



# NON-DEPARTMENTAL FY 2027 BUDGET OVERVIEW

**Budget & Policy Analysis Division**

**Sylvia King, Sr. Legislative Budget Officer**

**April 30, 2026**

# OFFICE OF MANAGEMENT & BUDGET (OMB)

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

**Non-Departmental is used to**

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

OMB collaborates with:

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The Office of the County Executive

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The Legislative Branch

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The Office of Finance

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The Office of Central Services

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*To plan and direct Non-Departmental transactions*

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# NON-D EXPENDITURES

## Grants and Transfers

Administers County contributions to various community organizations

Community Television, Economic Development Corporation, Financial Services Corporation

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

Supports transfers to various capital improvement projects and other funds

## Debt Service

Manages the County's debt issuance plan

Monitors related principal and interest payments

## Operational Expenditures

Manages operational transactions that are not agency specific including

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

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

# MARYLAND STATE BUDGET EFFECT ON THE COUNTY



**In FY 2026, the State increased the share that all Counties must pay toward the budget of the State Department of Assessments & Taxation (SDAT).**



**Prior to FY 2026, county governments had to pay 50% of the SDAT budget**

**This was increased to 90%, which added \$2.6 million to the non-departmental budget**



**The State also began requiring all Counties to pay half of the increased cost of unfunded teacher and community college unfunded liability pension costs.**

**The County share was \$13.0 million in FY 2026**



**In FY 2027, one-half of the increase in retirement unfunded liability costs for teachers, community colleges, and libraries was added to County budgets.**

**This increases the County share by \$5.7 million, for a total of \$18.7 million**

# FY 2027 BUDGET SUMMARY

**Proposed FY 2027**

**\$500.6 Million**

**Increase \$48.5 Million  
or +10.7%**

**ACF  
payment  
decreases by  
\$600,000, or  
-1.4% in FY  
2027**

**The largest increases are  
approx. \$25.6 million for  
operational expenditures, and  
\$20.5 million for Debt Service**

## NON-DEPARTMENTAL OVERVIEW

Category	FY 2025	FY 2026	FY 2026	FY 2027	Change FY26-FY27	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Debt Service	\$187,064,912	\$197,682,200	\$197,682,200	\$218,275,000	\$20,592,800	10.4%
Grants and Transfers	80,372,505	51,510,500	55,070,900	54,418,600	2,908,100	5.6%
Operational Expenditures	167,100,079	160,308,600	197,489,600	185,950,900	25,642,300	16.0%
Alternative Construction Financing Payment	42,000,000	42,600,000	42,000,000	42,000,000	(600,000)	-1.4%
<b>Total</b>	<b>\$476,537,496</b>	<b>\$452,101,300</b>	<b>\$492,242,700</b>	<b>\$500,644,500</b>	<b>\$48,543,200</b>	<b>10.7%</b>

# FY 2027 FISCAL HIGHLIGHTS

**\$1.0 million  
for Youth Employment  
Program to support  
jobs for County youth**

**\$4.2 million for  
transfers to the Capital  
Improvement Program  
(CIP)**

**\$7 million for grants to  
community  
organizations**

**\$11.7 million provided  
to the County's  
economic development  
& tourism agencies**

**\$14.7 million for  
transfers to the Capital  
Improvement Program  
(CIP)**

**\$18.7 for retirement  
payments Board of  
Education/ Teacher  
and Community  
College**

**\$42 million for  
Alternative  
Construction Financing  
for the school projects  
on behalf of the Board  
of Education**

**\$46 million to address  
resource levels for  
retiree life and health  
benefits**

# Debt Service

**FY 2027 Proposed**

**\$218.3 Million**

**Increase in the Debt Service category to reflect principal and interest payments for current outstanding debt and anticipated costs related to the FY 2026 bond sale**



