



Angela D. Alsobrooks
County Executive

PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

May 1, 2023

The Honorable Thomas E. Dernoga, Chair
Prince George's County Council

The Honorable Joanne C. Benson, Chair
Prince George's County Senate Delegation

The Honorable Nick Charles, Chair
Prince George's County House Delegation

Dr. Monica Goldson, Chief Executive Officer
Office of the Chief Executive Officer
Prince George's County Public Schools

Re: Report required by Chapter 585 of 2021 (MSAR #13085 and #13086)

Dear Chairs Dernoga, Benson and Charles and Dr. Goldson,

In accordance with Chapter 585 of the Public Laws of Maryland of 2021, I have enclosed a copy of the report entitled *An Analysis of the Prince George's County School Facilities and Public Safety and Behavioral Health Surcharges per Chapter 585 of 2021*. Chapter 585 includes requirements for two reports covering both surcharges. One report requires an assessment of the sufficiency of both revenue sources, while the second report tasked the County with reviewing the impact of both fees, making any recommendations for changes, and to determine if the revenue could have an impact on the ability to construct and maintain affordable housing. This report:

- summarizes the application and use of each surcharge,
- highlights the impact of both surcharges on County revenues and the ability of the County to pay for school and public safety capital needs,
- Assesses the use of both surcharges to address affordable housing needs, and
- Assesses the sufficiency of both surcharges.

The Honorable Thomas E. Dernoga, Chair
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The County does not have any changes to recommend to either surcharge. I want to thank the Department of Permitting, Inspections and Enforcement for providing the surcharge-related data and the Office of Management and Budget for preparing the report.

If you have any questions, please contact me.

Sincerely,



Angela Alsobrooks
County Executive

Enclosure

cc: Members, Prince George's County Council
Members, Prince George's County Senate Delegation
Members, Prince George's County House Delegation

**An Analysis of the
Prince George's County School Facilities and
Public Safety and Behavioral Health
Surcharges per Chapter 585 of 2021**

**Office of Management and Budget
Largo, Maryland**

May 1, 2023

Executive Summary

Legislation passed at the 2019 session required the County to study and make recommendations pertaining to the School Facilities Surcharge and the Public Safety Surcharge programs. The Public Safety Surcharge program was renamed the Public Safety and Behavioral Health Surcharge at the 2021 session, and the permissible uses were expanded. Because the study was unable to be completed by the statutory deadline, it was re-codified by separate legislation at the 2021 session and the requirement for an additional study was added. This analysis responds to the requirements adopted for both studies. Specifically, it finds that:

- Both surcharges have had a significant impact on County revenues.
 - Between FY 1998 and FY 2022, the School Facilities Surcharge raised \$601.0 million which leveraged \$268.7 million in County General Obligation (GO) bond principal for the purpose of school construction. Of this amount, \$535.6 million was used to pay debt service on those bonds and \$65.4 million remains in fund balance in a dedicated account for the payment of future debt service.
 - Between FY 2009 and FY 2022 the Public Safety and Behavioral Health Surcharge raised \$100.1 million, of which \$94.1 million was spent on various police, fire, and corrections capital projects.
- The surcharges could have a positive impact on the ability to construct and maintain affordable housing, but at the expense of meeting school and public safety capital needs. The expansion of the School Facilities Surcharge to any other purpose would limit the issuance of future GO bonds that could be supported. The expansion of either surcharge to affordable housing opens the County to potential legal liability because of the lack of nexus between the use of revenues and the purpose of impact fees to address the needs created by additional development.
- Surcharge sufficiency is complex. As detailed below, the School Facilities Surcharge is not currently sufficient to meet the criterion to pay 60% of Board of Education (BOE) GO bonds. Behavioral health sufficiency turns on the concepts of “need” vs. “demand”. Given that the County presently meets the response times for public safety adequacy the rates appear sufficient. Offsetting County needs is the counter argument that rates should not be increased to levels that cause changes in developer economic decisions to build housing in the County.
 - The School Facilities Surcharge has supported 60% of the BOE capital program but annual revenue is insufficient to pay for debt service for any bond issuances between FY 2022 through FY 2025. It is estimated that the County could issue \$80.0 million annually for school construction in FY 2026 and beyond, which can be paid by surcharge revenue.

- Public Safety and Behavioral Health Surcharge revenue likely did not pay the full cost of public safety capital needs related to new population due to additional development, but there is no way to determine the historical cost of those needs. The County currently meets the police and fire response times required in law.
 - Related to the 2021 expansion of this surcharge to address operational or capital needs of behavioral health services, a 2018 study by the State Department of Health suggested that there is a level of unmet need for behavioral health facilities in the County. However, the exact level of need is complicated by the fact that the demand for services is much lower than the need for services because a large number of individuals with mental health or substance use disorders do not feel that they need treatment.

Section I.

Introduction

Chapter 351 of 2019 enacted substantive modifications to both the School Facilities Surcharge and the Public Safety Surcharge programs (the Public Safety Surcharge was later renamed the Public Safety and Behavioral Health Surcharge, and its purposes expanded under Chapter 567 of 2021 (HB 977)). Chapter 351 included the following mandated study:

SECTION 3. AND BE IT FURTHER ENACTED, That Prince George’s County shall: (1) review and make recommendations on the impact of the school facilities surcharge and the public safety surcharge and the need for any changes to the surcharges, including whether changes to the school facilities surcharge and the public safety surcharge might have a positive impact on the ability to construct and maintain affordable housing; and (2) on or before December 1, 2020, report its findings to the Prince George’s County Council, the Prince George’s County School Board, and, in accordance with § 2–1246 of the State Government Article, the members of the Prince George’s County Delegation to the General Assembly.

The required report was not completed by the required December 2020 deadline. As a result, Chapter 585 of 2021 (SB 931) re-enacted uncodified Section 3 of Chapter 351 and extended the deadline to December 1, 2022. In addition, Chapter 585 added a requirement for a second study as follows:

SECTION 2. AND BE IT FURTHER ENACTED, That Prince George’s County shall: (1) review and make recommendations on whether the level of funding the county receives from the school facilities surcharge and the public safety surcharge is sufficient to meet the needs of the county; and (2) on or before December 31, 2021, report its findings to the members of the Prince George’s County Delegation to the General Assembly, in accordance with § 2–1257 of the State Government Article.

This report responds to the required provisions in both reports pertaining to:

- the impact of the two surcharges,
- the need for any changes,
- whether the surcharges might have a positive impact on the ability to construct and maintain affordable housing, and
- whether the level of funding is sufficient to meet the needs of the County.

Section II.
School Facilities Surcharge

Background

The school facilities surcharge has been in effect since FY 1997 but did not exist in its current form until FY 2004 when separate surcharge rates were established for housing built inside or outside of the beltway by Chapter 431 of the 2003 Laws of Maryland (HB 487). Beginning with FY 2005, surcharge rates have grown incrementally annually, per State law based on the CPI.

The County's Department of Permitting, Inspections and Enforcement (DPIE) administers the school facilities' surcharge collection process. Effective July 1, 2022 (FY 2023), the school facilities surcharge fee is set at \$11,020 for buildings located between Interstate Highway 495 and Washington, D.C. or abuts an existing or planned Metro station and \$18,900 for all other locations. The rates by year, starting with the FY 2004 base, and CPI adjustments starting in FY 2005, can be found in **Appendix 1**. Under County law, the surcharge does not apply to:

