



County Executive's  
**FY27 Recommended  
Operating Budget and FY27-32  
Public Services Program**

• **March 13, 2026** •



**FY2027:  
Hard Choices.  
Clear Priorities.**



# Difficult Decisions to Sustain What Matters Most



- **Preserved Core Services for shared priorities**
  - Strategic reductions to maintain essential functions.
- **Education Investment: Largest-ever County contribution to Montgomery County Public Schools**
- **Supports the most vulnerable to obtain medical care and protects them from becoming unhoused**
- **Necessary Tax Rate Increases to fund MCPS**
- **Growing Opportunity, Workforce, Transportation, and Housing (GROWTH) District**
- **Leaves 10.6% in reserve, or \$44.6 million above our policy requirement to address state and federal budget uncertainty, as well as necessary costs**



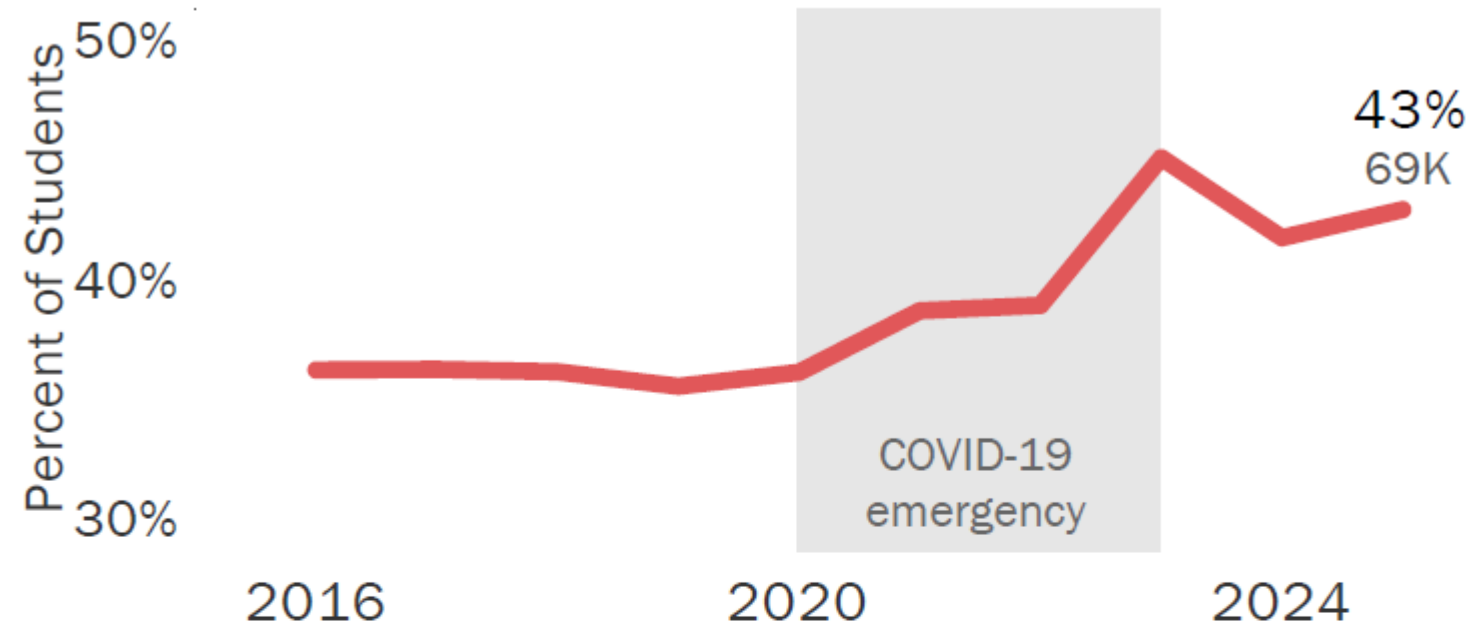
# Harder Choices. Greater Pressure.

- **State Budget**
  - Continued volatility at the state level could lead to further funding reductions and cost shifts onto the County, such as school pensions.
- **Federal Policy Changes**
  - Trump administration's policies are impacting County residents, businesses, and federally funded programs.
    - E.g., Budget replaces \$8.6 million (8%) decreased federal funding for MCPS compared to FY26.
- **Revenue Volatility**
  - Particularly with income, transfer, and recordation taxes.
- **Education Funding Pressures**
  - Continuing services and Blueprint requirements.
- **Inflation & Cost Increases**
  - Rising wages, service costs, and capital project expenses.
- **Service Demand Growth**
  - Increased demand for public safety, housing, social service programs, and transportation services.

