



# NON-DEPARTMENTAL FY 2026 BUDGET OVERVIEW

Budget & Policy Analysis Division

Sylvia S. Singleton, Sr. Legislative Budget Officer

May 1, 2025

# Agenda

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FY 2026 Fiscal Highlights

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FY 2026 Fiscal Overview

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Debt Service

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Grants & Transfers

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Alternative Construction Financing Payments

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Debt Policy & Commentary

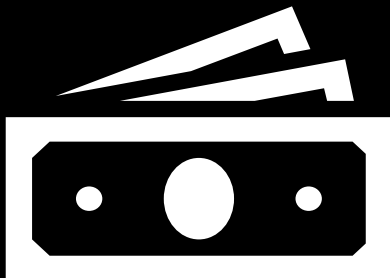
# Office of Management & Budget (OMB)

**OMB has  
primary  
responsibility  
for the activity  
in Non-  
Departmental**

## **Non-Departmental is used to**

- **Manage resources and indirect costs for activities that are not specifically associated with one department or agency**

OMB  
collaborates  
with:



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The Office of the County Executive

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The Legislative Branch

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The Office of Finance

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The Office of Central Services

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*To plan and direct Non-Departmental  
transactions*

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# Non-D Structure

## Grants and Transfers

Administers County contributions to various community organizations

Community Television, Economic Development Corporation, Financial Services Corporation

Employ Prince George's, Experience Prince George's and the Prince George's Arts and Humanities Council

Supports transfers to various capital improvement projects and other funds

## Debt Service

Manages the County's debt issuance plan

Monitors related principal and interest payments

## Operational Expenditures

Manages operational transactions that are not agency specific including

Office space, utilities, special compliance efforts, retiree benefits, equipment leases

Special lease obligations including the University of Maryland Capital Region Medical Center

## Alternative Construction Financing

Supports payments for the Alternative Construction

Financing school construction program on behalf of the PGCPs System

## Contingency

Provides resources for costs related to unsettled collective bargaining agreements

Designated operating activities

Unanticipated employee separation costs

# FY 2026 Fiscal Highlights





# FY 2026 BUDGET SUMMARY

## Proposed FY 2026

**\$455.8 Million**

**Increase \$15.1 Million  
or +3.4%**

**Contingency  
funding  
decreases by  
\$17.2  
million, or  
-100% in FY  
2026**

**The largest increases  
are approx. \$17.7  
million for operational  
expenditures, and \$13.4  
million for Debt Service**

## NON-DEPARTMENTAL OVERVIEW

Category	FY 2024	FY 2025	FY 2025	FY 2026	Change FY25-FY26	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Debt Service	\$170,622,812	\$184,296,200	\$187,700,100	\$197,682,200	\$13,386,000	7.3%
Grants and Transfers	44,829,920	44,991,800	81,584,600	46,157,900	1,166,100	2.6%
Operational Expenditures	178,257,612	151,670,200	161,072,700	169,403,500	17,733,300	11.7%
Alternative Construction Financing Payment	-	42,600,000	42,000,000	42,600,000	-	0.0%
Contingency	-	17,207,200	-	-	(17,207,200)	-100.0%
<b>Total</b>	<b>\$393,710,344</b>	<b>\$440,765,400</b>	<b>\$472,357,400</b>	<b>\$455,843,600</b>	<b>\$15,078,200</b>	<b>3.4%</b>

# Use of Fund Balance

## *Use of Reserves*

FY 2025 Estimated	\$45 million
FY 2026 Projected	\$10.426 million

The FY 2026 budget is supported by \$4.4 million in unassigned fund balance.



The entire amount is being applied to one-time purposes such as capital projects, which includes



\$1.236 MILLION for the Redevelopment Authority,



\$3 Million for the strategic information technology initiatives in the Office of Information Technology CIP project and



\$160K for a Washington Suburban Sanitary Commission CIP septic project.

The FY 2026 budget also includes the use of \$6.0 million of assigned fund balance from Public Safety & Behavioral Health surcharge revenue



which is being applied toward a self-contained breathing apparatus (SCBA) for the Fire Department

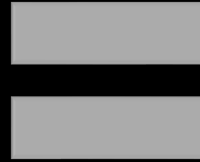
# Debt Service

**FY 2026 Proposed**

**\$197.7 Million**



**Increase in the Debt Service category to reflect principal and interest payments for current outstanding debt and anticipated costs related to the FY 2025 bond sale**



**+\$13.386 Million**

## Debt Service and Other Payments

The County is required to budget annually for the payment of principal and interest due on the amount of debt that it has incurred

along with the annual premium payments and lease payments described under "Other Obligations."