**+\$20.59 Million**  
**+10.4%**

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

**Approx. \$273 million in FY 2027**

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

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

**The County's current bond rating is AAA from Fitch and S&P and AA1 for Moody's**

# OPERATIONAL EXPENDITURES

## OPERATIONAL EXPENDITURES

Operational Expenditures	FY 2025	FY 2026	FY 2026	FY 2027	Change FY26-FY27	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
General Fund Insurance	\$ 10,400,000	\$ 10,400,000	\$ 10,400,000	\$ 10,400,000	\$ -	0.0%
Judgments and Losses	20,000	100,000	100,000	100,000	-	0.0%
Postage	1,183,089	2,000,000	2,000,000	2,250,000	250,000	12.5%
Equipment Leases	35,508,095	20,621,600	34,607,600	19,225,800	(1,395,800)	-6.8%
Other Leases	32,296,438	32,143,100	32,143,100	32,423,800	280,700	0.9%
Utilities	20,069,969	17,812,200	18,828,100	19,512,600	1,700,400	9.5%
Streetlight Electricity	1,022,700	2,400,000	4,878,900	2,400,000	-	0.0%
Traffic Signal Electricity	324,426	200,000	200,000	300,000	100,000	50.0%
Miscellaneous Expenses	10,620,063	11,735,700	18,235,900	22,892,700	11,157,000	95.1%
Retirement State Payments	-	13,000,100	13,000,100	18,700,100	5,700,000	100.0%
Youth Employment Program	1,145,168	1,000,000	1,000,000	1,000,000	-	0.0%
Automated Programs-Speed Camera, Red-Light, False Alarm	10,329,338	6,800,000	20,000,000	14,650,000	7,850,000	115.4%
Compensated Absences	467,559	-	-	-	-	0.0%
Deferred Compensation in Lieu of State Retirement	257,290	226,400	226,400	226,400	-	0.0%
Unemployment Insurance	475,000	475,000	475,000	475,000	-	0.0%
Retiree Life Benefits/Annuities	3,814,638	2,027,000	2,027,000	2,027,000	-	0.0%
Retiree Health Benefits	44,048,400	44,048,400	44,048,400	44,048,400	-	0.0%
<b>SubTotal</b>	<b>\$ 171,982,173</b>	<b>\$ 164,989,500</b>	<b>\$ 202,170,500</b>	<b>\$ 190,631,800</b>	<b>\$ 25,642,300</b>	<b>15.5%</b>
<b>Expenditure Recoveries</b>						
Leases/Utilities	\$ (3,441,554)	\$ (3,441,600)	\$ (3,441,600)	\$ (3,441,600)	-	0.0%
Other	(1,440,540)	(1,239,300)	(1,239,300)	(1,239,300)	-	0.0%
<b>SubTotal</b>	<b>\$ (4,882,094)</b>	<b>\$ (4,680,900)</b>	<b>\$ (4,680,900)</b>	<b>\$ (4,680,900)</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total</b>	<b>\$167,100,079</b>	<b>\$160,308,600</b>	<b>\$197,489,600</b>	<b>\$185,950,900</b>	<b>\$25,642,300</b>	<b>16.0%</b>

**FY 2027 Proposed**  
**\$185.9 Million**

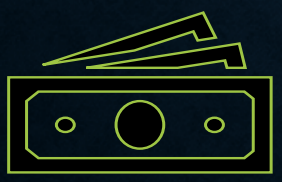


**Largest Decrease:**  
**Equipment Leases \$1.39M**

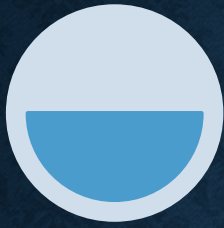


**Largest increases:**  
**Misc Expenses \$11.1M**  
**Automated Program Speed Cameras \$7.8M**

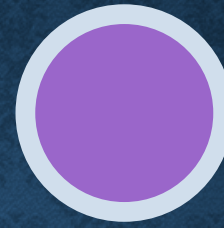
- Speed and red light cameras
  - False alarm programs
- Retirement State Payments \$5.7M**
- PGCPs teachers and PGCC staff