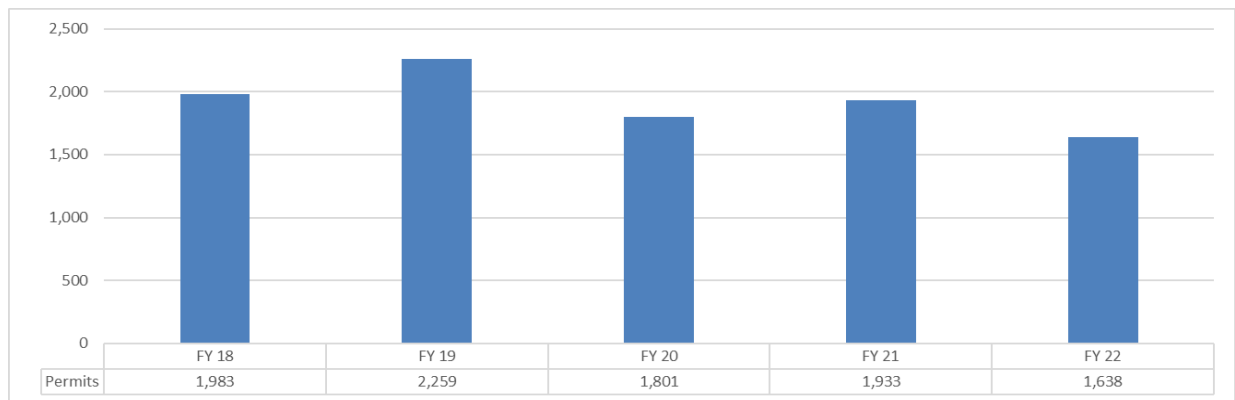
- a mixed retirement development or elderly housing.
- a single-family, detached dwelling that is:
 - built or subcontracted by an individual owner in a minor subdivision, with the intent of using it as the owner's personal residence.
 - Replacing a dwelling on the same lot that was destroyed by fire, explosion or a natural disaster, is similar to the previously existing single-family dwelling unit, and owned and occupied by the same owner.
 - located in a residential revitalization project, and.
 - is in a specified transportation service area as defined in the County General Plan.
 - is in a Transforming Neighborhoods Initiatives Area.
 - is on the same property as previously existing multi-family dwelling units.
 - is developed at a lower density than previously existing multi-family units.
 - is offered for sale only on a fee simple basis; and
 - is located on a property that is less than 6 acres in size.
- a multi-family housing designated as:
 - certain student housing within the campus of Capitol Technology University.
 - student housing within 1 mile of Bowie State University.
 - graduate student housing designated by the City of College Park (which may be reversed within 60 days of designation by County Council Resolution).
 - undergraduate student housing west of U.S. Route 1, North of Knox Road, and south of Metzert Road, upon the recommendation of the City of College Park.
- a studio or efficiency apartment located within:
 - Regional Transit Districts & Local Centers as defined by the County General Plan.
 - an Approved Transit District Overlay Zone; or
 - one-quarter mile of a Metro or MARC station if there is no approved Transit Overlay Zone.

1. The surcharge shall be reduced by 50% for a multi-family housing unit that:
 - a. was issued a building permit after April 1, 2019.
 - b. is within an Approved Transit District Overlay Zone; or
 - c. is within one-quarter mile of a Metro or MARC station if there is no approved Transit Overlay Zone.
 - d. The surcharge may also be reduced by 50% for multi-family housing where there is no approved Transit District Overlay Zone within one quarter mile of a Purple Line Station.

Permit Activity

In FY 2022, the most recently completed fiscal year, DPIE issued 1,638 new residential building permits (single-family dwellings¹), a decrease of 295 permits, or -15.3% below the FY 2021 level. **Exhibit 2.1** shows the numbers of permits issued from FY 2018 to FY 2022. In FY 2022 an average of 137 permits were issued monthly, which is the lowest level since FY 2017.

Exhibit 2.1
School Facilities Surcharge
Single-Family House Permits Issued
FY 2018-2022

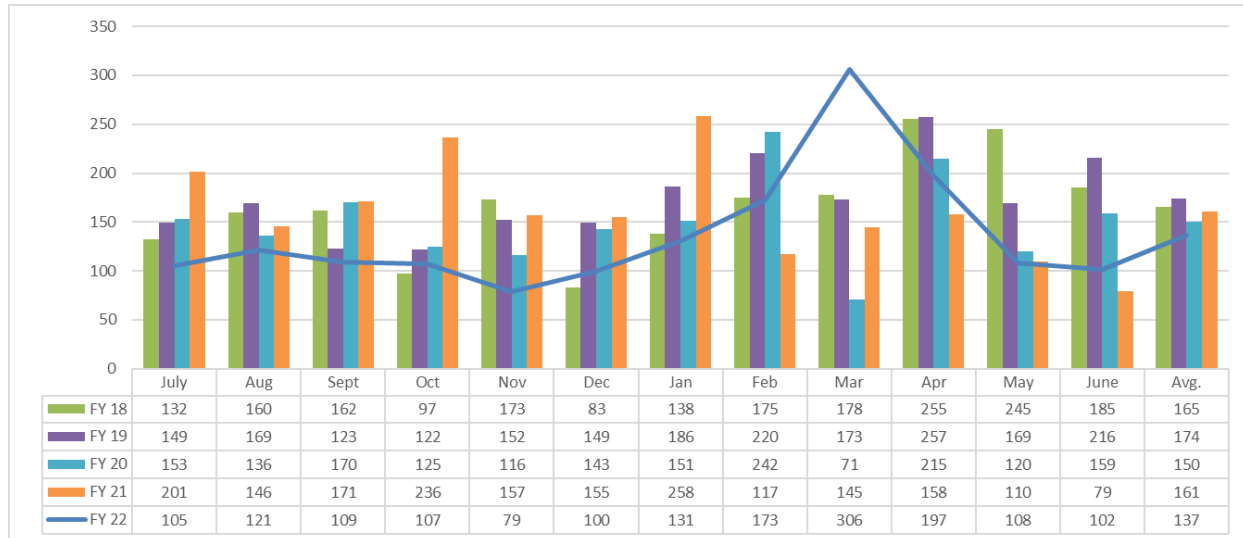


Source: Department of Permitting, Inspections and Enforcement

¹ Single-family houses constitute the majority of residential building permits issued by DPIE. The number serves as an important indicator but cannot directly calculate school surcharge revenue because: (1) the timing of surcharge collection and permit issuance differs; (2) the number of permits includes revisions, which do not generate school surcharge revenue; and (3) the number does not include other types of residential housing, which generate school surcharge revenue based on the number of units instead of the number of permits. The increase reflected herein is as a result of all residential zoning districts being incorporated into the total.

Exhibit 2.2 illustrates the comparison of monthly permits issued from FY 2018 through FY 2022. The data shows that development activity occurs throughout the year but spikes in April when post-winter construction activity begins.

Exhibit 2.2
School Facilities Surcharge
Monthly Single-Family House Permits Issued
FY 2018-2022

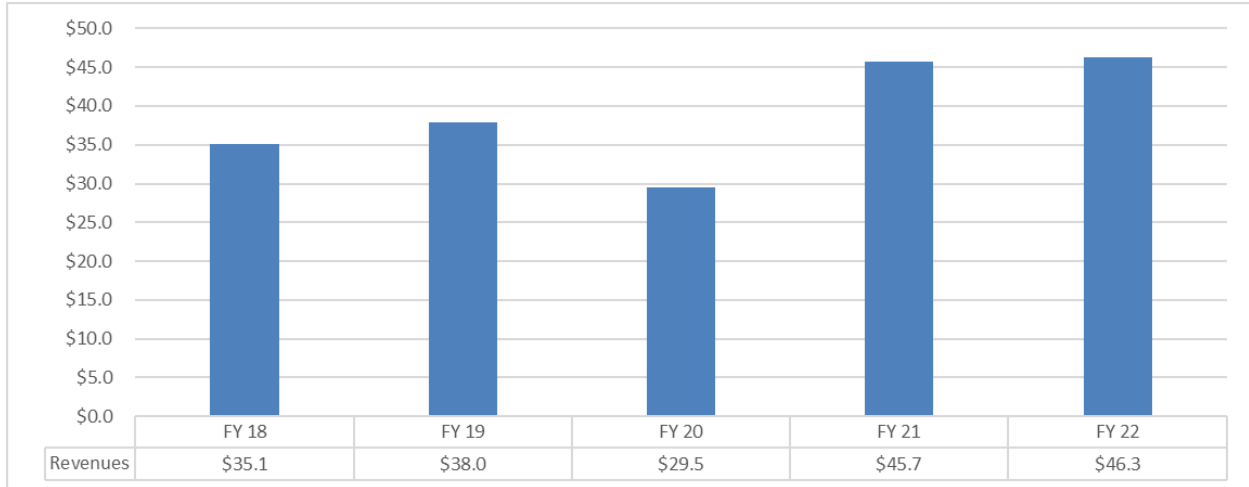


Source: Department of Permitting, Inspections and Enforcement

Fees Collected

School Facilities Surcharge revenue is credited to an account which began reflecting revenue in FY 1998. Between FY 1998 and 2022 \$601.0 million in surcharge revenue has been collected. In FY 2022 the County collected approximately \$46.3 million in school facilities surcharge revenues, which represents a \$0.7 million, or 1.5% increase compared to the FY 2021 collection of \$45.7 million. **Exhibit 2.3** provides the historical trend for school facilities surcharge revenues collected by the County during the past 5 fiscal years.