(Revenue Authority debt and certain other lease payments are shown under Other Non-Departmental.)

In general, the County is obligated for its first payment of interest six(6) months after debt is issued; the first payment of principal is due twelve(12) months after the debt is issued

**Prince George's County plans to issue new general obligation bonds totaling**

**Approx. \$269.1 million in FY 2026**

**The main factor behind the debt issuance continues to be:**

- **The construction of public schools**
- **followed by road repair and**
- **roadway enhancements**

**The County's current bond rating is AAA by all major bond rating agencies**



## SELF-SUPPORTING DIRECT DEBT

are portions of the  
gross direct debt  
that are not  
dependent on  
County tax  
revenues

Self-supporting  
outstanding debt,  
including debt that is  
repaid solely from the  
County's share of certain  
state-collected taxes and  
user charges

6/30/2024

\$923.9 Million

Self-Supporting Direct Debt (millions)			
	6/30/2022	6/30/2023	6/30/2024
General Obligation Bonds:			
Mass Transit Debt - Washington Suburban Transit Commission (WSTC)	\$ 2.8	\$ 2.0	\$ 1.3
Stormwater Management	357.5	358.8	401.7
County Solid Waste Management Bonds	73.4	76.6	81.4
School Facilities Supported by School Surcharge	428.5	395.4	364.0
School Facilities Supported by Telecommunications Tax	7.8	5.9	4.2
Revenue Bonds:			
Maryland Water Quality Loans	45.2	43.7	71.3
Total Self-Supporting Debt	\$ 915.2	\$ 882.4	\$ 923.9



### Recoveries

Portions of the debt and obligations related to mass transit are retired through dedicated tax levies

Starting from FY 2001, school surcharge revenues have been used to offset part of the cost of new school construction

Starting in FY 2007, part of the telecommunications tax revenues that are set aside each year in a separate capital project fund have been used to support school construction bonds



### Debt Service General Fund Sources

Highway User Revenue is allocated to support debt service for roads



### Debt Levels

The County's Net Direct Debt has grown due to the rising needs for capital projects, in particular school construction

The County plans to keep its debt levels below its self-imposed (8%) and statutory limits

