal Reserve works to constrain cost growth. While unemployment is low and wage growth has been positive, income tax revenue has been bolstered by capital gains tax revenue and additional withholding by Pass-Through Entities; both are very volatile revenue sources. The size of the labor force has also not rebounded due to some combination of retirements, pandemic-related deaths, long-covid, and industry sectors that have not fully recovered. Rising interest rates will impact the County's real estate market and potentially the construction industry.

Fiscal Outlook

As seen in **Exhibit 8**, the County closed FY 2021 with General Fund revenues above spending by \$127.6 million, resulting in an unassigned balance of \$235.4 million. The combination of the 5% restricted reserve, 2% committed reserve and unassigned balance totaled 13.4% of expenditures. Due to better-than-expected revenue performance and lower than budgeted spending in FY 2022, the County was able to forego a planned use of fund balance and instead expects the unassigned balance to increase slightly. The FY 2023 approved budget expects that combined balances will remain in the range of 13% of General Fund spending.

Exhibit 9 illustrates the gap between ongoing revenues and spending between FY 2021 and FY 2029. Income and property tax revenue continue to represent the largest components of County-sourced revenue. Higher inflation in the short-term resulted in the Homestead Tax Credit being set at the maximum 5% level in FY 2023 and 2024. Wage growth, tax law changes, and low unemployment are factors which have caused substantial growth in the income tax. The FY 2024-2029 forecast period anticipates continued average annual revenue growth of 3.8% compared to 3.7% average annual spending growth. Small surpluses are estimated in each year of the forecast.

Fund Balance and Reserve Fund Levels

Over the past two years the Committee has reviewed the County's fund balance levels and reserve fund policies relative to other states and counties, with the desire to maintain the County's financial health. This included a review of best practices in government and academic publications. Currently, the County maintains a 5% reserve fund as required by the Charter and County law, and an additional 2% balance has been maintained in accordance with County fiscal policy. Specific areas of discussion are highlighted below.

Revenue Volatility

One of the best practices relates to the importance of calibrating reserve levels to the volatility of each jurisdiction’s revenue sources. Some revenue sources are highly elastic (i.e., they rise more rapidly during periods of economic growth and fall more rapidly during economic contraction). The income tax for example, is more elastic due to higher unemployment during a recession, while the property tax is more stable, or inelastic.

Exhibit 8

**Prince George’s County
 General Fund Pro Forma
 FY 2021 – FY 2023
 (\$ in Millions)**

	FY 2021	FY 2022	%	FY 2023	%	
	Actual	Estimated*	Change	Approved	\$ Change	
					Change	
Revenues	\$3,721.9	\$4,371.9	17.5%	\$4,226.6	-\$145.3	-3.3%
Expenditures	3,594.3	4,296.0	19.5%	4,226.6	-69.4	-1.6%
Surplus/(Deficit)	127.6	75.9		0.0	-75.9	-100.0%
Fund Balance	FY 2021	FY 2022		FY 2023		
	Actual	Estimate		Estimate		
Restricted (5%)	\$188.6	\$214.8		\$211.3		
Committed (2%)	75.4	85.9		84.5		
Unassigned	235.4	242.6		247.5		
Total	\$499.4	\$543.4		\$543.4		
Fund Balance as % of General Fund Revenues	13.4%	12.6%		12.9%		