Exhibit 2.3
School Facilities Surcharge
Revenue
FY 2018-2022



Source: Department of Permitting, Inspections and Enforcement

Expenditures

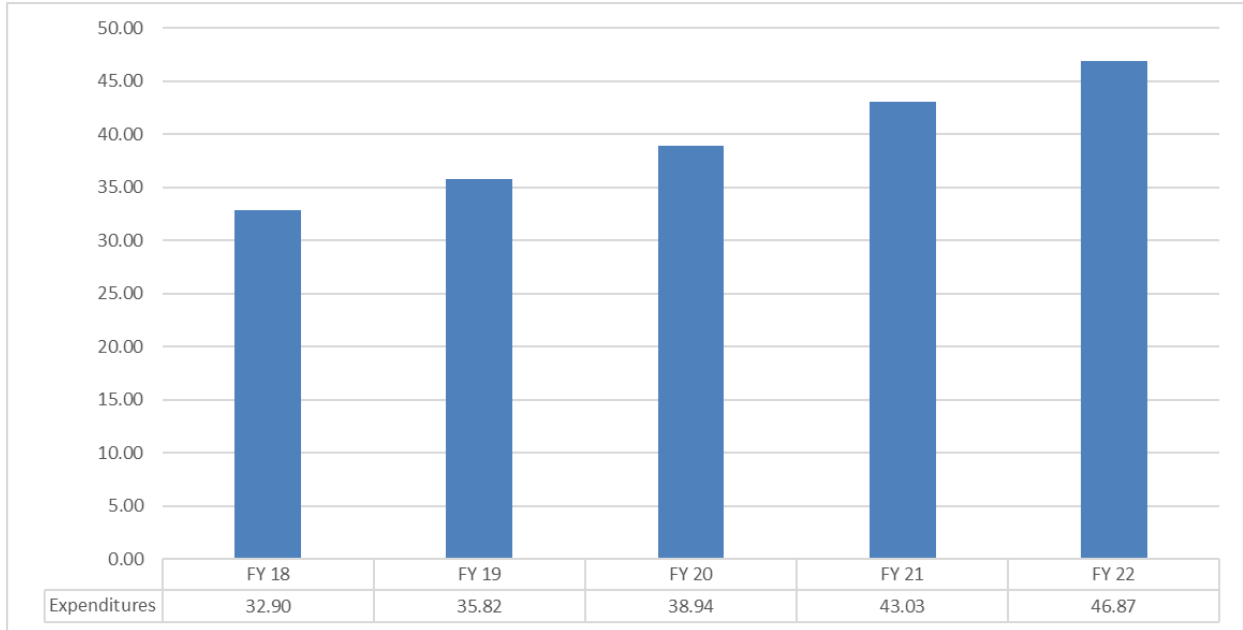
County policy has been to apply School Facilities Surcharge revenue to principal and interest payments on 60% of GO bonds issued to pay for each year’s County BOE capital projects. The 60% level is based on an historical determination of the proportion of the capital program that included new schools, school renovations, and additions which were all related to additional population arising from development in the County.

Since FY 2000, \$535.6 million has been spent on school construction debt service. In FY 2022 \$46.9 million of school surcharge revenue was spent on debt service for bonds issued for various school construction projects. **Exhibit 2.4** shows the annual expenditures from the school facilities surcharge account for the past 5 fiscal years.

Outstanding Debt

As of June 30, 2022, the County has an estimated \$392.6 million in school surcharge-supported outstanding GO bonds.

Exhibit 2.4
School Facilities Surcharge
Expenditures
FY 2018-2022

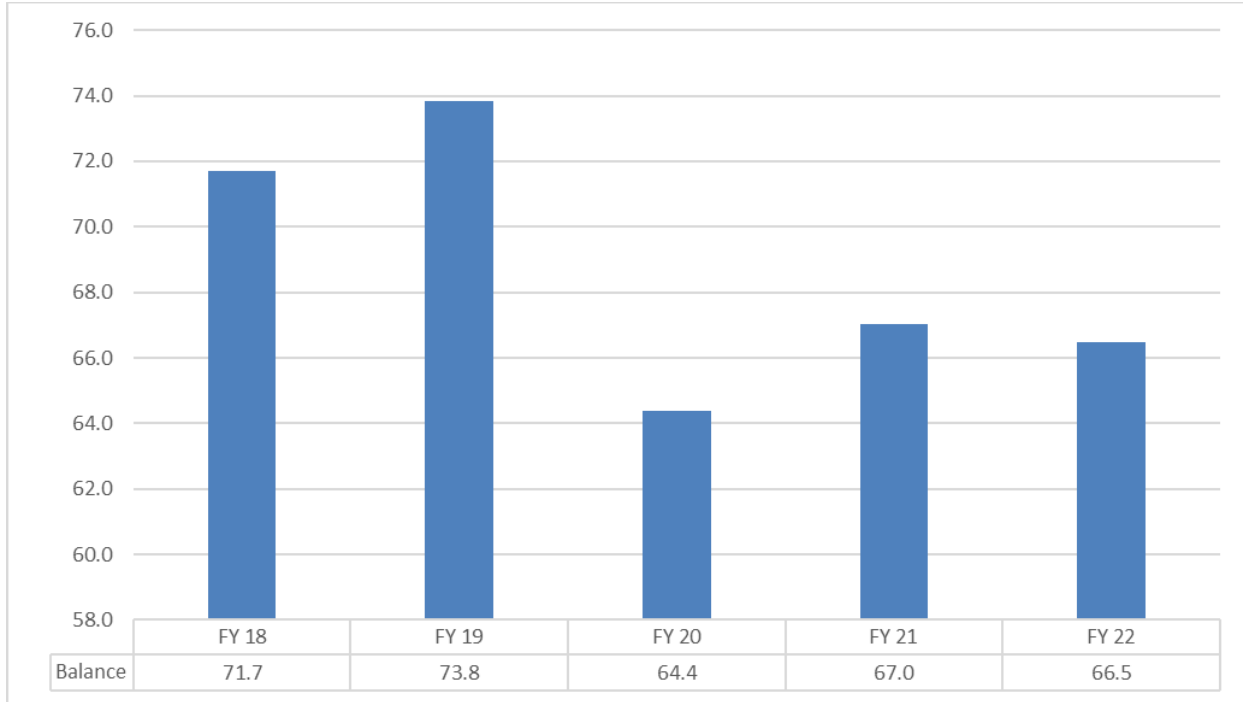


Source: Office of Finance

Accumulated School Facilities Surcharge Balance

The estimated accumulated balance in school facilities surcharge revenues as of June 30, 2022, is of \$65.4 million. **Exhibit 2.5** shows the accumulated balance history. After peaking at \$73.8 million at the close of FY 2019, the payment of debt service levels exceeding annual collections drew down the balance in FY 2020 and FY 2022. Fund balance activity since the start of the program can be found in **Appendix 2**.

Exhibit 2.5
School Facilities Surcharge Accumulated Balance
FY 2018-2022



Source: Office of Finance

Section III.
Public Safety & Behavioral Health Surcharge

Background

The Public Safety Surcharge was authorized by Chapter 594 of the 2005 Laws of Maryland (HB 1129), effective July 1, 2005. Rates were set for FY 2005 at \$2,000 in the Developed Tier and \$6,000 outside of the Developed Tier. No revenue was collected until FY 2009. Surcharge rates have grown incrementally annually, based on CPI starting in FY 2007 based on an uncodified section of County legislation passed in 2005 to establish the program. Uses of the fund were initially limited to (1) the construction or rehabilitation of public safety facilities; and (2) the purchase of equipment or communications devices used in connection with law enforcement, firefighting, or emergency services activities, including protective body armor, surveillance devices, weapons, ladder trucks, ambulances, police cruisers, and rescue vehicles. Chapter 567 of the 2021 Laws of Maryland (HB 977) expanded the use of the surcharge revenue to the operation of behavioral health programs offered by the County, and the construction or rehabilitation of behavioral health facilities in the County.

DPIE administers the surcharge collection process. Effective July 1, 2022 (FY 2023), the Public Safety and Behavioral Health surcharge fee is set at \$2,977 for buildings located in the Developed Tier and \$8,925 for all other locations. The rates by year, starting with the FY 2006 base and CPI adjustments starting in FY 2007, can be found in **Appendix 3**. Under County law, the surcharge does not apply to a single-family, detached dwelling that is built or subcontracted by an individual owner in a minor subdivision, with the intent of using it as the owner's personal residence. The County is also authorized to waive the surcharge for any development and has done so by Resolution nine times since FY 2006. Twenty-five percent of revenue from the surcharge is also required to be shared with municipalities that have a police department.