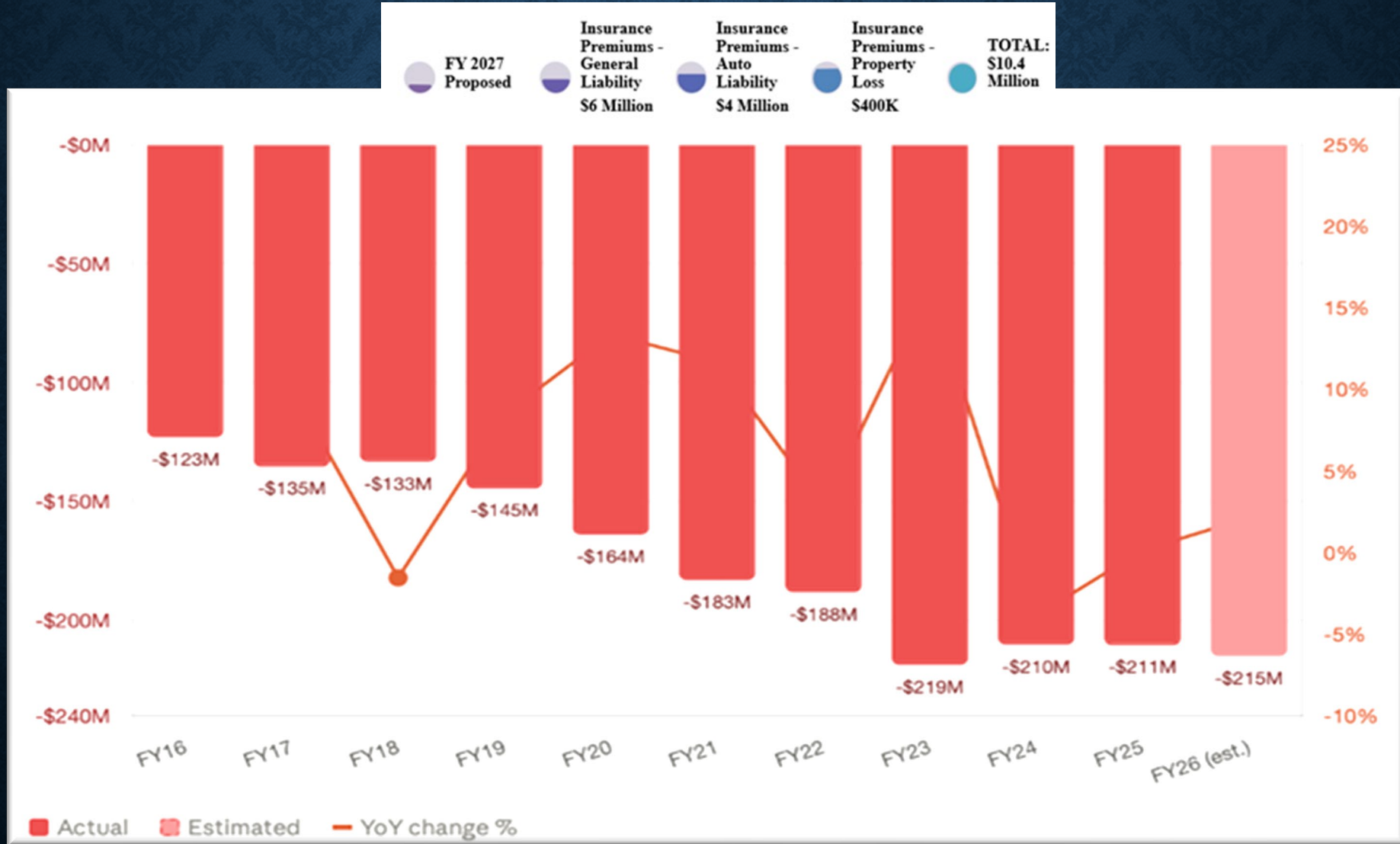
# Risk Management Fund Balance Deficit



The Office is reporting that the Risk Management Fund balance was at a deficit at the end of FY 2025 of approx. **-\$210.5 million**