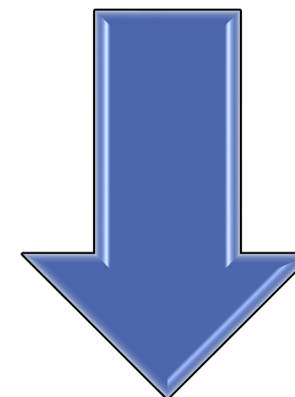
# OPERATIONAL EXPENDITURES



## OPERATIONAL EXPENDITURES

	FY 2024	FY 2025	FY 2025	FY 2026	Change FY25-FY26	
Operational Expenditures	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
General Fund Insurance	\$ 10,400,000	\$ 10,400,000	\$ 10,400,000	\$ 10,400,000	\$ -	0.0%
Judgments and Losses	-	100,000	20,000	100,000	-	0.0%
Postage	1,348,546	2,700,000	3,000,000	2,500,000	(200,000)	-7.4%
Equipment Leases	22,583,067	20,652,700	29,884,100	27,716,500	7,063,800	34.2%
Other Leases	34,214,260	30,959,200	31,983,900	32,143,100	1,183,900	3.8%
Utilities	15,330,743	21,000,000	18,903,800	19,312,200	(1,687,800)	-8.0%
Streetlight Electricity	2,226,433	2,099,200	2,300,000	2,400,000	300,800	14.3%
Traffic Signal Electricity	901,358	192,800	190,000	200,000	7,200	3.7%
Miscellaneous Expenses	18,916,351	10,670,200	12,296,400	11,735,700	1,065,500	10.0%
Retirement State Payments	-	-	-	13,000,100	13,000,100	100.0%
Youth Employment Program	1,486,255	2,498,600	2,498,600	1,000,000	(1,498,600)	-60.0%
Automated Programs-Speed Camera, Red-Light, False Alarm	5,452,438	7,500,000	7,500,000	6,800,000	(700,000)	-9.3%
Compensated Absences	(832,461)	-	-	-	-	0.0%
Deferred Compensation in Lieu of State Retirement	224,839	226,400	226,400	226,400	-	0.0%
Unemployment Insurance	511,141	475,000	475,000	475,000	-	0.0%
Retiree Life Benefits/Annuities	20,221,464	2,027,000	2,027,000	2,027,000	-	0.0%
Retiree Health Benefits	49,953,983	44,048,400	44,048,400	44,048,400	-	0.0%
<b>SubTotal</b>	<b>\$ 182,938,417</b>	<b>\$ 155,549,500</b>	<b>\$ 165,753,600</b>	<b>\$ 174,084,400</b>	<b>\$ 18,534,900</b>	<b>11.9%</b>
<b>Expenditure Recoveries</b>						
Leases/Utilities	\$ (3,441,554)	\$ (3,441,600)	\$ (3,441,600)	\$ (3,441,600)	-	0.0%
Other	(1,239,251)	(437,700)	(1,239,300)	(1,239,300)	(801,600)	183.1%
<b>SubTotal</b>	<b>\$ (4,680,805)</b>	<b>\$ (3,879,300)</b>	<b>\$ (4,680,900)</b>	<b>\$ (4,680,900)</b>	<b>\$ (801,600)</b>	<b>20.7%</b>
<b>Total</b>	<b>\$178,257,612</b>	<b>\$151,670,200</b>	<b>\$161,072,700</b>	<b>\$169,403,500</b>	<b>\$17,733,300</b>	<b>11.7%</b>

**FY 2026 Proposed**  
**\$169.4 Million**

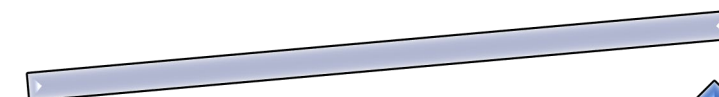


### Largest Decreases:

Utilities **\$1.7M**

Youth Employment Program **\$1.5M**

ASE/RLC/False Alarm **\$700K**



### Largest increases:

Retirement State Payments **\$13M**

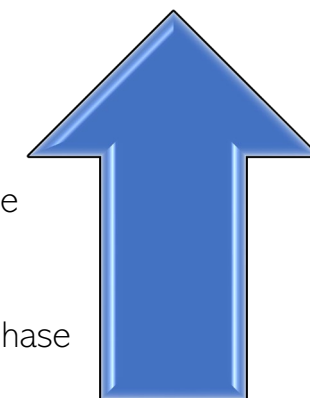
- Board of Education & Community College retirement

Equipment Leases **\$7.1M**

- Principal and interest costs of lease purchase payments dating back to 2017
- Voting machine rentals

Other Leases **\$1.2M**

Misc. Expenses **\$1.1M**



# GRANTS & TRANSFERS

## GRANTS & TRANSFER PAYMENTS

Grants and Transfers	FY 2024	FY 2025	FY 2025	FY 2026	Change FY25-FY26	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Grants to Community Organizations	\$11,041,682	\$8,050,000	\$12,379,700	\$3,100,000	(\$4,950,000)	-61.5%
Required Payments	404,064	550,900	530,900	550,900	-	0.0%
Prince George's Arts and Humanities Council	414,000	464,000	464,000	393,300	(70,700)	-15.2%
Economic Development Corporation	4,772,200	4,272,200	5,272,200	4,058,600	(213,600)	-5.0%
Employ Prince George's	2,989,600	2,994,300	2,994,300	2,859,600	(134,700)	-4.5%
Financial Services Corporation	1,177,100	1,177,100	1,959,900	1,118,200	(58,900)	-5.0%
Prince George's Community Television	924,600	924,600	924,600	231,200	(693,400)	-75.0%
Experience Prince George's	1,556,900	1,556,900	1,556,900	1,523,100	(33,800)	-2.2%
Redevelopment Authority	-	-	-	2,017,300	2,017,300	100.0%
Memberships	860,764	930,600	930,600	986,200	55,600	6.0%
Strategic Goals Initiative	91,997	500,000	500,000	475,000	(25,000)	-5.0%
University of Maryland Medical System	3,954,750	3,755,500	3,755,500	-	(3,755,500)	-100.0%
Other Payments	5,029,000	6,175,000	6,085,000	5,855,800	(319,200)	-5.2%
Other Payments - VLT	3,905,500	2,899,700	9,576,500	9,576,500	6,676,800	230.3%
Transfer to Capital Improvement Program - VLT	6,707,763	6,491,000	7,691,000	8,116,200	1,625,200	25.0%
Transfers to Capital Improvement Program	1,000,000	3,250,000	25,563,500	4,396,000	1,146,000	35.3%
Transfers to Other Funds	-	1,000,000	1,400,000	900,000	(100,000)	100.0%
Total	\$44,829,920	\$44,991,800	\$81,584,600	\$46,157,900	\$1,166,100	2.6%