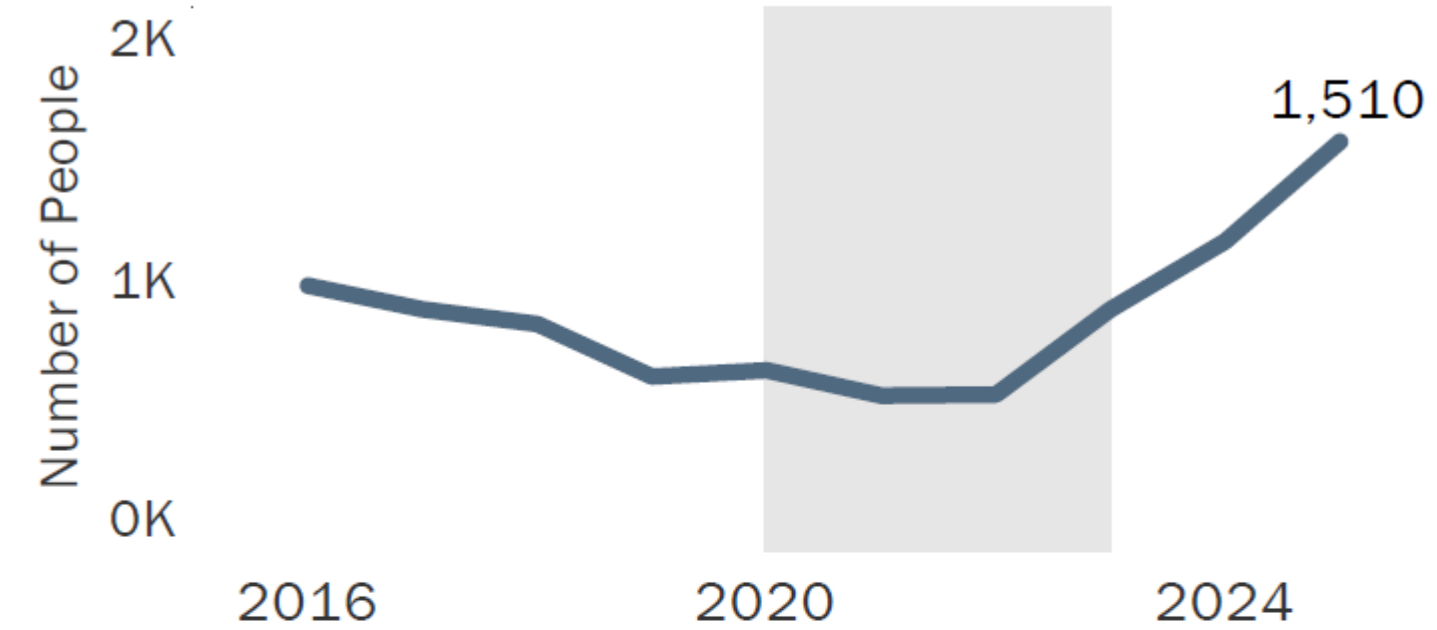


# Our Community's Evolving and Growing Needs

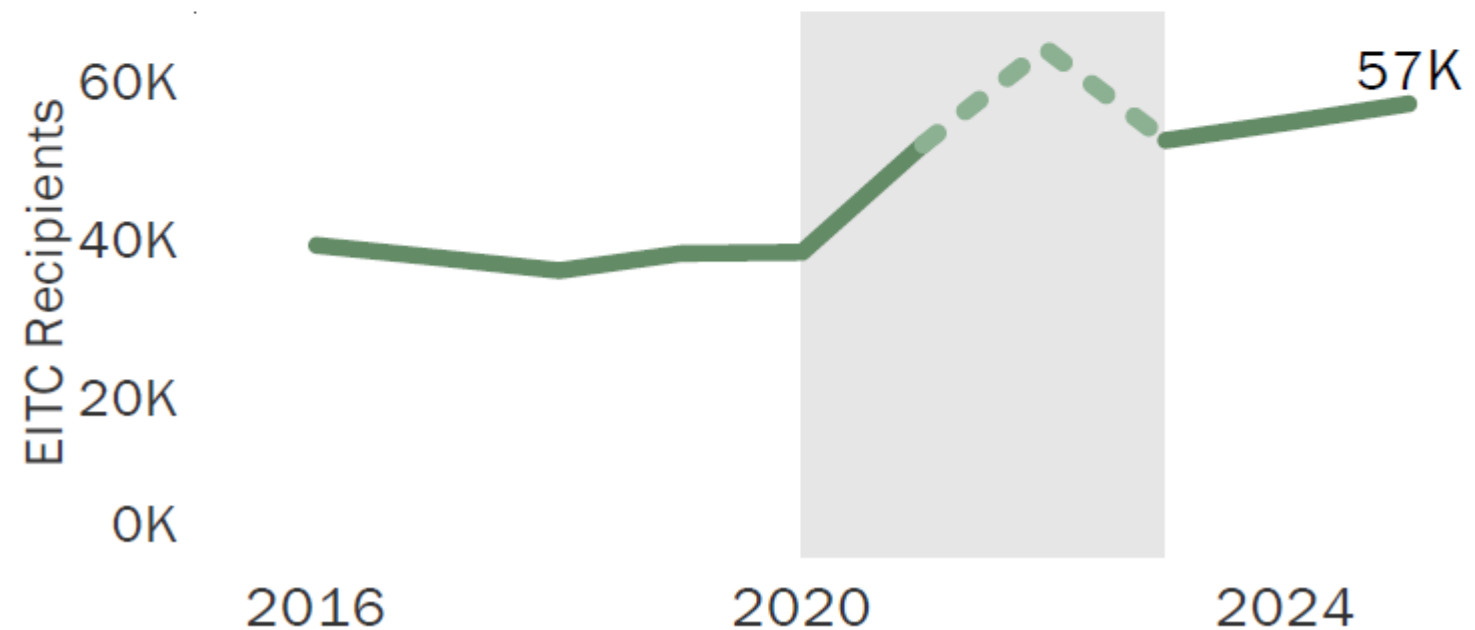
**Percent of Students (MCPS) Receiving Free and Reduced Meals**



