



Budget Overview (FY 2026 & FY 2027)

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Office of Management and Budget

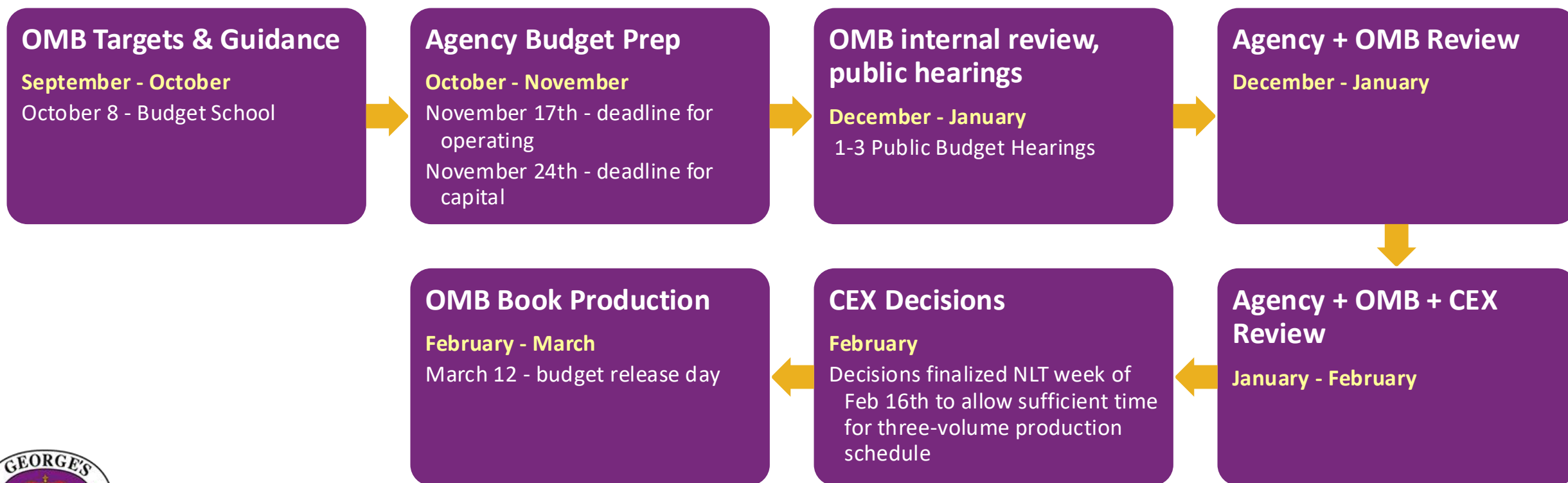


AGENDA

- BUDGET PROCESS AND TIMELINES
- REVENUE UPDATE
- BUDGET GAP
- SAC RECOMMENDATIONS
- UNFUNDED LIABILITIES
- DEBT SERVICE AFFORDABILITY