Permit Activity

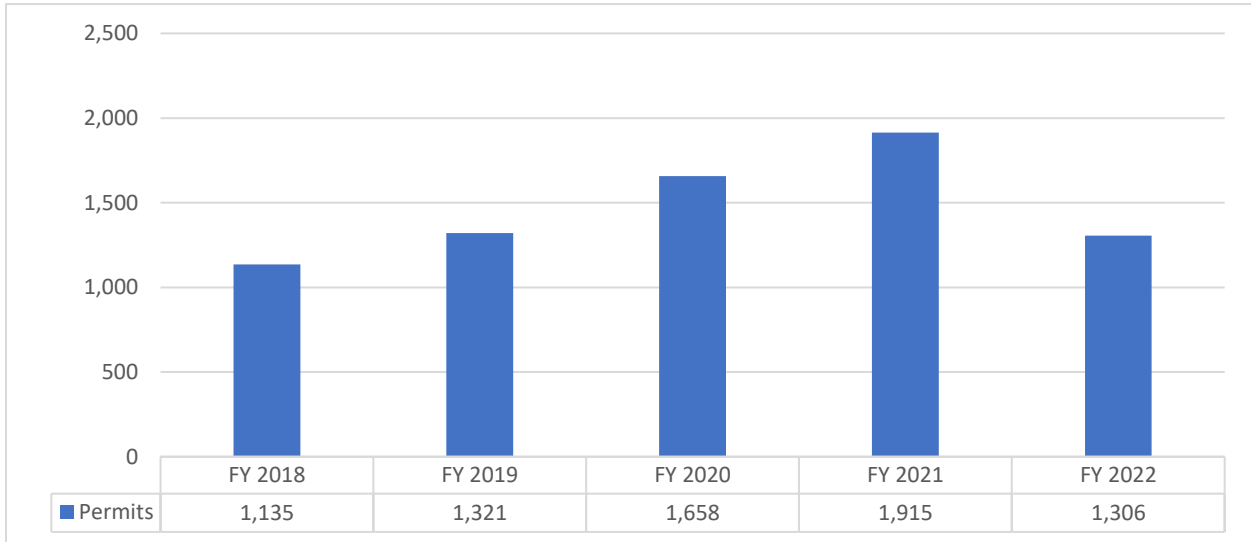
In FY 2022, the most recently completed fiscal year, DPIE issued 1,306 new residential building permits, a decrease of 609 permits, or -31.8% below the FY 2021 level. **Exhibit 3.1** shows the numbers of permits issued from FY 2018 to FY 2022. In FY 2022 an average of 109 permits were issued monthly, which is the lowest level in the last 5 years.

Exhibit 3.2 illustrates the comparison of monthly permits issued from FY 2018 through FY 2022. The data shows that development activity occurs throughout the year but rises in April when post-winter construction activity begins.

Police Facility Adequacy Test: Payment of the surcharge requires that any test concerning the adequacy of the County's police facilities shall be based on the County police response time.

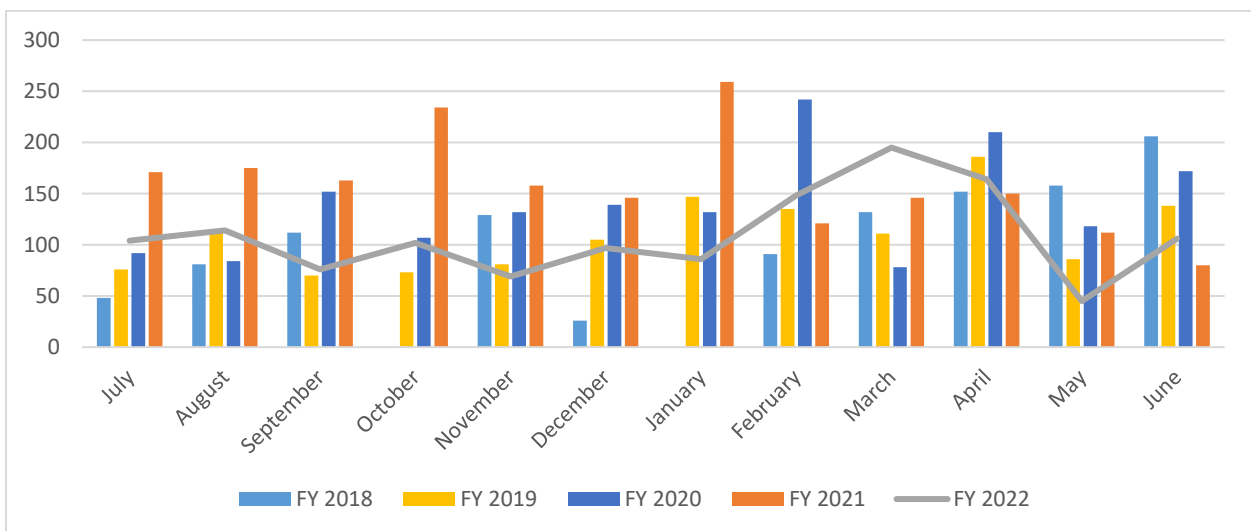
Fire Facility Adequacy Test: Payment of the surcharge requires that any test concerning the adequacy of the County's fire and emergency medical services be based solely on a response time for the first due station in the vicinity of the property that is the subject of a Preliminary Subdivision Plan; and may not require less than 7 minutes travel time as determined by the County Fire Chief.

Exhibit 3.1
Public Safety and Behavioral Health Surcharge
Single-Family House Permits Issued
FY 2018-2022



Source: Department of Permitting, Inspections and Enforcement

Exhibit 3.2
Public Safety and Behavioral Health Surcharge
Monthly Single-Family House Permits Issued
FY 2018-2022

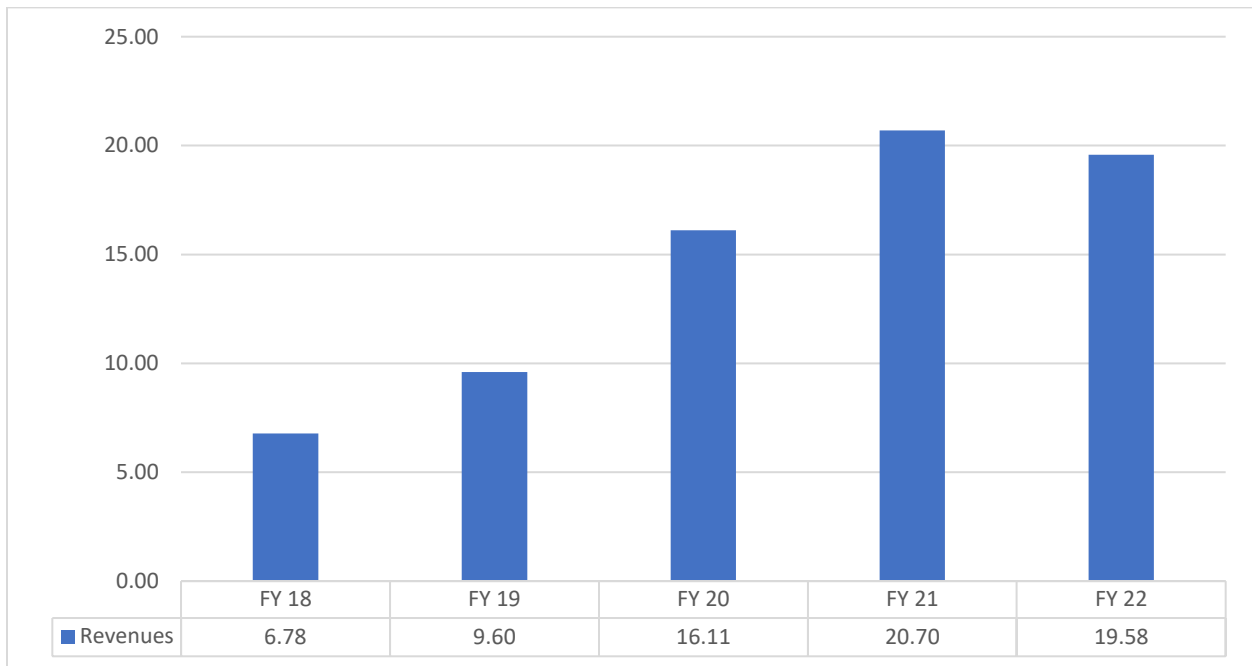


Source: Department of Permitting, Inspections and Enforcement

Fees Collected

Public Safety and Behavioral Health Surcharge revenue is credited to a separate account. Between FY 2009 and 2022 \$100.1 million in surcharge revenue has been collected. In FY 2022 the County collected approximately \$19.6 million in surcharge revenues, which represents a \$1.1 million, or -5.4% decrease compared to the FY 2021 collection of \$20.7 million. **Exhibit 3.3** provides the historical trend for Public Safety and Behavioral Health Surcharge revenues collected by the County during the past 5 fiscal years.

