



County Executive Recommended

FY26 Recommended Operating Budget and FY26-31 Public Services Program

• March 14, 2025 •



Highlights



- **Education Investment: Largest-ever County contribution to Montgomery County Public Schools (MCPS) - \$250 million increase in local funding**
- **New Public Safety Measures**
- **Fare-Free Ride On Service**
- **Necessary Tax Rate Increase to Fund Schools**
- **A Continuing Services Budget: Maintains core County government functions with strategic reductions and targeted enhancements**
- **Budget Amendments Likely Pending General Assembly Action on the State Budget and Revenues**
- **Leaves \$791 million or 11.2% in Reserve, (\$87.2 million above our policy requirement) to address State and Federal budget actions**



Challenges



- **State Budget:**
 - Maryland's significant budget shortfall for FY26 could lead to funding reductions and cost shifts onto the County, as well as additional revenues
- **Federal Policy Changes:**
 - New administration will impact County residents and businesses & federally funded programs
- **Revenue Volatility:**
 - Particularly with income, transfer and recordation taxes
- **Education Funding Pressures:**
 - Funding an urgent need for special education instructors and implementing the Blueprint for Maryland's Future
- **Cost Drivers:**
 - Inflation, rising wages, service costs and construction costs
- **Service Demand Growth:**
 - Increased demand for housing, social programs and transportation services and the need to increase public safety investment