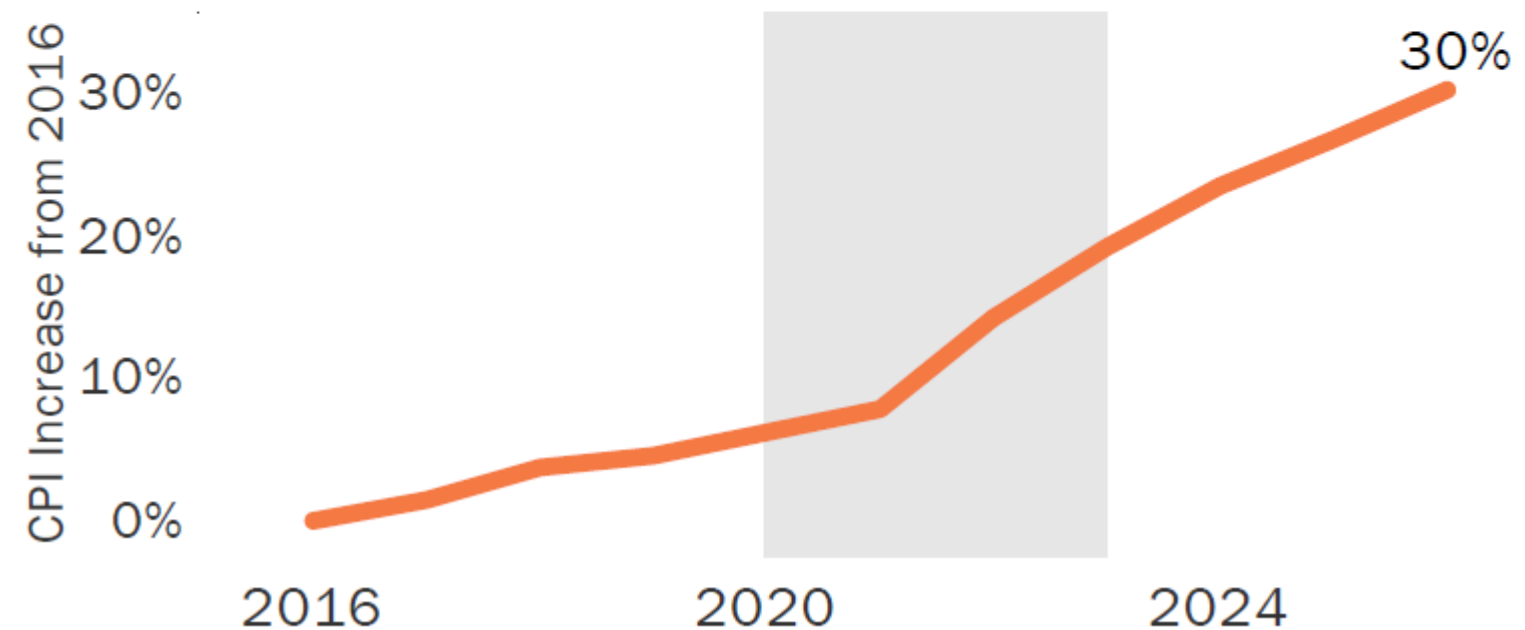
**Number of People Experiencing Homelessness**