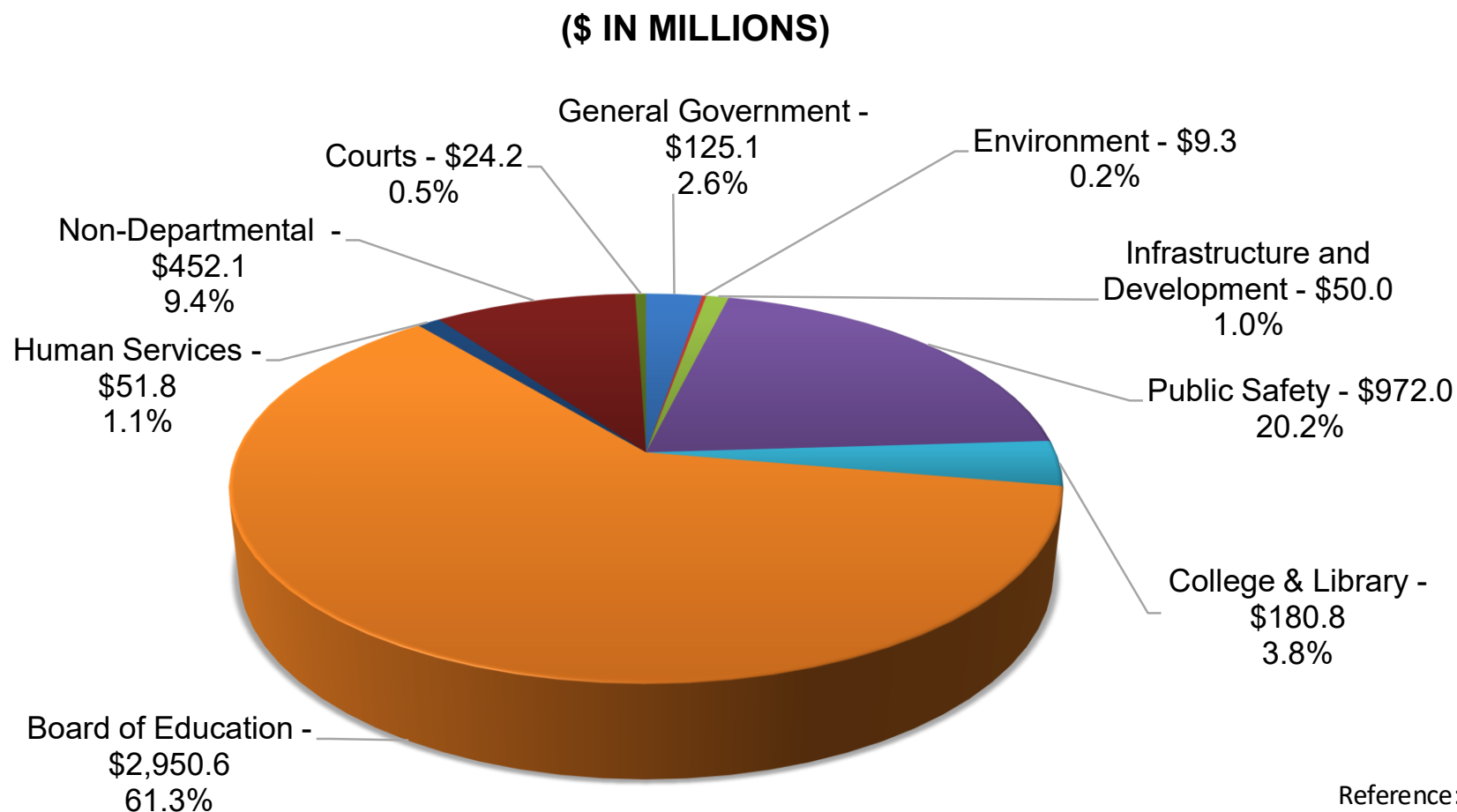


FY 2027 Budget Process & Timeline



Revenue FY 2026

General Funds - \$4.8B



Reference: [FY 2026 Approved Budget in Brief](#)



General Fund Forecast – FY 2027

General Fund – FY 2027 Forecast

- The FY 2027 forecast projects a deficit of -\$58.3 million. The expenditure forecast is \$231.9 million, or 4.8% above the FY 2026 approved budget compared with revenue growth estimated at \$173.6 million, or 3.6% above FY 2026.
- Through the FY 2027 budget process, the County will align revenues and expenditures for a balanced budget.

	FY 2027
(\$ in millions)	Forecast
Revenues	\$4,989.5
Expenditures	5,047.9
Surplus/(Deficit)	-\$58.3