Exhibit 3.3
Public Safety and Behavioral Health Surcharge
Revenue
FY 2018-2022

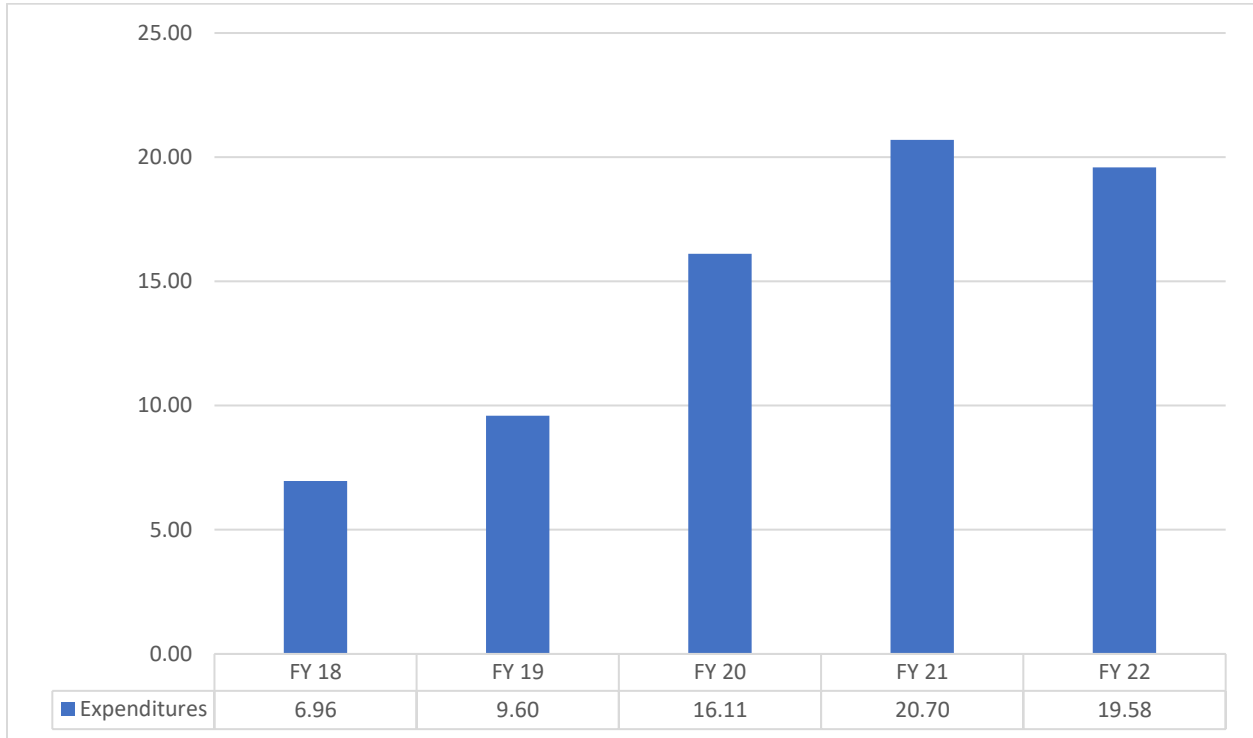


Source: Department of Permitting, Inspections and Enforcement

Expenditures

Since FY 2009, \$94.1 million has been spent on 7 discrete police capital projects, 6 discrete fire-related capital projects, and 1 corrections capital project. **Exhibit 3.4** shows the annual expenditures from the Public Safety and Behavioral Health Surcharge for the past 5 fiscal years. The allocation of all revenue from the surcharge's inception can be found in **Appendix 4**.

Exhibit 3.4
Public Safety and Behavioral Health Surcharge
Expenditures
FY 2018-2022



Source: Office of Finance

Section IV. Analysis

Chapter 585 requires the County to address the following:

- the impact of the two surcharges,
- the need for any changes,
- whether the surcharges might have a positive impact on the ability to construct and maintain affordable housing, and
- whether the level of funding is sufficient to meet the needs of the County.

Surcharge Impact

Both surcharges have had a significant impact on County revenues.

- Between FY 1998 and FY 2022, the School Facilities Surcharge raised \$601.0 million which leveraged \$268.7 million in County GO bond principal for the purpose of school construction. **Appendix 5** aggregates the principal amounts supported by the School Facilities Surcharge for the eighteen GO bond issuances since 2001. Of this amount, \$535.6 million was used to pay debt service on those bonds and \$65.4 million remains in fund balance in a dedicated account for the payment of future debt service.
- Between FY 2009 and FY 2022 the Public Safety and Behavioral Health Surcharge raised \$100.1 million, of which \$94.1 million was spent on 14 discrete capital projects (7 police, 6 fire, and 1 corrections capital projects). As previously noted, Appendix 4 provides a detailed list of the capital projects that were funded with this surcharge between FY 2009 and FY 2022.

In the aggregate the surcharges provided \$362.8 million in capital improvements for the County (74% for school construction and 26% for public safety-related projects). Absent these revenue streams the County would have had to undertake one of the following alternatives:

- A smaller capital program: Given the limits on the issuance of capital debt, which the County is approaching, the loss of surcharge revenues could have resulted in reduced capital spending for school construction and public safety. This would have resulted in a list of unmet needs in both areas.
- Capital decisions may have changed: County leadership may have prioritized surcharge-funded projects with GO bond revenue at the expense of projects for other departments. This could have affected projects for the Departments of Public Works & Transportation, Central Services, the Memorial Library, or the Community College for example.
- Alternative revenue sources: Some of the surcharge-funded projects may have been funded with other revenue sources. For example, more school projects may have been funded under public-private partnerships, through General Fund pay-as-you-go (PAYGO) capital, or by leveraging debt with other ongoing operating revenue sources. All these options would have impacts on the operating budget and required County leadership to make additional funding choices.

Potential Changes

The County has no changes to recommend.

Potential Use of Surcharge for Affordable Housing

The County was asked to assess whether the School Facilities Surcharge and the Public Safety and Behavioral Health Surcharge could have a positive effect on its ability to construct and maintain affordable housing. This question raises issues related to the purpose of impact fees.

In theory, impact fees are designed to provide a funding source to offset the costs of providing services to an expanded population due to residential development. Because this is considered a one-time source of revenue it is not ideal fiscal policy to use impact fees to support ongoing operational costs. Impact fees are generally used for capital expenses to construct police or fire stations to serve the new developments or to add schools to provide an education to the additional students coming from new developments. Some jurisdictions have adopted specific calculations based on a ratio of population to the number of police or fire stations in the vicinity. Prince George's County requires an assessment of police and fire response times.

In either case there is a quantifiable basis for determining when and where additional facilities are needed based on population growth.

Some courts have applied what is termed a "rational nexus standard" when deciding cases related to development and the imposition of fees or other conditions on developers. While there does not seem to be a standard definition of what is or is not permissible, it is unlikely that additional population resulting from development causes a need for more affordable housing. There is a more direct nexus between development and the need for road improvements, police and fire services, and schools. Expanding the use of impact fee revenue for spending that is less directly tied to development could create a legal liability for the County if a developer were to sue over the collection of surcharges for purposes unrelated to development.

Finally, if the law was modified to allow either surcharge to be used for affordable housing, doing so would reduce the funds available for their original purpose (i.e., school improvements and public safety enhancements) as well as the expanded purpose of behavioral health services. For example, the School Facilities Surcharge would not be able to support projected levels of GO bonds for school construction if the slate of potential uses was expanded.

In sum, there is no relationship between affordable housing and the costs of providing additional services related to development. While the law could be amended to allow this purpose to be funded through surcharge revenue, it would detract from the cost of services due to additional population and potentially creates a legal liability for the County if a developer were to sue over the lack of nexus between the surcharges paid and their use.

In practice, we do use impact fee waivers to support affordable housing projects in areas where state law allows us to apply these waivers. Our initial consideration for waiver requests from development partners examines whether the waiver is needed to make the overall project financially feasible. Our secondary consideration examines whether the waiver is needed to help the project meet one or more of the County’s economic development goals, including: providing affordable housing, diversifying the County’s housing typology by providing multifamily housing; providing a mix of uses, specifically the inclusion of commercial and/or fresh food retail square footage in the project; exceeding local hiring and contracting goals; and meeting other County priorities for transit-oriented development, placemaking and revitalization in key focus areas. In these cases, a waiver is treated like a “gap subsidy” to make feasible these projects with additional costs due to achieving the County’s policy goals. This strategy is consistent with recommendations from the County’s Housing Opportunity for All (HOFA) implementation study, which recommended using tools like impact fee waivers to support affordable housing development, in advance of the County being able to implement a broader strategy like inclusionary zoning.

Surcharge Revenue Sufficiency

To assess the sufficiency of the two surcharges, the following discussion addresses each of the permissible uses of each impact fee. This includes the sufficiency of the School Facilities Surcharge to address school construction needs related to development, the sufficiency of the Public Safety and Behavioral Health Surcharge to address public safety needs related to development as well as the sufficiency of this surcharge to address County behavioral health needs.