**Number of Earned Income Tax Credit (EITC) Recipients (Individuals and Households)\***



**Change in DC-Area Consumer Price Index (CPI)**

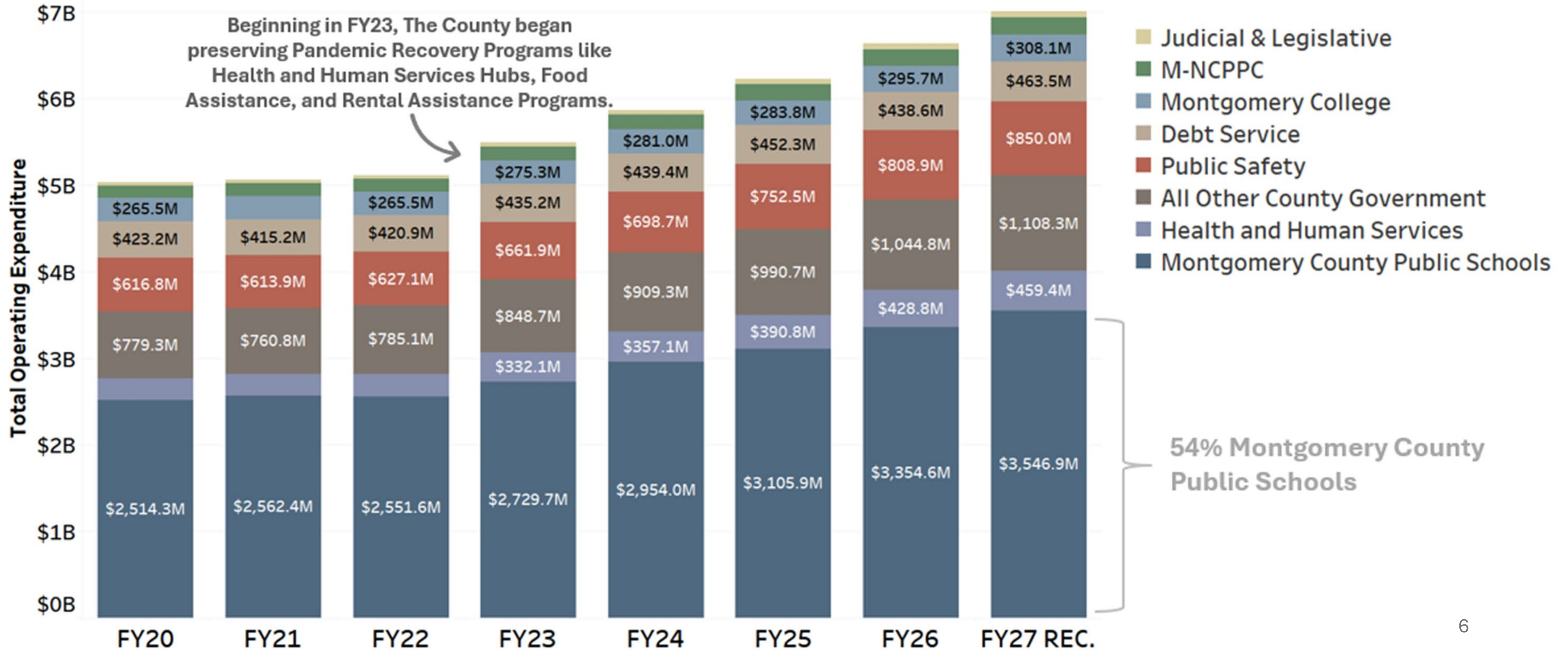


\*Number of Earned Income Tax Credit (EITC) filers (individuals and households) in 2022 reflects a temporary expansion of eligibility. The Federal COVID-19 public health emergency declaration lasted from January 31, 2020 to May 11, 2023.



# Addressing The Needs in Our Community

Approved/Recommended Budgets by Function (Tax-Supported)





