



PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

Rushern L. Baker, III
County Executive

July 1, 2018

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

I take great pleasure in presenting to you the highlights of the planned continued investments in our great County. The FY 2019 Approved budget reflects adherence to our economic strategy over the last eight years of building a stronger financial foundation upon which we are now able to “dream for tomorrow”. This budget provides additional resources for critical core services and targets expansion into new programming.

The County's regional and national stature has risen, and our economy is improving. The historic level of economic development has created 20,555 new jobs in the County since 2013, with a 3.4% increase in the number of jobs in the County in the last year alone. Similarly, housing values have increased 64% since 2011. The County's positive progress in traditional financial indicators is bolstered by our commitment to safe neighborhoods with the overall crime rate down by 49% since 2010. These measurable outcomes are the result of the focused investment strategy of channeling resources where they have the greatest impact.

This approved budget maintains our priority focus on growing the economy, improving academic performance in K-12 education and lifelong educational opportunities, providing safe and environmentally sustainable communities, assisting our residents in achieving healthy outcomes, social well-being and providing high performing government operations.

As continued economic growth is key for the County, the FY 2019 approved budget contains continued funding for the successful Economic Development Incentive Fund to attract and retain jobs. It also provides funds for the County's Conference and Visitors Bureau to enhance marketing for travel and tourism. Resources are provided to the Prince George's County Workforce Corporation to create job opportunities and support business led employment generation, with special emphasis on assisting long-term unemployed residents, veterans and returning citizens. Additionally, the FY 2019 budget includes funding to support the continued construction of the University of Maryland Capital Region Medical Center in Largo.

Since a quality educational system is a prerequisite to be a recognized and competitive jurisdiction, the FY 2019 approved budget continues the commitment to providing resources to our three education partners – the Prince George's County Public School System, Community College, and Memorial Library, who work diligently to offer quality lifelong learning environments throughout the County. The FY 2019 approved budget contains a total of \$2.2 billion for these partners. The Prince George's County Public School System will receive \$3.3 million to support the expansion of language immersion programs and an additional \$1 million to expand Pre-kindergarten. The Community College receives an additional \$1.0 million to improve technology across the campus. The Memorial Library's important “Books from Birth” program is boosting awareness of the joy of reading and will receive \$272,300 in FY 2019.

To further improve the quality of life within our County, the FY 2019 approved budget contains \$754.5 million for Public Safety agencies and the Courts. These funds sustain and build upon our progress in keeping our communities safe. The approved budgets allow for additional service personnel to assist with crime reduction and emergency response.



support the core services for both the departments of Public Works and Transportation and Environment who assist in making these improvements a reality.

The well-being of our residents is as critically important as their safety, therefore, for the second year in a row, the approved budget contains funds to expand access for those most in need of health and human services. The approved FY 2019 budgets for the respective human service agencies total \$37.5 million, an increase of \$2.2 million. Included in this funding is the implementation of a developmental disabilities initiative that includes a training apprenticeship program. These funds also support the Health Alliance program to promote greater care coordination throughout the County

FY 2019 Approved Budget – All Funds

The chart below provides a summary of all operating funds in FY 2019:

ALL FUNDS SUMMARY					
	FY 2017 ACTUAL	FY 2018 APPROVED	FY 2018 ESTIMATED	FY 2019 APPROVED	CHANGE FY18 - FY19
REVENUES					
General Fund	\$ 3,135,944,083	\$ 3,251,537,400	\$ 3,302,731,200	\$ 3,431,966,100	5.5%
Internal Service Funds	42,561,516	51,762,300	45,528,700	47,189,400	-8.8%
Enterprise Funds	165,341,630	184,412,200	167,208,500	219,257,200	18.9%
Special Revenue Funds	150,247,412	190,162,400	171,443,400	202,256,900	6.4%
Grant Program Funds	176,762,216	198,604,500	195,777,600	201,850,500	1.6%
TOTAL	\$ 3,670,856,857	\$ 3,876,478,800	\$ 3,882,689,400	\$ 4,102,520,100	5.8%

The FY 2019 budget for all operating funds is \$4.102 billion, an increase of \$226.0 million or 5.8% over the FY 2018 budget. The General Fund accounts for 83.7% of all spending in FY 2019 and will increase by \$180.4 million or 5.5%. 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 \$47.2 million in FY 2019, a decrease of \$4.6 million or 8.8% from FY 2018 budget. The County's Enterprise Fund totals \$219.3 million, representing growth of 18.9% over the prior year. This growth is primarily to support storm water management programs.

