FINAL REPORT

JANUARY 2017

January 10, 2017

Redis C. Floyd
Clerk of the Council
Prince George's County Council
County Administration Building, 2nd Floor
14741 Governor Oden Bowie Drive
Upper Marlboro, Maryland 20772

Dear Ms. Floyd:

On behalf of the *Blue Ribbon Commission on Addressing Prince George's County's Structural Deficit* ("The Commission"), I write to submit the Commission's Final Report.

As you are aware, the Commission consists of representatives of business groups, organized labor and the public at-large – a true cross-section of the residents of Prince George's County, and I applaud the work done by this group of committed county leaders.

Since its creation, we have labored to delve deeply into the County's financial structure and related economic issues. In this Final Report, we make significant findings and offer recommendations that we believe, if implemented, will have a tremendous impact on the County's fiscal outlook. It is our hope that this Final Report will inspire greater discussion, and more importantly, provides a direction for helping the County resolve this perennial challenge.

Sincerely,

Earl Adams, Jr.
Chair

BLUE RIBBON COMMISSION MEMBERS

We would like to thank and acknowledge the following individuals for their service on the Commission:

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Stephanye R. Maxwell, Director, Office of Human Resources Management

Lester Guthorn, Public Advisory Consultants

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Blue Ribbon Commission on Addressing Prince George's County's Structural Deficit

Final Report

(January 2017)

I. Introduction

The Blue Ribbon Commission on Addressing Prince George's County's Structural Deficit (the "Commission"), formed on June 16, 2015 by Council Resolution ("CR") 26-2015, was created to collect, review and discuss (i) comparative budget data and information regarding the fiscal health of Prince George's County (the "County") and similar jurisdictions; (ii) policies and practices that affect the County's revenue structure and the strength of its tax base; (iii) the structure and fiscal dynamics of the County government; (iv) feedback from stakeholders in the community concerning the County budget and tax structure; and (v) any other items deemed appropriate and relevant by the County Council. In the end, CR-26-2015 required that the Commission make recommendations to reduce the persistent, annual gap between revenues and expenses, otherwise known as a structural deficit, to ensure that the County can continue delivering quality services to County residents.

In February 2016, the Commission presented a Preliminary Report, which summarized its initial findings regarding the primary forces that have contributed to the County's current fiscal condition. The Preliminary Report provided both a historical and contemporary perspective on several items, including: (i) how and when the County's revenues and expenditures began to diverge; (ii) the revenue challenges currently impacting the County; (iii) the County's most significant expenditure obligations, and (iv) the regulatory limitations in place that restrain County government. Since the Preliminary Report, the Commission has completed its task and presents this Final Report with recommendations to address the County's structural deficit.

For the last year and a half, the Commission closely examined the reasons for the structural deficit by studying personnel cost, collective bargaining agreements, pension and

health cost responsibilities, school expenditures as mandated by State law, the cost of County government and the restraints on the County's budget-making process. It set an ambitious agenda to review every aspect of the County's financial structure. During this process, the Commission received numerous briefings, conducted three public hearings to gain citizen input, and had monthly work sessions to delve deeply in the County's financial structure and spending mandates.

From the outset, the Commission resolved to make recommendations only where there was unanimity on both the recommendation and the rationale behind it. While the Commission reached unanimous consensus on the three recommendations set forth in this Final Report, it was unable to reach a consensus on five other key issues that impact the County's budget. The three primary recommendations are focused on giving the County greater flexibility to manage its budget, and are as follows: (1) repeal the "Tax Reform Initiative by Marylanders" or TRIM; (2) repeal Question I; and (3) maximize the full value of the Homestead Tax Credit

With respect to the five other key issues, the Commission determined it appropriate to provide the County Executive and County Council with its findings and to give guidance on ways to temper the impact such issues have on the County's ongoing budgetary challenges. These topics include: (1) Maintenance of Effort; (2) Collective Bargaining; (3) Cost Reduction Efforts; (4) Procurement Reform; and (5) Commercial Revenue Opportunities.[1] It is our hope that, based on the Commission's findings, the County Executive, County Council, and the citizenry will strongly consider implementing the recommendations at the proper time.

II. County Fiscal Outlook

As an initial matter, the Commission notes the County has the resources and the ability to balance its annual budget, as required by the County Code. Furthermore, it recognizes the effort and talent of the County Executive, County Council and, most importantly, their respective staff

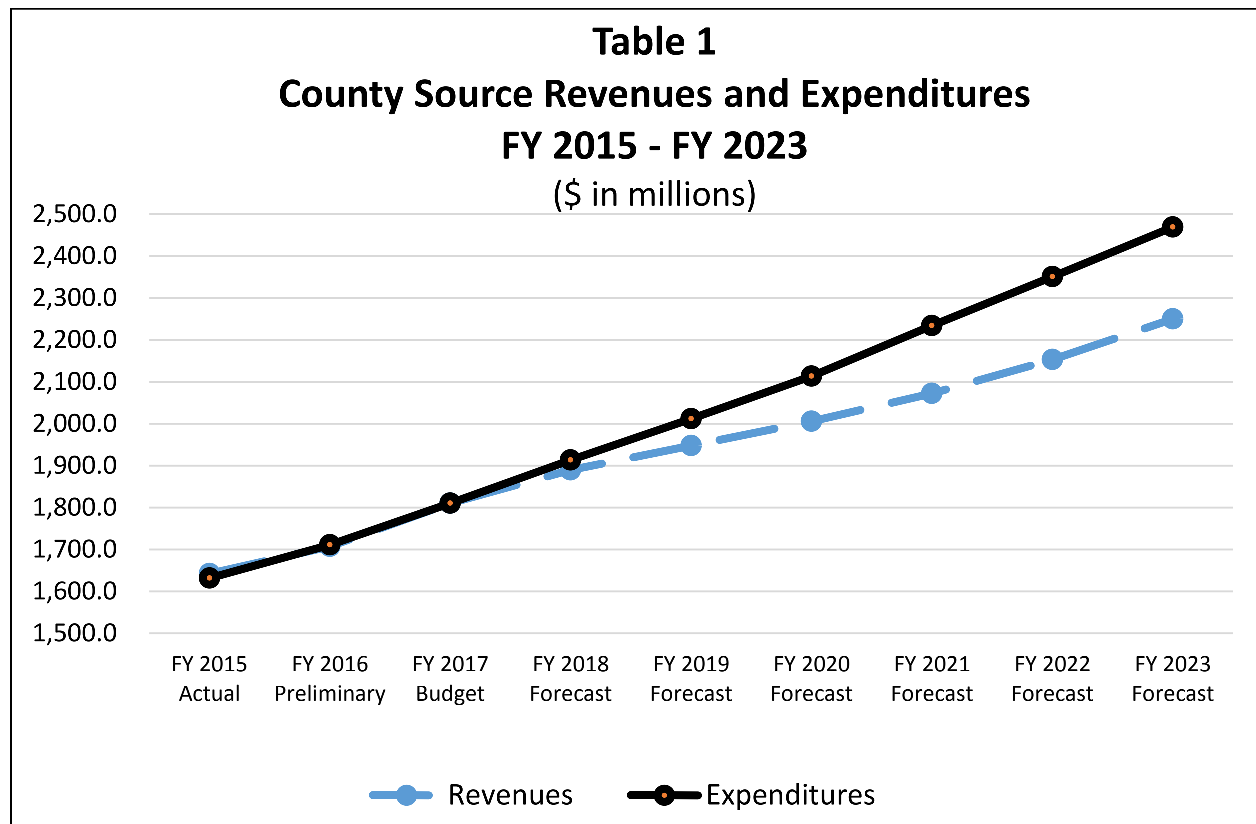
[1] As stated above, since the Commission did not reach unanimity on these items, they do not constitute formal recommendations but represent the consensus position of the Commissioners regarding the topic.

to work through these perennial issues. That said, because of the persistent nature of the structural deficit, the annual budget process appears to focus more on satisfying short-term, immediate needs rather than more long-term strategic objectives. The result of this approach is that, at times, decision makers have increased spending to achieve immediate policy objectives without apparent awareness of the potential long-term impact such a decision has on the County's budget. After a year of examining the issue, the Commission believes that the structural deficit can be resolved given the County's current fiscal strengths, which have been recognized by outside rating agencies, and the economic opportunities on the horizon. At the same time, to accomplish this goal, it will require disciplined efforts by County officials, and a collective willingness by elected officials and residents to accept certain hard fiscal realities.