# Balancing the Budget

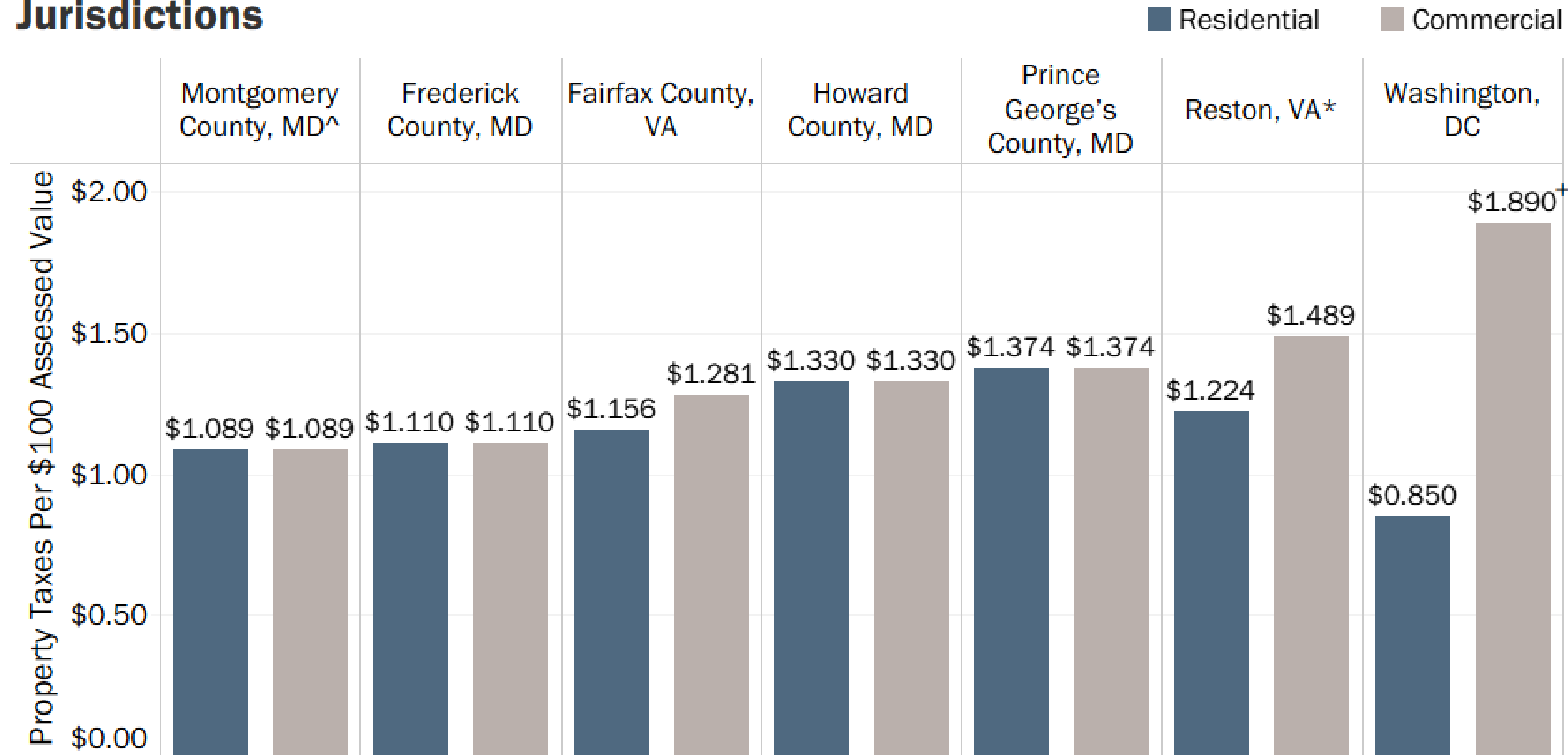


- **\$18.96 million in targeted program reductions**
- **Income Tax Rate Increase**
  - 0.1 percentage point increase from 3.2% to 3.3%.
  - Countered by increase to Working Families Income Supplement from 56% to 60%.
- **Property Tax Rate Increase**
  - 6.3 cent increase in the education supplemental property tax.
  - Total property tax rate: \$1.0885 per \$100 of assessed value.
- **Without this revenue, harmful service reductions will be necessary**
- **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**



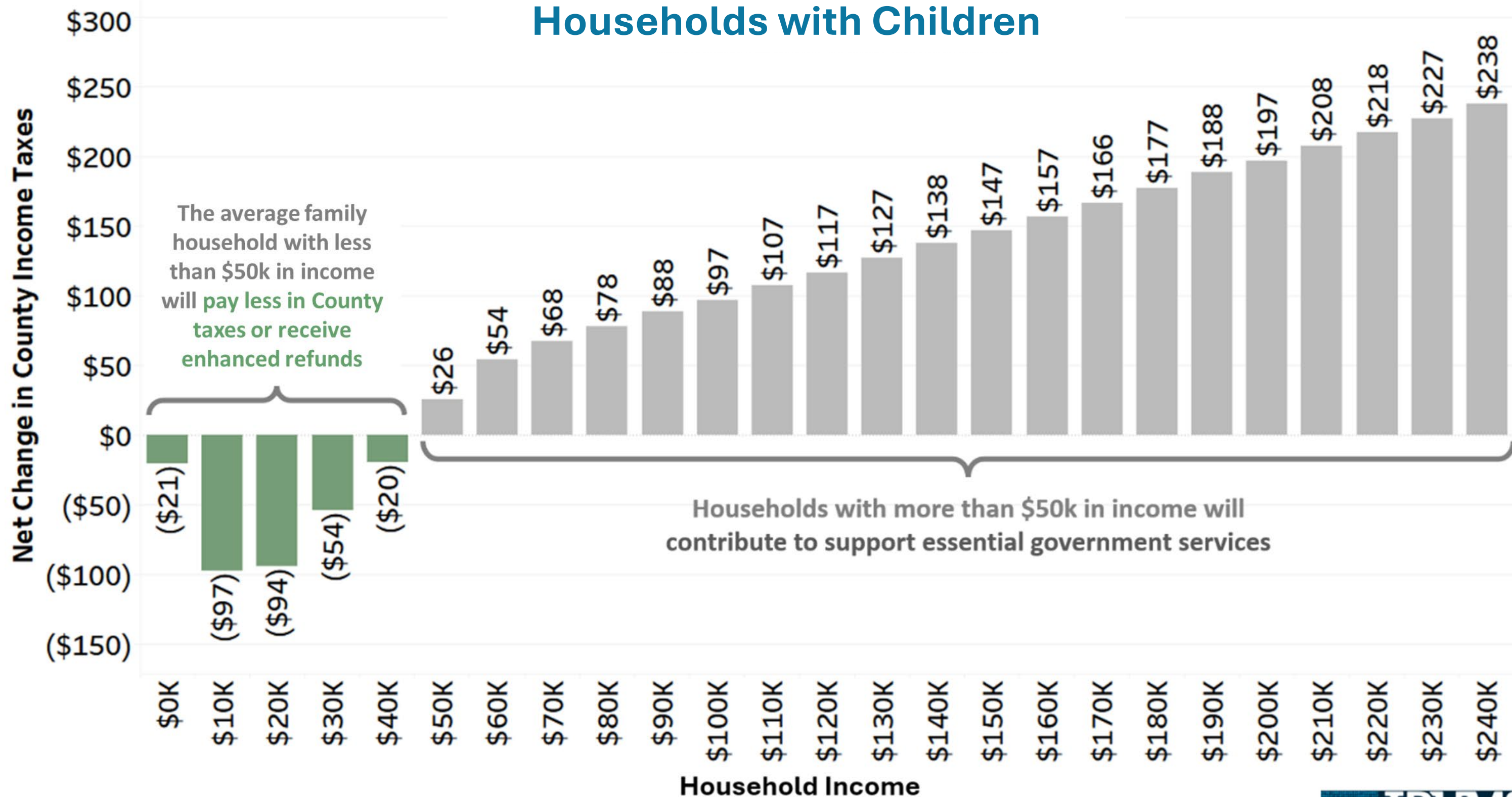
<sup>^</sup>Includes proposed FY27 tax increase of \$0.063. All other jurisdictions reflect FY26 rates.

\*Represents tax districts for Hunter Mill District #5 for the Reston Service Area/Dulles Rail Phase 2 (105R0, 1T5RW).

<sup>+</sup>For assessed value greater than \$10 million. Commercial tax rates: \$1.65 for assessed value ≤ \$5M; \$1.77 for > \$5M but ≤ \$10M; \$1.89 for > \$10M.



