



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

• **March 13, 2026** •



Building a County That Works for Everyone

Eight Years of Equity and Growth



Historic Investments to Strengthen Montgomery County



- **Thriving Youth and Families – Education**
 - Largest investment in teachers and classrooms in County history.
 - Progressively increased funding for Early Care and Education initiative.
 - Wraparound supports like high school wellness centers, Linkages to Learning sites, and mental health services for students.
 - Establishment of Montgomery College East County Center.
- **Thriving Youth and Families – Health and Human Services**
 - Overcoming health disparities exposed by COVID-19.
 - Strengthening Social Safety Net.
 - Transforming Behavioral Health Services (e.g., MCOTS).
 - Addressing Homelessness and Housing Instability.
 - Supporting Older Adults and People with Disabilities.



Historic Investments to Strengthen Montgomery County

■ A Growing Economy

- University of Maryland-Institute of Health Computing.
- Montgomery County Business Center.
- Henry M. Jackson Foundation Innovation Labs and BioHub Maryland.
- MCEDC funding to attract specialized industries.
- Advancing development of North Bethesda Metro and Viva White Oak.

■ A Greener County

- Commitment to eliminate greenhouse gas emissions.
- Expansion of Green Bank.
- Funding zero emission fleet and solar powered County buildings.

■ Easier Commutes

- Zero Fare Ride On.
- Bus Rapid Transit.
- Ride On FLEX.





Historic Investments to Strengthen Montgomery County



- **A More Affordable and Welcoming County for a Lifetime**
 - Housing Production & Preservation – highest funding and NOAH Fund.
 - Tenant Protections – Rent Stabilization.
 - Digital Equity.

- **Safe Neighborhoods**
 - Vision Zero.
 - Drone as First Responder.
 - Non-Profit Security Grant program.

- **Effective and Sustainable Government**
 - Established Office of Racial Equity and Social Justice.
 - Met and maintained 10% reserve goal.



**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 10.5% in Reserve, or \$47.7 million above our policy requirement to address state and federal budget uncertainty, as well as necessary costs**



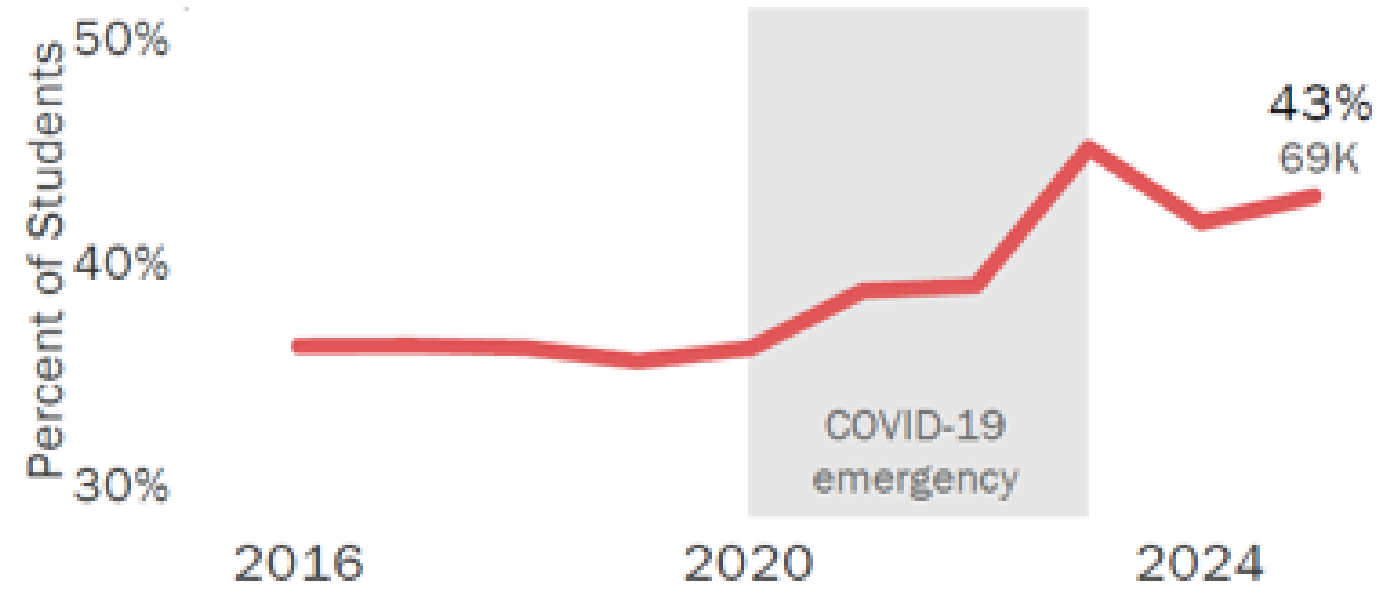
Harder Choices. Greater Pressure.