This fund balance deficit is estimated to increase by approx. **\$4.5 million in FY 2026 to approx. -\$215 million**



# GRANTS & TRANSFERS

FY 2027 Proposed

\$54.4 Million



## GRANTS & TRANSFER PAYMENTS

Grants and Transfers	FY 2025	FY 2026	FY 2026	FY 2027	Change FY26-FY27	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Grants to Community Organizations	\$11,036,972	\$8,980,000	\$9,980,000	\$6,980,000	(\$2,000,000)	-22.3%
Required Payments	418,644	550,900	530,900	511,800	(39,100)	-7.1%
Prince George's Arts and Humanities Council	464,000	393,300	393,300	393,300	-	0.0%
Economic Development Corporation	4,272,200	4,058,600	4,058,600	6,291,400	2,232,800	55.0%
Employ Prince George's	2,994,300	2,409,600	2,409,600	2,409,600	-	0.0%
Financial Services Corporation	1,959,900	1,118,200	1,118,200	1,062,300	(55,900)	-5.0%
Prince George's Community Television	924,600	924,600	924,600	924,600	-	0.0%
Experience Prince George's	1,556,900	1,523,100	1,523,100	603,100	(920,000)	-60.4%
Redevelopment Authority	-	2,017,300	2,017,300.00	2,528,200	510,900	100.0%
Memberships	913,289	986,200	986,200	968,900	(17,300)	-1.8%
Strategic Goals Initiative	164,400	475,000	475,000	475,000	-	0.0%
University of Maryland Medical System	3,755,500	-	-	-	-	0.0%
Other Payments	4,585,000	6,085,000	6,085,000	6,085,000	-	0.0%
Other Payments - VLT	9,576,500	9,576,500	12,174,300	12,029,600	2,453,100	25.6%
Transfer to Capital Improvement Program - VLT	8,042,763	8,116,200	8,058,800	8,019,800	(96,400)	-1.2%
Transfers to Capital Improvement Program	28,307,537	3,396,000	3,436,000	4,236,000	840,000	24.7%
Transfers to Other Funds	1,400,000.00	900,000	900,000	900,000	-	100.0%
<b>Total</b>	<b>\$80,372,505</b>	<b>\$51,510,500</b>	<b>\$55,070,900</b>	<b>\$54,418,600</b>	<b>\$2,908,100</b>	<b>5.6%</b>

### Largest Increases

Other Payments – Video Lottery Terminal (VLT) (\$2.4M)

Economic Development Corporation (\$2.2M)

Transfers to Capital Improvement Program (CIP) – VLT (\$840,000)

Redevelopment Authority (\$510,900)

### Largest Decreases

Grants to Community Organizations (-\$2 million)

Experience Prince George's (-\$920,000)

# ALTERNATIVE CONSTRUCTION FINANCING PAYMENT

Proposed FY 2027  
**\$42 Million**  
**-\$600,000 (-1.4%)**

## ALTERNATIVE CONSTRUCTION FINANCING PAYMENT

Alternative Construction Financing Payment	FY 2025	FY 2026	FY 2026	FY 2027	Change FY26-FY27	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Fringe Benefits	-	-	-	-	-	0.0%
Operating	42,000,000	42,600,000	42,000,000	42,000,000	(600,000)	-1.4%
Capital Outlay	-	-	-	-	-	0.0%
<b>Total</b>	<b>\$ 42,000,000</b>	<b>\$42,600,000</b>	<b>\$42,000,000</b>	<b>\$42,000,000</b>	<b>(\$600,000)</b>	<b>-1.4%</b>