# Progressive Tax Reform: A Rising Tide for Working Families



Note: Estimates based on eligible Federal EITC benefits based on family type and earned income, assumes MD EITC match at 50%, and Maryland standard deductions for taxable income.

Source: IPUMS USA, University of Minnesota, [www.ipums.org](http://www.ipums.org).





# Other Necessary Revenue Enhancements



- **Recycling and Resource Management Fees**
- **Water Quality Protection Charge**
- **Direct Pay for Service**
  - Permitting fees.
  - Community Use of Public Facilities (CUPF) Fees.
  - 911 fee increase for emergency communications costs.
- **Growing Opportunity, Workforce, Transportation, and Housing (GROWTH) District for Bus Rapid Transit (for the future)**



# GROWTH District

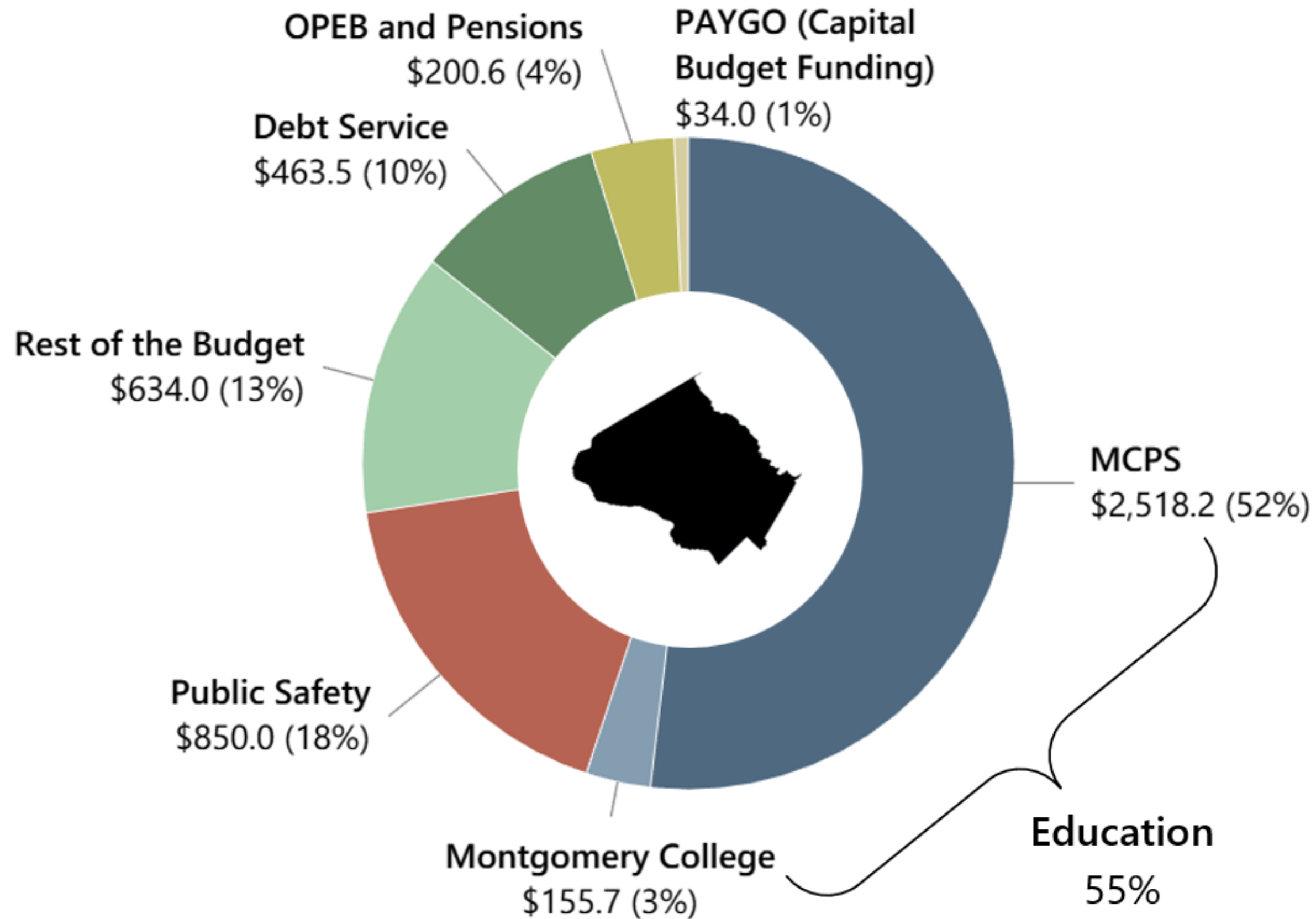
- **Two districts**
  - Up to ¾-cent tax on all properties countywide, excluding the Agricultural Reserve.
  - Up to a 15-cent tax on all commercial properties within one-half mile of a planned BRT corridor or other strategic improvement.
  - Revenue collection not effective until FY28, pending further legislative action.
- **Significant infrastructure investments that will drive economic development and benefit County residents and businesses include:**



Project	GROWTH District Funding
BRT: MD 355 Central (MC Rockville Transit Center)	\$20 million
BRT: MD 355 South	\$253 million
BRT: New Hampshire Avenue	\$81 million
Forest Glen Passageway	\$66 million
Observation Drive Extended	\$185 million
Summit Avenue Extension	\$31 million
<b>Total</b>	<b>\$636 million</b>



# FY27 Recommended Budget By Function (General Fund)





# Investments in K-12 Education



- **MCPS Total Budget: \$3.8 billion, fully funds request**
- **County Funding Increase: \$179.6 million**
  - Funds teacher and support staff salaries.
  - Reduces class size.
  - Additional funds to improve and support special education.
  - \$6.3 million increase for English, Language Arts, and Math curriculum. Meets statutory requirements.
  - Funds 28 security officers at elementary schools.