- **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.

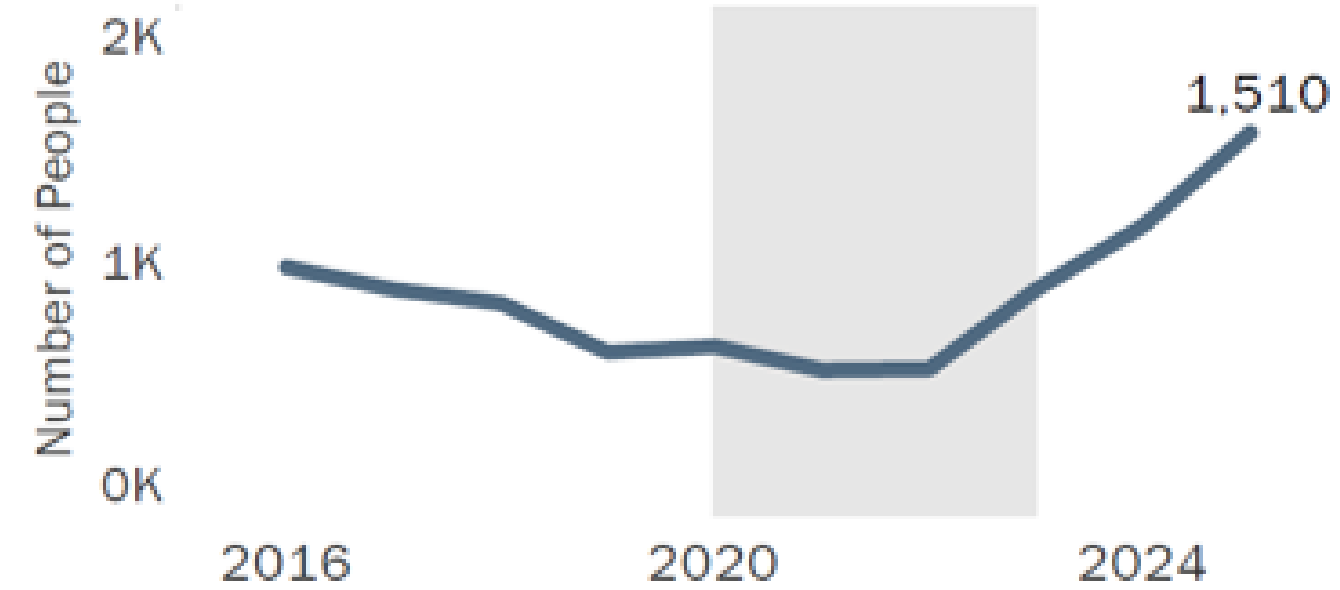


Our Community's Evolving and Growing Needs

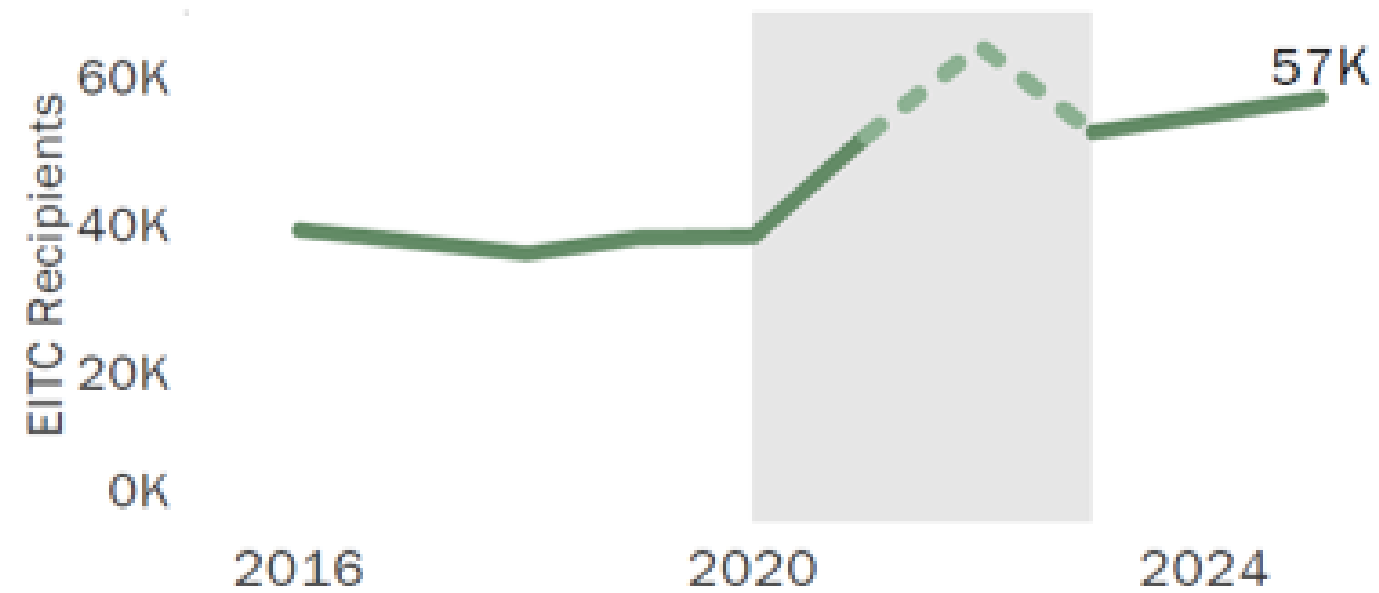