Sufficiency vs. Impact Fee Levels

Whether fee revenue is sufficient or not invites an analysis of whether, and by how much, fee levels can be raised. Any such discussion must be held in the context of ensuring that fee levels are not raised to levels that cause changes in behavior by developers and elected officials.

One of the best practices recommended by the Government Finance Officers Association is that revenue systems should not influence economic decisions. One method of measuring this is to assess whether taxes or fees levied by a jurisdiction are substantially higher or lower than surrounding jurisdictions. In the case of impact fees, high rates could cause developers to potentially forego construction projects in a jurisdiction or result in demands for legislation to provide fee decreases or exemptions.

School Facilities Surcharge Sufficiency

County policy has been to apply school surcharge revenue to 60% of the GO bonds for the BOE in the CIP. **Exhibit 4.1** illustrates the proposed GO bond issuances in the FY 2023 Approved CIP for the BOE and 60% of the total which would be supported entirely by the school surcharge. The forecast assumes that the County issues an average of \$80.0 million per year beyond FY 2028, which would be repaid from school facilities surcharge revenue.

Exhibit 4.1 **Proposed School Surcharge GO Bond Issuance** **FY 2023-2028**

	FY 2023 Proposed BOE CIP GO	60% of BOE in the CIP
FY 2023	134,620,000	68,849,400
FY 2024	112,815,000	85,393,200
FY 2025	127,469,000	82,090,800
FY 2026	130,489,000	73,518,600
FY 2027	144,120,000	73,409,400
FY 2028	144,088,000	80,059,200

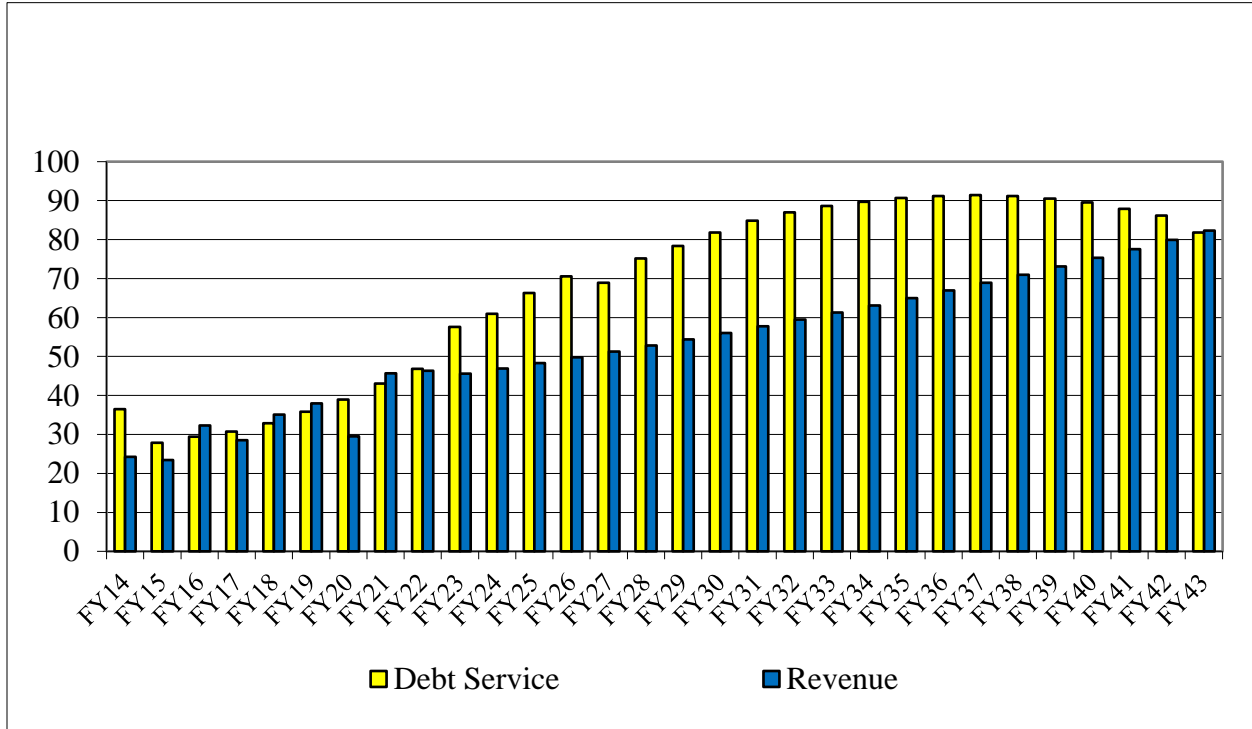
Source: Office of Management and Budget

Assuming a 20-year term and the typical principal retirement schedule used by the County, principal and interest payments on new debt would peak at \$85.6 million in FY 2040. Combined with debt service on previously issued school surcharge-dedicated GO bonds, principal and interest payments would increase to \$91.5 million in FY 2037 before decreasing.

In FY 2022, \$46.3 million in school surcharge revenue was paid to the County and it is assumed that this amount will remain at about this level based on the assumption of 2,500 building permits (which is consistent with current levels) multiplied times a weighted average of the two surcharge rates based on the most recent data from DPIE (91.5% outside the beltway and 8.5% inside the beltway). Due to higher inflation assumptions the surcharge is increased 3% annually in the forecast.

Exhibit 4.2 shows the relationship of projected surcharge revenue to debt service under the bond issuance stream envisioned in the FY 2023 CIP. As shown, debt service would exceed surcharge revenue from FY 2022 through FY 2043 and would require general fund subsidies.

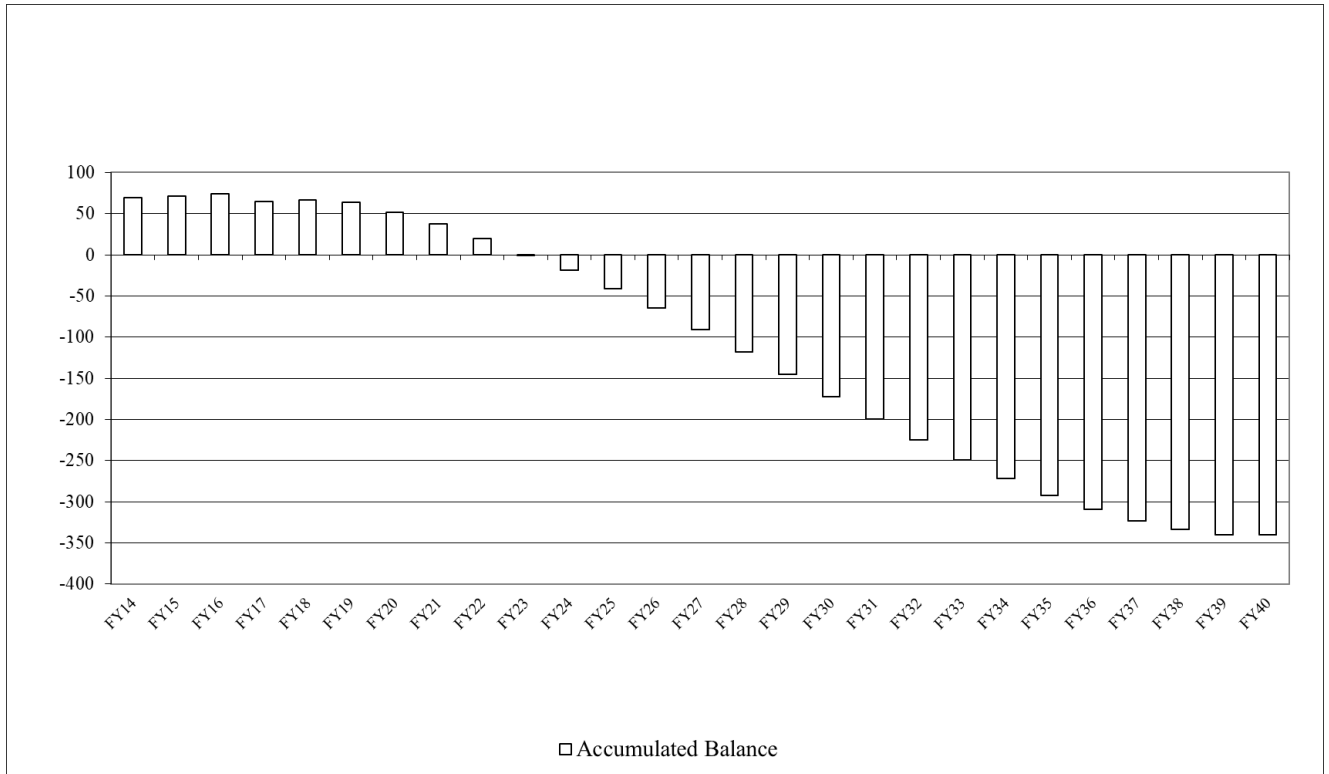
Exhibit 4.2
School Surcharge Revenues and Expenditures
FY 2014-2043
(\$ in Millions)



Source: Office of Finance
Office of Management and Budget

The disparity between surcharge revenue and debt service is better illustrated in **Exhibit 4.3**, which shows the accumulated balance in the school surcharge fund. Since the fund cannot run a negative balance, the exhibit illustrates the level of general fund support needed to pay debt service under the current level of bonds planned in the CIP.