# Investments in K-12 Education

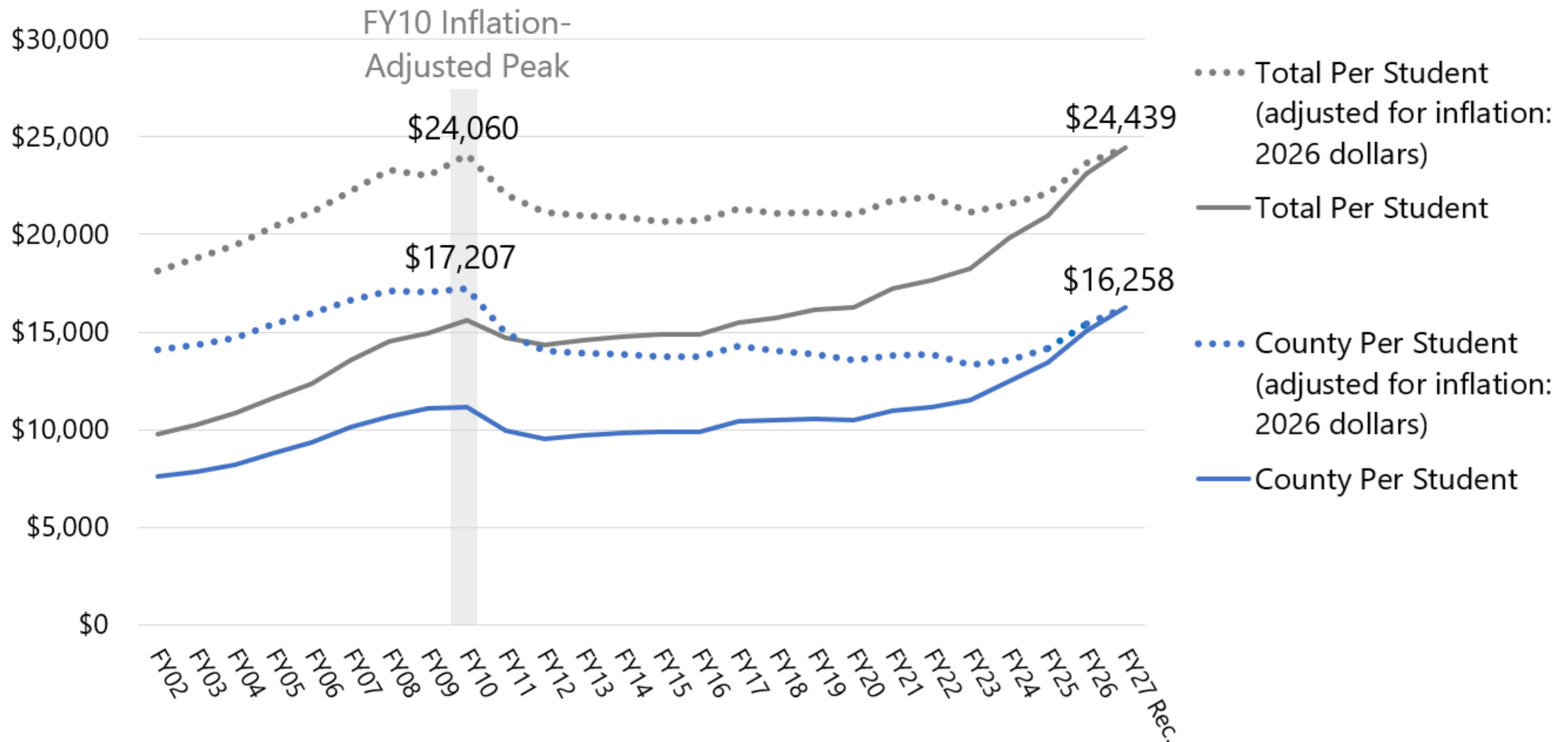


- **Exceeds the State’s Maintenance of Effort Requirement by \$202.8 million**
- **Blueprint Increases: \$12.1 million**
  - Includes Pre-K expansion, dual enrollment tuition and materials, and increased national board-certified lead teacher positions.
- **Per pupil funding grows by \$1,323**
  - Returns to and exceeds previous inflation-adjusted high in FY2010.



# Restoring Our Commitment

MCPS Per-Student Appropriations (FY02-FY27 Recommended)  
Actual & Adjusted for Inflation





# Investments in Early Childhood Education



- **4% increase for Early Care and Education**
- **\$500,000 to accelerate state child care scholarship waiting list to the County Working Parents Assistance Program**
- **Early childhood literacy and learning resources at Noyes Library**



# Ending and Preventing Homelessness



- **Expanded investments to support unhoused individuals**
  - \$2 million for the Short-Term Housing and Resolution Program (SHaRP) to expand program success.
  - \$2 million for overflow emergency shelter support.
  - \$1.2 million support for adult shelter.
  - \$439,000 for street outreach program to connect individuals to housing, health care, behavioral health, and employment services.



