



Tara H. Jackson
Acting County Executive

PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

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

It is my honor to present the proposed Fiscal Year 2026 (FY26) budget, developed in collaboration with the County Council. This year's proposed operating budget totals \$5.8 billion, reflecting a 4.8 percent increase in revenues and expenditures over previous years. While we continue to prioritize the core services that Prince Georgians rely on, this budget cycle presents significant financial challenges due to increasing obligations at the state level and economic uncertainty at the federal level.

Despite these challenges, we remain committed to our core commitments—Education, Youth Development, Quality of Life, Economic Development, Healthy Communities, and Safe Neighborhoods. Through fiscal discipline and strategic investments, we are making the tough choices necessary to balance the budget while preserving essential services and ensuring long-term financial stability.

The State of Our Budget

Local governments across the country are facing new economic realities, and Prince George's County is no exception. Several key factors have contributed to a budget shortfall of \$130-\$170 million, requiring us to make targeted cuts while maintaining critical investments:

- **Increased State Mandates**— Our commitment to the Blueprint for Maryland's Future (Kirwan) requires an additional \$60 million in FY26, bringing our total County contribution to \$954 million. With additional cost shifts under consideration at the state level, our total financial obligations remain uncertain.
- **Federal Uncertainty**— Mass federal layoffs threaten local income and property tax revenues, directly affecting our economic stability. Prince George's County is home to nearly 73,000 federal employees, and changes at this level could have long-term effects on our tax base.
- **Slower Revenue Growth**— While total revenues are increasing by 1 percent, our expenditures are rising at a faster rate, creating a budget gap that requires prudent financial management.

Despite these pressures, we have protected the programs that matter most while ensuring that budget reductions do not result in ineffective or underfunded services.

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Protecting Investments in Education

Education remains our top priority, and we are increasing funding for Prince George’s County Public Schools (PGCPS) by 459 million, bringing the total FY26 budget for PGCPS to \$2.91 billion. This includes:

- \$954 million from the County, matching our obligations under Kirwan.
- \$143 million for Prince George’s Community College, supporting workforce development.
- \$1 million for the Summer Youth Enrichment Program, providing job opportunities for young residents.
- \$42.6 million for Phase Two of the Alternative Construction Financing Program, accelerating the delivery of eight new schools.

Maintaining Public Safety Investments

Ensuring safe neighborhoods is a fundamental priority. In FY26, we are increasing funding for law enforcement and emergency services:

- \$424.3 million for the Prince George’s County Police Department – Includes funding for 110 new recruits, continued investments in community policing, and expansion of the Police Athletic Leagues.
- \$314 million for Fire & EMS – Includes funding for 95 new recruits and expansion of the paramedic program.
- \$63 million for the Office of the Sheriff and \$44 million for Homeland Security, enhancing emergency preparedness.

With homicide rates down over 50 percent, we are ensuring that our investments in public safety continue to yield real results for Prince Georgians.

High-Performance Government & Infrastructure Investments

This year’s budget includes \$25.5 million for high-performance government programs, including:

- \$2.75 million for animal shelter renovations and a \$3 million increase in funding for police station renovations.
- Investments in Vision Zero pedestrian safety initiatives to protect residents.
- \$3.5 million to improve the County’s permitting and licensing system, supporting businesses and homeowners.
- New investments in electric vehicle charging infrastructure, positioning the County for a sustainable future.

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Prioritizing Health & Human Services

Despite budget constraints, we continue to invest in public health and social services:

- \$143.7 million for Health & Human Services, including:
 - Funding for family services, veterans' programs, and the health department.
 - \$24.9 million for mental health and addiction treatment programs, addressing the ongoing need for behavioral health services.
- \$105.7 million for emergency and transitional housing, ensuring support for vulnerable residents.

Beautification & Environmental Sustainability

Prince George's County is leading the way in climate resilience and environmental protection:

- \$218.6 million for beautification and environmental programs, including:
 - Street sweeping, litter pickup, and Clear-the-Curb programs.
 - \$218 million for stormwater management projects, mitigating flooding and improving sustainability.

Driving Economic Growth & Housing Affordability

We continue to make bold investments in economic development to strengthen our local economy and provide opportunities for residents:

- \$50.5 million for the Department of Public Works and Transportation, supporting transit and infrastructure improvements.
- \$34 million for the Central Avenue Connector Trail, expanding multimodal access for 300,000 residents.
- \$20.2 million for the Housing Investment Trust Fund, preserving affordable housing across the County.

A Responsible and Forward-Looking Budget

Despite historic fiscal challenges, we have crafted a responsible budget that:

- ✓ Protects core services while maintaining the County's financial stability.
- ✓ Targets spending where it is most effective, avoiding wasteful, arbitrary cuts.
- ✓ Invests in public safety, education, and essential services, ensuring continued progress.
- ✓ Positions the County for long-term success, even amid federal and state uncertainty.

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FY 2026 Proposed Budget - All Funds

The proposed FY 2026 budget for all operating funds is \$5.8 billion, an increase of \$265.2 million or 4.8% over the FY 2025 budget. The General Fund accounts for 82.9% of all spending in FY 2026 and will increase by \$193.1 million or 4.2%. This fund supports most County government services and programs including education, public safety, general government, public works, the environment and other critical services.