Balancing the Budget

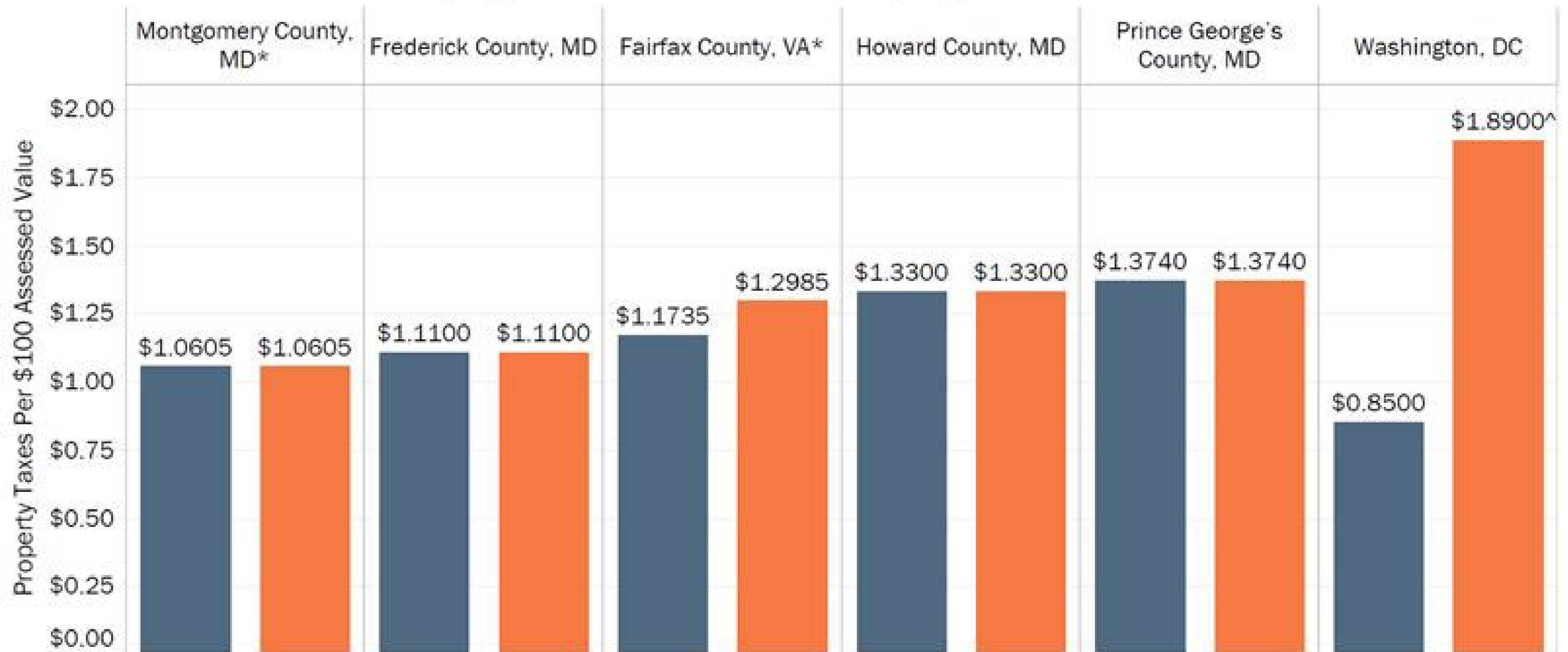


- **\$16.8 million in targeted program reductions**
- **\$28.5 million in vacancy savings from unfilled positions**
- **Property Tax Rate Increase:**
 - 3.5 cent increase in the education supplemental property tax generating \$56.3 million for MCPS
 - Total property tax rate: \$1.0605 per \$100 of assessed value
 - Homeowner Tax Relief:
 - Progressive approach to taxation
 - Property Tax Credit increased by 25% to \$860
 - Fully offsets tax increase for homes assessed at \$495,000 or less
 - Without this revenue, reductions to critical County programs would need to take place to fund MCPS
- **Weighted real property tax rate remains lower than neighboring counties**



