



FY 2026 State Budget Overview

Office of Management and Budget

February 24, 2025



Agenda

- State Aid Overview
- Other Legislation

State Aid Overview

FY 2026 County Aid Summary

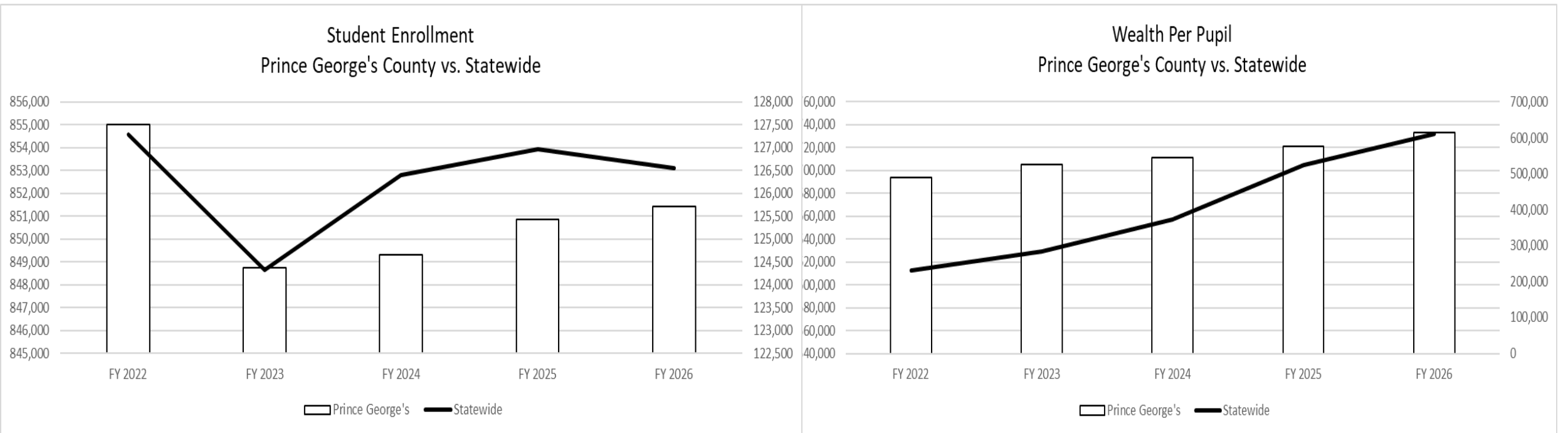
- State aid to/on behalf of Prince George's County totals \$2.05 billion in FY 2026.
- Direct Aid increases by \$80.9 million, or 4.4%.
 - K-12 education aid increases \$89.9 million, or 5.6%.
 - Library aid increases by \$146,098, or 1.7%.
 - Community College aid increases by \$4.88 million, or 10.2%.
 - County aid decreases by -\$14.1 million, or -8.7%.

K-12 Education Aid by Program

Category	Program	FY 2025	FY 2026	\$ Change	% Change
Education	Foundation Aid	651,356,169	662,250,607	10,894,438	1.7%
	Comparable Wage Index	41,172,223	40,152,254	-1,019,969	-2.5%
	Compensatory Aid	346,711,419	351,377,350	4,665,931	1.3%
	Student Transportation - Regular	49,259,576	50,854,995	1,595,419	3.2%
	Student Transportation - Special Education	4,504,000	4,432,000	-72,000	-1.6%
	Special Education - Formula	73,818,961	82,364,987	8,546,026	11.6%
	Special Education - Nonpublic Placements	25,578,035	22,271,319	-3,306,716	-12.9%
	English Language Learners Grant	172,227,907	175,487,773	3,259,866	1.9%
	Teacher Development Grants	4,000	4,000	0	0.0%
	Food Service	3,301,658	2,284,921	-1,016,737	-30.8%
	Innovative Programs	251,267	251,267	0	0.0%
	Out-of-County Placements	101,809	105,966	4,157	4.1%
	Judy Hoyer Centers	1,932,741	1,932,741	0	0.0%
	Blueprint - Concentration of Poverty	98,625,834	136,711,216	38,085,382	38.6%
	Blueprint - Transitional Instruction	6,867,147	4,604,900	-2,262,247	-32.9%
	Blueprint - Transition Grants	17,429,804	13,328,674	-4,101,130	-23.5%
	Blueprint - Full Day PreKindergarten	26,872,122	30,654,325	3,782,203	14.1%
	Blueprint - College and Career Readiness	873,930	6,433,439	5,559,509	636.2%
	Blueprint - Education Effort Index	80,484,079	104,701,589	24,217,510	30.1%
	Blueprint - Career Ladder	1,879,239	2,990,770	1,111,531	59.1%
	Blueprint - Coordinators	96,480	87,194	-9,286	-9.6%
	Subtotal Education	1,603,348,400	1,693,282,287	89,933,887	5.6%