Percent of Students (MCPS) Receiving Free and Reduced Meals



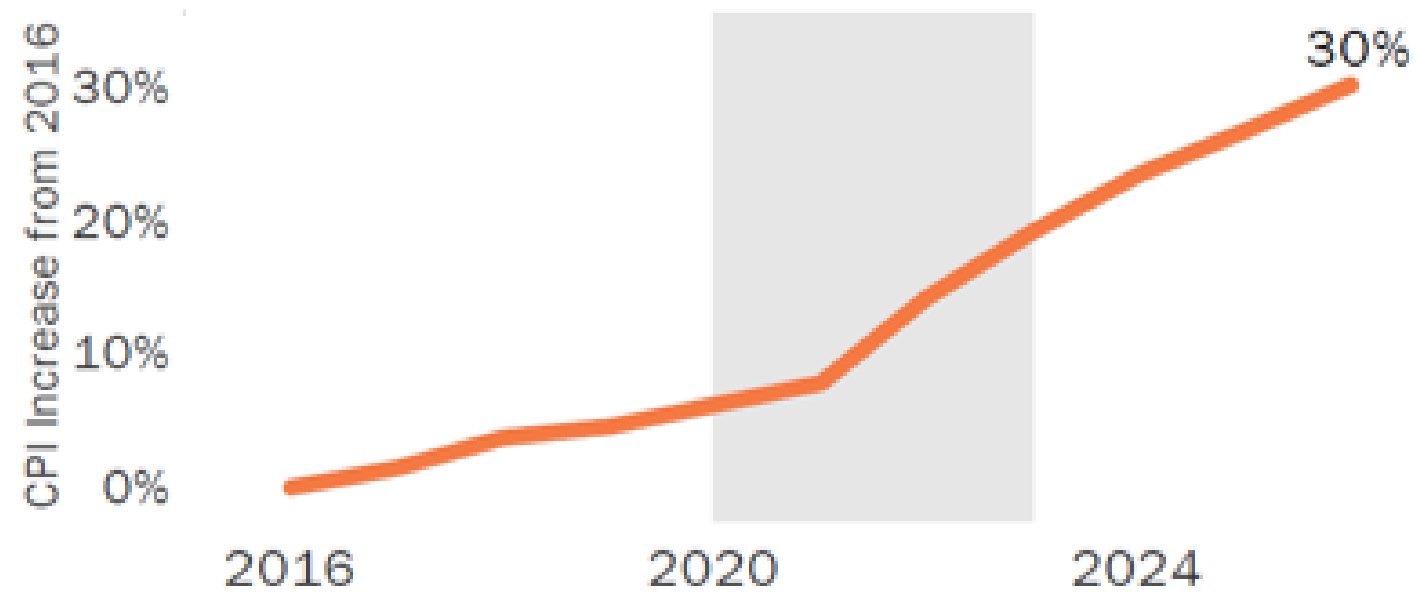
Number of People Experiencing Homelessness