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

# EDI FUND

 **Proposed  
FY 2027**

 **\$9.0  
Million**

 **Unchanged**

## Economic Development Incentive Fund Expenditure Summary

Category	FY 2025	FY 2026	FY 2026	FY 2027	Change FY26-FY27	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Fringe Benefits	-	-	-	-	-	0.0%
Operating	746,317	9,000,000	4,555,000	9,000,000	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
<b>Total</b>	<b>\$ 746,317</b>	<b>\$9,000,000</b>	<b>\$4,555,000</b>	<b>\$9,000,000</b>	<b>\$ -</b>	<b>0.0%</b>

## Economic Development Incentive Fund Summary

Category	FY 2025	FY 2026	FY 2026	FY 2027	Change FY26-FY27	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
<b>BEGINNING FUND BALANCE</b>		<b>\$31,639,576</b>	<b>\$24,882,270</b>	<b>\$34,833,010</b>	<b>\$34,358,010</b>	<b>38.1%</b>
<b>REVENUES</b>						
Interest Income	\$ 3,119,553	\$ 350,000	\$ -	\$ 350,000	\$ -	0.0%
Loan Repayments (Principal and Interest)	820,199	1,300,000	3,780,000	1,300,000	-	0.0%
Equity Investment Returns	-	-	-	-	-	0.0%
Federal Aid	-	-	-	-	-	0.0%
State Aid	-	-	-	-	-	0.0%
Miscellaneous Revenues	-	-	-	-	-	0.0%
Appropriated Fund Balance	-	7,350,000	475,000	7,350,000	-	0.0%
<b>Total Revenues</b>	<b>\$ 3,939,752</b>	<b>\$ 9,000,000</b>	<b>\$ 4,255,000</b>	<b>\$ 9,000,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>EXPENDITURES</b>						
Small Business Loans and Grants	\$ 746,317	\$ 9,000,000	\$ 4,255,000	\$ 9,000,000	\$ -	0.0%
<b>Total Expenditures</b>	<b>\$ 746,317</b>	<b>\$ 9,000,000</b>	<b>\$ 4,255,000</b>	<b>\$ 9,000,000</b>	<b>\$ -</b>	<b>0.0%</b>
EXCESS OF REVENUES OVER EXPENDITURES	\$3,193,435	-	-	-	-	0.0%
OTHER ADJUSTMENTS	\$ -	\$(7,350,000)	\$(475,000)	\$(7,350,000)	\$ -	0.0%
<b>ENDING FUND BALANCE</b>		<b>\$34,833,010</b>	<b>\$17,532,270</b>	<b>\$34,358,010</b>	<b>\$ 9,475,740</b>	<b>54.0%</b>

 Revenue sources in FY 2027

 \$7.35 million of appropriated fund balance

 Loan repayment of \$1.3M

 Interest income of \$350K

 Unchanged from the FY 2026 approved level

 FY 2026 - estimated Loan Repayments \$3.78M or \$2.48M over the budgeted level

 Fund Balance FY26 Est. \$34.8M & FY 2027 Proj. \$34.3M

**Expenditures FY 2027 - \$9 million, which is consistent with the FY 2026 Approved Budget for Small Business Loans and Grants**

# DESTINATION PRINCE GEORGE'S



**Destination Prince George's**

**\$1.0 Million Proposed FY 2027 Funding**

**New Destination Marketing Organization (DMO) in the State of Maryland**

**Different Board of Directors selected by the County Executive**

**Total defunding (to include the hotel tax the County is required by law to pay Experience Prince George's) is not authorized until the law is changed and the State of Maryland recognizes the new entity as the County's DMO**

**Destination Prince George's will be substantially similar to Experience Prince George's as it will also be a Destination Marketing Organization ("DMO").**

**A DMO is the principal organization responsible for leadership in the development and marketing of the tourism industry within a jurisdiction.**

**The new DMO will differ from Destination Prince George's only in that it will have a different board of directors selected by the County Executive and different bylaws.**

**The \$1 Million in funding for Destination Prince George's will be used to cover the same expenses incurred by Experience Prince George's.**

**i.e., operations, OIT charges, consultants, meeting expenses, research, advertising, sales, membership services and event promotions/sponsorships.**

**The intent is to continue to employ Experience Prince George's employees as Destination Prince George's employees.**

**The reduction is incident to the decision to create a new DMO.**

# Use of Fund Balance

In FY 2025 (Ending June 30, 2025), no actual use of fund balance was used

## Why Not?

- The overall General Fund revenues exceeded General Fund expenditures.