With respect to the County's current fiscal situation, despite certain immediate positive indicators, the County's long-term fiscal outlook remains uncertain. This is the case even with projected increases in revenue. The models still reflect that the County's structural deficit will grow over the next six years. As shown in **Table 1**, in the absence of structural change, an annual budget gap of $28 million to $229 million is projected between Fiscal Year ("FY") 2018 and FY 2023, even with revenue projections accounting for anticipated new revenues of $35 million to $41 million from the expanded National Harbor complex.

In addition, projected reductions in State and Federal levels of aid represent a significant threat to the County maintaining its fiscal soundness. Reductions of State aid and/or sharing of cost (such as the shifting of teachers' retirement costs to the County that began in FY 2013) are tangible challenges the County may face as the State government grapples with its own fiscal challenges. The State is projecting a $1.7 billion deficit over the next four years, and it recently reduced its revenue projections by $783.1 million for FY 2017 and FY 2018 due to stagnant growth in the State economy. As a direct result of the write down in FY 2017, the State reduced the County's income tax disparity grant by $3.5 million and made other reductions that could

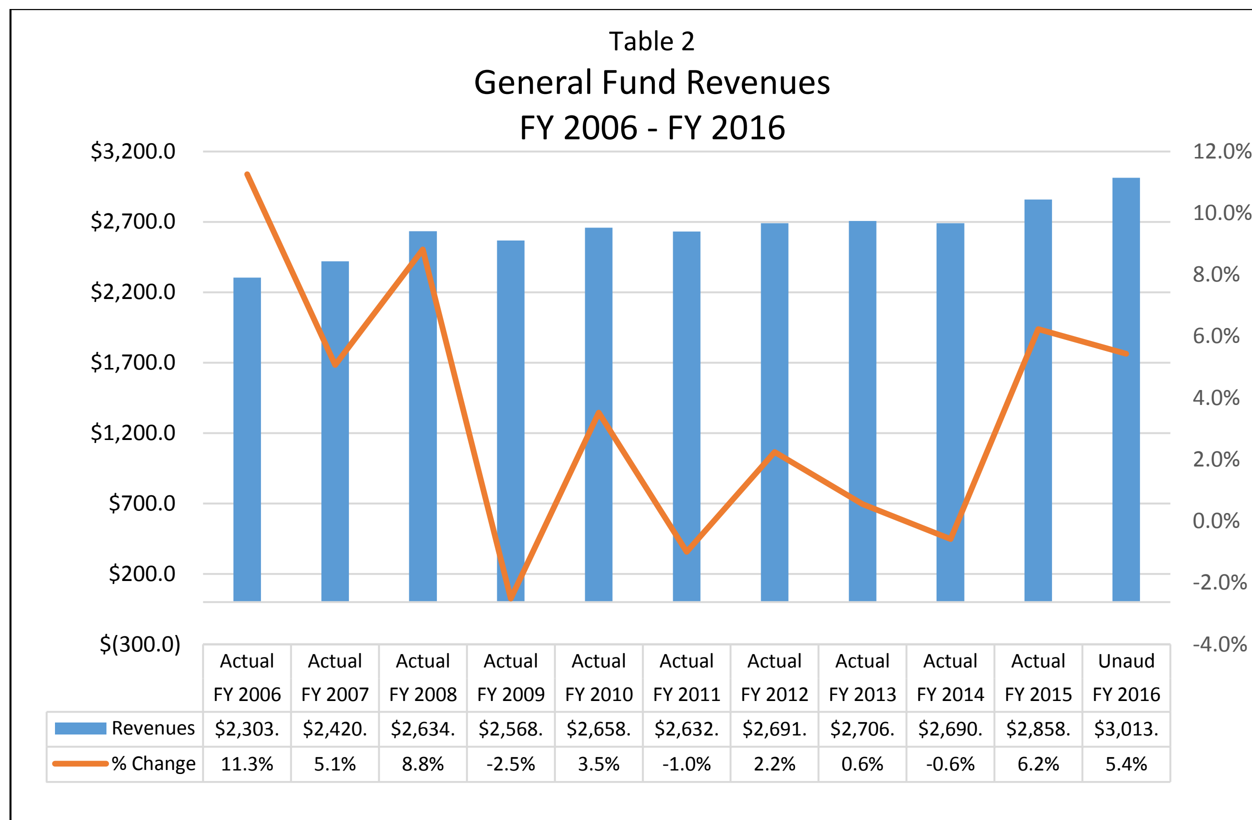
potentially reduce funding for the local management boards and community revitalization projects. Further, the uncertainty related to potential fiscal actions by the federal government to address its deficit, such as cutting or reducing federal spending in the form of contracts or grant funding, could negatively impact the County's budgetary challenges. Ultimately, the structural deficit will remain in place until permanent solutions are implemented, including an increase in on-going revenues coupled with a decrease in on-going costs.



General Fund Update

The County has been experiencing moderate gains as the economy slowly recovers from the Great Recession. Several economic indicators continue to improve, signaling a recovery of the local economy in the short run. Such recovery, however, has not returned revenue growth to pre-recession levels. During the Great Recession, between FY 2009 and FY 2014, the County experienced negative or minor revenue growth. Over the past two years, revenue growth of the General Fund—which is the principal operating fund used to account for all financial resources,

except those required by law—has modestly improved in line with the recovery of the local economy. A history of General Fund revenues from FY 2006 to FY 2016 is shown in the chart below in **Table 2**.



	Actual FY 2006	Actual FY 2007	Actual FY 2008	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015	Unaud FY 2016
Revenues	$2,303.	$2,420.	$2,634.	$2,568.	$2,658.	$2,632.	$2,691.	$2,706.	$2,690.	$2,858.	$3,013.
% Change	11.3%	5.1%	8.8%	-2.5%	3.5%	-1.0%	2.2%	0.6%	-0.6%	6.2%	5.4%

Recovering property values have yielded increasing property tax collections. Similarly, income tax collections have been improving as more County residents become employed. The County has also experienced an uptick in building fee and permit collections as the economy rebounds. Moreover, the County has received increased Outside Aid, *i.e.*, funding from sources outside of County government, from the State due to increased enrollment in the school system; though such funds may become less reliable over time.

As reflected in **Table 3**, the County experienced a budget surplus of $16.6 million in FY 2015 and is projecting an estimated budget surplus of approximately $55.9 million in FY 2016. In FY 2016, estimated General Fund revenues were 2.1% above the budgeted level, compared to estimated General Fund expenditures, which were 0.2% above the budgeted level. The increase

is primarily due to an improvement in economic conditions (e.g., increased property tax collection and uptick in building fee and permitting).