Proposed Revenue - FY 2027

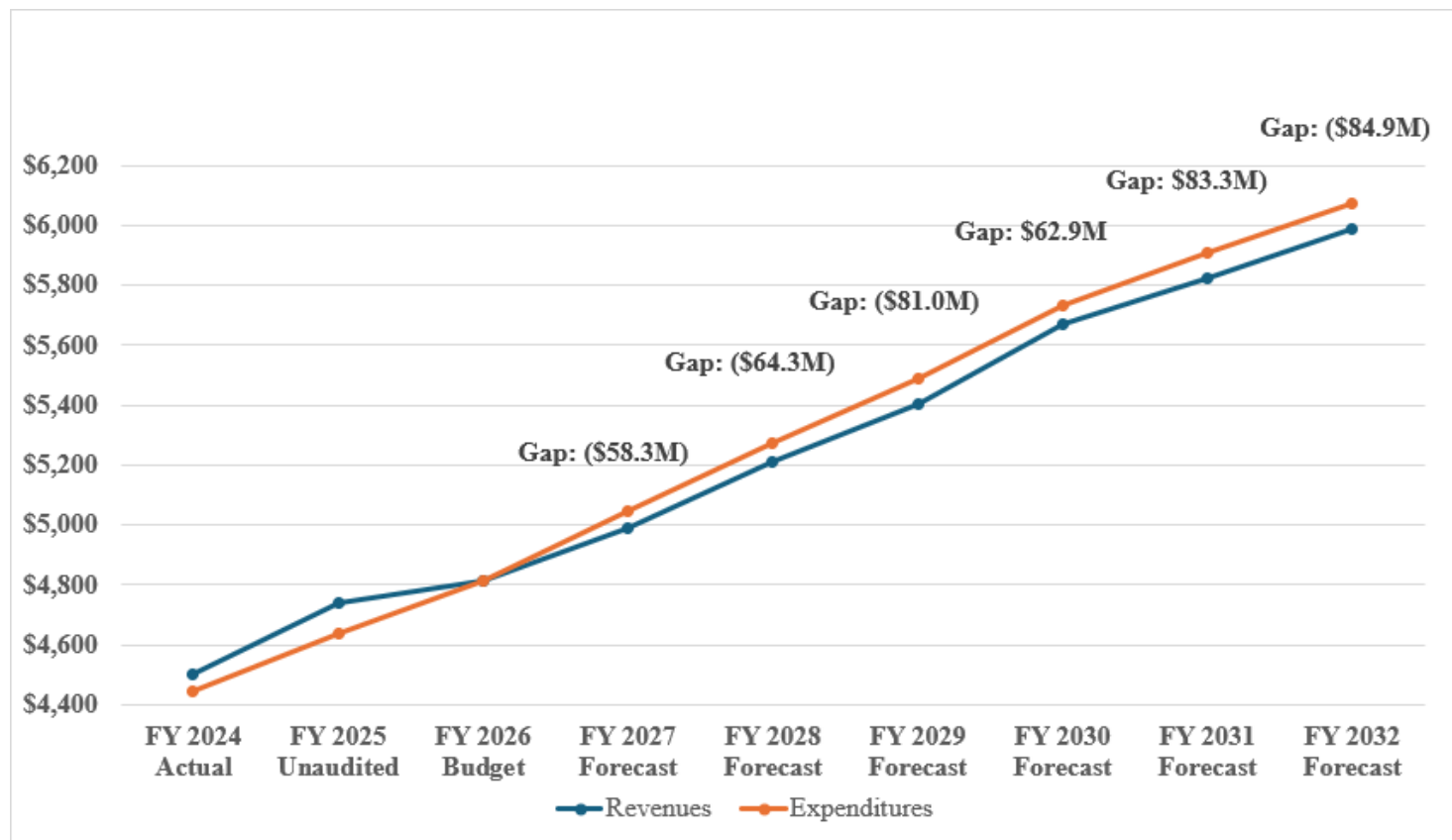


Prince George's County FY 2025 - 2027 General Fund Revenue (\$ in Millions)

(\$ in Millions)	FY 2025	FY 2026	FY 2027	FY 2026 - 2027	
County Sourced Revenues	Unaudited	Approved	Dec. Est.	\$ Change	% Change
Real Property Tax	\$1,097.3	\$1,114.5	\$1,215.1	\$100.6	9.0%
Personal Property Tax	87.3	93.3	89.0	-4.3	-4.6%
Income Tax	910.7	861.6	889.5	28.0	3.2%
Disparity Grant	69.3	68.3	74.4	6.1	9.0%
Transfer Tax	106.6	115.2	96.1	-19.1	-16.6%
Recordation Tax	35.1	39.4	30.5	-8.9	-22.7%
Energy Tax	94.6	99.5	96.5	-3.0	-3.0%
Telecommunications Tax	14.4	45.3	51.9	6.5	14.4%
Other Local Taxes	35.2	34.4	32.2	-2.2	-6.3%
State-Shared Taxes	10.4	12.9	12.5	-0.3	-2.7%
Licenses and Permits	82.6	76.7	82.4	5.7	7.5%
Use of Money and Property	22.6	31.0	16.3	-14.7	-47.4%
Charges for Services	79.0	74.5	54.7	-19.8	-26.5%
Intergovernmental Revenue	47.0	40.8	33.3	-7.4	-18.2%
Miscellaneous Revenue	18.0	11.6	20.3	8.7	75.0%
Other Financing Sources	0.0	10.4	5.0	-5.4	-52.0%
Subtotal County Sources	\$2,710.0	\$2,729.4	\$2,799.8	\$70.4	2.6%
Subtotal w/o Fund Balance	\$2,710.0	\$2,725.0	\$2,799.8	\$74.8	2.7%
Outside Aid					
Board of Education	\$1,934.6	\$1,981.0	\$2,082.2	\$101.2	5.1%
Community College	85.0	96.1	98.0	1.9	2.0%
Library	9.3	9.5	9.6	0.1	1.0%
Subtotal Outside Aid	\$2,029.0	\$2,086.6	\$2,189.8	\$103.2	4.9%
Grand Total General Fund	\$4,738.9	\$4,816.0	\$4,989.5	\$173.6	3.6%