The Internal Service Funds total \$84.1 million in FY 2026, an increase of \$7.5 million or 9.8% over the FY 2025 budget.

The County's Enterprise Fund totals \$274.7 million, an increase of 12.6% over the FY 2025 budget. This fund accounts for 4.8% of total FY 2026 spending. The Enterprise Fund supports various water quality programs and addresses State mandates.

Special Revenue Funds account for \$358.0 million or 6.2% of all spending in FY 2026. Spending in this fund is projected to increase by \$64.5 million or 22.0%. The growth is largely due to debt service expense based on principal and interest expense for previously issued bonds. This amount increases by \$59.1 million in FY 2026. Another \$12.1 million is due to new spending from the Opioid Local Abatement Fund. Smaller increases are found in the Drug Enforcement & Education Fund, Cannabis Reinvestment & Repair Fund, Property Management & Services Fund and the Fair Election Fund. Spending from the Housing Investment Trust Fund decreases by -\$8.0 million.

Grant funding accounts for 4.6% of all spending and is estimated to total \$267.3 million in FY 2026. This is a decrease of -\$12.6 million or -4.5% below the FY 2025 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 2026:

	FY 2024 ACTUAL	FY 2025 BUDGET	FY 2025 ESTIMATE	FY2026 PROPOSED	CHANGE FY25 - FY26
REVENUES					
General Fund	\$4,499,149,682	\$4,588,593,200	\$4,741,247,900	\$4,781,710,600	4.2%
Internal Service Funds	71,060,206	76,573,200	78,243,900	84,060,400	9.8%
Enterprise Funds	221,756,276	262,062,700	262,975,700	274,712,000	4.8%
Special Revenue Funds	271,352,130	293,539,100	275,976,100	358,040,300	22.0%
Grant Program Funds	298,074,057	279,837,100	266,457,500	267,267,700	-4.5%
TOTAL	\$5,361,392,351	\$5,500,605,300	\$5,624,901,100	\$5,765,791,000	4.8%
EXPENDITURES					
General Fund	\$4,443,780,111	\$4,588,593,200	\$4,741,247,900	\$4,781,710,600	4.2%
Internal Service Funds	76,794,686	76,573,200	77,108,000	84,060,400	9.8%
Enterprise Funds	344,600,736	262,062,700	262,975,700	274,712,000	4.8%
Special Revenue Funds	252,438,295	293,539,100	273,350,600	358,040,300	22.0%
Grant Program Funds	298,074,057	279,837,100	266,457,500	267,267,700	-4.5%
TOTAL	\$5,415,687,885	\$5,500,605,300	\$5,621,139,700	\$5,765,791,000	4.8%

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General Fund Revenues

The economic news is mixed. Data through December 2024 shows that unemployment remained at record low levels, and that wage growth and consumer spending remained positive. Higher mortgage rates continued to suppress home sales and building permits are lower in FY 2025. In the first two months of 2025 the loss of many federal jobs is expected to impact the State and County income taxes, but data is not yet available. On March 6, 2025, the State Board of Revenue Estimates revised its income tax revenue projection downward by -\$300.0 million as a hedge against coming reductions. The State is also grappling with a shortfall in excess of \$3 billion and introduced budget reconciliation legislation to repeal the Teacher Retirement Supplemental Grant, require additional County payments for teacher and Community College retirement costs and to pay more toward the State Department of Assessments & Taxation's operating costs. The Governor also proposed a change in collaborative time that would have been required under the Blueprint for Maryland's Future statute. The County budget reflects these actions, though final budget action will differ by the end of the session. The FY 2026 General Fund budget includes \$2.7 billion in revenue from County Sources and \$2.1 billion from 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 2026, County Sources are projected to be \$2.7 billion, an increase of \$119.3 million or 4.6% over the FY 2025 budget. These revenues account for 56.9% of the total General Fund revenues for FY 2026.

Real property taxes represent the largest portion of County-sourced funding for government operations. In FY 2026, receipts are projected to total \$1.1 billion, an increase of \$65.3 million or 6.2% over the FY 2025 budget but only because the FY 2025 approved budget is understated. Using the estimated FY 2025 budget as the base yields a growth rate estimated at 3.9%. Excluding the revenue dedicated to the school system, the County's real property tax revenues are projected to increase by \$62.7 million or 6.2% in FY 2026 over the FY 2025 budget.

Personal property tax revenues are projected to be \$93.3 million, an increase of \$0.9 million or 1.0% above the FY 2025 approved budget. Excluding the additional revenue assigned to the school system, the County's personal property tax revenues are projected to grow by \$0.9 million or 1.0% in FY 2026.

Income tax revenues are expected to total \$918.5 million in FY 2026, including the State Income Disparity Grant. This represents an increase of \$58.9 million or 6.9% over the FY 2025 budget. Income tax receipts total \$861.6 million and the Income Disparity grant totals \$56.9 million in FY 2026. Income tax revenue is estimated to increase by \$71.3 million, or 9.0% relative to the FY 2025 approved budget. Although the FY 2025 approved budget is understated. Relative to the estimated FY 2025 budget, income tax revenues are estimated to grow 3.9%, which is the long-term average rate of growth in net taxable income. Funding from the State Income Disparity Grant decreased by-\$12.4 million. Aid in FY 2025 was also abnormally high due to the effects of the pandemic on the disparity between the County's income tax per capita and the statewide average.

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