Table 3

	FY 2015 Budget	FY 2015 Actual	% Change	FY 2016 Budget	FY 2016 Unaudited	% Change	FY 2017 Budget
Revenues	$ 2,857.2	$ 2,858.3	0.0%	$2,950.4	$ 3,013.6	2.1%	$ 3,116.9
Expenditures	2,857.2	2,841.7	-0.5%	$2,950.4	2,957.7	0.2%	3,116.9
Difference	$ -	$ 16.6		$ -	$ 55.9		$ -
Fund Balance		FY 2015 Actual			FY 2016 Estimate		FY 2017 Projected
Restricted (5%)		$ 144.5			$ 150.7		$ 155.8
Committed (2%)		57.8			60.3		62.3
Unassigned		34.0			81.3		74.2
Total		$ 236.4			$ 292.3		$ 292.3
Fund Balance as % of General Fund Revenues		8.3%			9.7%		9.4%

Based on a preliminary review of various economic information and revenue trends, the County's Spending Affordability Committee recommended a spending ceiling of $3.24 billion in FY 2018.[2] This is an increase of $125.4 million or 4.0% higher than the FY 2017 budget, as seen in **Table 4**. However, initial expenditure projections signal a budget gap of $28 million in FY 2018. FY 2018 expenditures are anticipated to total $3.27 billion, an increase of $153.4 million or 4.9% higher than the FY 2017 approved budget.

Table 4

$ In Millions	FY 2017 Approved	FY 2018 Preliminary Forecast	$ Change	% Change
Revenues	$ 3,116.9	$ 3,242.3	$ 125.4	4.0%
Expenditures	3,116.9	3,270.3	153.4	4.9%
Gap	$ -	$ (28.0)		

The increase in expenditures include the awarding of salary increases for County employees, continued investments in recruit classes for public safety agencies, increased County

[2] Because the Commission did not receive the Spending Affordability committee's briefing, it does not take a position on its decision.

support for the Board of Education, Library and Community College, the new funding requirements for pension plans, increased debt service costs, and an allocation of funding to address the deficit in the Risk Management Fund. As with its Preliminary Report, the Commission does not take a position on the efficacy of these increases; rather as discussed in greater detail below, the County Executive and Council must understand the ramifications of such decisions and how they will continue to impact the County's long-term fiscal health.

III. Primary Recommendations

Before discussing the Commission's three recommendation, it is necessary to discuss the primary obstacle to their successful implementation—public distrust of government. The Commission understands that there is a general sense of skepticism, cynicism and even distrust in the County populace towards the actions of the government that could hinder the implementation of any long-term resolution of the structural deficit. While healthy skepticism of government could lead to higher levels of vigilance and political engagement that contributes to the vitality of democracy, the excessive distrust that exists within the County can result in gridlock and anger at County officials. Such distrust will make it difficult to garner the public support needed to make the necessary changes to improve the County's financial outlook. The Commission notes that incidents of corruption and graft within the County government have contributed to the public's distrust of government, and places the burden, not on the public, but on the government to prove that it is deserving of the people's trust. As such, the Commission suggests that, before pursuing any recommendation regarding the structural deficit, the County first take the following actions to win back the public trust:

- ***Improved Access to County Information***– develop and implement a strategy to improve residents access to information about government decisions, processes and events to permit greater transparency over County operations;

- ***Waste Fraud Division*** – expand the role of the waste-fraud division, and better market and advertise its reports, findings and accomplishments; and
- ***County Inspector General*** – revive the discussion around the creation of an independent inspector general for the County.

Upon addressing the issues of public trust, the County will be in a better position to hopefully move towards implementation of the Commission's three recommendations to help resolve the structural deficit: (1) repeal the "Tax Reform Initiative by Marylanders" or TRIM, (2) repeal Question I, and (3) maximize the cap of the Homestead Tax Credit as provided by State law. The Commission takes each recommendation in turn.

1. <u>Repeal the Tax Reform Initiative by Marylanders ("TRIM")</u>

The Commission notes that this recommendation is rife with political dynamite, and as such does not make it lightly. That said, after a year and a half of study and analysis, the Commission has determined that without greater flexibility in the ability to raise revenue, the County will continue to experience a structural deficit. Moreover, although the Commission understands the instinctive desire to limit the ability of elected officials to tax, after completing its work, the Commission has concluded that TRIM has had a primary unintended consequence that alone justifies, at a minimum, a new public discussion on the pros and cons of keeping the tax cap in place. The Commission believes that the benefits of giving County officials greater flexibility in managing the County's budget, subject to limitations discussed throughout this Final Report, far outweigh the potential of County officials introducing arbitrary and unnecessary tax increases.

Given the sensitive nature of this issue, it is important to start with the basics. The "Tax Reform Initiative by Marylanders" or TRIM, at it is commonly referred, was enacted in 1978 by public referendum and, by its terms, limited the maximum tax rate that could be charged against

all real property in the County to $0.96 per hundred dollars of assessed value.[3] As one would expect, once the tax cap was in place, it led to a fairly-sharp drop in real property revenue to the County, and to compensate, the government introduced several miscellaneous taxes, such as the energy tax and the initiation of licensing and permitting fees, to offset the losses. Between 1978 and 1991, such miscellaneous taxes, proportionate to the entire budget, became the most important source of revenue to the County.[4] Beginning in 1991, County property values began to rise and have since played a more significant role in the County's revenue stream. Moreover, in 1992, County residents passed further restrictions on property taxes and limited the County's ability to introduce new taxes and to raise tax rates except by referendum. Again, as one would expect, the restriction on introducing new taxes has diminished miscellaneous tax revenue sources. As for the 1992 restriction on property tax rates, it was designed to protect owner-occupied properties from being hit with sharp marginal increases in property taxes.[5]

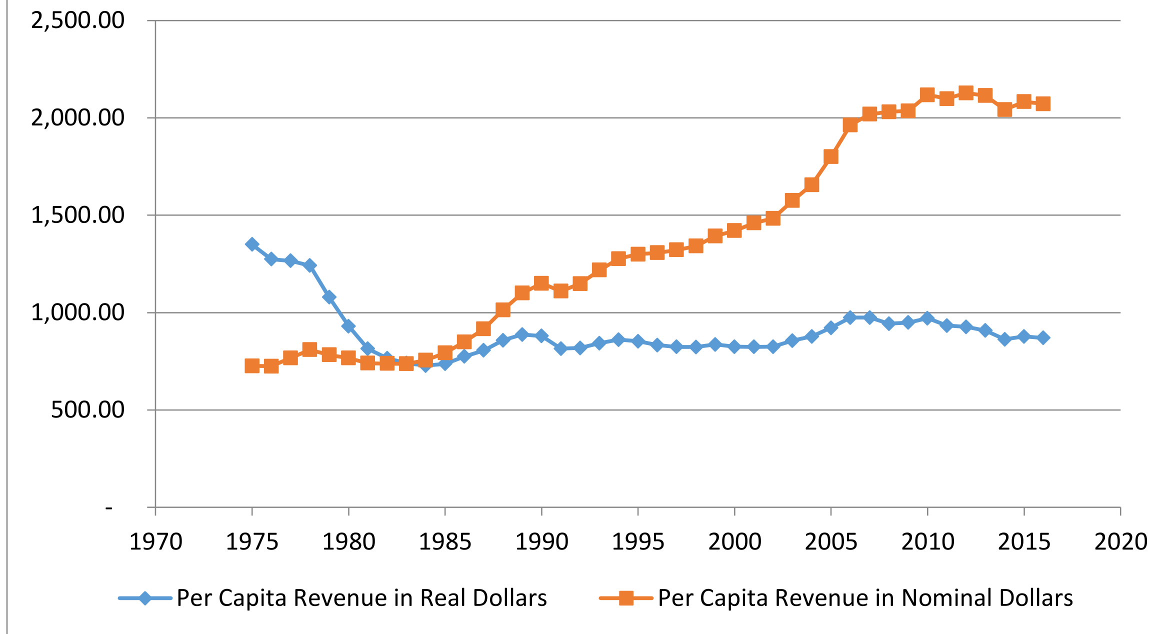
On its face, TRIM has accomplished its goal – preventing property tax rates from increasing. However, that is only part of the story. As shown in **Table 5**, when combined with the State's homestead exemption rule, TRIM has caused County revenue in real, per capita terms, to decrease, and such artificial downward pressure on revenue is a primary cause for the long-term gap between demand for service and the ability to pay for those services.[6]

[3] Although the details differ greatly, four other Maryland jurisdictions have imposed some type of tax cap provision in their local charters. For example, Montgomery County's charter provision limits tax increases to the rate of inflation, but the County Council can increase it by unanimous vote. The other three jurisdictions with some type of tax cap are Anne Arundel, Talbot County, and Wicomico County.