How Montgomery County Compares

Residential & Commercial Property Tax Rates of Selected MD/DC/VA Jurisdictions



*Under consideration

^For assessed value greater than \$10 million

■ Residential ■ Commercial



Investments in K-12 Education and Services for Youth

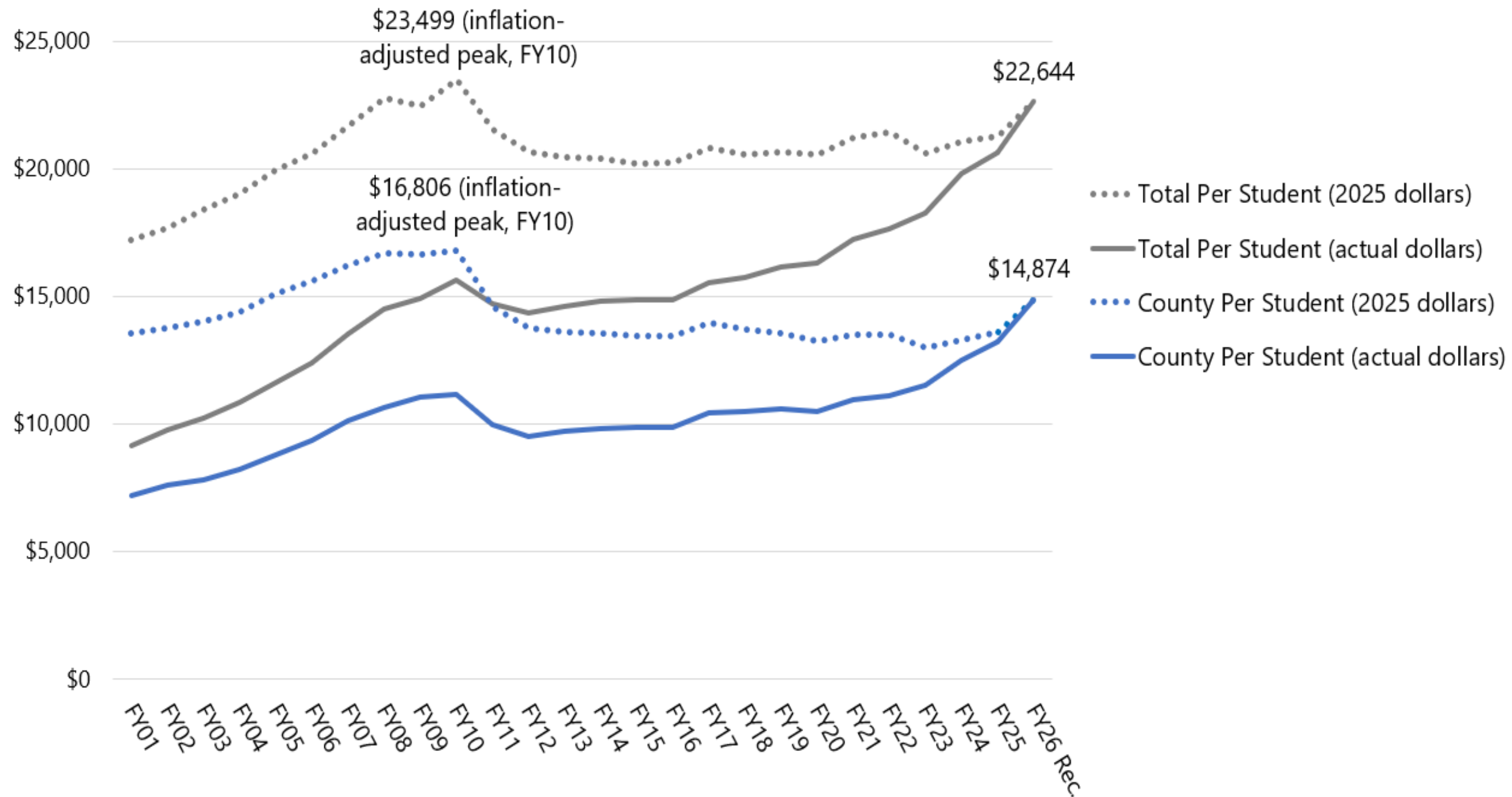


- **MCPS Total Budget: \$3.62 billion**
- **Unprecedented requested increase from the Superintendent and Board of Education**
- **County Funding Increase: \$250 million (largest ever)**
 - Funds negotiated compensation agreements
 - Increases the number of special education teachers and paraeducators – urgently needed
 - Increases school security
- **Per pupil funding grows by \$1,659**
- **Exceeds the State’s Maintenance of Effort Requirement by over \$256 million**
- **Pending final action on the budget and other legislation by the General Assembly, I intend to submit budget amendments to fully fund the MCPS request. However, my ability to do so will ultimately depend on actions taken in Annapolis.**



Growth in Per-Pupil Funding

MCPS Per-Pupil FY01-FY26 Appropriation:
Actual & Adjusted for Inflation





Additional Investments in Services for Children and Youth



- **\$1.7 million addition for School Health Services – including \$1.5 million for Blueprint-required nurses in new community schools**
- **\$414,000 for new Linkages to Learning program at Burnt Mills Elementary, Greencastle Elementary and Silver Spring International Middle schools**
- **\$688,000 to expand Excel Beyond the Bell to East Silver Spring Elementary and Waters Landing Elementary School**
- **\$4 million for Early Care and Education Initiative to Continue Ongoing Services and Programs**
- **Expands School-Based Food Assistance Grant Program to 20 additional schools using a combination of existing funding and a \$300,000 enhancement**
- **\$65,000 to improve recruitment and retention of bilingual therapists**



Public Safety Investments



- **Fire & Rescue Enhancements (using State funds):**
 - New Basic Life Support Unit for emergency response
 - Adds position to enhance public education and outreach
 - Supports two civilian EMS educators for High School Cadet Program returning uniform personnel to frontline response
- **Police Department Expansion:**
 - Drone as a First Responder Program expanded to Germantown (bringing total locations to five)
 - Enhances safety and security for Progress Place
 - Digital forensic software investment for crime investigations to reduce overtime and backlogs
 - Launches “Speed on Green” traffic camera pilot program



Public Safety Investments

- **Corrections and Rehabilitation**
 - Addresses necessary cost increases for overtime and food and pharmacy needs
- **Emergency Management and Homeland Security**
 - Replaces reduced Federal support with County funds for critical emergency response programs
 - Continues \$300,000 in one-time funds provided in FY25 to support nonprofit organizations at high risk of experiencing hate crimes (\$1.2 million total program)





Affordable Housing Initiatives



- **In total: \$312.8 million in the FY26 operating budget to support Affordable Housing and other housing-related services across all departments and agencies**
- **Housing Initiative Fund (HIF) budget: \$59.8 million**
 - \$25.4 million for Rental Assistance Program
 - \$12.4 million for multifamily housing production and preservation
 - \$9.7 million for Housing First
 - \$5.5 million for Homeowner Downpayment Assistance
 - \$2.0 million for Building Neighborhoods to Call Home
 - \$4.8 million other expenses
- **Capital Funding (\$108.9 million):**
 - \$107 million for Affordable Housing Acquisition and Preservation Project - including \$75 million in new funding
 - \$1.9 million for Troubled and Distressed Common Ownership Communities



