



# FY26 Budget Town Hall

District #3

County Executive Steuart Pittman  
Councilmember Nathan Volke

January 14, 2025





“Bond rating agencies tell us that our county’s financial outlook is strong. We resisted the temptation to use federal recovery funds on recurring expenses, so we have no structural deficit. We have budgeted conservatively, so will end the year with a healthy fund balance.

But costs have risen, and economists warn that deportation of essential workers, tariffs on imported goods, and major cuts to the federal workforce could create economic disruptions that would negatively impact county revenues. My priority is to maintain the programs and services that have served us well, protect our most vulnerable residents, and continue the progress we are making in education.”

*County Executive Steuart Pittman*  
**Budget Message**

# Budget Timeline

## Budget Preparation

Capital Budget and Expense Program

Current Expense Budget

Affordability Recommendation

## Review and Recommendation

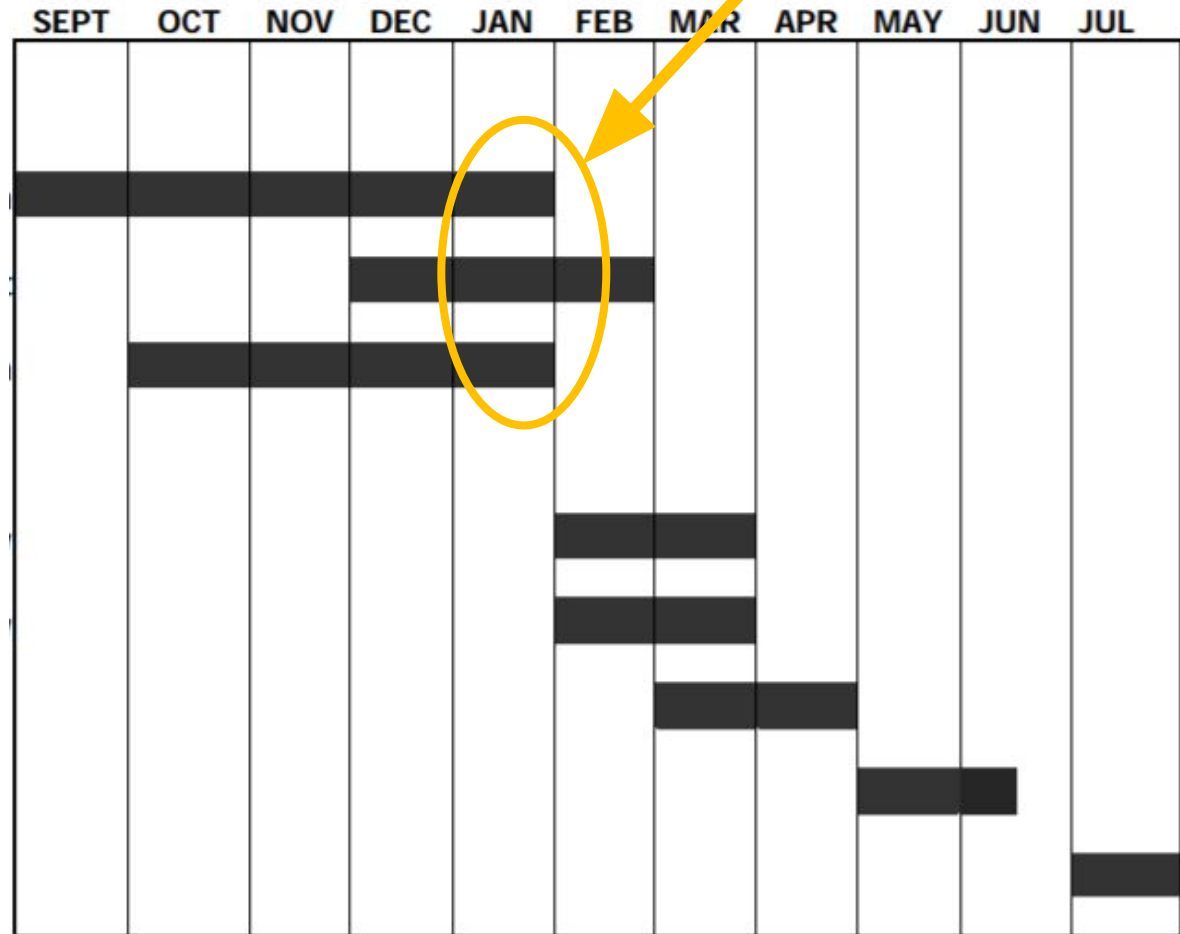
Planning Advisory Board

Administrative Review

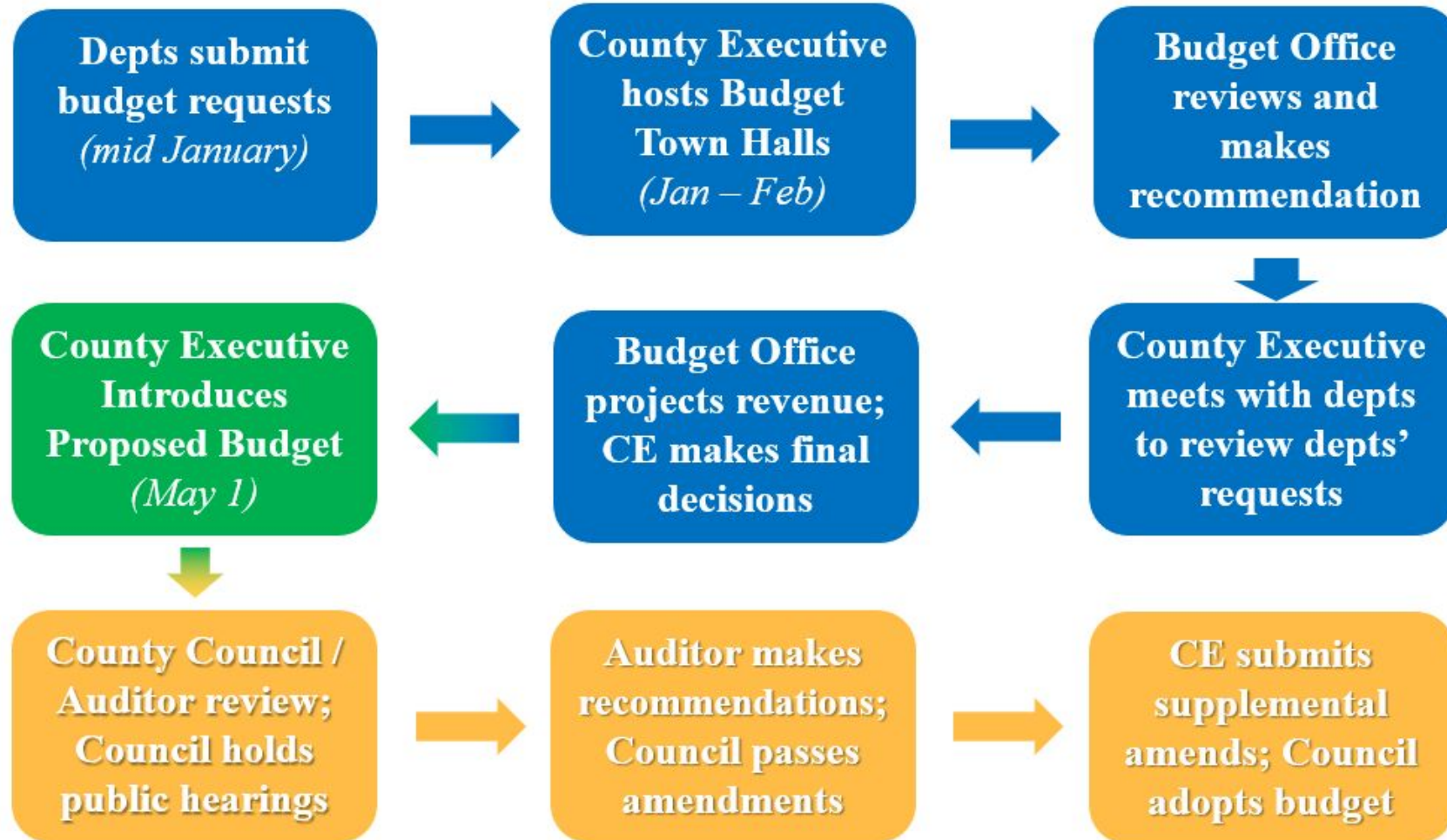
## Executive Review & Proposal

## Legislative Review & Approval

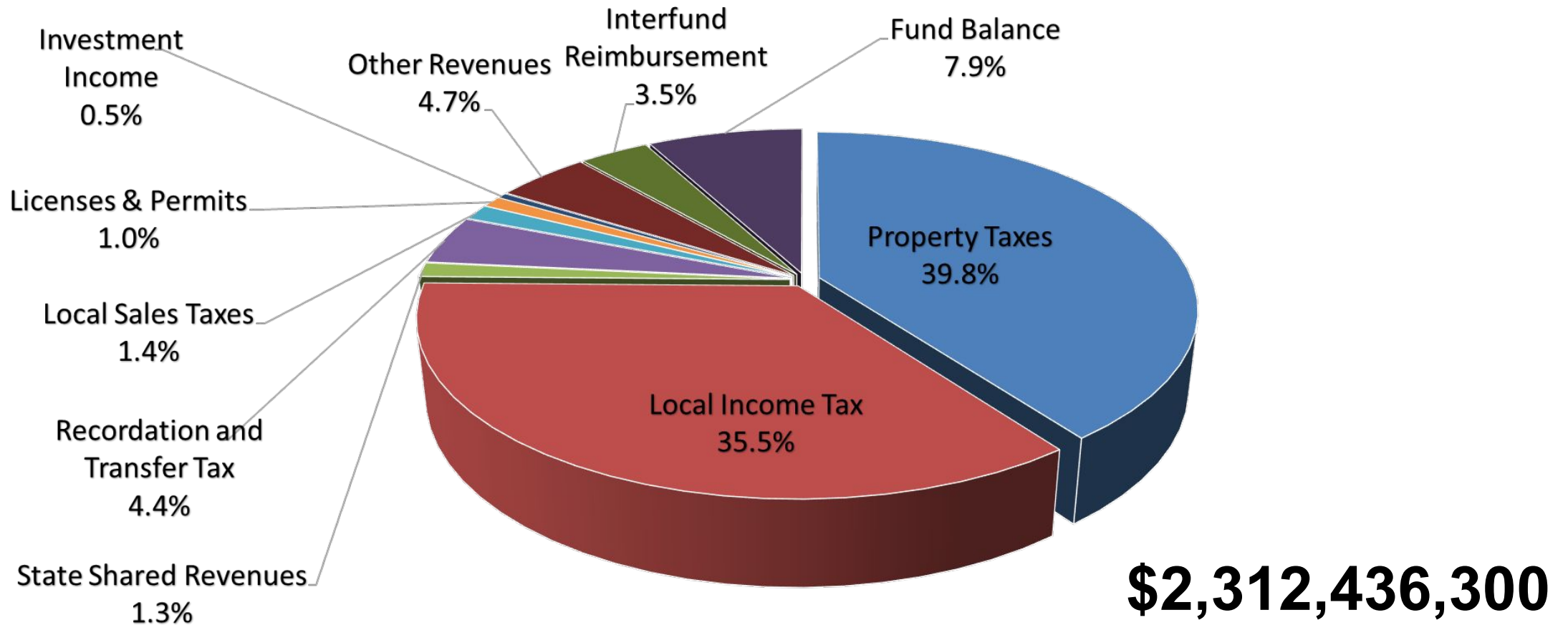
## Fiscal Year Begins



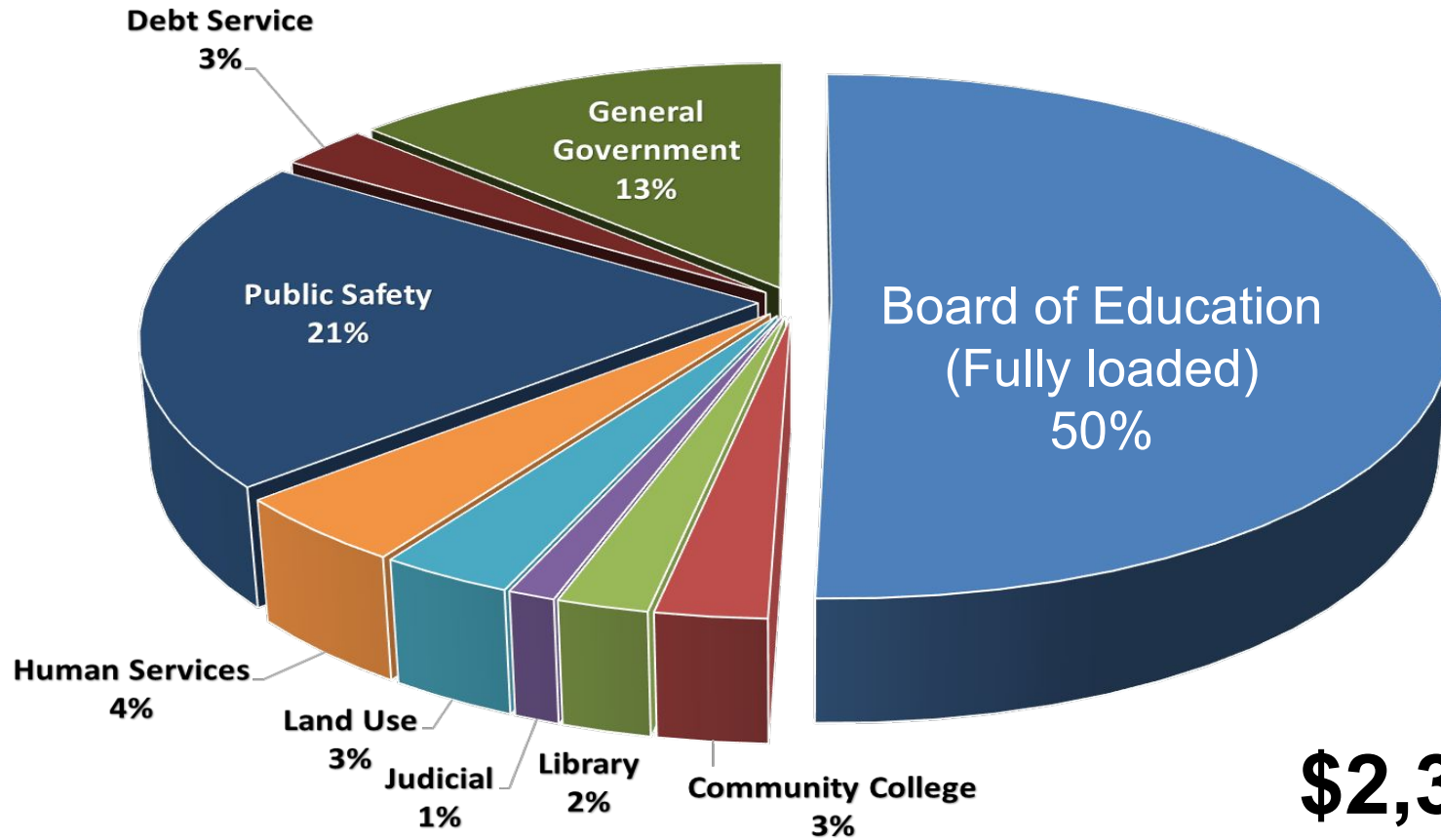
# Budget Process



# FY25 General Fund Revenue



# FY24 General Fund Expenditures



**\$2,312,436,300**

# FY 25 Budget Highlights

## Fiscal Responsibility



**Increased Police starting salary** to \$70,000 and increased operational support for Police and Fire Departments

Maxed out “Rainy Day Fund” at **\$170.7 million**

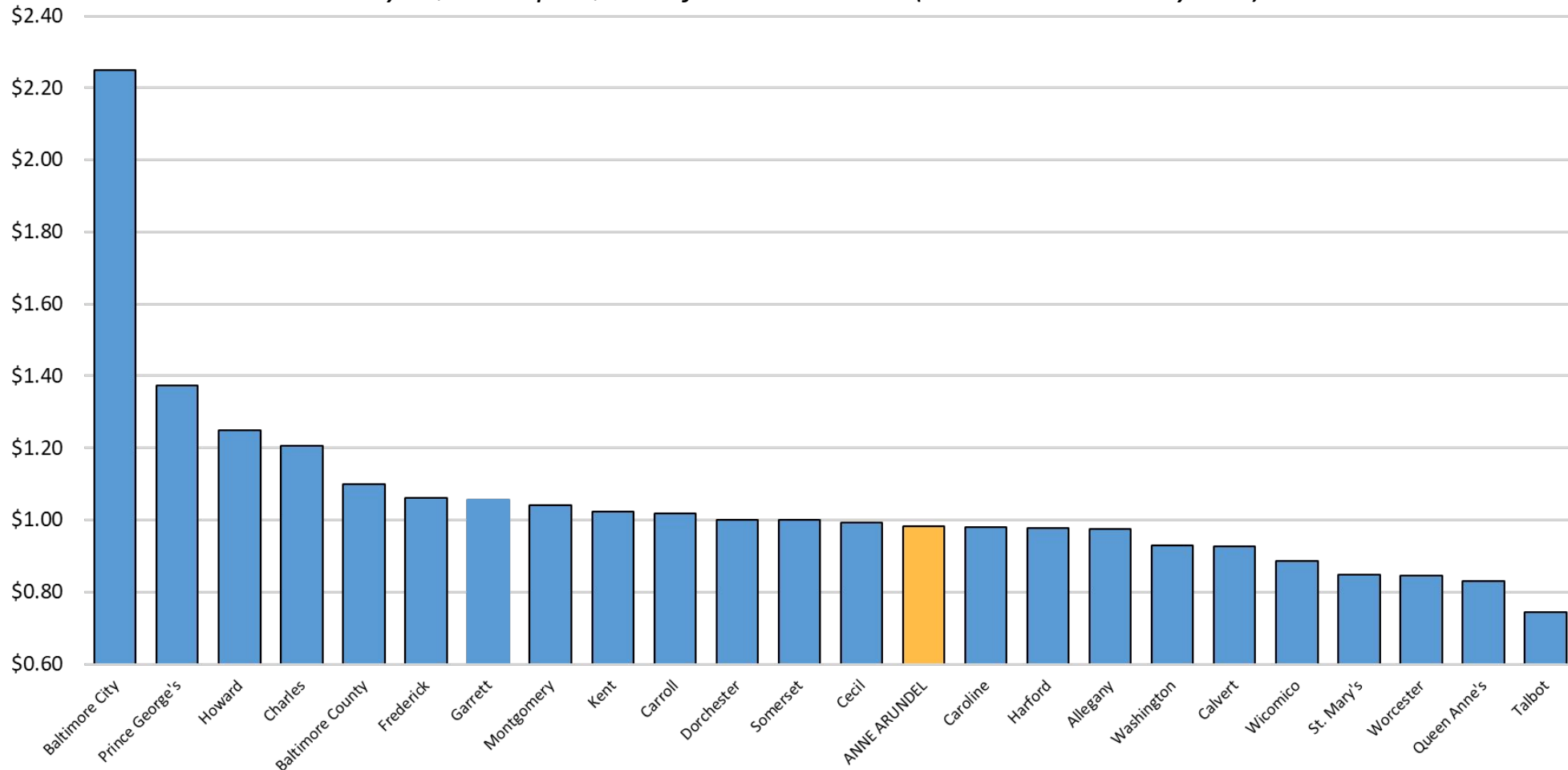
**Extended critical Health and Human Services programs**, formerly funded with ARP.

Fully funded Board of Education’s **compensation request for educators**.

Achieved **AAA grade** from all three bond rating agencies.