[4] It is worth noting that over the years the growth of State aid for public education has outpaced other revenue streams leading the County to rely heavily on such aid to maintain the level of service for schools. Since FY 1991, State aid to public education and the County's library system has become the single largest part of the County's revenue sources.

[5] Specifically, the marginal increases in property taxes were limited to a maximum of 5% or the inflation rate as measured by the Consumer Price Index (CPI), whichever is the lowest.

[6] The term "real" refers to inflation adjusted dollars. Real or inflation adjusted dollars can also be understood as the purchasing power of a dollar today compared to its purchasing power at some time in the past.



The Commission notes that from the perspective of some residents, TRIM is a positive in that it serves to control excessive expenditures by elected officials and has kept property taxes low. It is true that TRIM prevents elected officials from raising the property tax rate, but it is not true that TRIM has kept property taxes for individual residents low. A close examination of the data shows that any property tax relief felt by residents is <u>not</u> due to TRIM, but rather is due to the lower property values in the County relative to neighboring counties.[7] In fact, TRIM's real effect has been to keep the County's property tax rate at $0.96 per $100 of assessed value, which is relatively high compared to other counties without a tax cap during the period between 1978

[7] Over the years, the average home price in the County has been lower than its neighboring counties such as Montgomery, Howard and Charles County. According to the Metropolitan Regional Intelligence Statistics (MRIS), sales in the County have been brisk showing the second highest increase in sold units when compared to neighboring counties, with a 7.07% increase in value over the last year. Although the increase in value is higher than the neighboring counties with an average sales price of $263,167, home values in the County still trail Montgomery, Howard and Charles Counties whose average home values are currently $405,648. Moreover, of the six Maryland counties that the County competes with in the residential market, all have higher median sales than the County. *See* Appendix B.

and 2015.[8] Such an unintended consequence should not be a surprise given that all policy initiatives, especially those that are close to 40 years old, must be regularly and thoroughly re-vetted to ensure their ongoing efficacy.

A real-world effect of TRIM's artificial hold on the County's fiscal growth can be seen in the difference between how residents look at property taxes versus businesses. During its work, the Commission learned that among real estate and urban economists it is generally understood that residential buyers and businesses react differently to property tax rates. In general, residential buyers tend to look at investments and performance outcomes in a given school system; whereas businesses look to actual property tax rates. Interestingly, since the introduction of TRIM, the County has marginally reduced its per capita investment in the public school system, replacing it with State assistance to maintain per capita spending on students. Based on this information, the Commission reasonably concluded that it is possible that the reduced direct investment by the County, combined with oft-reported performance shortcomings, in the school system has made the County less attractive to young, wealthier families both to raise families here or to remain in the County. Such is the case even though TRIM is in place.[9]

With respect to businesses, the long-term impact of a cap on property tax rates has served to reduce the likelihood that high-end firms will enter the market. This is so because just as the tax rate has only been raised one time since 1978 it has never been lowered, and given that re-raising taxes even to cover necessary shortfalls would be virtually impossible, few County officials would see a decrease in the tax rate as viable. Moreover, lower property tax rates in

[8] In FY 2016, the tax rate rose to $1.00 per $100, because of a $0.04 supplemental education tax. To be clear, the Commission takes no position on whether the supplemental tax rate violated TRIM's requirement that any increase to the tax rate must be first approved by referendum.

[9] Please note that the Commission is not suggesting that the County should focus only on attracting young, wealthy families or businesses at the expense of current residents. The point of this discussion is to make clear that without greater flexibility to raise revenue the County's only option to solve its structural deficit under TRIM will be to expand the tax base through either: (1) having more expensive homes sold or (2) new commercial enterprises moving to the County. The Commission wants the County to continue providing high quality services and avoid reducing services to all residents, regardless of socio-economic standing. Based upon its work, the Commission believes that the only way of ensuring this is by granting greater flexibility in raising revenue.

Montgomery County, as well as in the Northern Virginia, have also made the County less attractive for businesses, again, even with TRIM in place. Accordingly, TRIM has not helped expand the growth of the County's residential or commercial tax base.

In short, the data shows that TRIM has effectively capped property tax revenue growth. However, the cap on this one important tax has failed to result in increasing quality indicators that are presumably important to both residents and businesses. To that end, the Commission believes that TRIM as currently enshrined in the County Code should be repealed, but acknowledges that such an action can and should only occur after a robust and thorough public dialogue that allows residents to voice concern about unchecked public official actions.

2. Repeal Question I

Question I is a ballot question that targeted certain other taxes and fees levied by the County and mandated that any proposed increase in the fee or tax had to be approved by voters. Again, as with TRIM, policymakers appear to be reluctant to place increases in fees and/or taxes on the ballot given the unlikely prospect that residents will give them an affirmative vote, even if such increases support desirable goods or services. It is important to note that no other Maryland jurisdiction has such a provision in law.

Most jurisdictions across the country can garner additional revenue from services and programs. By itself, Question I unfairly and unduly restricts and limits the County's fiscal flexibility. Given the County's financial rubric, this charter amendment must be repealed to give the County the flexibility to maintain and expand its revenue base. A notable example of such flexibility in the region is a levy on disposable shopping bags known as a "bag tax." In Montgomery County, bag tax collection data between February 2012 and August 2015, revealed $8.7 million in revenue. The District of Columbia reports $7.5 million in tax revenue between 2010 and 2015 from plastic bag sales. On the other hand, because of Question I, the County has had to seek out other means of raising revenue like appealing to the General Assembly. While

such an effort could work, it creates another layer of bureaucracy and inefficiency that undermines the County's ability to self-govern.

Based on the Commission's findings, Question I represented a reaction to the lack of transparency of certain government actions. While current data and information show that Question I unnecessarily hamstrings the County from levying legitimate revenue enhancers, the Commission acknowledges the legitimacy of the public concern, and again notes that it is incumbent on the County government to restore the public trust.

3. Maximize the Use of the Homestead Tax Cap

During its review of County finances, the Commission took note of the fact that the County does not maximize the amount it can receive each year. Indeed, when evaluating sources of revenue, the Homestead Tax Credit is conspicuous because it is the County itself that has restricted the amount it receives from the State each year. As discussed below, the Commission recommends that the County lift the self-imposed restriction to allow for greater financial flexibility.

By way of background, the Homestead Tax Credit Program is designed to help homeowners deal with significant increases in the annual assessments of their principal residence. Administered by the State Department of Assessments and Taxation, the program is applied to the three-year assessment cycle to mitigate sharp increases in assessed home values, and the credit applies to state, county and municipal real property tax rates. The Program does this in two ways. First, it spreads increases out over three years. One third of the increase is assessed in the first year, two-thirds in the second year, and the full amount in the third year. For example, if an owner-occupied residence's property tax is increased by $300, only $100 would be due the first tax year, $200 the next year, and only the full $300 in the third year.