Special Revenue Funds total \$202.3 million in FY 2019. Spending in this fund is projected to increase by \$12.1 million or 6.4%. Grant funding accounts for 4.9% of all spending and is estimated to total \$201.9 million in FY 2019. This is an increase of \$3.2 million or 1.6% over the FY 2018 budget.

General Fund Revenues

The FY 2019 approved budget is framed by a growing economy that is experiencing growth in both the real estate and job markets as well as the impact of a full year of MGM National Harbor related revenues. Overall, the FY 2019 General Fund forecast represents an increase of \$180.4 million or 4.4% over the FY 2018 Budget. The approved FY 2019 General Fund budget includes \$2.06 billion in County Sources and \$1.37 billion in Outside Aid.

General Fund – County Source

County source revenues – taxes, fees, licenses and permits, service charges, use of money and property, etc. – represent resources used to fund the majority of government programs and services, including the County’s contribution to the Board of Education, Memorial Library System and Community College. In FY 2019, County sources are projected to be \$2.06 billion, an increase of \$132.2 million or 6.8% over the FY 2018 budget. These revenues account for 60.1% of the total General Fund revenues for FY 2019.

Real property taxes represent the largest portion of County source funding for government operations. In FY 2019, receipts are projected to total \$825.8 million, an increase of \$55.0 million or 7.1% over the FY 2018 budget. Excluding the revenue dedicated to the school system, the County’s real property tax revenues are projected to increase by \$53.0 million or 7.2% in FY 2019 over the FY 2018 budget.

Personal property tax revenues are projected to be \$88.2 million, an increase by \$12.0 million or 15.7% in FY 2019. Excluding the additional revenue assigned to the school system, the County’s personal property tax revenues are projected to increase by \$11.8 million or 16.1% in FY 2019.

Income tax revenues are expected to total \$634.6 million in FY 2019, including the State Income Disparity Grant. This represents an increase of \$1.9 million or 0.3% over the FY 2018 budget. This growth reflects our improving unemployment rate and an increase in the number of jobs in the County. Funding from the State Income Disparity Grant is expected to increase by \$3.2 million or 10.4% in FY 2019.

The County’s real estate market is forecasted to remain stable over the next year. As such, the combined receipts from both the Transfer and Recordation taxes are anticipated to increase by \$27.8 million or 18.3% to \$179.4 million in FY 2019. This estimate reflects stability in the County’s housing market as the median home sales price continued to rise in 2018.

Revenue from licenses and permit fees is projected to increase by \$3.8 million or 6.9% in FY 2019. This is primarily driven by an increase in building and business license permit revenues generated from development projects in the pipeline as well as gaming revenues.

Intergovernmental revenues are projected to increase by \$3.8 million or 11.7% above the FY 2018 budget. The increase is due to an anticipated increase in State Aid for the police and local health grants in addition to other local State grants.

Moreover, the approved General Fund budget includes a \$33.4 million use of fund balance to provide \$20.0 million for the Maryland Purple Line capital project, \$6.3 million to the Redevelopment Authority capital projects, \$2.5 million for the Housing Investment Trust Fund, \$2.0 million to the Office of Information Technology, \$1.0 million for the United States Citizenship and Immigration Services (USCIS) project at the Branch Avenue Metro station, \$1.0 million for the National Harbor Public Safety Building, \$0.5 million to the Community College and \$0.1 million as a grant to the Town of Eagle Harbor. Additionally, \$331,000 of the Stadium Impact Grant is dedicated to support grants to community organizations.

General Fund – Outside Aid

Outside Aid 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 2019, Outside Aid is estimated to total \$1.37 billion, an increase of \$48.2 million from the FY 2018 budget level. Outside Aid accounts for 39.9% of total General Fund revenues in FY 2019.