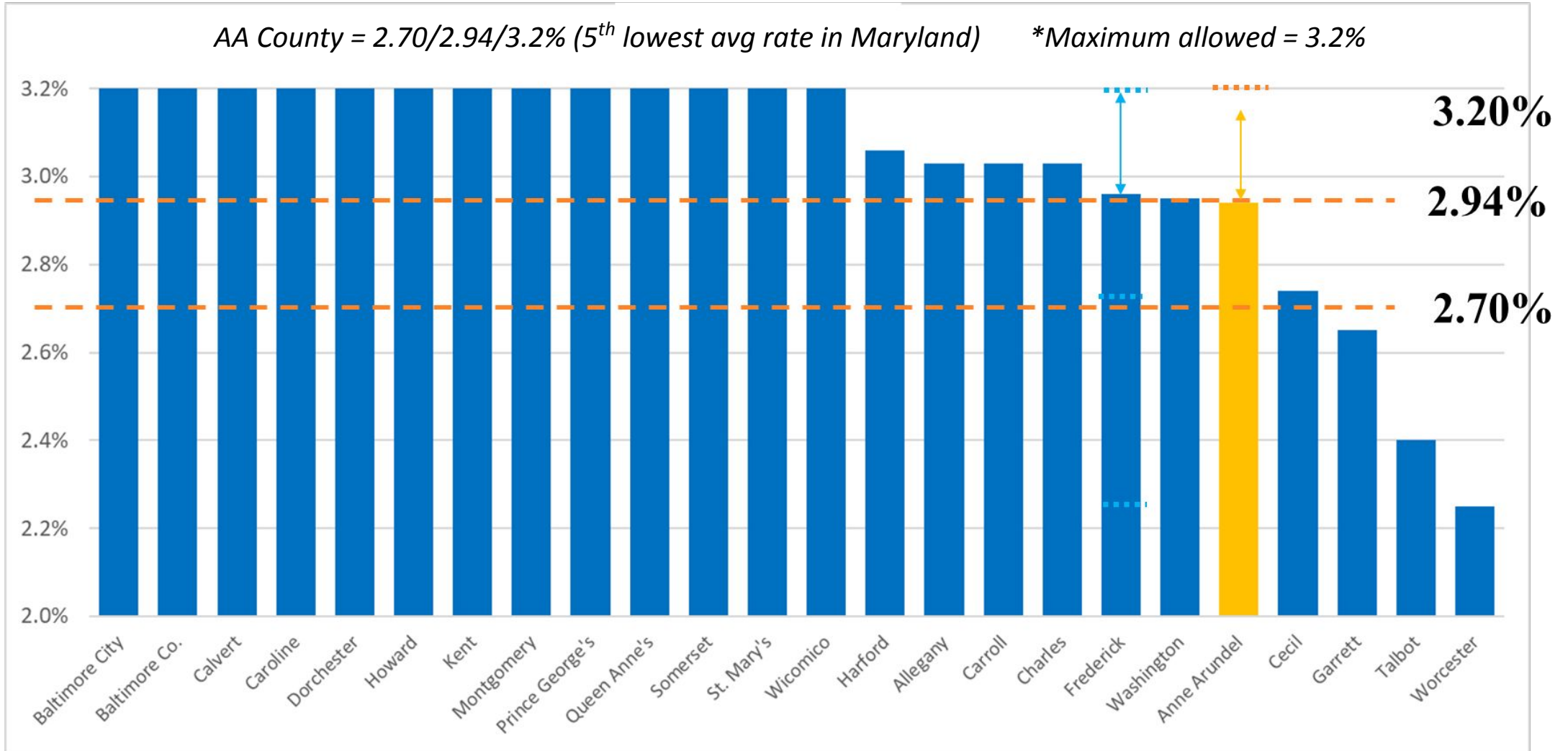
# Property Tax Comparison

AA County = \$0.983 per \$100 of assessed value (11<sup>th</sup> lowest in Maryland)