# Building a Healthier Community



- **Backfilling loss of state and federal funding**
  - Tuberculosis diagnosis, treatment, and mitigation.
  - Emergency preparedness and response.
  
- **Improving reimbursement rate for Montgomery Cares providers from below half to 52%, supporting 25,000 uninsured or uninsurable individuals**
  
- **2.5% increase for Adult Medical Day Care Supplement and Developmental Disability Supplement**
  
- **Improving one-stop access to County services by expanding the Community Connect Portal**
  
- **Continues Head Start contractual nurse staffing**
  
- **Increased funding for the Senior Nutrition program to account for increased food costs**



# Affordable Housing Initiatives



- **\$152.7 million to expand the preservation and production of affordable housing**
  - **Housing Initiative Fund (HIF): \$52.3 million**
    - Including \$28.4 million for Rental Assistance.
    - \$9.7 million for Housing First (Health and Human Services).
    - \$14.2 million across various programs: Housing Production and Preservation, Homeowner Downpayment Assistance and Neighborhood Revitalization, and more.
  - **FY27 Capital Funding: \$100.4 million**
    - \$96.1 million for Affordable Housing Acquisition and Preservation.
    - \$4.3 million across various initiatives including Affordable Housing Opportunity Fund, Nonprofit Preservation Fund, and Revitalization for Troubled and Distressed Common Ownership Communities.
  
- **\$64 million in new funding for preservation and production from taxable bonds in the CIP**



# Public Safety Investments



## Fire & Rescue Service

- 1,383 full-time headcount.
- Over 1,200 uniformed positions.
- Responding to over 140,000 calls for service per year.
- 35 fire stations and two rescue stations.

## Fire & Rescue Operational Increases

- Increase emergency medical services logistics.
- Provide for maintenance and cleaning of protective equipment.



## Police Department

- 1,854 full-time headcount, 230 part-time headcount.
- 1,277 sworn positions.
- Responding to over 200,000 calls for service per year.
- six district stations, two substations.

## Police Department Improvements

- Case management and vehicle recovery system.
- Speed and red-light camera improvements.
- Automated External Defibrillator replacement.



# Public Safety Investments



## ■ Correction and Rehabilitation

- Establishes dedicated K9 unit to detect contraband and facilitate security.
- Continues important rehabilitation programs.
  - Bakery program.
  - Full-time Instructors for educational and training programs.

## ■ Emergency Management

- Replaces reduced federal support with County funds for critical emergency response programs.
  - Everbridge, which powers Alert Montgomery, the County's emergency notification system.
  - Specialized equipment, including communications tools and emergency response gear for operational readiness.
  - Replacing Public Access Trauma Care kits nearing expiration dates.
  - Continues Non-Profit Security Grant Program.



# Transportation and Transit



- **Continues equitable Zero Fare Ride On Bus system**
- **Expands Burtonsville Flash Service to all day**
- **Expands Flex Service to Poolesville and Damascus**
- **Traffic enforcement in dedicated bus lanes on Georgia Avenue to enhance safety**
- **Continues to update and enhance infrastructure**
  - Signal optimization, streetlights, crosswalks.
- **Further Modernization of Fleet**
  - Hydrogen fueling.
  - Solar microgrid project at Gaithersburg bus depot.



# Workforce & Economic Development



- **Workforce Investments**
  - \$3.4 million budget (7.8% increase) for WorkSource Montgomery
    - Opening new Upcounty American Job Center.
  - \$597,000 for BioHub Maryland training center.
  
- **Business attraction, growth and innovation**
  - \$5.7 million budget for Montgomery County Economic Development Corporation, a 9% increase.
  - \$2.9 million for small business training and support services.
  - \$4.1 million to support entrepreneurs at the County's four business incubators.
  - Maintains \$5 million annual investment in the University of Maryland-Institute for Health Computing.



# Climate and Environment



- **Shuts down Resource Recovery Facility by implementing the long-haul shipping of refuse**
  - To minimize what is shipped by long-haul, we will:
    - Construct an Organics Processing Facility to implement a Countywide food scraps collection program.
    - Implement an Advanced Waste Processing system to remove remaining recyclable and compostable material from the waste stream.
- **Funds Tree Montgomery with \$1.5 million for new trees and needed aftercare**
- **Continued funding for electrification and climate resilience for low- and moderate-income households, and for implementation of Building Energy Performance Standards**
- **Supports equitable buildout of County electric vehicle charging network with a focus on underserved areas**



# Outside Agencies, Municipalities, and Community Partners



- Fully funds Montgomery College's \$6.3 million County request, a 4.2% increase over FY26
- 4% increase for the Maryland-National Capital Park and Planning Commission covering increased cost of compensation
- Funds the Office of the People's Counsel
- Fully funds the request from WSSC Water representing a 5% rate increase
- **\$ 3.7 million (16.5%) increase in payments to municipalities**
  - Supports local policing, crossing guards, transportation and infrastructure, and parks.
- **2.5% inflationary adjustment for nonprofit contracts across County government**