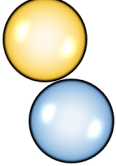
**Prince George's Community Television (PGCTV) - Funding**  
**(-\$693,400/-75%):**

**FY 2026 Proposed funding is \$231,200**

**PGCTV anticipates winding down operations by the end of September 2025**

**PGCTV currently has 13 employees, which the County will attempt to transition to available vacant positions within other agencies**

**FY 2024 PGCTV Audited Financial Statements were provided in response to the Non-D First Round Response Q.18i – Attachment #2b**



**FY 2026 Proposed**

**\$46.2 Million**



### Largest Increases

Other Payments – Video Lottery Terminal (VLT) (\$6.7M)

Redevelopment Authority (\$2.0M)

Transfers to Capital Improvement Program (CIP) – VLT (\$1.6M)

Transfers to CIP (\$1.1M)

### Largest Decreases

Grants to Community Organizations  
**(-\$4.95 million)**

University of Maryland Medical System  
**(-\$3.76 million)**

Prince George's Community Television  
**(-\$693,400)**

# ALTERNATIVE CONSTRUCTION FINANCING PAYMENT

**Proposed FY 2026**

**\$42.6 Million**

**Unchanged**

## ALTERNATIVE CONSTRUCTION FINANCING PAYMENT

Alternative Construction Financing Payment	FY 2024	FY 2025	FY 2025	FY 2026	Change FY25-FY26	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Fringe Benefits	-	-	-	-	-	0.0%
Operating	-	42,600,000	42,000,000	42,600,000	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
<b>Total</b>	<b>\$ -</b>	<b>\$42,600,000</b>	<b>\$42,000,000</b>	<b>\$42,600,000</b>	<b>\$0</b>	<b>0.0%</b>

**This category reflects the County's required payments toward this programmatic cost**

# CONTINGENCY

**Proposed FY 2026**

**\$ 0**

**In FY 2026, contingency expenditures decrease -\$17.21M or -100.0% under the FY 2025 approved budget**

**Contingency funding supports potential countywide salary improvements for employees**

**Decrease due to the reallocation of FY 2025 salary adjustments to various agencies/departments**

Contingency	FY 2024	FY 2025	FY 2025	FY 2026	Change FY25-FY26	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Compensation	\$ -	\$12,207,200	-	-	(\$12,207,200)	-100.0%
Fringe Benefits	-	5,000,000	-	-	(\$5,000,000)	-100.0%
Operating	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
<b>Total</b>	<b>\$ -</b>	<b>\$17,207,200</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$17,207,200)</b>	<b>-100.0%</b>

# EDI FUND

**Proposed FY 2026**

**\$9.0 Million**

**Unchanged**

## Economic Development Incentive Fund Expenditure Summary

Category	FY 2024	FY 2025	FY 2025	FY 2026	Change FY25-FY26	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Fringe Benefits	-	-	-	-	-	0.0%
Operating	3,450,330	9,000,000	4,255,000	9,000,000	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
<b>Total</b>	<b>\$ 3,450,330</b>	<b>\$9,000,000</b>	<b>\$4,255,000</b>	<b>\$9,000,000</b>	<b>\$ -</b>	<b>0.0%</b>