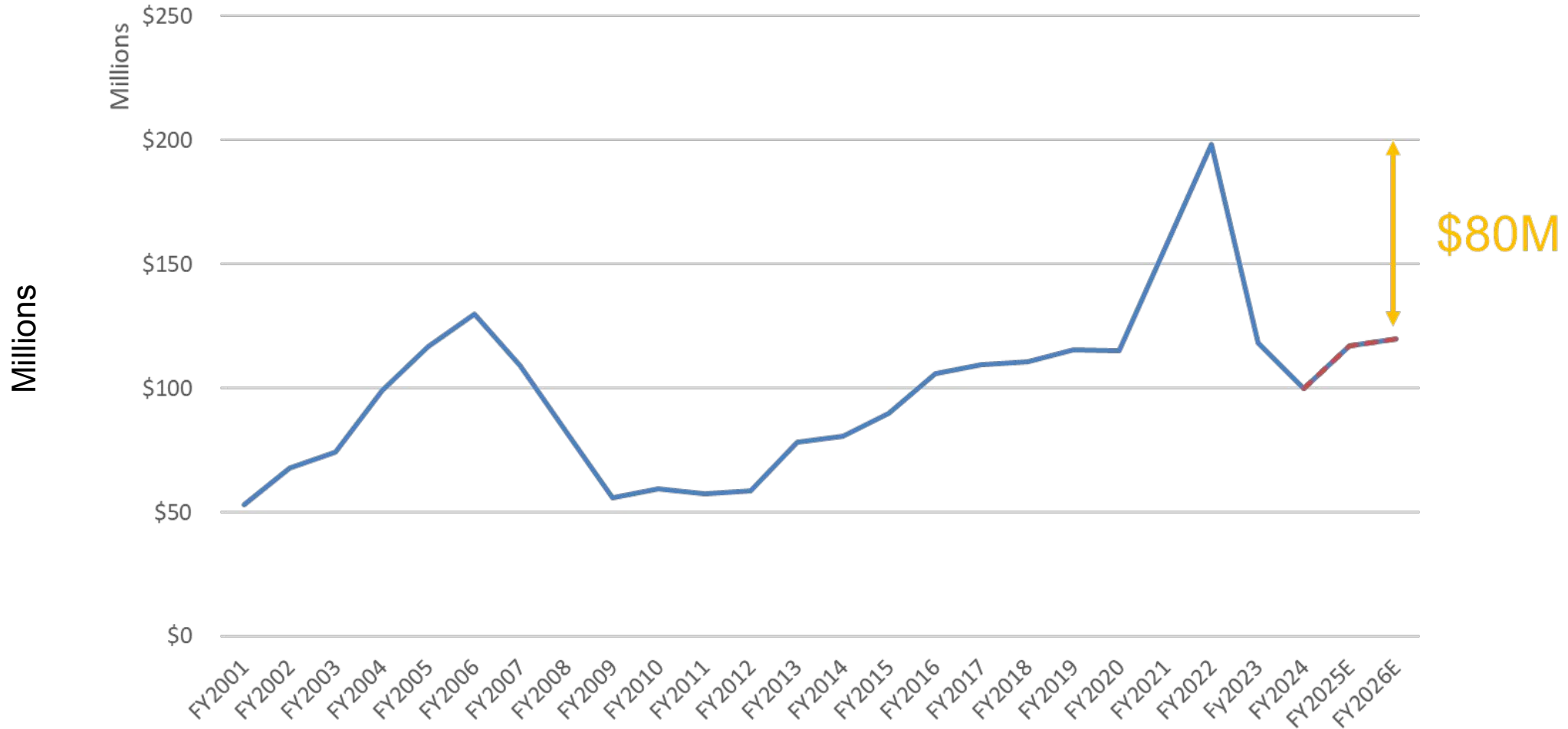




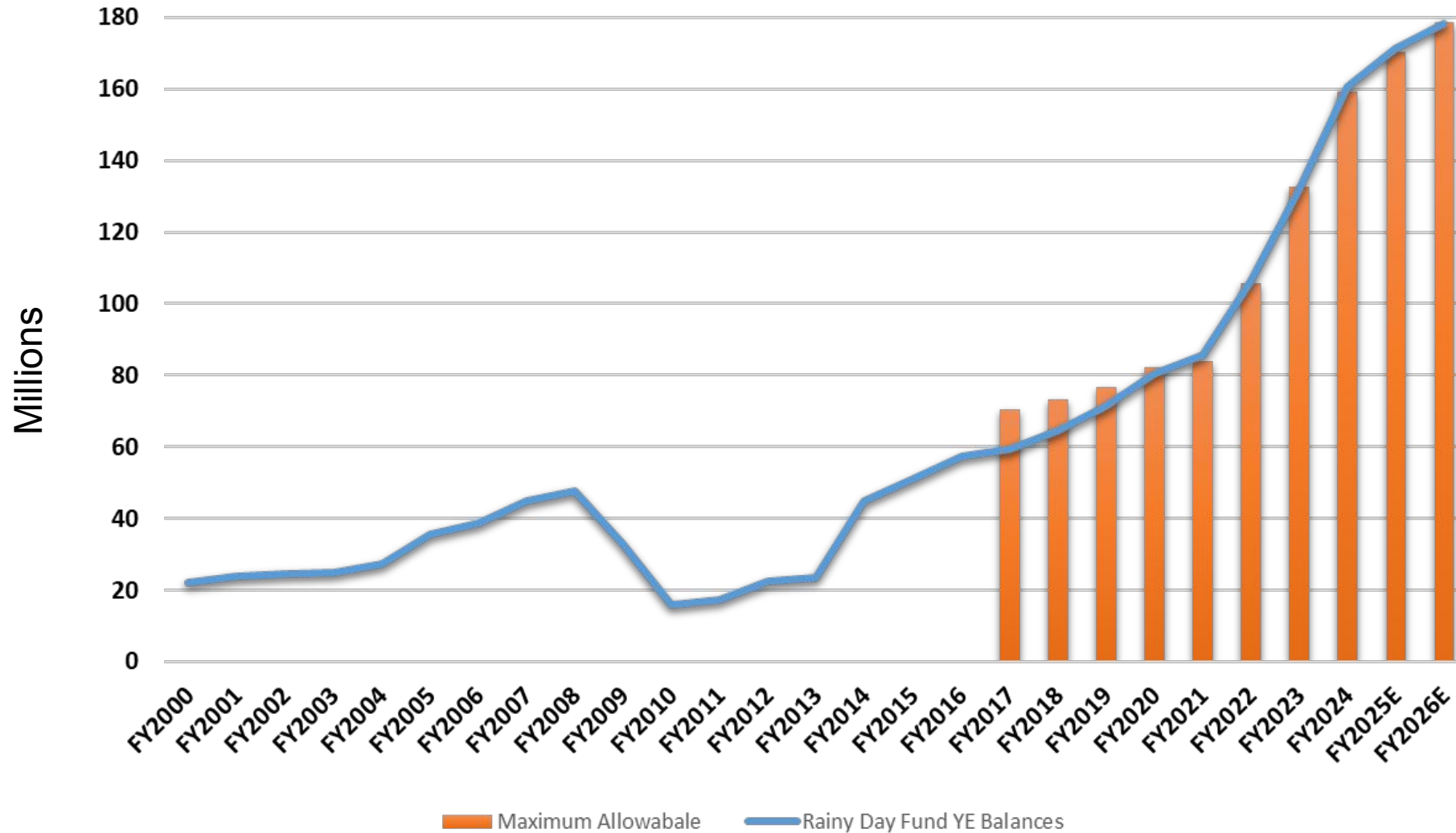
# Income Tax Comparison



# Recordation and Transfer Tax

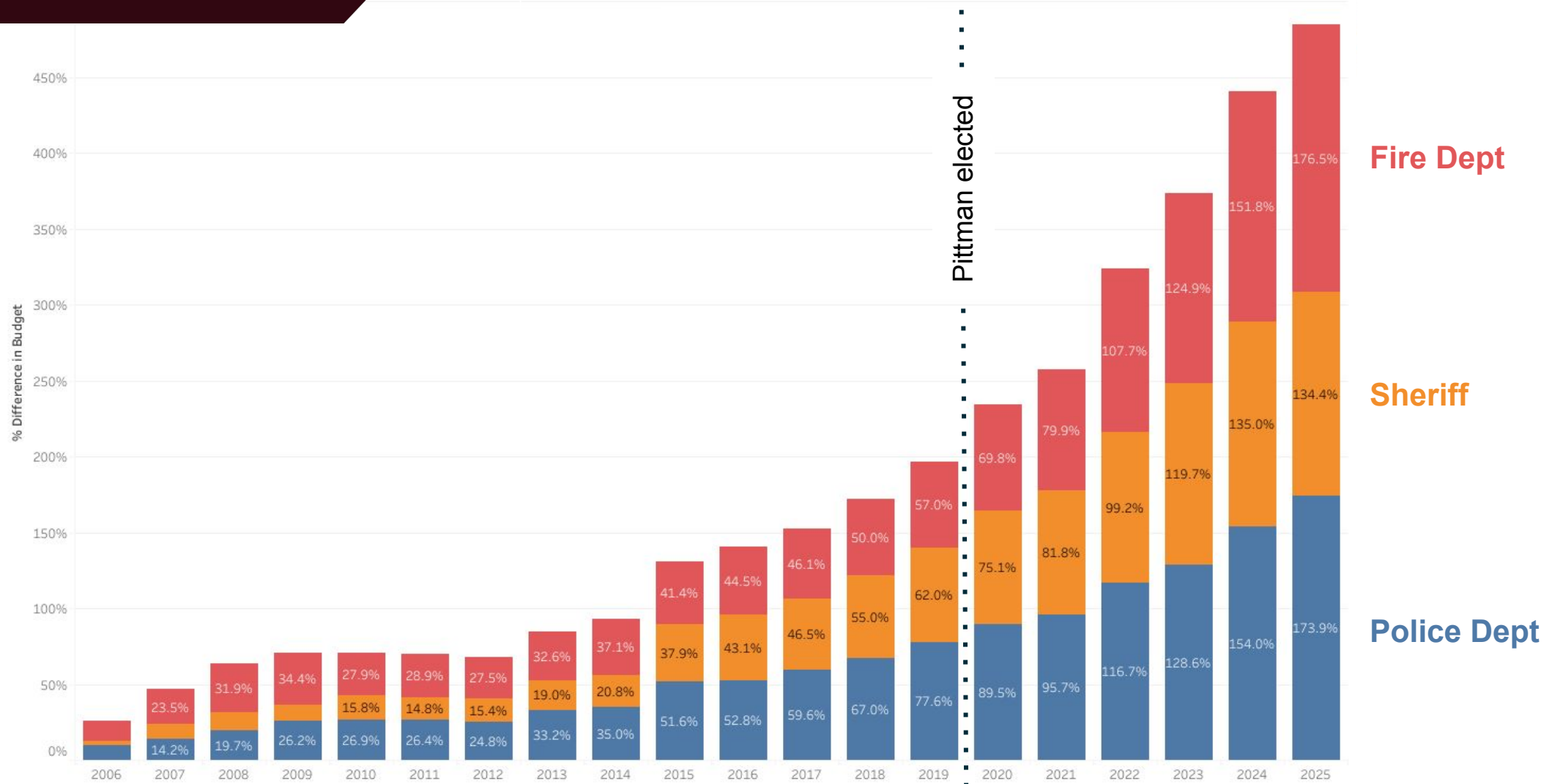