The second manner in which the program reduces the shock of a rapid increase in residential property taxes is through a cap on the percent rise that is allowed. State law caps the

maximum annual increase in the assessment for individual parcels of land that qualify as "homesteads" to 10%, and enables counties and municipalities to set the permissible credit for homeowners between 0% and 10%.

When the Maryland General Assembly first enacted the Homestead Tax Credit Program, the County adopted the maximum permitted percentage increase of 10%. In 1992, County voters rejected a proposition to maintain the 10% rate, and accordingly, the County Charter was amended to set the credit percentage at 0% plus the percentage of increase in the Consumer Price Index ("CPI") for the previous twelve months, but not more than 5%. At this 5% cap, the County can capture some revenue resulting from an increase in the property assessments on an annual basis, but loses any revenue growth between the 5% cap and the State maximum of 10%. In addition, the County experiences further revenue loss when the CPI is less than the 5% cap, and in many years since 1995, the CPI has been less than the cap. When property value assessments decline, as the County has experienced in recent years, property tax revenue declines even further. For the four-year period between FY 2015 and FY 2018, the County will forego revenue in the amount of $ 61.3 million related to the State cap, and an additional $55.9 million related to the stricter cap the County has imposed over and above the State cap. The impact of the self-imposed 5% or CPI cap is shown below in **Table 6.**

Table 6

Homestead Tax Credit Cap and Related Foregone Revenue

(Fiscal Years 2015 Through 2018)

Fiscal Year	County Credit Cap	(In Millions)		
		Revenue Foregone at County Cap	Revenue Foregone at 10% State Cap	Difference
2018	101%	$37.2	$19.4	$17.8
2017	100%	$27.3	$12.2	$15.1
2016	102%	$24.6	$13.3	$11.3
2015	102%	$28.1	$16.4	$11.7
		$117.2	$61.3	$55.9

Table 7 below shows the most recent Homestead Assessment Caps for all Maryland Counties and Baltimore City for FY 2014 – FY 2016. **While not shown in the chart, it should be noted that the cap for Prince George's County for FY 2017 is 0% and 1% for FY 2018.** FY 2017 and FY 2018 data for other Maryland jurisdictions was not available at the time of this report.

Table 7
HOMESTEAD ASSESSMENT CAPS
(Homestead Assessment Caps for Maryland Counties)

COUNTY	FY 2014	FY 2015	FY 2016
Allegany	7%	7%	7%
Anne Arundel	2%	2%	2%
Baltimore City	4%	4%	4%
Baltimore	4%	4%	4%
Calvert	10%	10%	10%
Caroline	5%	5%	5%
Carroll	5%	5%	5%
Cecil	8%	8%	8%
Charles	7%	7%	7%
Dorchester	5%	5%	5%
Frederick	5%	5%	5%
Garrett	5%	5%	5%
Harford	5%	5%	5%
Howard	5%	5%	5%
Kent	5%	5%	5%
Montgomery	10%	10%	10%
Prince George's	**2%**	**2%**	**2%**
Queen Anne's	5%	5%	5%
St. Mary's	5%	5%	5%
Somerset	10%	10%	10%
Talbot	0%	0%	0%
Washington	5%	5%	5%
Wicomico	5%	5%	5%
Worcester	3%	3%	3%

Source: Maryland State Department of Assessments and Taxation

Based on the foregoing, the Commission strongly recommends that the County amend its charter to restore the tax credit limit to the State cap of 10%, which would enable the County to garner more resources and provide greater financial flexibility. For those homeowners who are elderly and on fixed incomes, or those who are below certain income thresholds, a supplemental relief program could be instituted to offset any increase that results from increasing the County cap to the State level. Moreover, the County has other tax credits beyond the Homestead Tax

Credit, such as revitalization, alternative energy and other credits totaling $32 million that could offset the impact of the increase to homeowners.

IV. Secondary Findings

Along with the primary recommendations, the Commission studied the following secondary issues to address the structural deficit: (1) Maintenance of Effort, (2) collective bargaining, (3) cost reduction efforts, (4) procurement reform, and (5) commercial revenue opportunities. The Commission believes that each of these items deserves serious attention by decision makers, and with the proper attention, the item could help reduce the long-term structural deficit.

1. Maintenance of Effort

Maintenance of Effort ("MOE") is the State law requirement that each county must provide local funds for the next fiscal year at or above the same per pupil level as in the current fiscal year. Said differently, the County must provide at least the same dollar amount per pupil to the Board of Education for a given fiscal year, as was provided in the previous fiscal year. Therefore, any increase in MOE funding has a compounding effect on the minimum amount that must be provided to the Board of Education in subsequent years. The Commission was briefed by John Pfister, Director of Budget and Management Services for Prince George's County Public Schools and engaged in a robust, in-depth discussion on the historical, policy and political dynamics of MOE. The discussion was enriched by the contributions of two former Board of Education members, one whom currently serves on the Commission and the other as staff to the Commission.

The bottom line: over the past decade, MOE funds provided to the Board of Education have increased 12% overall from $547 million to $613 million. As shown in **Table 8** below, in five of the previous ten fiscal years, the County has provided funding to the Board of Education

that exceeds the MOE requirement. This means the County has exceeded the amount that was required to be provided per pupil in five out of ten times. The chart explains why the increases were made, and the Commission takes no position on the legitimacy of each increase. However, each instance in which the County exceeded the MOE requirement increased the minimum amount per pupil required to be provided to the Board of Education in the following fiscal year. These compounded increases in the minimum amount per pupil have had a significant impact on the County's appropriation of revenues for various purposes. The County's MOE contribution is now $612 million for FY 2017 and is slated for a $642 million contribution in FY 2018. The Commission advises that continued increases above MOE will further compound the required minimum and such increases need to be carefully weighed given the County's financial outlook.

Table 8

Prince George's County Public Schools

10 Year - History of County Maintenance of Effort Calculation

Fiscal Year	Local Appr. Education	Enrollment MOE	MOE Minimum Required Contribution	Retirement HB 1801/ SB 1301 (1)	Energy and Telecom Taxes, Program Shift	County Contribution	Non- recurring Cost	Amount Over MOE	Percent Over MOE	Explanation
2018	$ 632,158,200	$ 10,030,991	$ 642,189,191	$ -	$ 66,170,900	$ 708,360,091	$ -	$ -	0.00%	Projection based on a 1,950.25 increase in students and Energy and Telecom Tax held at 2017 levels - pending update from County.
2017	$ 606,821,800	$ 6,419,019	$ 613,240,819	$ -	$ 66,170,900	$ 698,329,100	$ -	$ 18,917,381	3.08%	Reflects increase above MOE due to increases in Property Taxes - CB- 32-2015
2016	$ 553,239,520	$ 10,846,372	$ 564,085,892	$ 29,631,799	$ 62,470,325	$ 669,292,125	$ -	$ 13,104,109	2.32%	Reflects increase above MOE due to increases in Property Taxes - CB- 32-2015
2015	$ 545,655,034	$ 6,909,462	$ 552,564,496	$ 24,951,664	$ 50,537,100	$ 630,218,800	$ 1,491,316	$ 674,224	0.12%	The County gave the school system $1,491,316 in one-time cost for computer labs and $ 674,224 in amounts over MOE.
2014	$ 546,591,821	$ (954,322)	$ 545,637,499	$ 24,785,979	$ 53,302,900	$ 623,743,913	$ -	$ 17,535	0.00%	
2013	$ 530,605,290	$ (8,018,487)	$ 522,586,803	$ 19,554,579	$ 66,922,700	$ 633,069,100	$ -	$ 24,005,018	4.59%	Funding increased due to SB 1301/HB1801 to support the State to County retirement shift.
2012	$ 532,220,200	$ (1,614,910)	$ 530,605,290	$ -	$ 73,501,500	$ 617,514,500	$ 13,407,710	$ -	0.00%	Non-recurring funding was to support one-time retirement incentive cost.
2011	$ 538,218,700	$ (5,999,272)	$ 532,219,428	$ -	$ 66,794,200	$ 599,014,400	$ -	$ 772	0.00%	
2010	$ 542,479,236	$ (4,375,151)	$ 538,104,085	$ -	$ 77,283,600	$ 615,503,900	$ -	$ 116,215	0.02%	
2009	$ 537,677,200	$ (9,474,799)	$ 528,202,401	$ -	$ 72,022,800	$ 614,502,036	$ -	$ 14,276,835	2.70%	$14 million in additional Telecom Tax revenue was identified as a supplemental.
2008	$ 538,549,000	$ 8,836,178	$ 547,385,178	$ -	$ 61,166,100	$ 615,843,300	$ -	$ 7,292,022	1.33%	Reflects an increased amount above MOE to continue support of Superintendents initiatives and all day Pre-K.