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



Change in DC-Area Consumer Price Index (CPI)

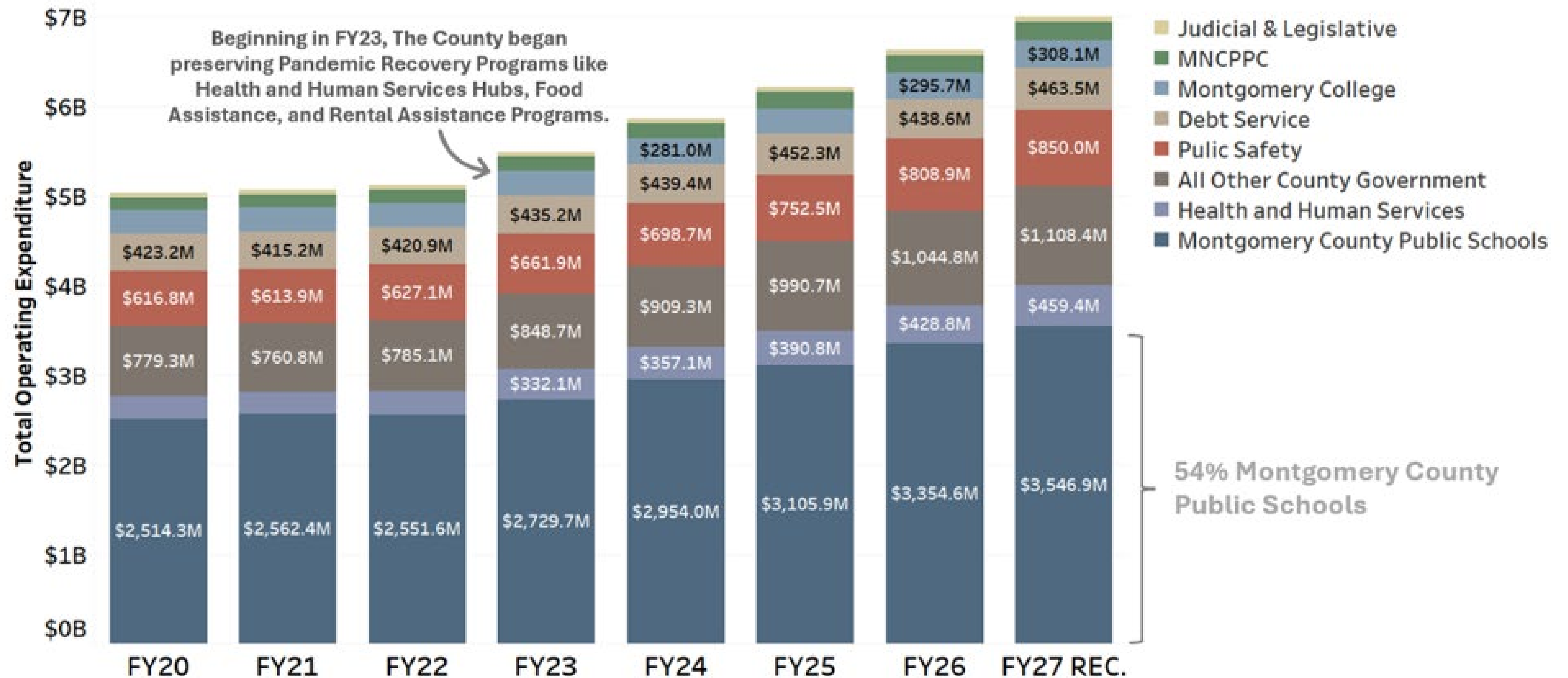


*Number of Earned Income Tax Credit (EITC) filers (individuals and households) in 2022 reflects a temporary expansion of eligibility. The Federal COVID-19 public health emergency declaration lasted from January 31, 2020 to May 11, 2023.