Excellent Education System

College and job readiness are becoming increasingly important standards by which to measure school success and student achievement. As such, the FY 2019 approved budget includes \$2.05 billion in funding to the Board of Education, an increase of \$72.3 million or 3.7% over the FY 2018 budget. Funding for the Board constitutes 59.8% of all General Fund spending in the FY 2019 budget. The County's contribution totals \$763.6 million and represents an increase of \$24.4 million over FY 2018 and exceeds the Maintenance of Effort requirement by \$13.6 million. The approved budget focuses on the strategic focus areas of academic excellence, a high performing workforce, safe and supportive environments, family and community engagement and organizational effectiveness. Furthermore, the increased funding to the Board of Education supports expansion of the Pathways in Technology high school program, Peer Assistance and Review for Teachers, security staffing and equipment upgrades and compensation adjustments for the system's employees.

The County will also make significant investments in a number of school construction projects in FY 2019, including \$110.0 million in County capital funds to support such projects as the renovation of the Stephen Decatur Middle School and the replacement of William Wirt Middle School and systemic replacement projects throughout the county.

In addition, the FY 2019 approved operating budget includes \$117.8 million, for the Community College, an increase of \$2.8 million or 6.9%. The approved budget funds employee compensation adjustments for employees and supports the core operational needs of the College. The FY 2019 budget includes \$1.7 million for continued support of the Promise Scholarship program and for audiovisual technology infrastructure upgrades. In addition, the CIP budget includes funding for the renovation and expansion of the Queen Anne Academic Center, the renovation of Lanham Hall and construction of the Culinary Arts Center.

The approved FY 2019 operating budget for the Memorial Library System is \$31.1 million, an increase of \$1.1 million or 3.5%. The approved budget provides salary adjustments for staff and maintains the current operating hours of all branches. With added resources, the Library will complete technology and infrastructure upgrades throughout the system and promote lifelong learning by continuing the "Books from Birth" program. The program increases access to books and encourages early reading by delivering one book per month to children under the age of five and has already reached over 5,000 children in FY 2018. Additionally, the FY 2019 CIP funds will support continued construction at the Hyattsville and New Carrollton Branch Libraries, planning for the new Bladensburg Branch Library and various improvement projects.

Thriving Economy

The County's continued successes will be measured in large part by our ability to grow the local economy. We have made notable progress since launching the Economic Development Incentive (EDI) fund five years ago with an investment of \$50 million in order to provide loans and grants to promote business attraction and expansion. To date, this program has created or retained more than 12,000 jobs in the County and leveraged over \$1 billion in private investments.

The approved FY 2019 budget includes separating the Workforce Development component of the Economic Development Corporation (EDC) into a separate agency. This will help the EDC focus on marketing and promoting the County as a superior business location, providing business services and nurturing start-ups and international firms in the Business Accelerator/Incubator. At the same time the Workforce Development Corporation will be able concentrate on critical employment issues. The Economic Development Corporation and FSC First will continue to use the EDI fund, along with other

available financial incentives, to retain and attract businesses to Prince George's County. These efforts will be supported by additional funding for the Conference and Visitors Bureau to enhance our branding and marketing efforts.

The FY 2019 budget includes continued funding for Down Payment and Closing Costs Assistance Program which is expected to provide assistance to 95 eligible first-time homebuyers to purchase owner occupied or vacant residential properties in the County in FY 2018. That number is projected to grow to 210 in FY 2019.

In addition, the Non-Departmental budget includes an additional \$6.5 million PAYGO transfer to the Redevelopment Authority's capital budget to support various community revitalization programs, including the Glenarden redevelopment project. The Commercial Revitalization program will provide matching grants to revitalize older shopping centers and the Community Impact Grant program will provide matching funds to non-profit organizations seeking support for community led projects. Additionally, \$20 million of funding will continue construction of the Purple Line as a part of the County's multi-year commitment to the critical transportation and economic development project.

Progress will continue in terms of growing the economy by improving efficiencies in the permitting and inspection processes. To support these efforts, the Department of Permitting, Inspections and Enforcement budget includes funding for continued implementation and hardware for the new permitting and licensing system and for facilities for the new civil inspection citation hearing process, which will reduce adjudication time and allow for faster enforcement and abatement of violations.

