
Message from the County Executive

These publications contain the approved Fiscal Year 2026 (FY26) Operating and Capital Budgets for Montgomery County. I appreciate that the County Council approved more than 99 percent of my recommendations, which will allow us to make historic investments in education, climate change, transportation, public safety, and affordable housing. This funding is important to maintain the high quality of life in our County and keep us competitive in an ever-changing world.

Similarly, my recommended Capital Improvements Program (CIP), which maintains critical investments in Bus Rapid Transit, energy conservation, school construction, and core infrastructure, while substantially enhancing investments in affordable housing, was adopted largely as proposed.

As Maryland's economic engine, the County's economy is currently holding steady. However, there is much uncertainty raised by recent Federal budget and employment actions that could impact not only County services funded by Federal dollars but also County residents employed by the Federal government either directly or through Federal contracts. This budget takes a measured approach, balancing the need to sustain critical County services while limiting impacts on County taxpayers and maintaining reserves to address unanticipated needs. Despite the challenges we face, this budget makes significant investments to maintain and improve the quality of life in our community. Based on projections, the County will end FY26 with reserves totaling \$785.0 million, or 11.2 percent of the County's revenues. This amount exceeds the County's reserve policy by \$83.4 million.

This year's operating and capital budgets reflect growing demands for services, increased costs for operations and construction because of inflation, a commitment to fulfilling our contracts with our labor partners and compensating other employees, a commitment to schools, and a strengthening of our approach to economic development activities. Our County's current resources, while increasing, cannot fully support the growing needs of the community and demand for services.

Developing the capital budget was a challenge due to constrained debt levels, high interest rates restricting housing market growth and projected recordation tax revenues, and policy changes implemented by the County Council that reduce and defer impact tax collections from real estate developers. I oppose this reduction of impact taxes amid growing capital demands and constrained resources without a replacement source of funding. Additional resources to support capital investments to move our County forward are essential and will be a continued focus of my administration.

Even with these obstacles, the FY26 Capital Budget and Amendments to the FY25-30 Capital Improvements Program continues progress on important projects to advance critical policy goals including education, economic development, transportation and core infrastructure with limited disruption to previously approved projects.

It was important to me that my recommended budgets incorporated feedback from our ethnically, economically, and geographically diverse community. To get that feedback, I undertook the largest budget-related outreach effort to date in the County. Over the course of four months, I conducted 11 community conversations on the operating budget. These took place in all five regions of the County and included focused sessions with the Montgomery County Parent Teacher Associations, older adults, African-Caribbean Diaspora, and Black African American communities, in addition to sessions conducted in Spanish and Mandarin. To inform development of the capital budget, I held community meetings in all five regions, in addition to a sixth virtual forum to reach residents unable to attend in-person. I want to thank everyone who participated.

Highlights in the approved FY26 Operating and the FY26 Capital Budget and Amendments to the FY25-30 Capital Improvements Program include:

- Record funding for education
 - Provides \$3.6 billion for Montgomery County Public Schools (MCPS), \$273 million above last year.
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- Highest increase ever in funding for MCPS.
 - Funds 98.4 percent of the MCPS Board of Education's budget request.
 - Fully funds the negotiated compensation agreements for teachers and other MCPS employees to retain and recruit outstanding educators and other essential school staff.
 - Fully funds Montgomery College's budget request.
 - Provides \$51.1 million in funding for school health services in the Department of Health and Human Services.
 - Provides over \$30 million for the Early Care and Education Initiative – including more than \$15.6 million in the Early Care and Education Non-Departmental Account and almost \$14.8 million in the Department of Health and Human Services (DHHS) Early Childhood Services Program.
 - Continued investment in school construction
 - Includes \$1.75 billion for MCPS facilities, funding 99.9 percent of the Board of Education's request with more than \$98 million in spending occurring ahead of schedule.
 - Reflects additional State aid secured by the General Assembly without local matching fund requirements.
 - Reflects support of the County's strategy to address the long-lasting challenge of relocating the MCPS bus depot.
 - Maintains design and construction for 23 school projects, including 14 elementary schools, three middle schools, and six high schools.
 - Enhances public safety
 - Enhances security at Progress Place by adding County Security Guards to provide a more appropriate level of response to calls for service and increase Police availability in the Silver Spring area.
 - Invests in digital forensic software to expedite investigations, reduce overtime and backlog, and collect critical evidence to resolve crime in our community after a search warrant is granted.
 - Implements the Speed-on-Green Traffic Camera pilot program to reduce collisions, aggressive driving, and speeding at two intersections in the County.
 - Continues expansion of the Drone as First Responder program, adding a Germantown site, increasing the number of locations served to five.
 - Adds a new Basic Life Support (BLS) unit to help improve response times and address the rising volume of EMS transport needs.
 - Expands resources for public education, outreach, and community engagement efforts targeted at risk reduction initiatives to improve overall community safety.
 - Supports the addition of 2 civilian EMS educators to the Cadet program, which will allow uniformed personnel to return to frontline response while expanding the cadet training program and summer academy.
 - Provides funding for years 3-10 of the Stryker Cot Maintenance Agreement to ensure the long-term upkeep of approximately 40 existing cots for the continued maintenance and reliability of critical medical equipment used in emergency response.
 - Leverages State aid for the design of a new Olney Satellite Police Station.
 - Maintains funding for a new, five-bay White Flint Fire Station, including the purchase of associated apparatus. This project also supports land acquisition for the development of affordable housing immediately adjacent to the fire station.
 - Invests in transportation
 - Makes Ride On a fare-free transit system, which prioritizes transit by making our bus system even easier to use for current riders while encouraging ridership growth and avoiding a \$19 million farebox technology capital expense in FY26 and FY27.
 - Increases funding for bus shelter maintenance, which will enhance safety, accessibility, and cleanliness for bus riders in Montgomery County.
 - Adds battery-powered electric buses as replacements for diesel-fueled buses in the Ride On bus fleet,
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- expanding the electric bus fleet to 112 buses by the end of FY26.
 - Funds a solar microgrid project at the County's Gaithersburg bus depot, which will generate green hydrogen fuel for hydrogen fuel cell electric buses.
 - Maintains funding to implement Veirs Mill Road Bus Rapid Transit with service to launch in FY29.
 - Extends the MD 355 Bus Rapid Transit Central phase to serve Rockville Metro Station, with service to launch in FY31.
 - Provides an incentive to landowners on both sides of the Potomac River to restore the operation of White's Ferry service between Montgomery County and Loudoun County, Virginia.
 - Provides record funding to combat climate change
 - Provides \$367.9 million in total to fight climate change through transit, increased renewable energy, improved building efficiency, and nature-based solutions.
 - Provides \$16.9 million for the Montgomery County Green Bank.
 - Adds \$19.7 million in new spending to further the County's efforts to fight climate change.
 - Adds funds to support climate change solutions in the transportation sector, clean energy efforts and zero waste efforts.
 - Maintains \$40 million in capital funding to enhance energy conservation in County-owned facilities and to support the implementation of the new Building Energy Performance Standards.
 - Allocates record funding to produce, preserve, and protect the affordable housing supply
 - Funds \$172.8 million to expand the preservation and production of affordable housing to our most economically burdened residents.
 - Provides \$63.9 million to the Housing Initiative Fund.
 - Appropriates \$108.9 million in the Capital Improvements Program budget (including \$65 million in new capital funding for the Affordable Housing Acquisition and Preservation project).
 - Supports growing Montgomery County's economy
 - Provides \$28.5 million to support growing the County's economy, an increase of 8.9 percent from the FY25 Approved Operating Budget.
 - Advances the Viva White Oak life science mixed-use development by accelerating funding for the construction of master-planned road infrastructure to align with the new developer's updated timeline and schedule.
 - Includes \$3.2 million to WorkSource Montgomery - a 40.4 percent increase over the prior fiscal year that includes support for the Summer RISE youth program and programming at the Montgomery County Correctional Facility to support successful reentry opportunities and funding for the newly established Federal Workforce Career Center.
 - Expands cultural, recreational, and community resources serving residents across Montgomery County
 - Expands the Excel Beyond the Bell Program to two additional elementary schools – East Silver Spring and Waters Landing.
 - Continues funding for the design and construction of a new library in Clarksburg, and funding for construction of the Noyes Library for Young Children Rehabilitation and Renovation.
 - Maintains funds to design and construct a new Western County Recreation Center to serve the Town of Poolesville and neighboring communities in Western Montgomery County.
 - Improves government services by investing in employees and programs
 - Preserves vital services for County residents without any tax increases.
 - Includes a reserve balance of 11.2 percent or \$785.0 million in FY26.
 - Recognizes the work of nonprofit partners with a three percent inflationary adjustment to those organizations
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that receive funds from the County.

- Provides resources and services more equitably
 - All decisions in the FY26 Recommended Budget were reviewed and analyzed by the Office of Racial Equity and Social Justice.
 - Provides over \$17.3 million to address food insecurity - including \$3.5 million in the Department of Health and Human Services and \$13.8 million in the Office of Food Systems Resilience.
 - Continues the shift in focus of DHHS Services to End and Prevent Homelessness (SEPH) toward rental assistance and Housing Stabilization Services (HSS) and eviction prevention by annualizing supplemental funding in FY25 of more than \$3.6 million to almost \$10 million in FY26 – including \$6.9 million to continue the Short-Term Housing and Resolution Program (SHARP) and \$2.9 million for eviction prevention and the Rental Assistance Program (RAP).
 - Increases funding by \$2 million for DHHS SEPH to maintain the Rapid Rehousing program due to increased rents and the end of COVID-era funding. Replaces American Rescue Plan Act (ARPA) funds with General funds of \$1.2 million to continue providing Housing Initiative Program permanent supportive housing services in FY26 to 39 households where at least one household member has a documented disability.

Developing our annual operating and capital budgets is a balancing act between community needs and fiscal realities. These budgets make significant investments in the services and programs that make our community a thriving place to live and work - great schools, our County's workforce, our well-established social safety net, public safety, affordable housing, climate change initiatives, and transportation infrastructure.

Additional information about these budgets can be obtained by visiting the Office of Management and Budget webpage. This website provides a searchable, user-friendly means of accessing detailed budget information regarding the approved operating and capital budgets. Please call the Office of Management and Budget at 240-777-2800 for further information.



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