## Economic Development Incentive Fund Summary

Category	FY 2024	FY 2025	FY 2025	FY 2026	Change FY25-FY26	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
<b>BEGINNING FUND BALANCE</b>	<b>\$29,732,270</b>	<b>\$24,882,270</b>	<b>\$31,639,576</b>	<b>\$31,164,576</b>	<b>\$6,282,306</b>	<b>25.2%</b>
<b>REVENUES</b>						
Interest Income	\$ 2,905,280	\$ 350,000	\$ -	\$ 350,000	\$ -	0.0%
Loan Repayments (Principal and Interest)	2,452,357	1,300,000	3,780,000	1,300,000	-	0.0%
Appropriated Fund Balance	-	7,350,000	475,000	7,350,000	-	0.0%
<b>Total Revenues</b>	<b>\$ 5,357,637</b>	<b>\$ 9,000,000</b>	<b>\$ 4,255,000</b>	<b>\$ 9,000,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>EXPENDITURES</b>						
Small Business Loans and Grants	\$ 3,450,330	\$ 9,000,000	\$ 4,255,000	\$ 9,000,000	\$ -	0.0%
<b>Total Expenditures</b>	<b>\$ 3,450,330</b>	<b>\$ 9,000,000</b>	<b>\$ 4,255,000</b>	<b>\$ 9,000,000</b>	<b>\$ -</b>	<b>0.0%</b>
EXCESS OF REVENUES OVER EXPENDITURES	\$1,907,307	-	-	-	-	0.0%
OTHER ADJUSTMENTS	\$ -	\$ (7,350,000)	\$ (475,000)	\$ (7,350,000)	\$ -	0.0%
<b>ENDING FUND BALANCE</b>	<b>\$ 31,639,576</b>	<b>\$ 17,532,270</b>	<b>\$ 31,164,576</b>	<b>\$ 23,814,576</b>	<b>\$ 6,282,306</b>	<b>35.8%</b>

## Revenue sources in FY 2026

**\$7.35 million of appropriated fund balance**

**Loan repayment of \$1.3M**

**Interest income of \$350K**

**Unchanged from the FY 2025 approved level**

**FY 2025 - estimated Loan Repayments \$3.78M or \$2.48M over the budgeted level**

**Fund Balance FY25Est. \$31.2M & FY 2026 Proj. \$23.8M**

Expenditures FY 2026 - \$9 million, which is consistent with the FY 2025 Approved Budget for Small Business Loans and Grants



# GRANTS

## Expenditures by Category - Grant Funds

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimate	FY 2026 Proposed	Change FY25-FY26	
					Amount (\$)	Percent (%)
Compensation	\$11,956,211	\$—	\$—	\$—	\$—	
Fringe Benefits	141,880	—	—	—	—	
Operating	16,377,363	—	—	—	—	
Capital Outlay	19,138,684	—	—	—	—	
<b>SubTotal</b>	<b>\$47,614,138</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	
Recoveries	—	—	—	—	—	
<b>Total</b>	<b>\$47,614,138</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	

**Proposed FY 2026**

**\$0**

**Unchanged**

FY 2026 proposed grant budget remains at \$0

Unchanged from the FY 2025 approved budget

Administered State and Local Fiscal Recovery Fund (SLFRF) also known as the American Rescue Plan Act (ARPA)

This program was closed as of December 31, 2024 in accordance with US Treasury guidelines

## Grant Funds by Division

Grant Name	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimate	FY 2026 Proposed	Change FY25-FY26	
					Amount (\$)	Percent (%)
Grants and Transfers						
American Rescue Plan Act (ARPA) - State and Local Fiscal Recovery Funds (SLFRF)	\$26,997,164	\$—	\$—	\$—	\$—	
Total Grants and Transfers	\$26,997,164	\$—	\$—	\$—	\$—	
Subtotal	\$26,997,164	\$—	\$—	\$—	\$—	
Total Transfer from General Fund - (County Contribution/Cash Match)	—	—	—	—	—	
Total	\$26,997,164	\$—	\$—	\$—	\$—	