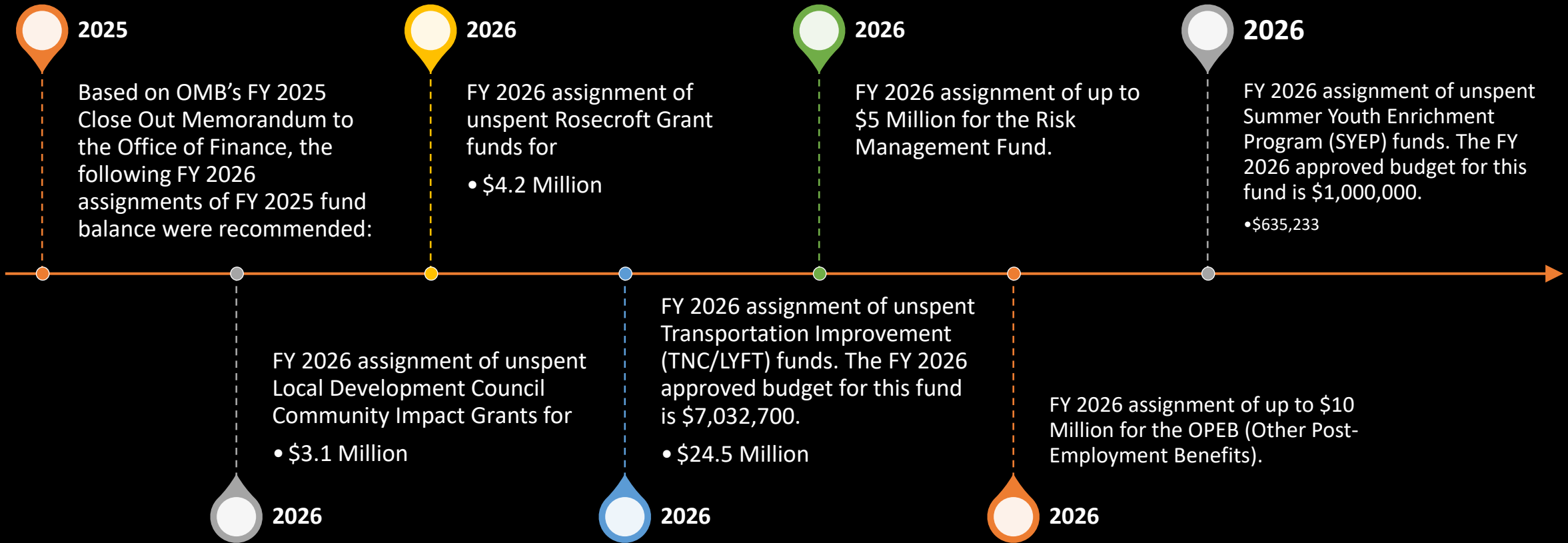
## FY 2026 Use of Fund Balance

- \$4.4M applied to one-time purposes such as capital projects

## FY 2027 Projected

- No use of assigned Fund Balance

# Assignments of FY 2025 Fund Balance



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

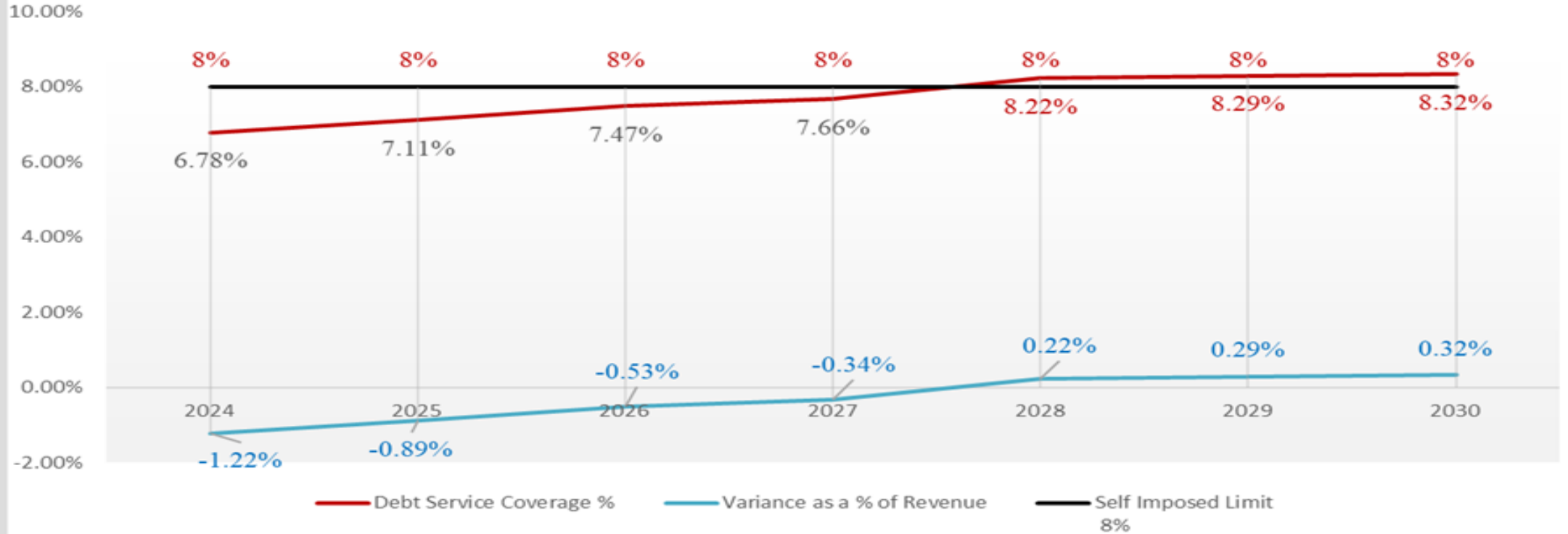
## The County has managed its debt portfolio successfully so far to stay within the policy limit

Various methods have been utilized in these management efforts

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

# GENERAL FUND DEBT SERVICE

General Fund Debt Services  
as a Percentage of  
County Sourced Revenue  
Includes All GOBs Issued through FY2024  
Includes all Projected GOBs to be Issued Through FY2030  
03/24/2025



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



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



The County will continue to prudently manage the County's debt portfolio in the coming years

**The County will continue to have a structural imbalance arising from the mismatch between limited revenue growth and significant service delivery cost increases.**

**This is largely driven by an expansion in base budget costs such as personnel compensation and fringe benefits based on collective bargaining agreements.**

**However, spending pressure has also come from the State-mandated spending on K-12 education through the Blueprint for Maryland's Future legislation.**

**Multi-year fiscal planning including projections for operating budget levels in future fiscal years will need to be restored and expanded in order to execute a plan to reconcile the structural balance between revenues and expenditures.**

# Questions for Consideration

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

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

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**What are the short and long term strategies to handle rising expenditure levels and increase revenues?**

**- See details in the long report.**

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

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

This percentage has increased to 5% in FY 2026

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



# DEBT POLICY

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**The County will need to evaluate if/when it might be appropriate to consider a change to the policy limit**

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

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**- prior to any exceedance of the current policy**

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**- that it is adjusted only once**

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**- and that the County then maintain long-term compliance with the new policy**

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

# THANK YOU

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