Support for Individuals and Families



- **Investments in Services to End and Prevent Homelessness (in DHHS)**
 - \$6.9 million increase for the Short-Term Housing and Resolution Program (SHARP)
 - \$2.9 million increase for eviction prevention
 - \$2.0 million increase for Rapid Rehousing Program to address increased rents
 - \$1.2 million increase to address the end of Federal support for the Housing Initiative Program
- **Investments in Health Care**
 - \$2.2 million increase for Montgomery Cares Clinics to increase the County's partnership, provide for enrollment growth and expand to a new center at the Islamic Center of Maryland
 - \$300,000 increase to address lack of dental services in East County
 - \$722,000 increase for HIV/AIDS and STI services because of Federal grant reductions
 - \$148,000 increase to continue senior nutrition services at the Silver Spring Recreation and Aquatic Center



Transportation and Transit



- **Implements Fare-Free Ride On Bus System to improve accessibility**
 - Eliminates the need to replace obsolete fareboxes on Ride On buses or develop a fare enforcement system, which would cost more and burden County residents who can least afford fines.
 - Fares in FY25 are expected to total \$1.6 million. With annual fare collection costs of \$557,000 and a \$19 million farebox technology capital expense needed across FY26 and FY27, a zero-fare policy is cost-efficient over the next six years.
- **Expands Flash Bus Rapid Transit with Howard County partnership**
- **Further Electrification of Fleet:**
 - 112 total Ride On electric buses by end of FY26
 - Solar microgrid project at Gaithersburg bus depot
- **Necessary Bus Shelter Maintenance**



Climate & Environmental Initiatives



- **Maintains County commitment for climate and environmental initiatives with total funding of \$379.2 million in the operating and capital budgets**
- **Initial design of a Material Recovery and Biological Treatment Facility funded in the capital budget**
- **Continued funding in the operating budget for the design and eventual implementation of a completely new waste processing system so the Resource Recovery Facility can finally be shut down**
- **\$250,000 plastic bag ban outreach campaign before Jan 1, 2026 law change**
- **\$150,000 to increase funding for the Clean Water Montgomery Grant program**
- **Restores \$230,000 for communications support for the Climate Change Planning Non-Departmental Account**
- **\$15.8 million to the Montgomery County Green Bank, including a reduction due to slipping energy tax receipts and a reduction for affordability purposes**



Workforce & Economic Development



- **Workforce Investments:**
 - \$2.5 million budget for WorkSource Montgomery
 - Additional support for Summer RISE and programs at MCCCF previously supported by Federal funds
 - \$580,000 budget for BioHub Maryland in Montgomery County
- **Innovation & Business Growth:**
 - \$5.3 million budget for Montgomery County Economic Development Corporation
 - Additional support for business development & marketing efforts
 - \$4.6 million budget for Incubator Programs
 - Additional support for entrepreneurship coaching, mentoring and ecosystem support



Other County Government Enhancements



- **Additional funds for Libraries to enhance world languages collection and address rising costs for online materials**
- **Continue free fitness passes at Montgomery County Recreation facilities**
- **Enhance cybersecurity efforts and AI tools in the Department of Technology and Enterprise Business Solutions**
- **Additional funds for the Office of Procurement to modernize the County's outdated and inefficient procurement systems**
- **Additional funds for the Office of Grants Management for necessary legal staff and creating a reliable end-to-end grant tracking and reporting system**
- **Fund the Office of the People's Counsel**



Outside Agencies & Municipalities

- Fully funds Montgomery College's request without additional County dollars (\$10.8 million or 3.2% increase)
- Increases funds for the Maryland-National Capital Park and Planning Commission (4.5% for the Administration Fund and 3.2% for the Park Fund)
- Fully Funds the request from WSSC Water representing a 9.8% rate increase
- \$726,000 increase in the Payments to Municipalities Budget





Community Partners



- Provides a 3.0% inflationary adjustment for nonprofit contracts and community grants recipients across County government
- Continues to fund multi-year community grants (\$10.8 million)
- Provides \$1 million for Nonprofit Technical Assistance and Management Support Grants
- Funds the Nonprofit Incubator program at \$1 million
- \$3 million for Cost Sharing Capital Grants - \$1 million for Arts Facilities Grants and \$2 million for other cost sharing grants