# Revenue Reserve Fund



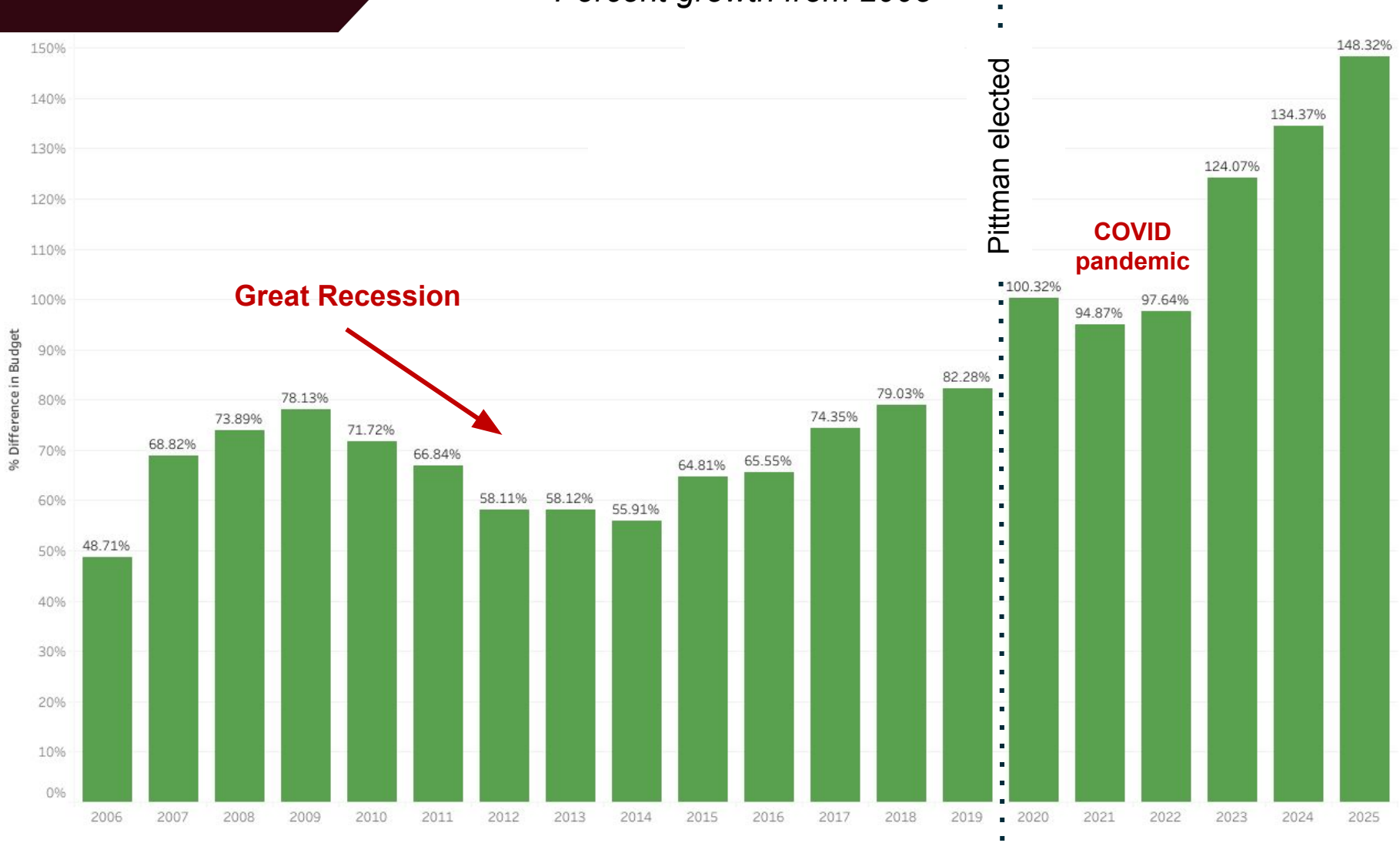
# Investments

## Public Safety Funding (Operating Budget) Percent growth from 2005