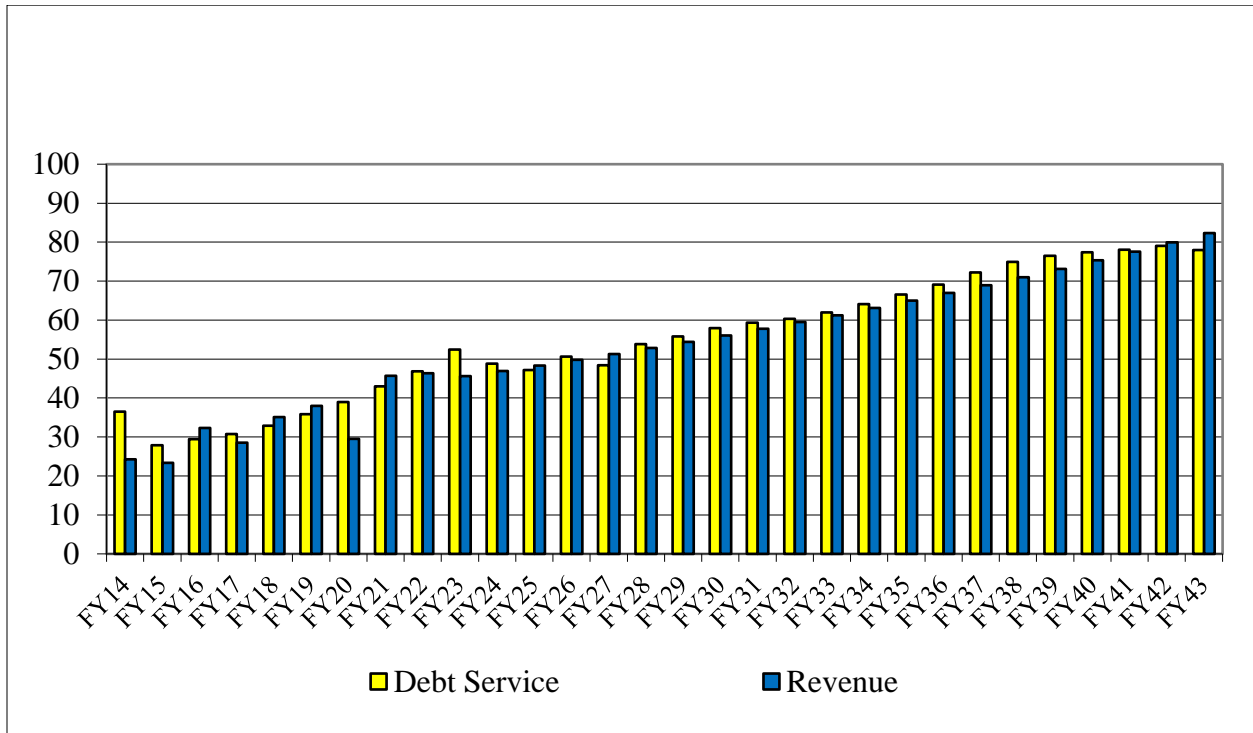
Exhibit 4.3
Estimated School Surcharge Fund Balance
FY 2014-2043



Source: Office of Management and Budget

Based on last year’s forecast and analysis of school facilities surcharge revenue and debt service, the County did not issue any GO bonds for the BOE backed by the surcharge in FY 2022. Based on the revenue and permit activity assumptions listed in this analysis the County would need to forgo issuing any additional school surcharge-backed bonds until FY 2026. This is illustrated in **Exhibit 4.4**. Beginning in FY 2026 the County could issue approximately \$80.0 million in school surcharge-backed bonds without the need for general fund subsidies.

Exhibit 4.4
School Surcharge Revenues and Expenditures
Assuming No Surcharge-Backed Bonds are Issued in FY 2023-2025
 (\$ in Millions)
 FY 2014-2043



Source: Office of Finance
 Office of Management and Budget

While the level of revenue raised by the School Facilities Surcharge is insufficient in the near term, raising the level of the surcharge may not be a recommended course of action because (1) higher rates may cause developers to reconsider decisions to build within the County; and (2) higher rates may lead to requests for more exemptions.

Public Safety and Behavioral Health Surcharge Sufficiency

Public Safety Sufficiency

There is no definitive source of information that summarizes the total historical cost to the County of providing additional capital infrastructure in response to development since inception of the Public Safety and Behavioral Health Surcharge. As noted, the County has historically adopted a policy whereby 60% of the capital program for the school system was funded by GO bonds whose debt service was paid exclusively by the School Facilities Surcharge. However, the County has met the police and fire response times stipulated in County law, which is at least one indicator that public safety needs are being met. Whether the impact fee alone is sufficient to address future needs cannot be determined.

Behavioral Health Sufficiency

In November 2018 the Maryland Department of Health issued a statewide review of behavioral health services across the State. Data was reported from the National Survey on Child Health and the National Survey on Drug Use and Health. **Exhibit 4.5** illustrates the data for the County compared to the State. Although the data estimates that only about 11% of those in need are receiving services in the County, compared to about 19% statewide, the estimated need is overstated relative to the demand for services. Survey results reported by the State indicate that 96% of those with a substance abuse problem reported that they did not feel that they needed treatment. Similarly, between 55% - 74% of individuals with a diagnosed mental illness do not seek treatment. This implies that the County is likely meeting the demand for substance abuse disorders but is unlikely meeting the demand for mental health disorders.

Exhibit 4.5
Behavioral Health Survey Results
Prince George's County vs. State of Maryland

Jurisdiction	Population	Average Medicaid Eligible	Estimated Behavioral Health Population	# Receiving Behavioral Health Services	% in Need Who Receive Services
Prince George's	909,535	219,834	212,831	22,538	10.6%
Maryland	6,006,342	1,367,993	1,406,949	262,299	18.6%

Source: Maryland Department of Health

Section V. Appendices

**School Facilities Surcharge
Annual Rates FY 2004-2023**

	CY	Developed Tier	Annual Change	Other Buildings	Annual Change	Resolution
FY 2004	2003	\$ 7,000		\$ 12,000		
FY 2005	2004	7,161	161	12,276	276	CR-47-2004
FY 2006	2005	7,412	251	12,706	430	CR-45-2005
FY 2007	2006	7,671	259	13,151	445	CR-53-2006
FY 2008	2007	\$7,870	\$199	\$13,493	\$342	CR-50-2007
FY 2009	2008	8,177	307	14,019	526	CR-48-2008
FY 2010	2009	8,120	(57)	13,921	(98)	CR-63-2009
FY 2011	2010	8,299	179	14,227	306	CR-56-2010
FY 2012	2011	8,565	266	14,682	455	CR-51-2011
FY 2013	2012	8,762	197	15,020	338	CR-46-2012
FY 2014	2013	8,858	96	15,185	165	CR-66-2013
FY 2015	2014	9,035	177	15,489	304	CR-55-2014
FY 2016	2015	9,017	(18)	15,458	(31)	CR-35-2015
FY 2017	2016	9,116	99	15,628	170	CR-50-2016
FY 2018	2017	9,317	201	15,972	344	CR-57-2017
FY 2019	2018	9,550	233	16,371	399	CR-38-2018
FY 2020	2019	9,741	191	16,698	327	CR-55-2019
FY 2021	2020	9,770	29	16,748	50	CR-44-2020
FY 2022	2021	10,180	410	17,451	703	CR-65-2021
FY 2023	2022	11,020	840	18,900	1,448	CR-80-2022