Safe Neighborhoods

To protect the momentum and continue to build upon the many successes we have witnessed in making our communities safer, the County continues to make a significant investment to expand the ranks of the direct service providers. The respective approved FY 2019 budgets for Public Safety agencies and Courts provide the resources necessary to meet the response time needs of an ever-growing base of residents and businesses. Specifically, additional funds will allow for the following new personnel - 125 police recruits, 60 firefighters, 15 deputy sheriffs and two new positions to support the domestic violence intervention unit, 60 correctional officers and reallocated correctional treatment coordinators to support the Work Release Center and funding for all dispatcher and call taker positions.

The FY 2019 approved budget for the Circuit Court and the Orphans Court totals \$18.3 million, an increase of \$187,400 or 1.0% above the FY 2018 budget. Included in the approved funds for the Circuit Court is funding for all vacant positions, a new facility maintenance manager and two additional Paralegal Assistants to support the delivery of services. The Orphans' Courts budget includes funding for needed salary adjustments.

The Office of the State's Attorney approved FY 2019 budget total \$18.2 million, an increase of \$224,800 or 1.2% over the FY 2018 budget. Funding will support salary requirements for Assistant State's Attorneys and provides a training director to support the Office of the State's Attorney.

The CIP budget includes funding for: the completion of the new Police Department Administrative Headquarters and construction for the new Forensics Lab; completion of the Hyattsville and Oxon Hill Fire/EMS stations, and improvements to detention housing units and work on the Central Control/Administrative Expansion project. Additionally, funding is allocated to complete additional work at the combined Public Safety Training facility and limited renovation of various Court facility areas.

Quality Healthcare and Effective Human Services

This year's fiscal plan continues to prioritize assistance for supportive services to our neighbors most in need of access to care and preventive services. General Fund support to these agencies total \$37.5 million, an increase of \$2.2 million or 6.1% above the FY 2018 budget. The increase provides the necessary resources to improve core service delivery, build upon the improvements in our health standards and allow for new programming.

Funding for the Department of Family Services supports new initiatives and expanded services and programs in the area of disability and aging services. In FY 2019, resources will provide support of the implementation of a Safe Return program for adults with dementia. Additionally, the budget provides funding for services to help County residents make informed choices about community-based options and services to best meet their long-term support needs.

The Health Department continues to direct their efforts towards chronic disease prevention, treatment and providing expanded access to healthcare for County residents. In FY 2019, funding is provided for continued support for the Health Alliance Program to assist healthcare stakeholders throughout the County. The program will provide a care management solution that will help community health workers and other health care professionals provide wrap around and clinical care coordination. Also, continued general fund support is provided to maintain behavioral health services as it transitions to a fee for service program due to the elimination of the Ambulatory Funding Grant.

Addressing the needs of the homeless population is a priority for the Department of Social Services. Resources are provided for funding additional short-term crisis and recovery beds for homeless persons experiencing a behavioral health crisis. Additionally, the department will continue to support family well-being and economic stability programs as well as the TNI @ School program.

Notwithstanding the new programming throughout these agencies, the County will continue focused intervention efforts for vulnerable populations to include reducing the occurrences of violence among children and adults, domestic partners, sexual assault and/or human trafficking. Collaborative partnerships with County entities such as the Courts, State's Attorney, public safety agencies, community partners and advocates will continue to drive how resources are deployed.

The CIP budget includes funding for the new Regional Medical Center in Largo which broke ground in the Fall 2017, and the completion of the Regional Health and Human Services Administration Building. This will improve residents' access to health and human services.

Clean and Sustainable Environment

In FY 2019, the County continues its investment in various environmental programs to improve quality of life and support federal and State mandates. The approved FY 2019 funding for the Local Watershed Protection and Restoration Enterprise Fund is \$44.2 million which includes a one-time commitment of resources for infrastructure improvements. This fund continues to support planned activity for impervious area restoration through retrofit stormwater controls. The County's investment in the Stormwater Management Fund increases in FY 2019 by \$1.4 million for a total of \$72.5 million to support various water quality programs. The FY 2019 CIP budget includes continued funding for the Clean Water partnership.