Addressing The Needs in Our Community:

Approved/Recommended Budgets by Function (Tax-Supported)





Balancing the Budget

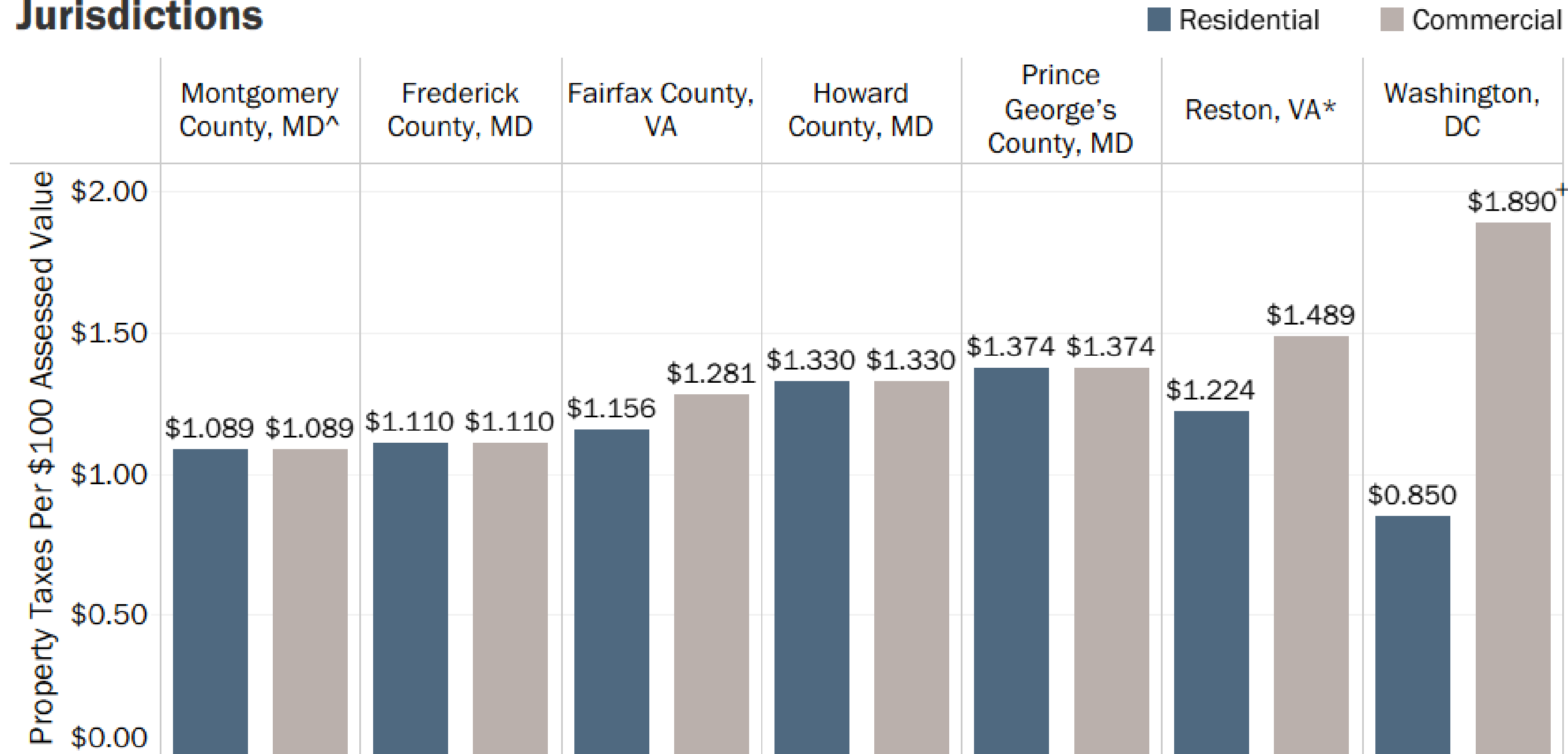


- **\$18.96 million in targeted program reductions**
- **Income Tax Rate Increase**
 - 0.1% increase from 3.2% to 3.3%.
 - Countered by increase to Working Families Income Supplement from 56% to 60%.
- **Property Tax Rate Increase**
 - 6.3 cent increase in the education supplemental property tax.
 - Total property tax rate: \$1.0855 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