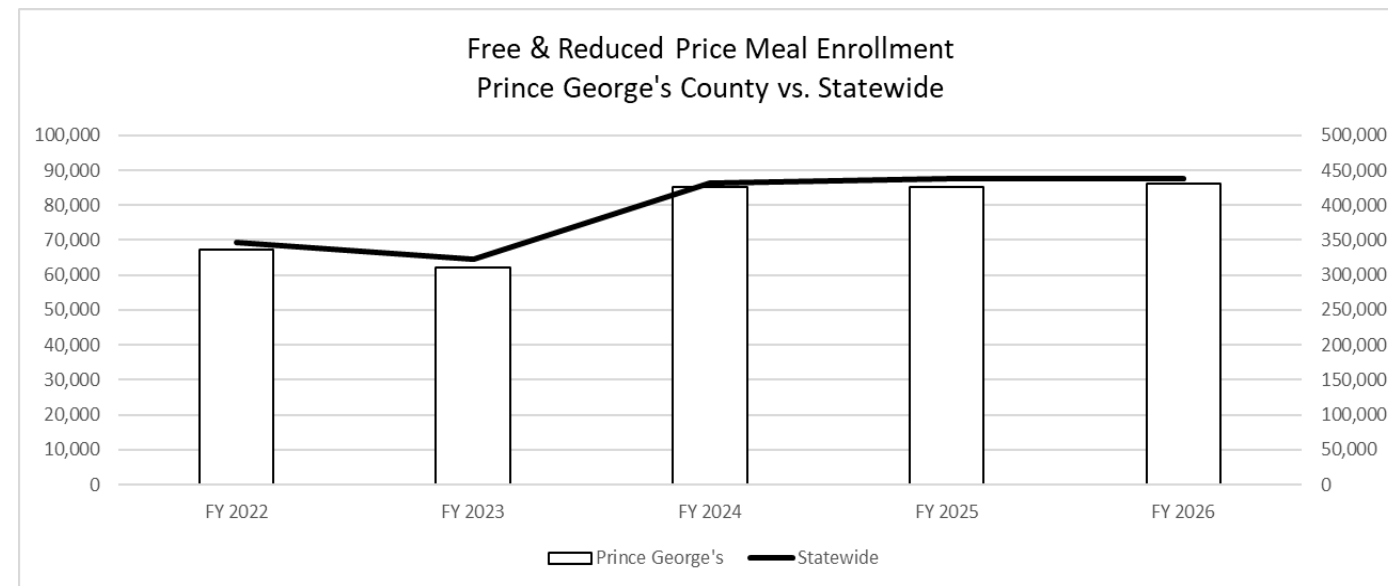
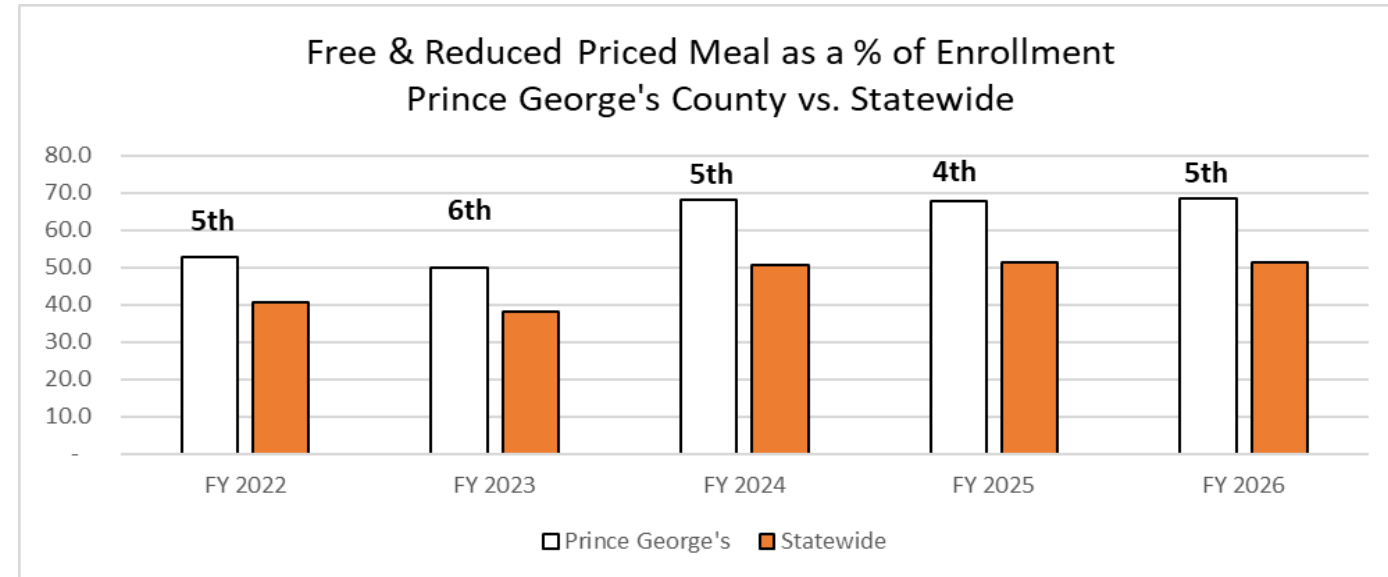
Drivers of K-12 Funding: Enrollment & Wealth Per Student