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

Budget Gap – FY 2027 – FY 2032

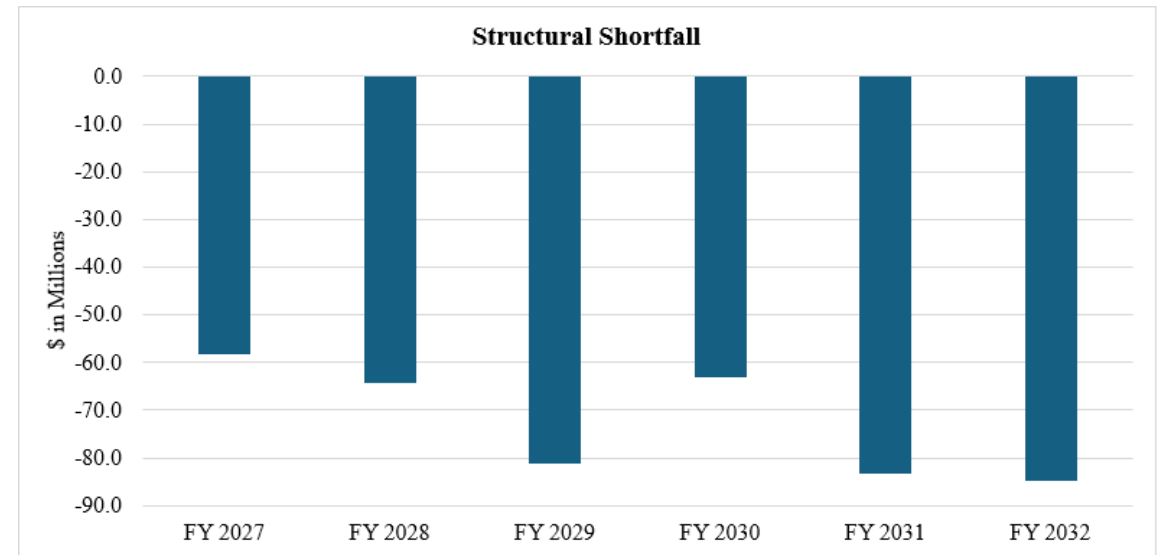




Spending and Structural Balance

Structural Gap – Beginning in FY 2027

- Balance between ongoing tax & fee revenue and ongoing spending (structural balance) is key to fiscal health
- A **structural shortfall of -\$58.3 million** is projected for FY 2027, growing to -\$84.9 million by FY 2032
- In FY 2027, **County-sourced revenues grow 1.5% but spending estimates grow 4.8%**
- Achieving structural balance requires either new taxes or fees or permanent spending reductions



January 1 SAC Recommendations

- Balance the FY 2027 budget through **\$58.3 million in spending reductions**
- **Do not use unassigned balance** (one-time revenues) to balance the FY 2027 budget
- **Maintain the combined 10% in reserves** (5% charter/5% policy)
- **Address unfunded liabilities:**
 - Add funds annually toward the Other Post-Employment Benefit liability (retiree health care)
 - Add funds to reduce the Risk Management liability