The approved Solid Waste Management fund budget totals \$102.6 million, an increase of \$4.1 million or 4.2% over the FY 2018 budget. This fund will continue to support the promotion of recycling which will improve the trash to recycling diversion rate. The FY 2019 CIP program continues to encompass

operational and facility improvements and repairs, closure and post-closure requirements for Brown Station Road and Sandy Hill landfills and continued construction of the Organic Composting Facility.

High Performance Government Operations

The County's internal support agencies provide the foundation for operations across the government. The approved budget maintains key funding in human resources, facilities maintenance, procurement services, and other vital support services.

Funding is allocated to the Office of Ethics and Accountability to support an external quality assurance review. To support responding to the continuing growth in the number of public information requests, an additional paralegal has been added to the Office of Law. A personnel aide has been added to the Office of Human Resources Management to support the Benefits program. Additionally, the budget provides funds to support various technology initiatives including funding for software to defend against ransomware attacks and the continuation of the computer refresh program for County employees.

General Fund – County Source

Spending Affordability Committee (SAC) 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 2019 SAC recommendation for the FY 2019 General Fund budget was \$3.35 billion.

The FY 2019 approved budget is approximately \$78.7 million above the committee's recommendation. Several significant actions that occurred since the committee made its recommendation account for the change including:

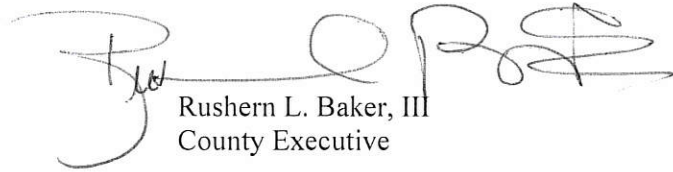
- Increase in Personal Property Tax revenues based on State Department of Assessments and Taxation February projections on assessable base – \$0.4 million;
- Increase in Income Tax Receipts based on year-to-date performance and to align with the Governor's FY 2019 Approved Budget for the income disparity grant – \$8.5 million;
- Increase in Transfer and Recordation Taxes based on year-to-date performance – \$11.1 million;
- Increase in Admissions and Amusement Tax revenues based on year-to-date performance and updated estimates for collections generated by the MGM National Harbor – \$0.3 million
- Increase in Highway User Revenue – to align with the Governor's FY 2019 Approved Budget – \$0.1 million
- Increase in Licenses and Permits revenues based on year-to-date performance and an adjustment on the impact of the MGM National Harbor – \$1.9 million
- Increase in Use of Money and Property based on year-to-date performance – \$0.4 million
- Decrease in Intergovernmental revenues to align with Maryland-National Capital Park and Planning Commission project charges – (\$0.6 million)
- Increase in Miscellaneous revenues based on year-to-date performance of red light camera and other fees - \$0.9 million
- Increase in the Use of Fund Balance to support the Maryland Purple Line, the Redevelopment Authority, the Housing Investment Trust Fund, and various one-time initiatives – \$33.7 million
- Increase in Outside Aid revenues primarily due to State Aid to the Board of Education to align with the Governor's FY 2019 Approved Budget – \$21.8 million

I unequivocally endorse the Committee's recommendation for the continuation of conservative revenue estimates and the avoidance of using fund balance for ongoing expenditures. Furthermore, the FY 2019 approved budget complies with their recommendation to preserve the County's General Fund reserves –

Charter-mandated 5.0% and the financial policy-required 2.0%. I share the Committee's recommendation to continue with these important efforts. These practices are essential to us in maintaining the County's AAA bond rating from the major rating agencies.

In closing, this approved budget reflects the input, diligence and the collective wisdom of many stakeholders, including staff across the government and the public. The FY 2019 budget maintains the critical investments to keep us on a path toward growing the economy, improving our schools, providing safe neighborhoods, maintaining high-quality health and human service levels and protecting our environment. Furthermore, it is a responsible fiscal plan that continues investment in our future and ensures that we will continue to provide a high level of services to County taxpayers.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rushern L. Baker, III', written in a cursive style. The signature is positioned above the printed name and title.

Rushern L. Baker, III
County Executive