- County enrollment increases to 125,706.
- County wealth increases 6.4% in FY 2026 compared to the statewide average of 3.9%.
- The County ranks 15th on wealth per student, the same level for the past two fiscal years.



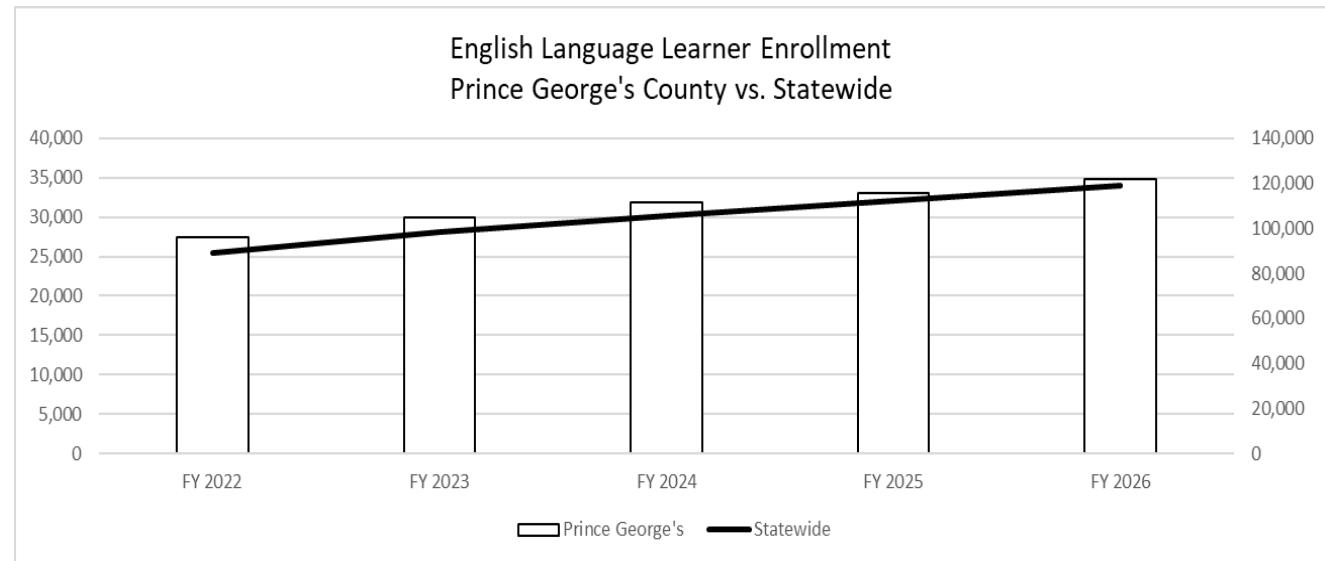
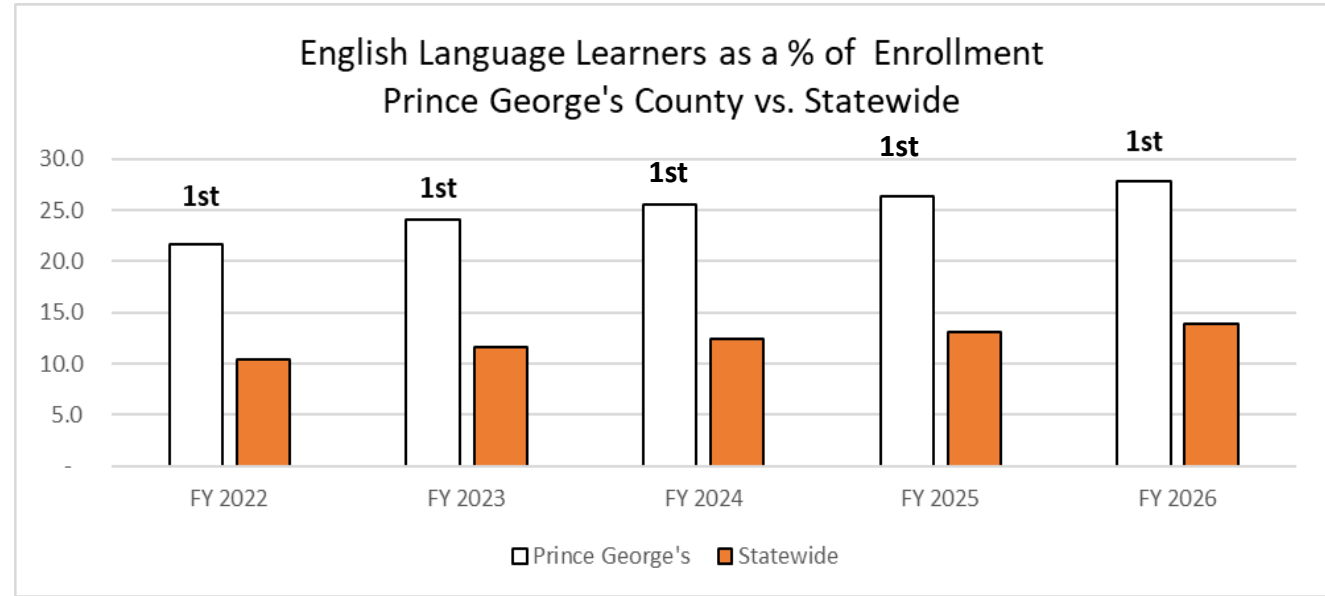
Drivers of K-12 Education Funding: Free and Reduced-Price Meals

- At 68.5% of enrollment, the County ranks 5th in the percent of enrolled students who qualify for free and reduced-price meals. The statewide average is 51.4%.
- FRPM student counts have remained at higher post-pandemic levels.