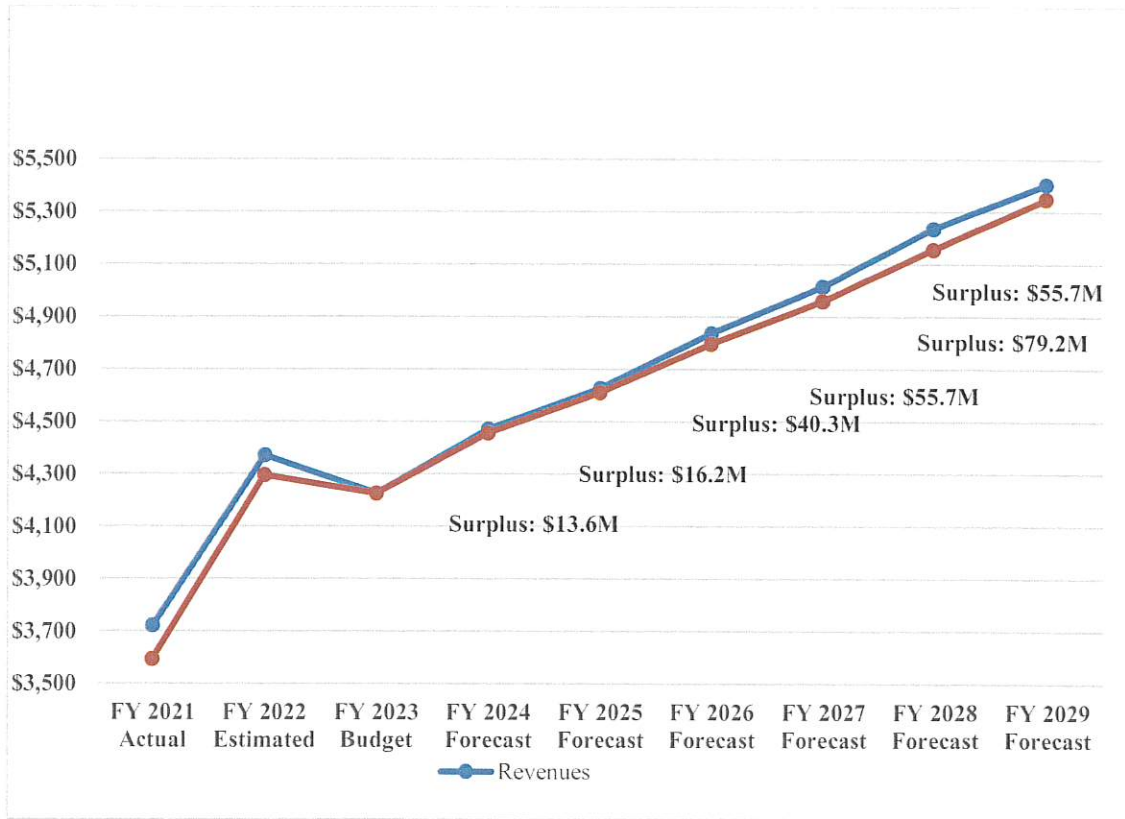
The FY 2022 estimated expenditures are based on unaudited EOY spending as of 9/12/2022. Additionally, due to the delay in the passage of the final FY 2022 supplemental bill (CB-030-2022), certain agency expenses were charged to FY 2023 and will need to be journaled back to FY 2022. Finally, FY 2022 estimated unassigned fund balance includes use of \$32.0 million in fund balance designated for OPEB and Risk Management.

*Note: the FY 2022 estimate totals are preliminary as of September 2022

Source: Office of Management and Budget

Exhibit 9

Prince George’s County General Fund Forecast
FY 2021 Actual – FY 2029 Estimated
 (\$ in Millions)



Source: Office of Management and Budget

Exhibit 10 shows that following the 1991 and 2008 recessions, County revenue sources exclusive of one-time use of fund balance, fell short of approved spending by between 12% - 15%. This indicates that the current combined reserve level of 7% is not sufficient to maintain agency operations following a downturn. In the second year of each downturn, revenues decreased another 5%. While the County has been able to maintain higher levels of unassigned fund balance, the ability to maintain these levels in the future is not guaranteed. Moreover, as seen in **Exhibit 11** other counties in Maryland maintain combined reserves ranging from 5% to 17%. “AAA” rated Baltimore, Charles, Howard, Montgomery, and Queen Anne’s counties have increased their reserve requirements to between 10% and 15%.

Reserve Fund Structure

The Committee also notes that reserve fund provisions in the County Charter and County law are contradictory and are structured in a manner that impedes the use of balances if revenues fall below estimates and are needed to support existing appropriations. Examples include:

- The Charter requires a 5% reserve which can only be accessed through emergency appropriations. If revenues fall below estimates however, the balance would be needed to pay for existing appropriations.
- County law stipulates that the Reserve Fund be a separate interest-bearing account which requires supplemental appropriations to access the balance.

Exhibit 10

Comparison of General Fund Revenues and Spending Following Prior Recessions (\$ in Millions)

	County-Sourced Revenue in the Proposed Budget	Actual Revenue	Variance	% Variance
FY 1991	\$757.0	\$642.1	-\$114.9	-15.2%
FY 1992	702.9	664.3	-38.6	-5.5%
FY 2002	1,014.1	1,012.6	-1.5	-0.1%
FY 2008	1,517.6	1,330.7	-186.9	-12.3%
FY 2009	1,537.8	1,454.1	-83.8	-5.4%
FY 2020	2,140.0	2,071.2	-68.7	-3.2%

Source: Office of Management and Budget

The Committee reviewed County policy relating to the level of reserves, including the 5% restricted reserve and the 2% committed reserve. Based on a review of revenue volatility following the last two recessions, it was determined that a 7% combined reserve is insufficient to maintain agency spending during an economic downturn. Based on a survey by the Maryland Association of Counties several other jurisdictions with “AAA” bond ratings maintain combined reserves of 10% or more.

An increase in the level of reserves is important for two reasons. First it allows the County to be better prepared for future recessions by providing the resources to maintain agency spending during a downturn. Thus, important services to citizens can be maintained. Second, it reduces the need to cut services or raise taxes which are actions that worsen a recession. Therefore, the Committee recommends that the County adopt a revised policy to obtain a minimum of 10% combined reserves as soon as feasible. While the Committee is proposing a phased approach to this, the Committee felt it important to note that the County could immediately realize a 10% combined reserve, or close to that, by limiting use of unappropriated fund balance to approximately 2%. This may allow the recommended reserve level to be met before any near-term recession. If the policy reserve is increased over a 3-year period, it would ease the transition without too much of an impact on unassigned balances. It is important to note that this action would not improve reserve levels if there were a recession in the near-term, but the County has sufficient combined balances of nearly 13% to address any shortfalls.