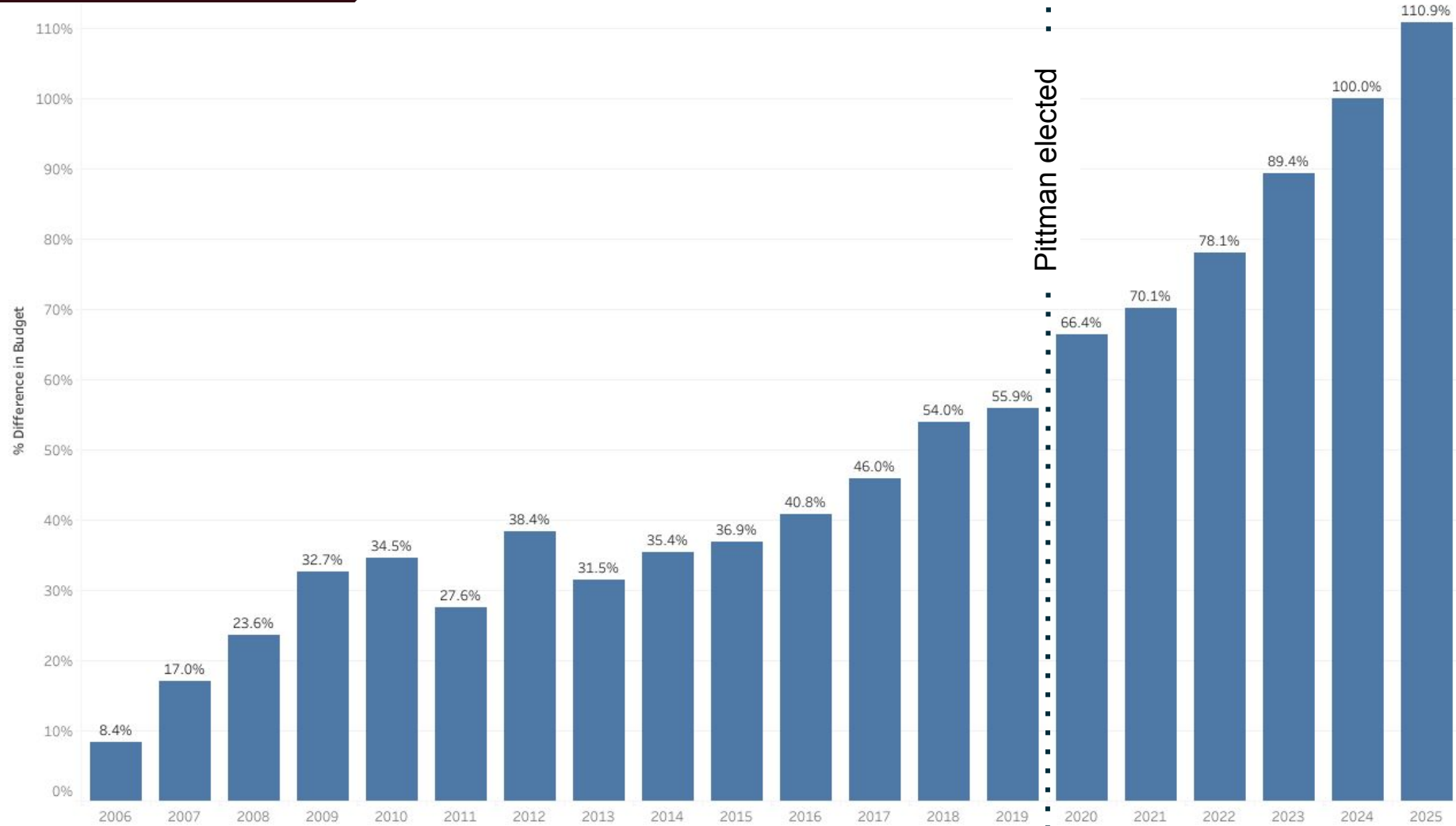
# Investments

## Rec & Parks Funding (Operating Budget) *Percent growth from 2005*



# Investments

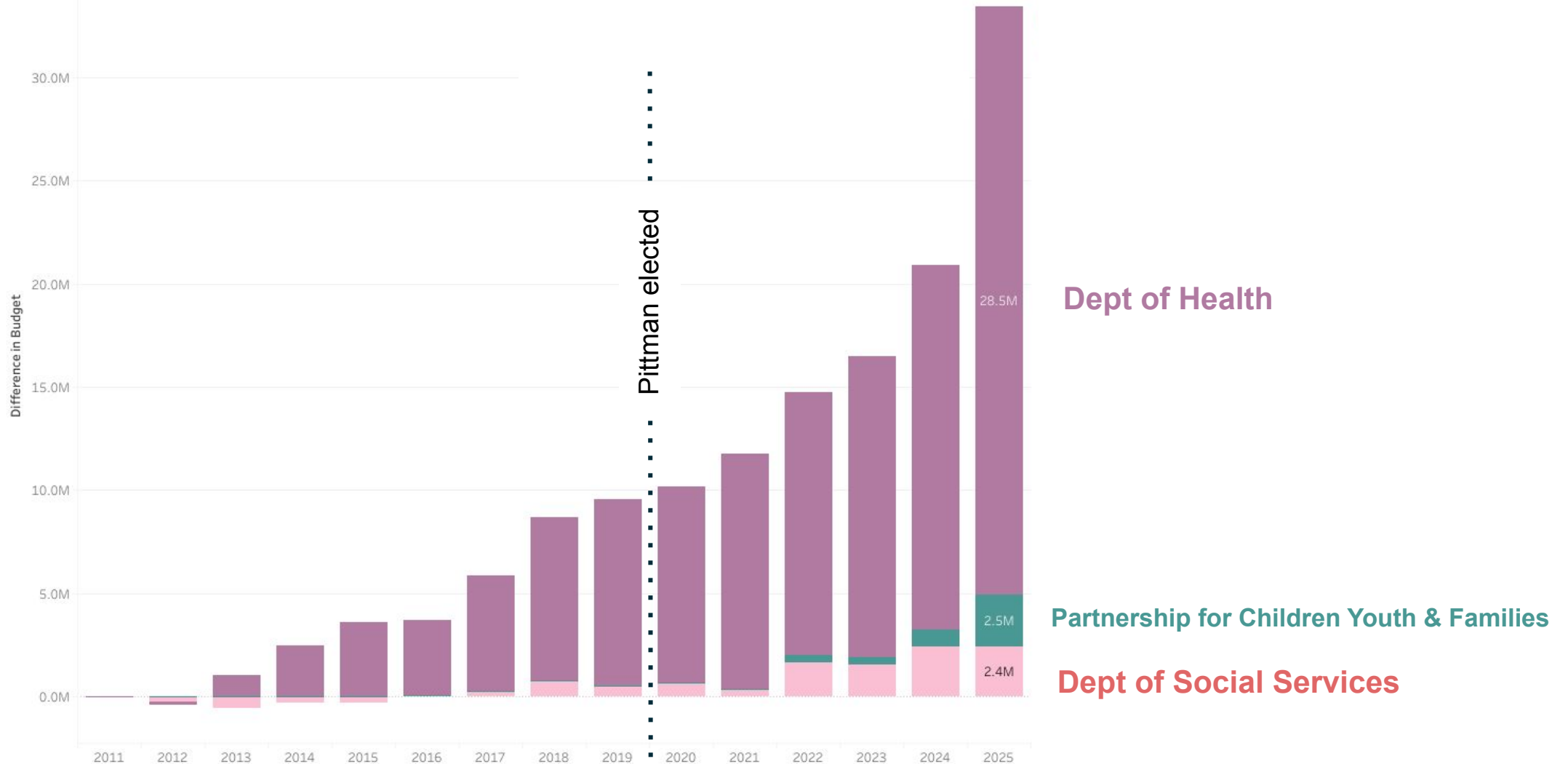