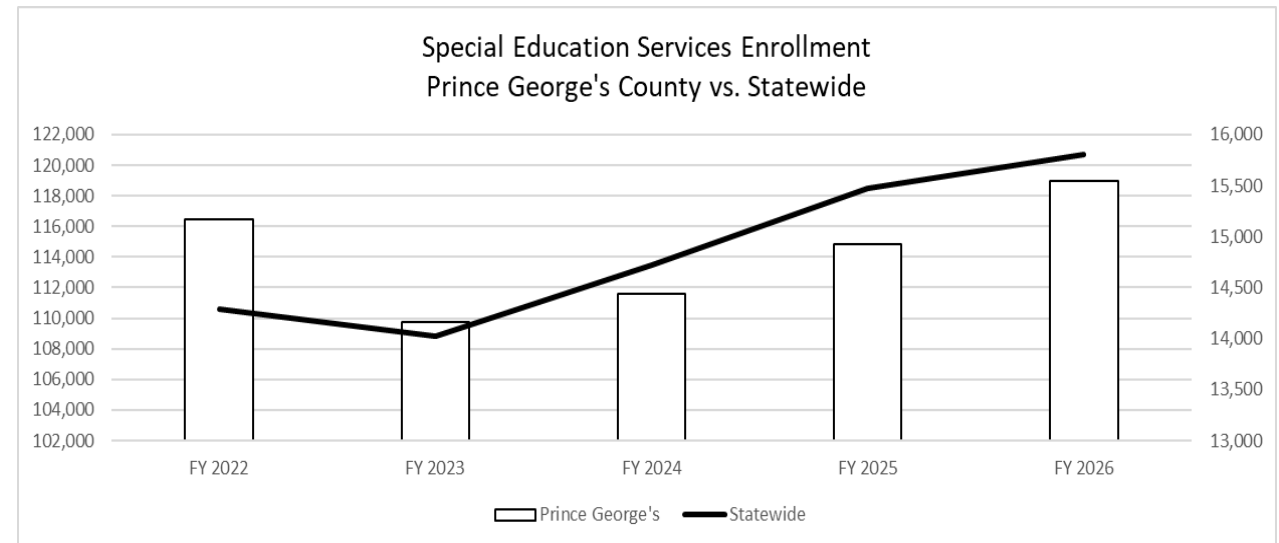
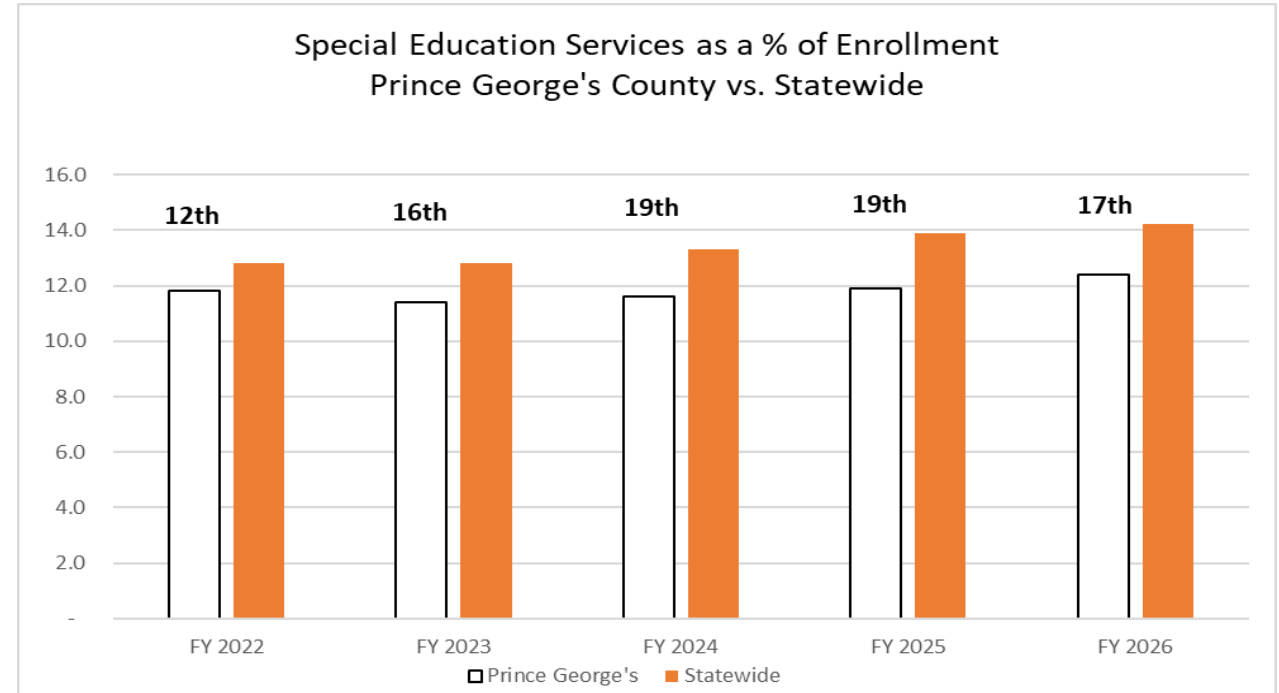
Drivers of K-12 Education Funding: English Language Learners