(1) Starting 2017 - HB1801/SB1301 retirement funding was included in the base MOE calculation.

2. <u>Collective Bargaining</u>

Personnel operations represent the lion's share of the County's budget: anywhere from 82 percent to 84 percent. The Commission devoted considerable effort on the topic of Collective

Bargaining Agreements (CBAs) and heard from the County's labor negotiator, representatives from the Office of Human Resources Management, as well as Collective Bargaining groups. In addition, labor unions were represented on the Commission.

There are fifteen different CBAs supporting nearly 82% of 6,208 County employees, not including the 18,000 teachers and education administrators and staff employed throughout the County, as displayed in **Figure CBA-1** (*See Appendix A).* Police unions account for the largest number of employees at 2,199 employees (35.4%). The County Health Department, Public Works, and Family Services unions represent a 1,240 (19.9%), followed by Fire/EMS with 817 employees (13.2%), Corrections with 528 employees (8.5%) and Sheriff with 297 employees (4.8%), (***Figure CBA-1***).

Each CBA is traditionally renegotiated every two or three years. Renegotiations, which involve union and County leadership including the County Executive, department heads from impacted departments and occasionally outside arbitrators, cover a broad range of base salary and fringe benefits. Fringe benefits typically include health insurance, group-term life insurance, educational assistance, childcare reimbursement, employee discounts and personal use of County-owned vehicles. Under current CBAs, employees hired before July 1, 2013 receive an automatic 3% increment over the previous year's base salary. Employees hired after July 1, 2013 receive an automatic 2.5% increment over the previous year base salary.

Contrary to public perception, the County's workforce is not bloated. The County is the smallest of neighboring jurisdictions in terms of the total overall cost of personnel. It has 5,970 full-time equivalent ("FTE") employees and, over the last two (2) years, the size of the workforce has decreased by 1.5%. When compared to similar jurisdictions like Baltimore County (6,040), Baltimore City (12,033) and Montgomery County (8,244), the County's

workforce is the smallest. Nevertheless, the County can work to reduce its personnel costs, and in turn, provide relief to the structural deficit by considering the following:[10]

- The County should consider restructuring its retirement healthcare and other post-employment benefits based on the detailed information shown in **Figures CBA-4** and **CBA-5** (*Appendix A)* and review retiree healthcare liabilities and consider options to reduce retiree benefits.
- The County should assess the need for all services with the goal of consolidating two or more job titles into one function and/or eliminating entire functions. Individual job descriptions in CBAs should be broadened to allow different workers to perform different jobs and allow for cross-utilization of workers between jobs to reduce unnecessary job specialization.
- The County may evaluate hybrid public safety pension plans contained within various CBAs; accelerate pay-down of Unfunded Actuarial Accrued Liability (UAAL) and separate Solid Waste and Stormwater Management employees into different CBAs.

3. <u>Cost Reduction Efforts</u>

The County has an incentive awards program, pursuant to Section 16-209 of the County Code, that could potentially reduce spending if properly administered. The program is designed to improve the efficiency and economy of County government by recognizing, through appropriate awards, the special talents, creativity, productivity, and resourcefulness of County employees. An award granted under the program may be in the form of a gift, grant of annual leave or a non-base salary payment. While the program has existed for several years, very few awards have been granted, except annual leave – a total of 76,031 days of annual leave since its

[10] A more detailed discussion of these approaches is contained in Figure **CBA-3** in Appendix A.

inception. Most of this annual leave is awarded because of exemplary performance. Two cash awards of $500.00 have been granted because of the use of technology in a creative way.

The Commission advises that the existence of the incentive program be publicized to make all employees aware of its provisions. The incentives would be an excellent way to spur innovation and create an atmosphere of joint responsibility for County employees to help find ways to save County money in the provision of certain programs and services.

4. Procurement Reform

The Commission observes that the Office of Central Services ("OCS") has made significant strides in reforming the way it procures goods and services. Based on its review of OCS' efforts, the Commission believes that it would be advisable for the County Executive and County Council to consider enshrining these items in law to establish "base line" requirements for future Administrations.

At the same time, many of OCS' efforts have direct impact on the County's fiscal state, specifically, through its use of public-private partnerships (P-3) to deliver certain types of services. For example, the Commission commends the County on its use of a P-3 to deliver a new stormwater management system. The project valued at over $100 million represents the perfect example of how the County can pass along development and management costs to the private sector while still providing long-term benefits to the County and its residents. Furthermore, without the skillful use of the P-3 model, this project, which was required by the federal government, would have had significant impact on the County's budget, thereby exacerbating the long-term structural deficit.

Lastly, the Commission takes note of OCS' other accomplishments, all of which are key to ensuring that the County receives maximum value in the services and products it procures. They include: (1) greater transparency, all current contracts with relevant information, procurement opportunities, and a procurement forecast are now available for review online; (2)

attention to ethics, the County has taken steps to remove the "pay to play" perception in County procurement and clarified rules on gifts for those doing or desiring to do business with the County; and (3) greater collaboration with potential vendors to increase transparency in the pre-bid and proposal process.

5. <u>Commercial Revenue Opportunities</u>

Through several presentations throughout the course of the year, the Commission learned that the County is in a solid position to resolve its over-reliance on residential property tax base and expand its commercial tax base. Yet, elected officials and policymakers must do their part not to stymie progress in the commercial sphere. While the Commission did not reach unanimity on a set of revenue generators, thorough discussion was given to the following areas:

A. Commercial Development and Land Use Policy

To help stimulate commercial development in the County, the Commission supports removing unnecessary hurdles from the land use and entitlement process. This will increase the number of projects that come online and decrease the amount of time in which it takes for projects to begin generating revenue. The Commission understands that certain processes are underway by the Maryland-National Capital Park and Planning Commission (M-NCPPC) and strongly suggests that the County reaffirm its commitment to flexible business development. This sentiment was echoed during panel presentations by business leaders, established developers, and land use attorneys, the head of the Economic Development Corporation, and M-NCPPC. MGM National Harbor, the Federal Bureau of Investigation and the Regional Medical Center top the list of economic development projects that have great potential for broadening this commercial base. At the same time, the County must continue to push Transit Oriented Development around metro stations and other, thoroughly vetted, commercial projects.