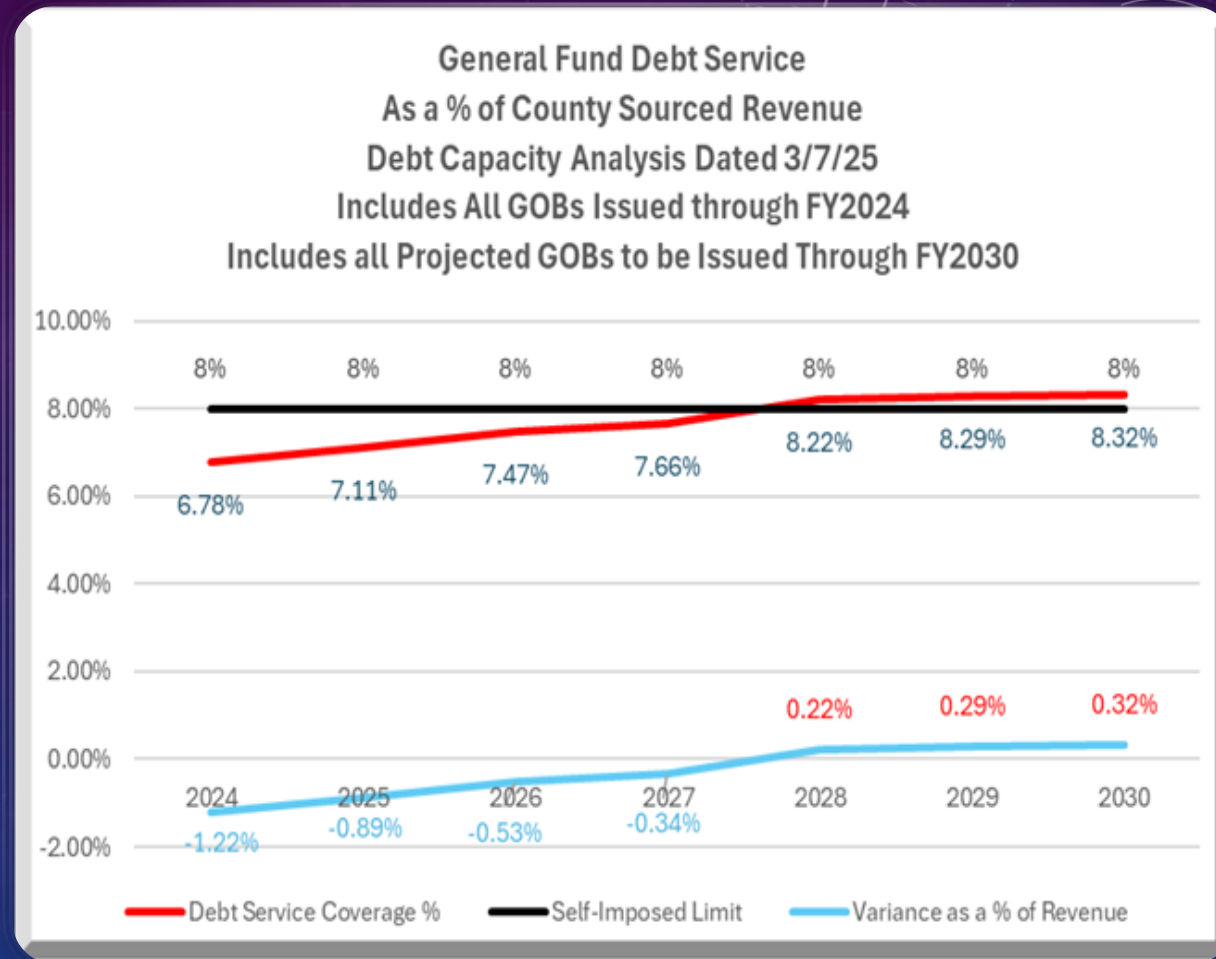
# Questions for Consideration

While the Office of Management and Budget (OMB) continues to adjust to stay in compliance with policies, current projections show that the County is on a trajectory to exceed the self-imposed debt service ratio limit of 8% between FY 2028 and FY 2030.

What changes will the County need to make to ensure that it continues to comply with its financial policies, including maintaining fund balance reserves at charter-mandated and self-imposed levels and keeping the debt service coverage ratio below 8%?

What effect will the County's use of Reserves have on its AAA Bond Rating?

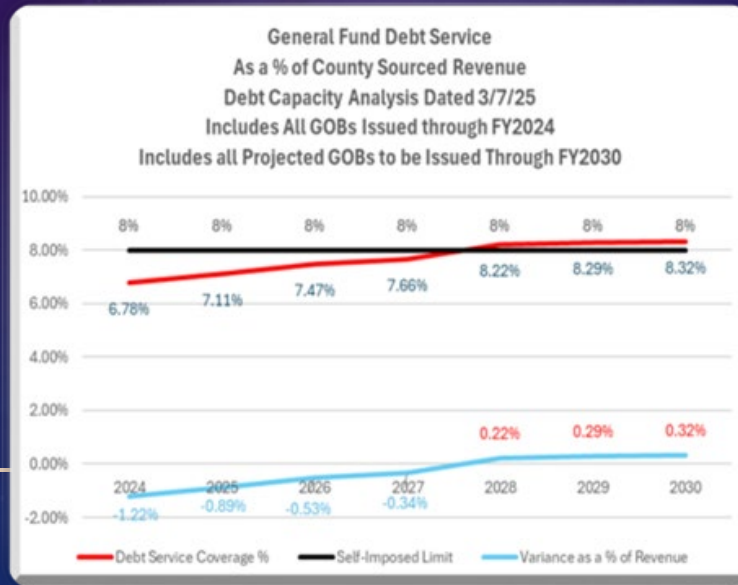
- FY 2025 is estimated at \$45 million
- FY 2026 is proposed at \$10.426 million