- The County continues to rank 1st in the number of students who are English Language Learners as a percent of enrollment.
- English Language Learner enrollment grew 6.0% statewide, versus 5.3% growth in Prince George's County.



Drivers of K-12 Education Funding: Special Education Services

- The County ranked 17th in the number of students who receive Special Education Services as a percent of enrollment.
- The September 2024 counts grew 4.2% in the County and 1.9% statewide.



Library and Community College Aid by Program

Category	Program	FY 2025	FY 2026	\$ Change	% Change
Libraries	Library Formula	8,691,623	8,837,721	146,098	1.7%
Category	Program	FY 2025	FY 2026	\$ Change	% Change
Community Colleges	Community College Formula	45,054,348	49,675,434	4,621,086	10.3%
	Grants for ESOL Programs	774,504	884,928	110,424	14.3%
	Optional Retirement	2,081,032	2,230,172	149,140	7.2%
Subtotal Community Colleges		47,909,884	52,790,534	4,880,650	10.2%

County Aid by Program

Category	Program	FY 2025	FY 2026	\$ Change	% Change
Health	Local Health Formula	8,286,613	8,319,123	32,510	0.4%
Transportation	Highway User Revenue	10,364,035	11,804,218	1,440,183	13.9%
	Elderly & Disabled Transportation Grants	343,270	358,531	15,261	4.4%
	Paratransit Grants	450,000	450,000	0	0.0%
Public Safety	Police Aid	15,118,076	15,245,295	127,219	0.8%
	Fire and Rescue Aid	1,730,282	1,903,311	173,029	10.0%
	Other Public Safety Aid	4,652,699	4,652,699	0	0.0%
	Police Aid Enhancement	6,344,047	7,440,941	1,096,894	17.3%
Shared Taxes	Gaming Impact Grants	34,925,515	35,393,765	468,250	1.3%
Other	Disparity Grant	69,278,410	56,889,464	-12,388,946	-17.9%
	Teachers Retirement Supplemental Grants	9,628,702	4,814,351	-4,814,351	-50.0%
	Other Direct Aid	803,490	555,919	-247,571	-30.8%
Subtotal County		161,925,139	147,827,617	-14,097,522	-8.7%

County Aid Changes

- Highway User Revenues increase by 13.9% due to 2022 legislation that increases the County share from 4.3% of certain transportation revenues to 4.8% in FY 2026 and 2027;
- The Governor continued to fund a discretionary police aid enhancement in FY 2026;
- Disparity Grant funding decreases by -\$12.4 million (-17.9%) due to higher income tax growth per capita (2nd in the State). The disparity in 2026 is 67% of the statewide average, roughly the historical average for the County.
- The Governor is phasing-out the Supplemental Teacher Retirement Grant in HB 352; a 50% cut in 2026 and 100% in 2027. This was part of the deal when the Counties began paying teacher retirement costs at the 2012 session.

