



Angela D. Alsobrooks
County Executive

PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

April 20, 2020

The Honorable Todd M. Turner
Chair
Prince George's County Council
County Administration Building
Upper Marlboro, Maryland 20772

Re: Recommended Adjustments – FY 2021 Proposed Budget

Dear Chair Turner:

When the FY 2021 Proposed Budget was presented on March 11, 2020, it was unknown at that time the COVID-19 pandemic could so quickly and significantly change the economic outlook of the world, country and Prince George's County. The pandemic has permanently altered the lives of our citizens, residents, businesses and employees. As such, we must continue to put their wellbeing at the forefront of our decisions as we collectively manage through this crisis as a community. I want to thank you for your partnership as we work together to adopt a FY 2021 fiscal plan. We will ensure the adopted plan will be responsive to the needs of the community as well as reflective of the declining economic outlook we are facing in the coming year.

The current budget amendment package reflects adjustments for the operating budget. The most significant adjustment is in the General Fund with a \$101.4 million downward adjustment in total revenues. County source revenues are estimated to decline by \$104.0 million and that includes the use of an additional \$30 million of reserves and outside aid increases of \$2.6 million. If you exclude the additional increase in use of reserves, county source revenues decline \$134.0 million or 4.8% below the original proposed budget. This is a significant deterioration of county source revenues which support our core services. We must remain vigilant in monitoring our revenue collections as well as the overall economic trends which could indicate a further erosion of our fiscal outlook.

Various expenditure reductions are outlined to account for the anticipated decline in county revenues. The reductions impact every county department and agency and will require implementing various expenditure control measures in the coming fiscal year including extremely limited hiring in FY 2021. Additionally, this fiscal plan takes significant measures to avoid the need to implement furloughs and layoffs in the coming fiscal year. The fiscal information outlined in this memo and enclosed attachments, provide details of budget changes for each operating fund except for the Grant Program Fund. The Office of Management and Budget will submit separate correspondence regarding additional adjustments for the Grant Program Fund as well as the Capital Improvement Program in May. Below is a summary of the changes for the various operating funds:

General Fund

- The proposed General Fund budget will decrease from \$3,815,774,700 to \$3,714,400,900
- Revenues decrease by \$101,373,800 based on an updated review of all revenue categories. The use of fund balance increases by \$30,000,000 to \$63,583,000.
- Expenditures are adjusted downward by \$101,373,800 to ensure a balanced budget in FY 2021.
 - Countywide Personnel Costs Adjustments (\$50.3 million) – Every county agency budget has been reduced to remove all allocated funding for anticipated cost of living and merit adjustments (\$18.9 million). Additional reductions include an increase budgeted attrition (\$15.2 million), reduced funding for funded vacant positions (\$14.3 million) as well as eliminating funding for 19 new full-time and three limited term positions (\$1.8 million). These reductions are reflected in the compensation and fringe benefit budgets of each agency.
 - The PAYGO transfer to the Information Technology fund decreases by \$750,000. The website refresh project will be funded over a two-year period.
 - The Board of Education proposed budget decreases \$7.7 million to reflect an \$8.0 million reduction in the County contribution and a \$273,500 increase in State Aid to align with the enacted State budget. The funding reductions have been proportionally allocated within each State category. We will have to reconcile the final budget with the Board of Education.
 - The Memorial Library System budget has been reduced by \$250,000 to reflect a reduction in the County contribution to the system.
 - The Community College budget increases by a net of \$1.0 million. The change reflects a \$1.3 million reduction in the County contribution, as well as a \$2.3 million increase in State Aid to align with the enacted State budget.
 - The Non-Departmental budget decreases by of \$43.5 million primarily to reflect the following changes:
 - Grants and Transfers – Reduction totals \$37.0 million
 - \$262,900 – Reduction in County operating grants to the Economic Development Corporation, Financial Services Corporation and Experience Prince George’s
 - \$250,000 – Decrease in the Local Development Council Impact Grant program funding.
 - \$4.0 million – Removal of the PAYGO transfer to the Housing Investment Trust Fund
 - \$32.5 million – Reduction in various PAYGO transfers to the capital program.
 - Operational Expenditures – Reduction of \$6.5 million from the Summer Youth Employment Program.