***Maintain a General Fund Operating Reserve*** - To ensure a reasonable degree of stability in its programs over the long term, the County must have the budgetary flexibility to deal with events that can create instability such as emergency situations, severe economic fluctuations, or State and federal policy changes

Through FY 2023, the County policy was to retain an operating reserve equal to at least 2% of the general fund budget in addition to the contingency reserve

This percentage was increased to 3% in FY 2024, 4% in FY 2025 with the final increase to 5% in FY 2026



This reserve is a continuing and non-lapsing source of unappropriated funds that can be used to offset the impact of one-time budget emergencies if a plan exists to replenish the reserves

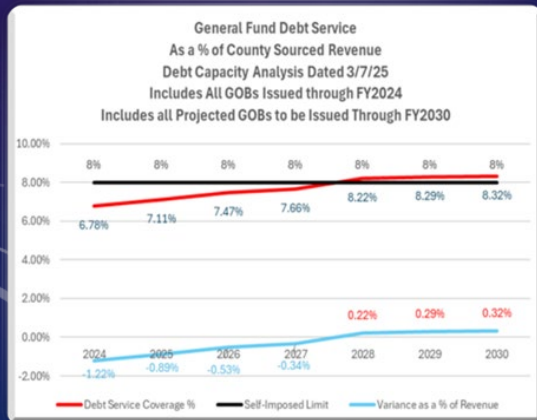


# Commentary OMB/Office of Finance

For many years, projections of the general fund debt service as a percentage of general fund County-sourced revenues have shown the 8.0% policy limitation being exceeded in the outer years

OMB and the Office of Finance (OOF) have been successfully working together over the years to manage the County's debt portfolio to stay within the policy limit

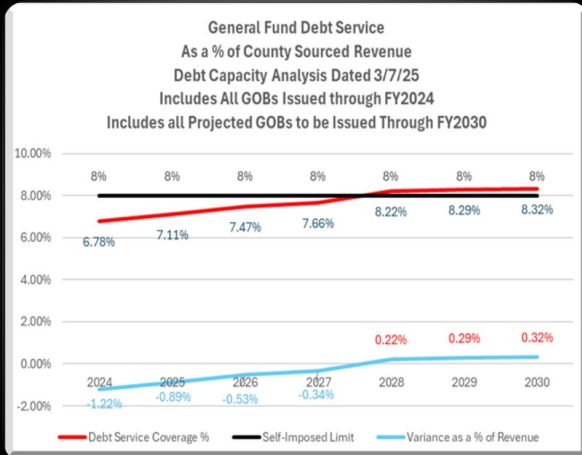
Various methods have been utilized in these management efforts



- Forecasting the County's debt capacity
- Refinancing existing debt to lower debt service costs
- Setting annual bond funding targets as part of the budget formulation process
- Utilizing public safety and school surcharge revenues to reduce the need for bond funding
- Making strategic reductions and deferrals to the capital program
- Better utilizing existing resources



# DEBT POLICY



Last year, the projections showed that the policy limit would be exceeded in FYs 2027 (8.21%), 2028 (8.70%), and 2029 (8.73%)

While forecasts based on the proposed budget still show the policy limit being exceeded in FY 2028 (8.22%)

Recent efforts have lowered the projected peak down to 8.32% in FY 2030

OMB and OOF will continue to prudently manage the County's debt portfolio

# DEBT POLICY

OMB & FINANCE will evaluate if/when it might be appropriate to consider a change to the policy limit

If it is determined in the future that the policy needs to be adjusted, it will be important:

- that it is adjusted prior to any exceedance of the current policy limit;
- that it is adjusted only once; and
- that the County then maintain long-term compliance with the new policy

Under those conditions, OMB/Finance would not expect any adverse ratings actions from the bond rating agencies related to this metric, given that the County maintain adequate reserves, provided this is a sustained long-term change and maintain adequate reserves



Wayne K. Curry Administration Building

# THANK YOU

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