The Committee recommends that the County increase its level of combined reserves to 10% to be better prepared for future economic downturns. This would include the Charter required 5% reserve in addition to a 5% policy reserve that would be phased-in from the current 2% level over a three-year period. It is the intent of the Committee that the policy reserve be increased to 3% of general fund spending in FY 2024; 4% in FY 2025; and 5% in FY 2026.

Conclusion and Recommendations

The Committee finds that the economy is in a tenuous position. Employment has recovered to pre-pandemic levels although the size of the labor force has not rebounded. Wage growth, particularly in lower paying jobs, has been very strong but this purchasing power has been offset by higher inflation. Housing sales and median prices have remained positive since the pandemic, although efforts by the Federal Reserve Board to rein in inflation are slowing sales and high prices are impacting housing affordability. More stringent national fiscal policy and the effects of the War in Ukraine on Europe's economic health could result in a global economic downturn. In the short-term, higher spending is justified due to the higher cost of providing government services and is supported by expected revenue growth.

Based upon a preliminary review of various economic information and revenue trends, the Committee recommends a preliminary General Fund revenue projection of \$4.47 billion in FY 2024, an increase of \$244.3 million or 5.8% above the FY 2023 budget. This assumes no use of fund balance, though the Committee may recommend limited use of unassigned fund balance for one-time purposes in its January 2023 recommendations.

Finally, the Committee finds that reserve fund provision in the Charter and County law are contradictory and make it difficult to access balances if revenues decrease and are needed to support existing agency spending. Consideration should be given to revisions that would make the fund more viable if needed during a future fiscal emergency.

Exhibit 11

**Prince George's County
 Comparison of Reserve Fund Requirements in AAA Rated Counties**

COUNTY	S&P	MOODYS	FITCH	RESERVE REQ	ADDITIONAL RESERVE
ALLEGANY	AA-	Aa3	--	17%	3%
ANNE ARUNDEL	AAA	AAA	--	7%	--
BALTIMORE CITY	AA	Aa2	--	8%	--
BALTIMORE	AAA	Aaa	AAA	10%	--
CALVERT	AAA	Aaa	AAA	9%	--
CAROLINE	AA-	Aa3	--	10%	--
CARROLL	AAA	AAA	AAA	5%	--
CECIL	AA+	Aa2	--	16.7%	--
CHARLES	AAA	Aaa	AAA	8%	7%
DORCHESTER	--	A2	--	--	--
FREDERICK	AAA	Aaa	AAA	8%	--
GARRETT	--	--	--	5%	5%
HARFORD	AAA	AAA	AAA	5%	--
HOWARD	AAA	Aaa	AAA	7%	3%
KENT	--	--	--	7.5%	--
MONTGOMERY	AAA	Aaa	AAA	5%	5%
PRINCE GEORGE'S	AAA	Aaa	AAA	5%	2%
QUEEN ANNE'S	AAA	Aa1	AAA	8%	5%
ST. MARY'S	Aa1	AA+	AA+	15%	5%
SOMERSET	--	--	--	--	--
TALBOT	--	Aa2	AAA	--	--
WASHINGTON	AA+	Aa1	AA+	17%	25%
WICOMICO	AA+	Aa2	--	5%	7%
WORCESTER	AA+	Aa2	AA	12%	--

Source: Maryland Association of Counties survey September 2022

The Honorable Angela Alsobrooks, County Executive
The Honorable Calvin S. Hawkins, II, Chair, County Council
October 18, 2022
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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 economic and revenue forecast. We believe that we have performed adequate due diligence in reviewing the revenue estimates for FY 2024 and believe them to be reasonable.

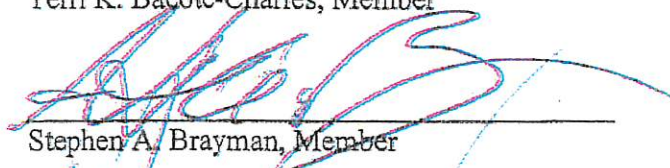
Respectfully,



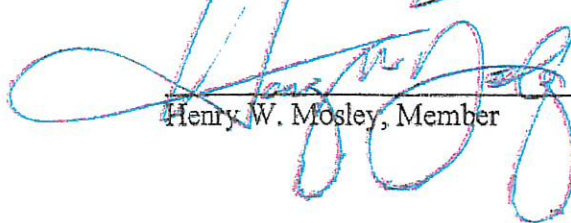
Robert R. Hagans Jr., Chairman



Terri K. Bacote-Charles, Member



Stephen A. Brayman, Member



Henry W. Mosley, Member