In addition, the Commission believes it is necessary to signal to the marketplace the County's dogged commitment to expand the commercial tax base. To accomplish the objective, County agencies should commit additional personnel resources to expedite the permit and review process and, as part of the approval process, whether under the Planning Board or District Council, clear procedures that prioritize developments with quality commercial components should be implemented.[11] Furthermore, if the County decides to adopt such an approach, County leaders should develop and execute a public communication strategy to provide context and justification for the singular focus to both residents and the business community.

B. Tax Increment Financing ("TIF") and Payment In Lieu Of Taxes ("PILOT")

When used properly, economic incentives are an effective tool to spur development. The County Council first established a financial incentive policy with CR-89-2006. Over time, the Council revised this policy (CR-98-2010 and CR-38-2011) to create procedures by which to review, analyze and assess the vitality of economic and community development projects and initiatives. According to the County's Office of Finance, there are approximately 30 PILOTs, three special taxing districts and ten TIFs in the County.

The Commission has concerns that the policies and procedures set in the County Code regarding such incentives are not always adhered to, and recommends that the County reassess and follow the most recent policy set forth in CR-38-2011. Such adherence will ensure that proposed projects meet criteria and that the County realizes a return on its investment. To further ensure that the County can assess its returns on investment, the Commission recommends that the County establish a central repository to track and assess projects to make sure that all County requirements are met.

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[11] The Commission acknowledges that an effect of the proposed action would be the limiting of new residential property developments that do not contain substantial commercial components. Given the pressing need for expanding the County's commercial tax base, the Commission notes that a temporary hold on permitting such residential developments may be warranted and could have the benefit of increasing the value of existing housing inventory in the County.

V. Conclusion

After a year and a half of work, the Commission determined that there is no "magic bullet" to solve the structural deficit. First, it was obvious from the first day, that a line by line review of the County's budget was not feasible, and frankly, would represent continued short-term approaches rather than strategic, directed actions. Second, given the restrictions, whether imposed by voters or the State, that limit the County's nimbleness with its budget, it was impossible to make sweeping recommendations without accepting the many potential obstacles that may work to limit any reform.

As such, the above findings and recommendations are the Commission's best effort to provide the County Executive and County Council with sound analysis for *beginning* the work of solving the structural deficit. Once accepted, additional work will be necessary to work through the details of how to implement the Commission's findings and recommendations. Nevertheless, the Commission believes that the additional work is necessary and, if done in the spirit of transparency and with a willingness to view the residents as an equal partner in the process, the results will ensure the long-term fiscal health of Prince George's County.

APPENDIX A

CBA-1. Fifteen Prince George's County CBA Salary Schedules	
Salary Schedule	**Union**
1. A	American Federal of State, County, and Municipal Employees (AFSCME), AFL-CIO, Council 67, and its affiliates: • Local 1170. Health Department, DHCD, Dept. of Family Services • Local 2462. Dept. of Public Works and Transportation, Dept. of the Environment • Local 2735. DHCD and OCS • Local 3389. Dept. of Family Services and Health Dept.
2. C-O	Correction Officials
3. D	PGCOA (Correctional Officers Association)
4. F-O	Fire Officials
5. G	General Schedule
6. H	International Association of Fire Fighters, AFL-CIO, Local 1619 (Civilians)
7. L	Fraternal Order of Police, Lodge 89
8. P	Police Civilian Employees Association (PCEA)
9. P-O	Police Officials
10. Q	Prince George's Correctional Officer Association, Civilian Unit
11. S-O	Sheriff Officials
12. W	Deputy Sheriff's Association of Prince George's County
13. X	School Crossing Guards, AFL-CIO, Local 241, Council 67
14. Y	International Association of Fire Fighters, AFL-CIO, Local 1619, Fire Fighters, Paramedics, and Fire Fighters/Medics
15. Z	Deputy Sheriff's Association of Prince George's County, Civilian Unit

Figure CBA-2. Prince George's County CBAs by Type of Work Performed			
Agency	**Salary Schedule**	**Employees**	**% Total**
Corrections			
Corrections Officials	C-O	7	
PGCOA (Correctional Officers Association)	D	450	
PDCOA (Correctional Officers Association – Civilian Unit)	Q	71	
Sub-Total		**528**	**8.5%**
Fire/EMS			
Fire Officials	F-O	14	
International Association of Fire Fighters, AFL-CIO, Local 1619, Civilian	H	54	
International Association of Fire Fighters, AFL-CIO, Local 1619, Fire Fighters, Paramedics, and Fire Fighters/Medics	Y	749	
Sub-Total Fire/EMS		**817**	**13.2%**
Police			
Fraternal Order of Police Prince George's County, Lodge 89	L	1,609	
Police Civilian Employees Association (PCEA)	P	411	
Police Officials	P-O	56	
School Crossing Guards, AFL-CIO, Local 241, Council 67	X	123	
Sub-Total Police		**2,199**	**35.4%**
Sheriff			
Sheriff Official	S-O	7	
Deputy Sheriff's Association of Prince George's County	W	215	
Deputy Sheriff's Association of Prince George's County (Civilian Unit)	Z	75	
Sub-Total Sheriff		**297**	**4.8%**
Various American Federal of State, County, and Municipal Employees (AFSCME), AFL-CIO, Council 67, and its affiliates: • Local 1170. Health Department, DHCD, Dept. of Family Services • Local 2462. Dept. of Public Works and Transportation, Dept. of the Environment • Local 2735. DHCD and OCS • Local 3389. Dept. of Family Services and Health Dept.	A	1,240	**19.9%**
General Schedule Employee (Non-unionized)	G	1,127	18.1%
Grand Total # of Employees		**6,208**	**100%**
Total Represented by CBAs		**5,081**	**81.8%**
Source: Various CBAs with Prince George's County			

Figure CBA-3. Detailed CBA Reform Observations	
Key Points	**Possible Revisions to CBAs**
Reducing benefits to new hires is generally not sufficient to overcome structural deficit	Slowing future pension accrual for current employees may be necessary as well as assessing the accrual impact of all upcoming CBAs for future benefits for existing employees
CBA job duties/position descriptions are very rigid mandating many more County employees than needed if job descriptions were more flexible ad generally stated.	Make CBA job duties more flexible to adjust with fiscal realities. Consolidate one or more job descriptions into new single job description thereby changing service delivery options
Unfunded Pension Liabilities • County holds $1.2 billion in unfunded pension liabilities as of July 1, 2014. • County contributing less each year to public safety pension funds. Pension liability increasing annually as contributions decrease. • Annual Required Contribution (ARC) for police/fire increasing.	Rapidly pay down unfunded pension liabilities.
Transferring public safety to civilian positions generally produces 1-2% reduction in expenditures.	Maximize increase of public safety positions to civilian positions.
Overtime calculations includes paid leave hours and holiday hours.	Consider reducing CBA overtime based on paid leave hours and holiday hours
CBA employees not allowed to be terminated if work is performed by through "civilianization" workers, i.e., outside contractors, temporary employees, or limited term grant funded personnel employees.	• Accelerate "civilianization" of as many County positions as possible. This includes public safety, fire, health and family services, public works, environmental services, administrative and financial functions, etc. • Expand use of outside contractors, temporary employees, or limited term grant funded personnel versus CBA employees.
Source. Above observations and possible revisions provided in Dent Advisors Report, "Best Practices in Addressing Structural Deficits presented to Blue Ribbon Commission in May 2016.	

The following abbreviations are used for Figures CBA-4 and CBA-5:

CPI. Consumer price index, often used to determine cost of living adjustments

CS. Credited service, credited service includes regular service, purchased service, transferred service, military service and unused sick leave up to a certain limit. The maximum years of credited service allowed is determined by retirement plan.