Payments on Behalf of the County

Payments in Behalf

Education	Retirement - Teachers	133,009,432	141,139,133	8,129,701	6.1%
Libraries	Retirement - Libraries	2,513,273	3,045,237	531,964	21.2%
Community Colleges	Retirement - Community College	6,385,301	6,615,542	230,241	3.6%
Total Payments in Behalf		141,908,006	150,799,912	8,891,906	6.3%

- The State makes payments directly to the State Retirement Agency on behalf of the County, paying a share of the retirement costs for teachers, community college and library personnel.
- Costs are rising in FY 2026 due to higher inflation and higher teacher raises due to the Blueprint funding.

Other Legislation

Budget Reconciliation and Financing Act

SB 321/HB 352

- Governor Moore has proposed legislation that helps to balance the State's FY 2026 budget, by making changes in mandated formulas, transferring balances to the General Fund, etc.
- Revenues:
 - HB 352 repeals the Teacher Retirement Supplemental Grant by FY 2027. The County loses \$4.8 million in FY 2026 and \$9.6 million in FY 2027 and beyond.
 - For the income tax the Governor proposes eliminating itemized deductions and increasing the standard deduction; changing the rate to 4.7% for incomes from \$1 to \$100,000; and adding new brackets for income between \$500,001-\$1,000,000 (6.25%) and in excess of \$1,000,000 (6.5%).

Budget Reconciliation and Financing Act

SB 321/HB 352

- **Spending Impacts:**
 - The Governor proposes increasing the County share of the costs of the State Department of Assessments & Taxation, from 50% to 90%. This would cost the County \$2.6 million per year. This has been proposed multiple times by prior administrations but rejected.
 - The County would have to pay a portion of Community College retirement costs for the first time (\$0.4 million) and part of the State share of teacher retirement (\$12.6 million), for a total of \$13.0 million.
 - The Department of Legislative Services is recommending that local governments pay the entire increase in State unfunded liability cost. If adopted, it would add \$12.6 million in additional spending to the County budget in FY 2026.
 - The Board of Education would be asked to pay 40% of the excess for non-public special education placements (now 30%) in 2026 then 50% in 2027. The cost is estimated at \$3.9 million in FY 2026.
 - If the proposal to defer collaborative time fails, the County would have to pay another \$15.3 million in FY 2026.

Excellence in Maryland Public Schools Act

SB 429/HB 504

- The Governor has introduced education-related legislation to:
 - Revise funding definitions:
 - Target per pupil foundation amount: decreases amounts for FY 2026-2033 based on deferring collaboration for all teachers except special education
 - Collaborative time per pupil amount: delays increases in amounts until FY 2030
 - Special education per pupil amount: sets specific dollar amounts starting in FY 2026 rather than calculating by percentages, which maintains collaboration time for special education teachers.
 - Adjust funding:
 - Concentration of Poverty School Grant Program
 - Pauses increases in the proportion of the per pupil amount at the FY 2026 proportion for FY 2027 and 2028
 - Authorizes County Boards of Education for local school systems with at least 2 eligible schools to expend up to 50% of the program funds on behalf of these schools
 - Blueprint for Maryland's Future Fund
 - Includes the interest earnings of the Academic Excellence Fund to be included in the Fund

Excellence in Maryland Public Schools Act

SB 429/HB 504

- The Governor has introduced education-related legislation to:
 - Establish new grants/initiatives:
 - Collaborative Time Innovation Demonstration Grant
 - National Teacher Recruitment Campaign
 - Maryland Teacher Relocation Incentive Grant
 - Academic Excellence Program and Academic Excellence Fun
 - Interstate Teacher Mobility Compact and Commission
 - Require the Department of Education to take certain actions:
 - Requires the Department to conduct a study of funding special education, an evaluation of the Concentration of Poverty School Grant Program, and consult with a national nonprofit to support the development of Grow-Your-Own Educators Grant Programs

Questions