## Board of Education Funding (Operating Budget) *Percent growth from 2005*



# Investments

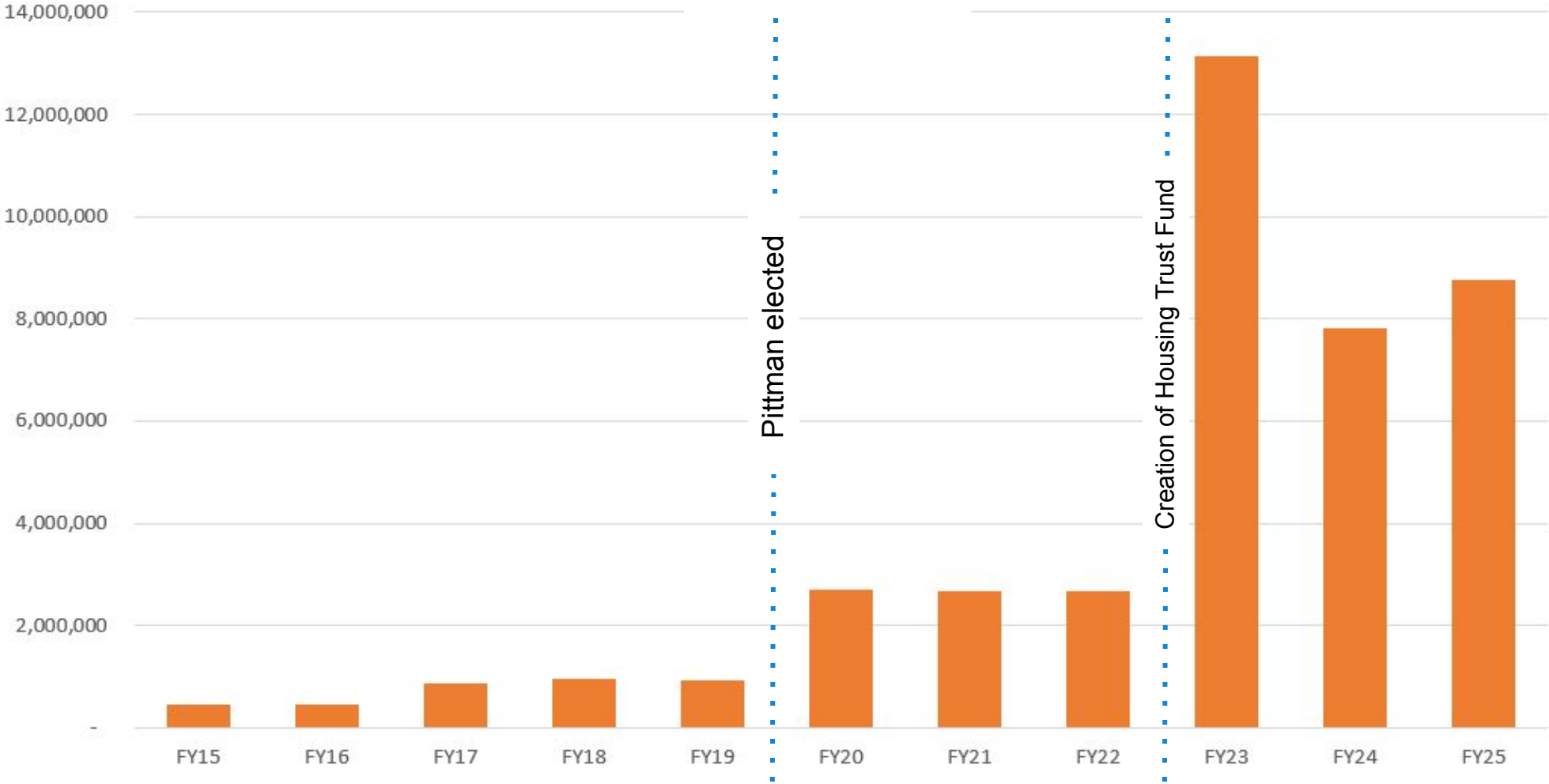
## Health & Human Services (Operating Budget)