Please refer to Attachments 1-3 for the General Fund revenue and expenditure adjustments.

Internal Service Funds

The proposed Internal Service budget will decrease from \$62,196,500 to \$61,232,700. The adjustments will occur in the following funds:

Fleet Management Fund

- The proposed Fleet Management Fund will decrease from \$14,732,400 to \$14,518,600.
- Revenues decrease by \$213,800 to reflect a decrease in appropriated fund balance.
- Expenditures decrease by \$213,800 to reflect the removal of anticipated FY 2021 salary adjustments.

Information Technology Fund

- The proposed Information Technology Fund will decrease from \$47,464,100 to \$46,714,100.
- Revenues decrease by \$750,000 to reflect a decrease in County Transfer In payment.
- Expenditures decrease by a net \$750,000 to reflect reduced funding for the website refresh project. Additional adjustments have been made to reallocate countywide personnel cost reductions to the operating budget for anticipated contractual services.

Please refer to Attachment 4 for the Internal Service Fund adjustments.

Enterprise Funds

The proposed Enterprise Fund budget will decrease from \$209,016,200 to \$208,248,400. The adjustments will occur in the following funds:

Stormwater Management Enterprise Fund

- The proposed Stormwater Management Enterprise Fund will decrease from \$83,105,300 to \$82,649,100.
- Revenues decrease by \$456,200 to reflect a decrease in appropriated fund balance.
- Expenditures decrease by \$456,200 to reflect the removal of anticipated FY 2021 salary adjustments.

Solid Waste Enterprise Fund

- The proposed Solid Waste Enterprise Fund will decrease from \$108,592,800 to \$108,313,500.
- Revenues decrease by \$279,300 to reflect a decrease in appropriated fund balance.
- Expenditures decrease by \$279,300 to reflect the removal of anticipated FY 2021 salary adjustments.

Local Watershed Protection and Restoration Enterprise Fund

- The proposed Local Watershed Protection and Restoration Enterprise Fund will decrease from \$17,318,100 to \$17,285,800.
- Revenues decrease by \$32,300 to reflect a decrease in appropriated fund balance.
- Expenditures decrease by \$32,300 to reflect the removal of anticipated FY 2021 salary adjustments.

Please refer to Attachment 5 for the Enterprise Fund adjustments.

Special Revenue Funds

The proposed Special Revenue Fund budget will decrease from \$243,396,600 to \$239,396,600. The adjustments will occur in the following fund:

Housing Investment Trust Fund

- The proposed Housing Investment Trust Fund will decrease from \$8,970,200 to \$4,970,200.
- Revenues decrease by \$4,000,000 to reflect the removal of a Transfer In of County PAYGO funding.
- Expenditures decrease by \$4,000,000 to reflect a reduction in staffing and programmatic costs.

Please refer to Attachment 6 for the Special Revenue Fund adjustments.

The Administration greatly appreciates the partnership forged with the Council during the FY 2021 budget process. If you have questions regarding this request, please contact Stanley A. Earley, Director, Office of Management and Budget at (301) 952-3300.

Sincerely,



Angela D. Alsobrooks
County Executive

Enclosures

- Attachment 1 – Operating Budget Revenue Adjustments by Category – FY 2021 Proposed Budget
- Attachment 2 – General Fund – Adjustment Summary – FY 2021 Proposed Budget
- Attachment 3 – General Fund – FY 2021 Proposed Adjustments by Character
- Attachment 4 – Internal Service Fund – FY 2021 Proposed Adjustments
- Attachment 5 – Enterprise Fund – FY 2021 Proposed Adjustments
- Attachment 6 – Special Revenue Fund – FY 2021 Proposed Adjustments