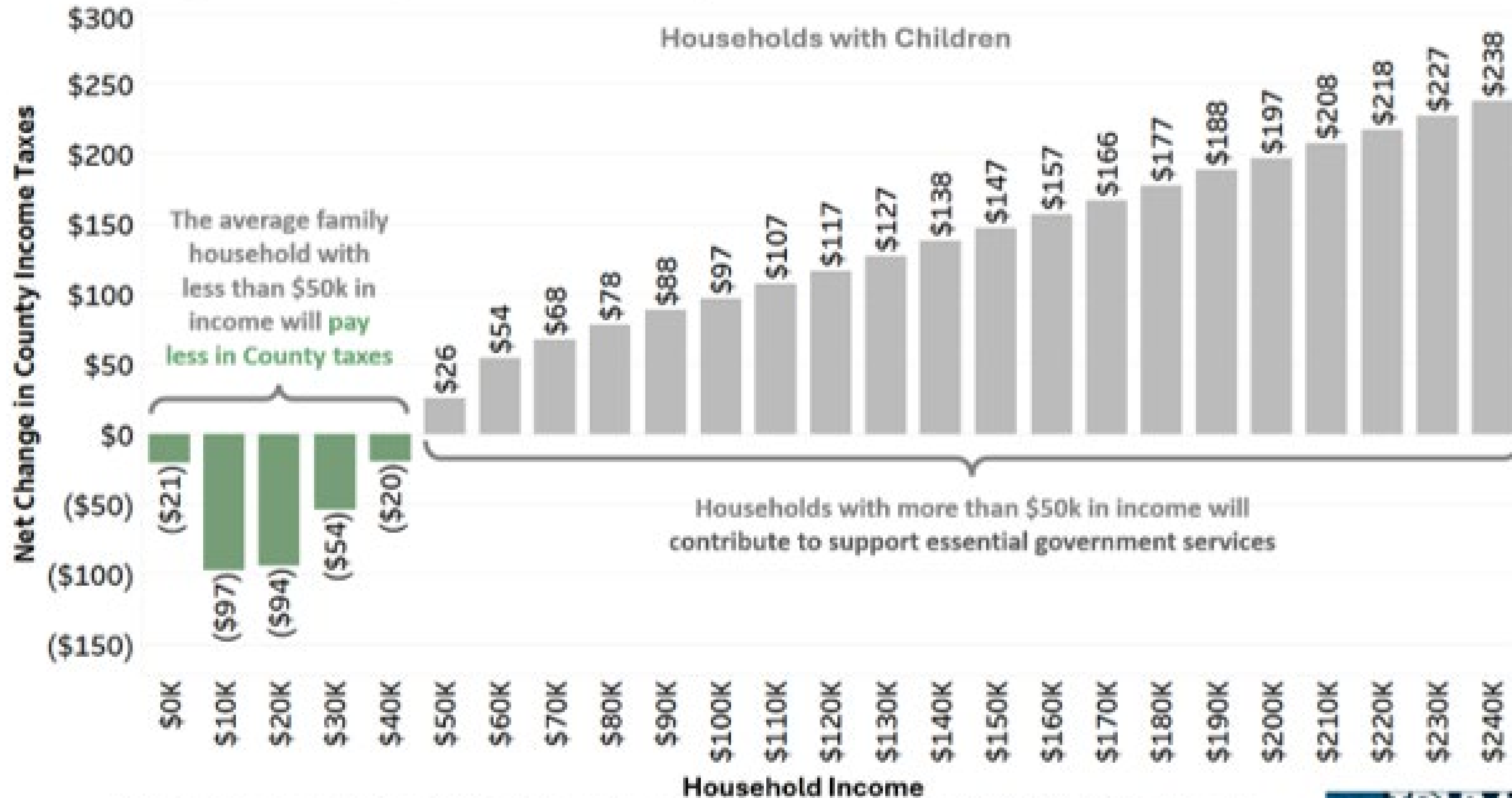
[^]Includes proposed FY27 tax increase of \$0.063. All other jurisdictions reflect FY26 rates.