AFC/AFE. Average final earnings or average final compensation, includes all eligible wages an employee has earned, excluding overtime wages but including any applicable differentials for a certain period prior to retiring.

SS. Social security, the amount of social security that a retiree receives

SSCCL. Social security covered compensation level, used to calculate payments in plan with a social security adjustment once the retiree reaches to age of receiving social security. The SSCCL is determined by the IRS.

COLA. Cost of living adjustment, often used to adjust disability benefits annually

Figure CBA-4. Benefit Comparison of Select County Pension Systems - General Employees							
Jurisdiction	**Social Security**	**Plan Formula**	**Earnings Include**	**Avg Period for AFC**	**Normal Retire Age**	**Employee Contribute**	**Cost**
Anne Arundel	Yes	2% x AFC x CS, Maximum: 60% x AFC	Base Pay	Highest 3	30 yrs service or age 60 with 10 yrs	4%	60% CPI to max 2.5% max
Maryland-National Capital Park and Planning Commission	Yes	Prior to SS eligibility: High-5 x 2% x CS; After Eligibility for full SS: SSCCL x 1.5% x CS, plus difference between High-5 and SSCCL x 2% x C.S.	Base Pay Only	Highest-5	Age 62 w/ at least 10 yrs of CS or 30 yrs of CS	4% up to SS Wage Base and 8% in excess of the Wage Base.	100% of change in CPI up to 2.5%
Montgomery	Yes	Defined Contribution Plan. Employer contributes 8% Cash Balance Plan. Employer contributes 8% at guaranteed interest of 7.25%	Base Pay + specific differentials; does not include overtime	N/A	Age 62	4% of pay to SS integration level and 8% of pay more than SS integration level	N/A
Prince George's	Yes	In State Non-contributory plan 0.8% x (AFC up to SS Integration Level) x CS plus 1.5% x (AFC above SS Integration Level) x CS	Base Pay	3 highest yrs; New hires after 7/1/2011 - highest 60 consecutive months	30 yrs or age 62 with 5 yrs; New hires after 7/1/2011 - Rule of 90 or Age 65 with 10 yrs eligibility service	5% of pay in excess of SS Integration Level	100% CPI up to max of 3%; All employees after 7/1/2011 - 100% CPI up to max of 2.5% if rate of return is achieved; 1% if investment target not met.

Figure CBA-5. Benefit Comparison of Select County Pension Systems - Law Enforcement							
Jurisdiction	**Social Security**	**Plan Formula**	**Earnings Include**	**Avg Period for AFC**	**Normal Retire Age**	**Employee Contribute**	**COLA Increases**
Anne Arundel	No	2.5% x AFC x CS Up to 20 yrs then 2% x AFC x CS, Maximum: 70% x AFC	Base Pay	Highest 3	20 yrs of service or Age 50 with 5 yrs	7.25%	60% CPI to max of 2.5%
MD-National Capital Park and Planning Commission	No	60% of High-3 + 2% of High-3 for each yr more than 25 yrs	Base Pay Only	High-3	Age 55 w/ at least 5 yrs of CS or 25 yrs of CS	8.5% of base pay	Portion benefit due to service earned after 7/1/12. Subject to max 2.5% COLA
Montgomery	Yes	Police/Sheriff 2.4% x AFE x CS	Base Pay + specific differentials; not include overtime	Highest 36 months	Sheriff - Normal - 15 yrs/age 55 or 25 yrs/age 46; Police - Normal - 15 yrs/age 55 or 25 yrs/any age;	Police/ Sheriff - 6.75% ee contributions - 10.5% over SSWB	100% CPI for DC Metro up to 3%; and 60% of any change in CPI greater than 3%, not to exceed total 7.5%. Max 7.5% does not apply to disability retirees or retirees over age 65. Effective 7/1/2011, capped at 2.5% for benefits paid for service after June 30, 2011
Prince George's	Police Officers -No Sheriffs-Yes	3% x AFC x 20 yrs; 2.5% x AFC x service credit over 20	Base Pay	Highest 24 consecutive months	20 Yrs or Age 55	Police Officers - 9% Sheriff - 11%	$35 Guaranteed Annual Increase Funds must meet 8% return for anything above $35. Max $135

APPENDIX B

Fiscal Year 2016 Median Residential Sales by Quarter Improved, Owner-Occupied Properties										
County	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total	
	Jul-Aug-Sep 2015		Oct-Nov-Dec 2015		Jan-Feb-Mar 2016		Apr-May-Jun 2016			
	Count	Median	Count	Median	Count	Median	Count	Median	Count	Median
Allegany	108	$121,525	70	$112,950	61	$99,000	98	$100,450	**337**	**$114,900**
Somerset	20	$135,000	16	$129,950	18	$166,500	25	$100,000	**79**	**$129,900**
Garrett	20	$149,000	35	$145,000	24	$135,000	41	$150,000	**120**	**$147,900**
Dorchester	45	$310,000	37	$206,000	39	$155,000	41	$134,900	**162**	**$162,500**
Wicomico	220	$165,750	163	$161,000	145	$156,500	217	$175,000	**745**	**$165,000**
Caroline	48	$196,950	48	$196,423	41	$165,000	67	$199,900	**204**	**$189,000**
Baltimore City	945	$215,000	724	$179,950	748	$177,376	1,202	$202,250	**3,619**	**$195,000**
Washington	307	$208,000	273	$192,500	196	$210,500	376	$198,800	**1,152**	**$200,500**
Worcester	114	$225,000	110	$210,000	72	$191,750	164	$228,250	**460**	**$215,000**
Cecil	223	$235,000	169	$239,900	143	$230,000	228	$218,500	**763**	**$230,000**
Kent	25	$250,000	24	$264,950	13	$260,279	36	$225,350	**98**	**$238,750**
Baltimore	2,098	$240,000	1,836	$179,950	1,557	$235,000	2,213	$249,000	**7,704**	**$240,000**
Harford	863	$285,000	667	$271,000	497	$267,000	801	$279,000	**2,828**	**$275,000**
Prince George's	2,003	$280,000	1,854	$290,000	1,365	$285,000	1,629	$295,000	**6,851**	**$288,000**
St. Mary's	317	$289,900	281	$299,900	201	$295,000	328	$295,500	**1,127**	**$293,300**
Talbot	92	$311,500	98	$326,000	80	$284,950	104	$284,750	**374**	**$295,900**
Statewide	**16,596**	**$314,000**	**13,715**	**$310,000**	**10,785**	**$299,000**	**15,756**	**$310,000**	**56,852**	**$309,123**
Frederick	945	$318,000	828	$316,000	640	$307,540	995	$305,000	**3,408**	**$310,000**
Charles	636	$310,000	523	$310,990	424	$315,715	502	$320,000	**2,085**	**$313,000**
Carroll	557	$320,000	435	$313,000	370	$315,000	634	$323,000	**1,996**	**$318,000**
Queen Anne's	212	$315,000	142	$309,450	95	$350,000	173	$350,000	**622**	**$328,000**
Calvert	225	$338,200	194	$327,873	161	$334,000	243	$333,683	**823**	**$333,683**
Anne Arundel	2,172	$337,245	1,739	$337,500	1,289	$325,000	1,856	$349,945	**7,056**	**$337,950**
Montgomery	3,187	$438,000	2,526	$425,000	1,915	$415,000	2,666	$447,087	**10,294**	**$433,000**
Howard	1,214	$459,000	923	$431,805	691	$421,000	1,117	$429,900	**3,945**	**$437,900**

While residential home sales in Prince George's County are relatively brisk, of the six Maryland counties that the County competes with in the residential market, all have higher median sales than the County, as indicated in the table above.[12]

[12] Source: Maryland State Department of Assessments and Taxation.