County Financial Snapshot

Key Highlights

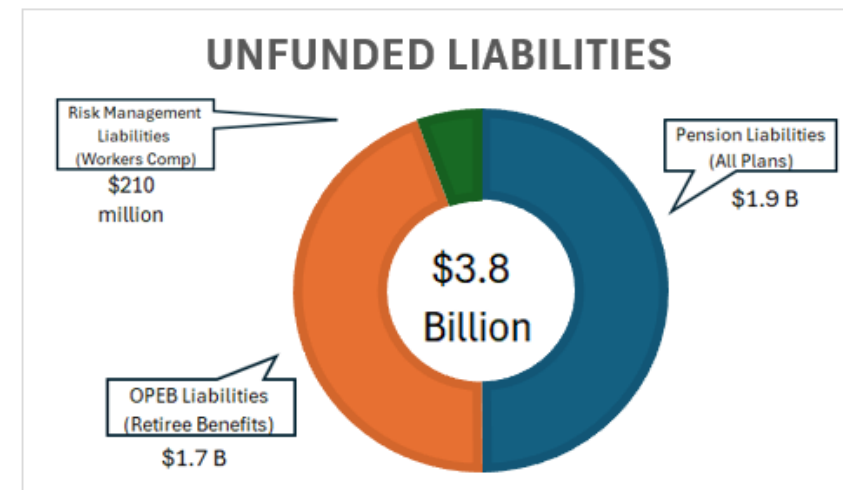
Unfunded liabilities: \$3.8 billion as of FY 2024

- \$1.9 billion in pension liabilities – all plans (59.8% funded)
- \$1.7 billion in OPEB liabilities (6.5% funded)
- \$210 million in risk management liabilities (+\$40.1 million since FY 2020)

Liquidity: Balances equal 20% of total revenues in FY 2024

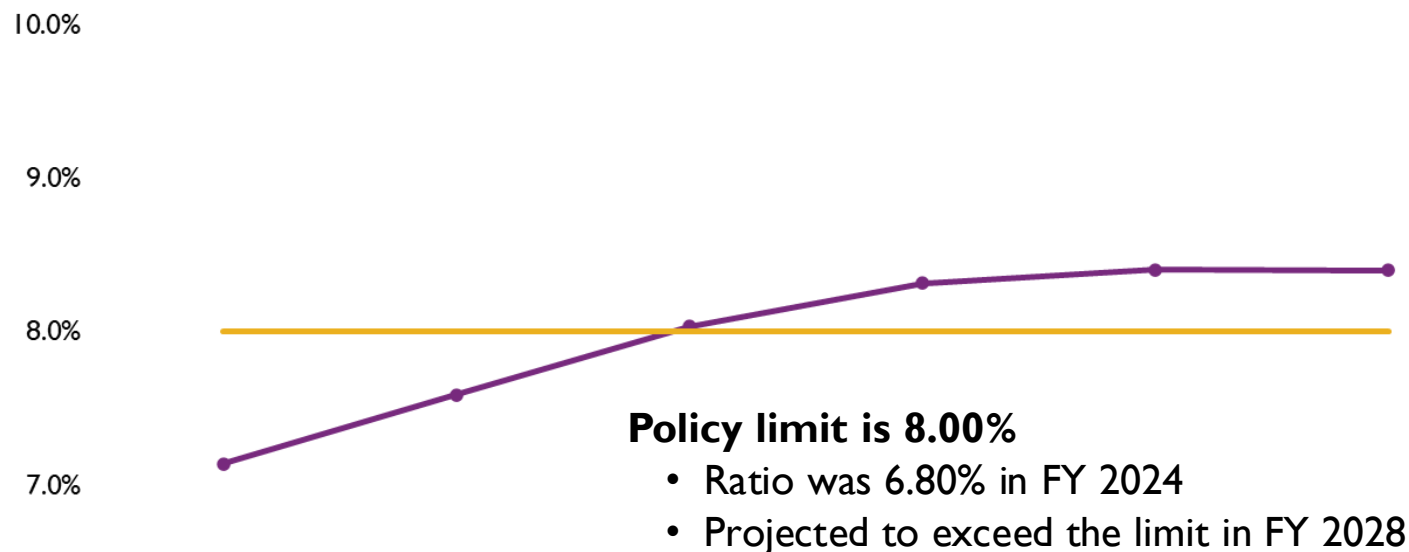
(this is equivalent to single A-rated entities similarly sized to PGC)

- Used by Moody's as a key measure in the downgrade to AA+
- Consists of balances in the General Fund, Internal Service Funds & Enterprise Funds
- AAA-rated Counties have liquidity over 46%



Debt Service Affordability

General Fund Debt Service
(% of County-Sourced General Fund Revenue)



	FY 2026 Approved	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
Net Debt Service (% of Revenue)	7.14%	7.59%	8.04%	8.32%	8.41%	8.40%
County Policy Limit	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%



Questions