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

⁺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.





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

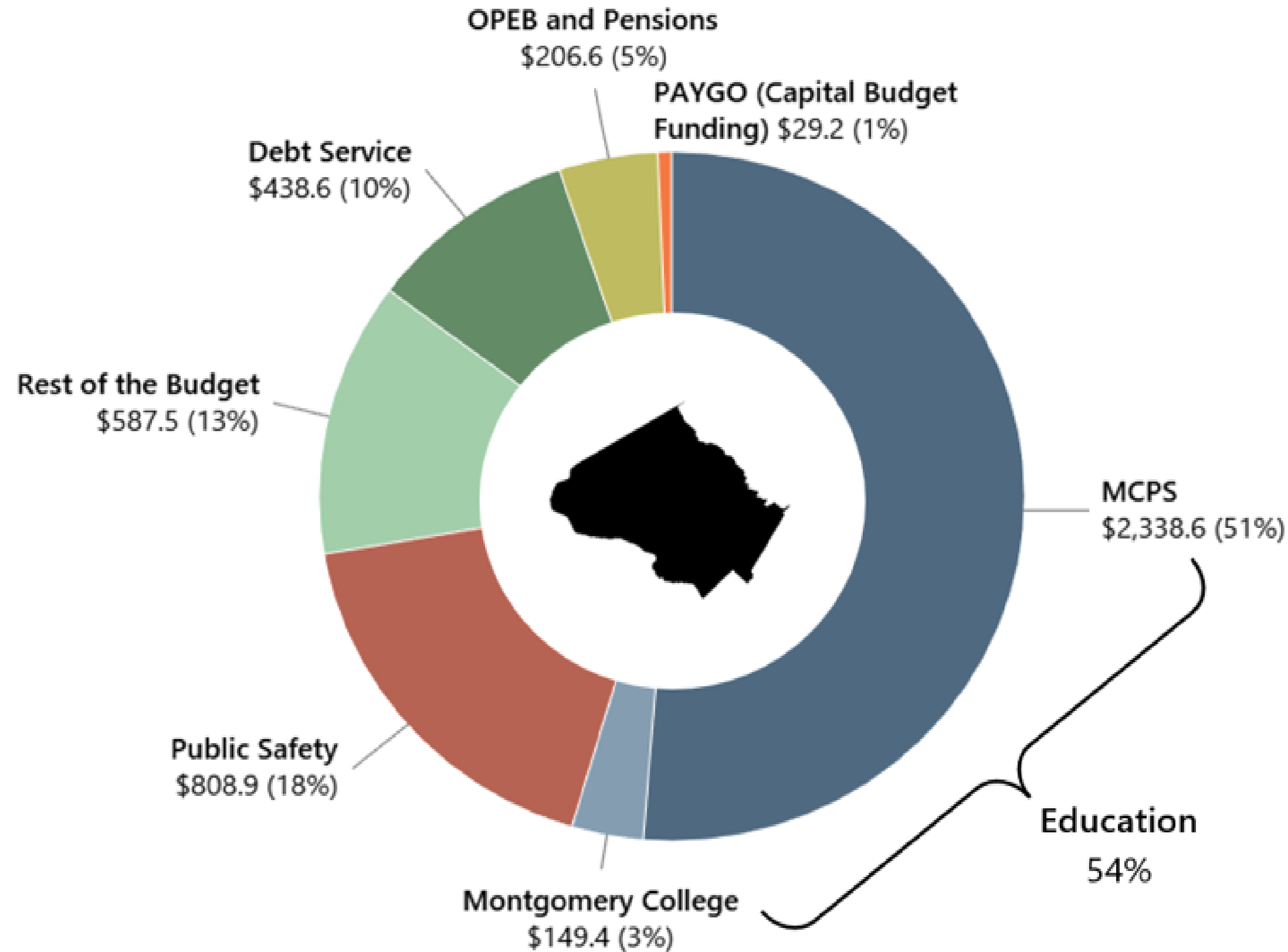


- **Two districts**
 - Up to ¾-cent tax on all properties countywide, excluding the Agricultural Reserve.
 - Up to a 15-cent tax on all commercial properties within one-half mile of a planned BRT corridor or other strategic improvement.
 - Revenue collection not effective until FY28, pending further 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
Total	\$636 million