Source: Office of Management and Budget

Appendix 2

School Facilities Surcharge Fund Balance FY 1998-2022

Fiscal Year	Total Collected	Total Paid	Fund Balance
FY 98	425,600.00	-	425,600.00
FY 99	2,704,125.00	-	3,129,725.00
FY 00	6,739,056.00	-	9,868,781.00
FY 01	7,515,885.00	534,211.00	16,850,455.00
FY 02	9,392,500.00	1,321,151.00	24,921,804.00
FY 03	16,275,865.00	2,459,198.00	38,738,471.00
FY 04	13,062,865.00	5,264,688.00	46,536,648.00
FY 05	26,721,393.62	11,381,288.99	61,876,752.63
FY 06	42,795,563.12	14,376,426.18	90,295,889.57
FY 07	47,705,216.60	11,662,090.89	126,339,015.28
FY 08	27,596,229.44	23,846,538.00	130,088,706.72
FY 09	14,726,781.48	28,782,676.00	116,032,812.20
FY 10	15,863,426.56	48,994,157.40	82,902,081.36
FY 11	14,279,525.00	21,729,290.32	75,452,316.04
FY 12	22,827,760.00	20,533,094.72	77,746,981.32
FY 13	29,292,329.72	22,559,274.98	84,480,036.06
FY 14	24,279,022.00	36,509,421.26	72,249,636.80
FY 15	23,393,341.08	27,893,687.61	67,749,290.27
FY 16	32,340,543.40	29,405,570.01	70,684,263.66
FY 17	28,504,886.98	30,774,407.62	68,414,743.02
FY 18	35,084,610.96	32,899,418.76	70,599,935.22
FY 19	37,962,777.70	35,819,795.15	72,742,917.77
FY 20	29,481,793.68	38,940,403.26	63,284,308.19
FY 21	45,664,422.00	43,025,776.00	65,922,954.19
FY 22	46,329,383.40	46,867,022.00	65,385,315.59

Source: Office of Finance

**Public Safety & Behavioral Health Surcharge
Annual Rates FY 2005-2023**

	CY	Developed Tier	Annual Change	Other Buildings	Annual Change	Resolution
FY 2006	2005	\$ 2,000		\$ 6,000		
FY 2007	2006	2,070	70	6,210	210	CR-54-2006
FY 2008	2007	2,124	54	6,371	161	CR-51-2007
FY 2009	2008	2,207	83	6,619	248	CR-49-2008
FY 2010	2009	2,192	(15)	6,573	(46)	CR-64-2009
FY 2011	2010	2,240	48	6,718	145	CR-55-2010
FY 2012	2011	2,312	72	6,933	215	CR-50-2011
FY 2013	2012	2,365	53	7,092	159	CR-45-2012
FY 2014	2013	2,391	26	7,170	78	CR-65-2013
FY 2015	2014	2,439	48	7,314	143	CR-56-2014
FY 2016	2015	2,434	(5)	7,299	(15)	CR-34-2015
FY 2017	2016	2,461	27	7,380	80	CR-49-2016
FY 2018	2017	2,515	54	7,542	162	CR-56-2017
FY 2019	2018	2,578	63	7,730	189	CR-37-2018
FY 2020	2019	2,630	53	7,885	155	CR-54-2019
FY 2021	2020	2,638	8	7,909	24	CR-43-2020
FY 2022	2021	2,749	111	8,241	332	CR-66-2021
FY 2023	2022	2,977	228	8,925	684	CR-79-2022

Source: Office of Management and Budget

Appendix 4

Public Safety & Behavioral Health Surcharge Allocation of Proceeds FY 2013-2022

Fiscal Year	Amount Collected	Use	Project Allocation	Total
FY 2006	0	None		
FY 2007	0	None		
FY 2008	0	None		
FY 2009	32,276	None		
FY 2010	0	None		
FY 2011	513,991	None		
FY 2012	4,003,351	None		
FY 2013	2,723,599	Used in FY 2014 for Record Management System	2,723,599	
FY 2014	1,998,940	Used in FY 2016 for Driver Training Facility and Gun Range	1,998,940	2,723,599
FY 2015	3,515,855	Detention Center Housing 1,000,000	1,000,000	
		Records Management System 2,515,855	2,515,855	3,515,855
FY 2016	9,285,386	Driver Training Facility and Gun Range	2,115,600	
		Training/Administrative Headquarters	5,569,786	9,684,326
FY 2017	5,209,009	Police Department Forensic Lab Renovations	3,609,009	
		Fire Department Self-Contained Breathing Apparatus	1,600,000	5,209,009
FY 2018	6,778,861	Police Department Forensic Lab Renovations	5,428,366	
		Fire Department Self-Contained Breathing Apparatus	1,530,495	6,958,861
FY 2019	9,597,452	Police Department Forensic Lab Renovations	6,100,000	
		Fire Department Self-Contained Breathing Apparatus	1,530,495	
		Hyattsville Fire/EMS Station	1,966,957	9,597,452
FY 2020	16,113,577	Fire Department Self-Contained Breathing Apparatus FY 2020	1,530,495	
		Driver Training Facility and Gun Range	1,256,187	
		Hyattsville Fire/EMS Station	3,706,001	
		Shady Glen Fire/EMS Station	2,981,000	
		Oxon Hill Fire/EMS Station	5,145,505	
		Fire Department Self-Contained Breathing Apparatus FY 2020	1,494,389	16,113,577
FY 2021	20,700,488	Fire Department Self-Contained Breathing Apparatus	1,519,849	
		Hyattsville Fire/EMS Station	2,557,000	
		Shady Glen Fire/EMS Station	5,390,505	
		Police Station Renovations	2,331,000	
		Fire Station Renovations	1,929,500	
		National Harbor Public Safety Building	1,474,359	
		Water Storage Tanks	398,275	
		Forensics Lab Renovations	2,000,000	
		Driver Training Facility and Gun Range	3,100,000	20,700,488
FY 2022	19,584,974	Forensics Lab Renovations	10,000,000	
		Hyattsville #801	1,169,505	
		National Harbor Public Safety Building	525,641	
		Fire Station Renovations	983,257	
		SBCB FY 2022 payment/FY 2023 pre-payment	1,552,092	
		Police Special Operations Division Facility	5,354,479	19,584,974
Total	100,057,759		94,088,141	

Source: Office of Management and Budget

**School Facilities Surcharge
Amount of Bond Principal Supported by Issuance
FY 2003-2022**

Series	Principal	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Total
2001	17,445,000	56,000	168,000	280,000	392,000	620,000	850,000	1,078,000	1,190,000	1,302,000	1,297,000	1,293,000	1,288,000	1,285,000	1,281,000	1,158,000	1,036,000	913,000	791,000	667,000	500,000	
2002	28,780,000		200,000	300,000	400,000	500,000	600,000	700,000	800,000	900,000	1,000,000	1,100,000	1,200,000	1,300,000	1,500,000	1,700,000	2,000,000	2,300,000	2,600,000	2,900,000	3,200,000	
2003A	20,050,000			200,000	300,000	400,000	500,000	600,000	700,000	800,000	900,000	1,000,000	1,100,000	1,200,000	1,300,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	
2004	25,125,000				170,000	250,000	340,000	505,000	675,000	845,000	1,000,000	1,200,000	1,350,000	1,700,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	1,850,000	1,800,000	1,700,000
2005	29,980,000					200,000	300,000	400,000	500,000	600,000	700,000	800,000	900,000	1,000,000	1,200,000	1,400,000	1,600,000	1,800,000	2,000,000	2,200,000	2,400,000	
2006	56,110,000						1,000,000	1,500,000	2,000,000	2,500,000	3,000,000	3,500,000	400,000	4,500,000	5,000,000	4,500,000	4,000,000	3,500,000	3,000,000	2,500,000	2,500,000	
2007A	33,070,000							250,000	500,000	750,000	1,000,000	1,250,000	1,500,000	1,750,000	2,000,000	2,250,000	2,500,000	2,750,000	3,000,000	2,750,000	2,500,000	
2008	24,800,000								200,000	400,000	700,000	900,000	1,000,000	1,200,000	1,300,000	1,500,000	1,700,000	1,900,000	2,000,000	2,000,000	2,000,000	
2011B	44,005,000											1,280,000	2,185,000	2,080,000	4,330,000	4,615,000	4,875,000	5,140,000	4,050,000	4,285,000	4,465,000	
2013A	25,700,000												500,000	500,000	500,000	1,000,000	1,250,000	1,500,000	1,500,000	1,750,000	1,750,000	
2013C	25,000,000													250,000	500,000	750,000	1,000,000	1,250,000	1,500,000	1,500,000	1,750,000	
2014A	30,000,000														500,000	750,000	1,000,000	1,250,000	1,500,000	2,000,000	2,000,000	
2016A	16,770,000																420,000	580,000	630,000	680,000	790,000	
2017A	40,835,000																	1,025,000	1,405,000	1,535,000	1,660,000	
2018A	50,940,000																		1,275,000	1,755,000	1,915,000	
2019A	66,635,000																			1,670,000	2,295,000	
2020A	66,445,000																					1,665,000
2021A	57,600,000																					-
	659,290,000	56,000	368,000	780,000	1,262,000	1,970,000	3,590,000	5,033,000	6,565,000	8,097,000	9,597,000	12,323,000	11,423,000	16,765,000	21,411,000	23,023,000	24,781,000	27,308,000	28,501,000	31,392,000	34,490,000	268,735,000

Source: Electronic Municipal Market Access