*Incremental funding since 2011*



# Investments

## Funding for Affordable Housing *via Arundel Community Development Services, Inc.*





# Local Projects in FY25 Capital Budget (District #3)

## Transportation

- Duvall Hwy Access Improvements
- MD 173 Sidewalks
- Marley Neck Blvd Rd Improvements
- Jumpers Hole Rd
- Magothy Bridge Rd Bridge

## Water/Wastewater

- Cox Creek WRF Piping Improvements
- Cox Creek WRF Nutrient Reduction

## Watershed Improvement Projects

- Lake Waterford Step Pool Storm Conveyance
- Magothy River Outfalls

## Education

- Sunset Elementary Renovations
- Ft Smallwood ES Security Upgrades and Playground Renovations
- Chesapeake HS Running Track & Field House
- Northeast High School HVAC

## Recreation & Parks

- Fort Smallwood Park Improvements
- Downs Park Shoreline Work and Dog Beach Renovation
- Lake Shore Field Lighting
- Lake Waterford Comfort Stn Repairs

## Dredging Projects

- Sloop, Eli & Long Coves

# FY26 Fiscal Expectations

## Revenues

- ▶ **Stable outlook on recurring revenue w/ reduced growth**
  - Income Tax – Continued modest growth; Fiduciary and penalty payments likely decrease
  - Property Tax – Assessments rising and modest new construction growth
  - Rec & Transfer – Recovering but will remain low until mortgage rates decline
  - State Funds – Potential decrease with state structural deficit looming
- ▶ **Uncertainty with incoming Trump Administration**
  - Decrease in federal workforce would have major negative impact
  - Tariffs or other policy change could reignite inflation

# FY26 Fiscal Expectations

## Expenditures

### ▶ Employee Compensation Increases

- Accelerated wage growth and increased pension costs
- County vacancies decreasing (less turnover)

### ▶ Operational Increases

- Continued transition from federal Recovery Funds to county General Fund
- Material / labor costs continue to rise
- Increased debt service payments for larger capital program
- Expanded services / operations (e.g. public safety overtime, more park operations, etc.)
- **Board of Education Funding**

# FY26 Budget Outlook

Incremental Recurring Revenue FY25 Estimate: \$95-105 million\*

*Amounts represent incremental (year over year) increase from previous year*

- ▶ Initial estimates for FY26 Incremental Recurring Revenue are approximately **\$95 - 105 million** (estimate subject to change)
- ▶ Non-Discretionary Costs are estimated at approximately **\$30 million**
- ▶ This leaves **~\$70 million** for pay packages and “Supplemental” spending... including the Board of Education

FY2026 Built-in Increases	
<i>Non- Discretionary</i>	
Debt Service	
Pension Contribution (include 401a)	
Incremental Cost of FY2024 Pay Package & Health Insurance	
Health Insurance	
Self Insurance Fund	
OPEB Funding - BOE, Library, AACC	
OPEB County (Change in Both PayGo and Trust)	
FND -SDAT - Mandated Grant	
Vehicle Rate Adjustment	
<b>Non- Discretionary Subtotal (Preliminary Estimate)</b>	<b>30,000,000</b>
<i>Pay Packages</i>	
Pay Packages - Bargaining Units	
Pay Packages - Non-Represented	
Pay Package for Contractual and Temp	
<b>Pay Packages Subtotal</b>	<b>???</b>
<i>County Adjustments/Supplementals</i>	
Library (FY2026 Pay Package and base Increase)	
BOE Add'l Funding including Pay Packages	
Community College Incremental	
Departmental Base Increases	
Departmental Supplemental Requests	
<b>County Adjustments/Supplementals Subtotal</b>	<b>???</b>
<b>Total Increases</b>	

*\*Preliminary estimate – subject to change!*

*FY25 pay package: Approx \$18M (3% COLA)*

*Superintendent's FY26 request = \$94.3M  
FY25 funding was \$47.8M*

# FY 26 Budget Considerations

## Anticipated Pressures on the FY26 Budget

- ▶ Continued higher than normal inflation
- ▶ Recurring incremental revenue is dampened as recordation and transfer tax revenue remains depressed due to high mortgage interest rates
- ▶ State budget shortfalls could threaten critical state aid to County programs
- ▶ Incremental debt service, health insurance, pension and OPEB costs
- ▶ Departmental base budget increases to fund expanded services and transition from federal recovery funds

# Additional Budget Resources

## **Open Arundel**

Access Budget Data, Performance Data, and Information on Federal Recover Funds

[www.aacounty.org/openarundel](http://www.aacounty.org/openarundel)

## **Budget “BuDDE”**

**B**udget **D**ata and **D**evelopment **E**xplorer (BuDDE) - Explore the current year budget visually

[www.aacounty.org/budget/budget-data-and-development-explorer](http://www.aacounty.org/budget/budget-data-and-development-explorer)

## **Budget Office page**

Access Budget Books for current and previous years’ budgets

<https://www.aacounty.org/budget>

## **Your Budget**

Information on county budget process and how constituents can get involved

[www.aacounty.org/yourbudget](http://www.aacounty.org/yourbudget)



**We Want YOUR**

**Feedback!**

**Email**

**[budget-comments@aacounty.org](mailto:budget-comments@aacounty.org)**