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

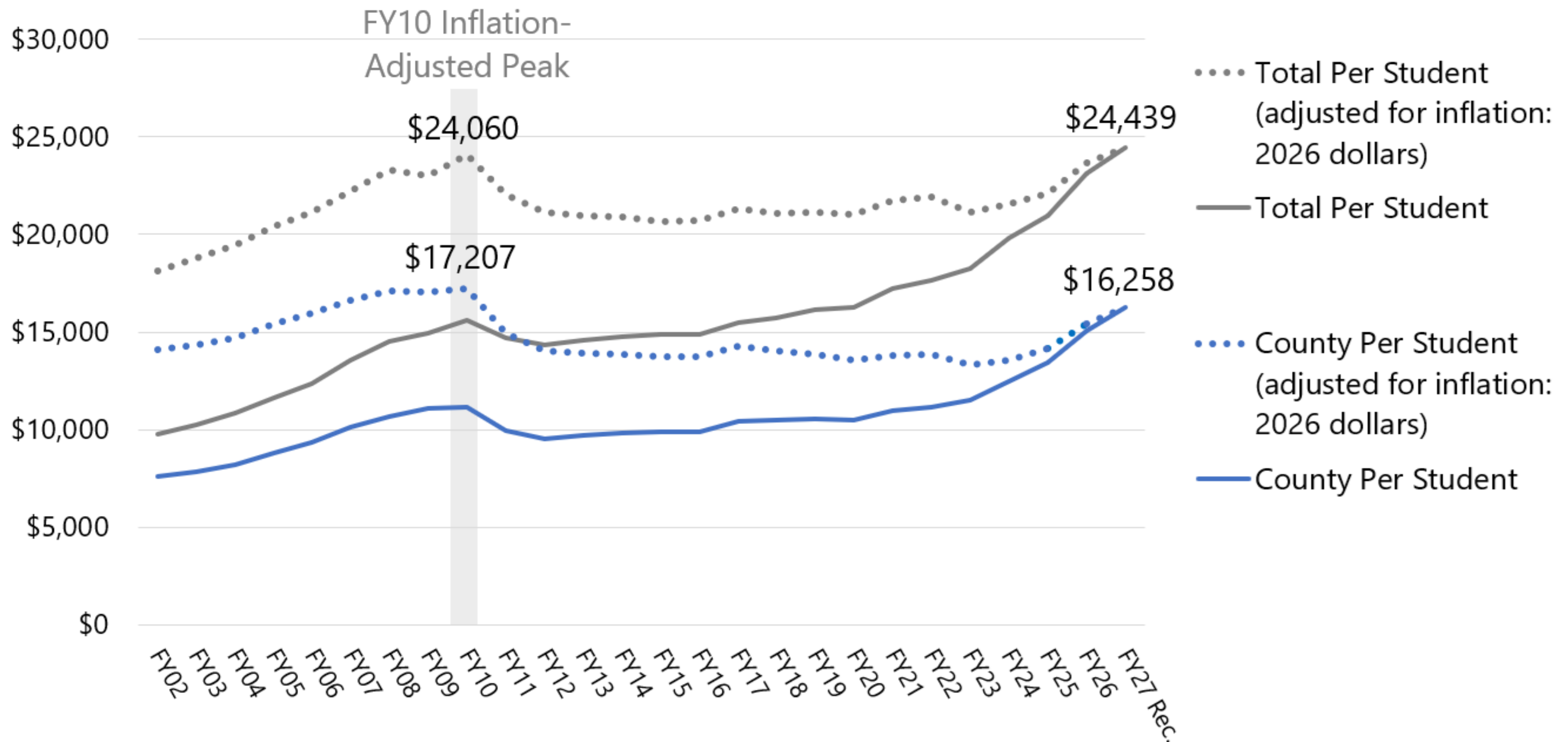


- **Exceeds the State's Maintenance of Effort Requirement by \$202.8 million**
- **Blueprint Increases: \$12.1 million**
 - Includes Pre-K expansion, dual enrollment tuition and materials, and increased national board-certified lead teacher positions.
- **Per pupil funding grows by \$1,323**
 - Returns 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 52.5%, 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.



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 and 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**