

FY24 Proposed Operating Budget Overview



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Overall Summary

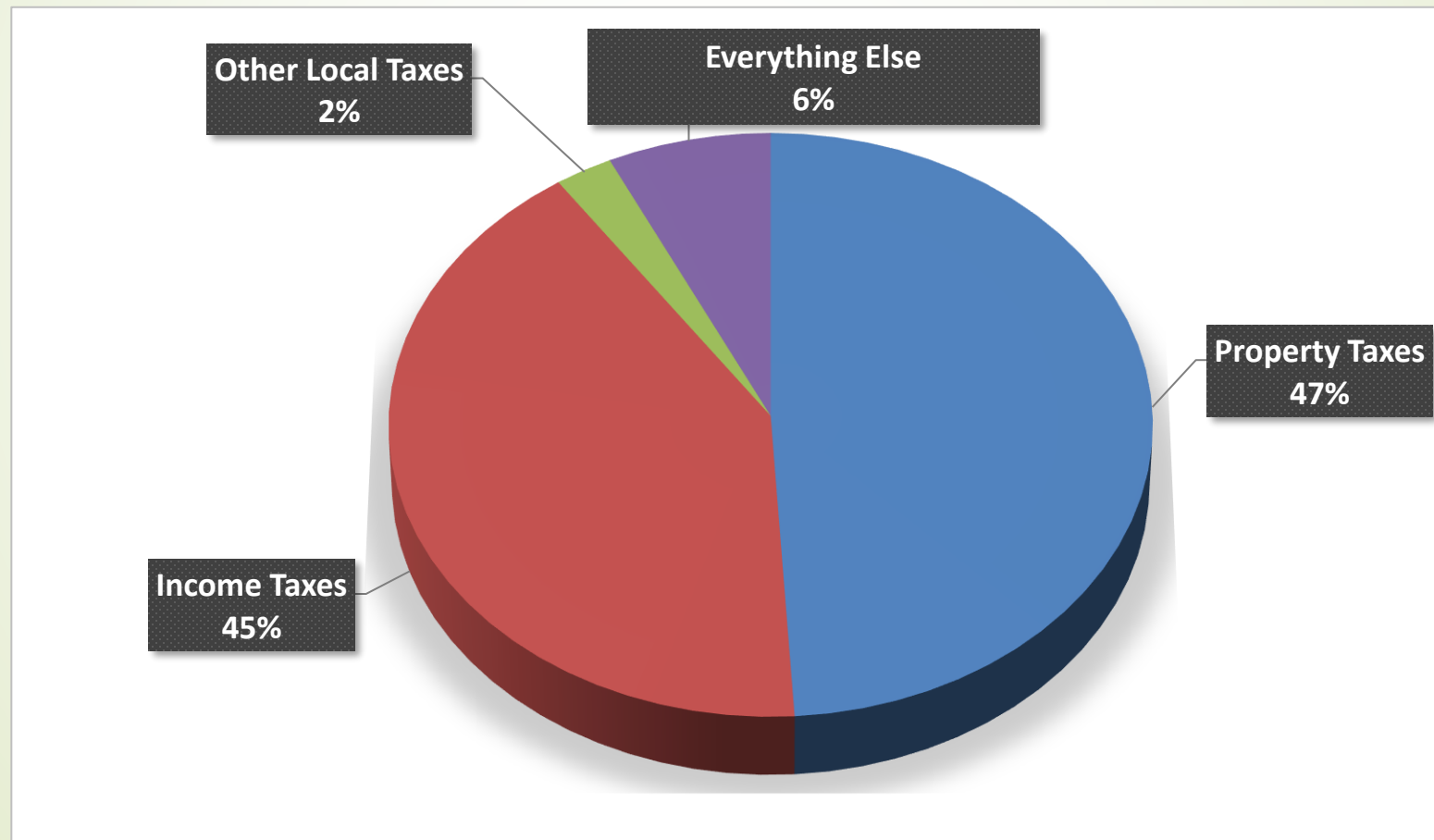
- FY2024 Total Proposed Operating Budget: \$2.6 Billion
 - General Fund: \$1.48 billion
 - On-going revenues: \$1,375 million (\$84M increase)
 - One-time PAYGO: \$103 million (\$14M increase)
 - Restricted Funds: \$0.68 billion

Does the Strong Budget Growth Suggest A Rosy Outlook?

- NO
- The strong budget to budget growth is primarily driven by higher than expected base (actual)
- Growth is expected to be weak between current year estimate and FY24 budget

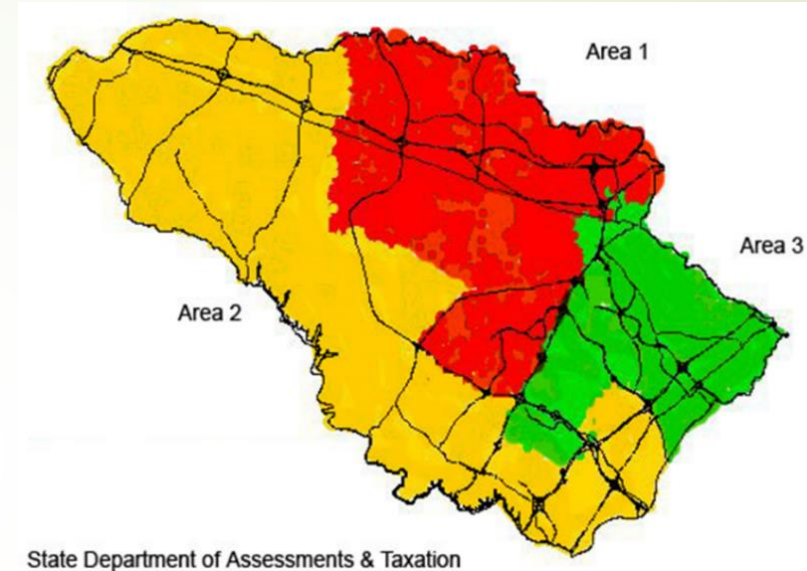
County General Fund Revenue Structure

- Property Taxes and Income Taxes make up more than 90% of total
- Other revenues: Recordation tax, other taxes, fees, charges, permits etc.



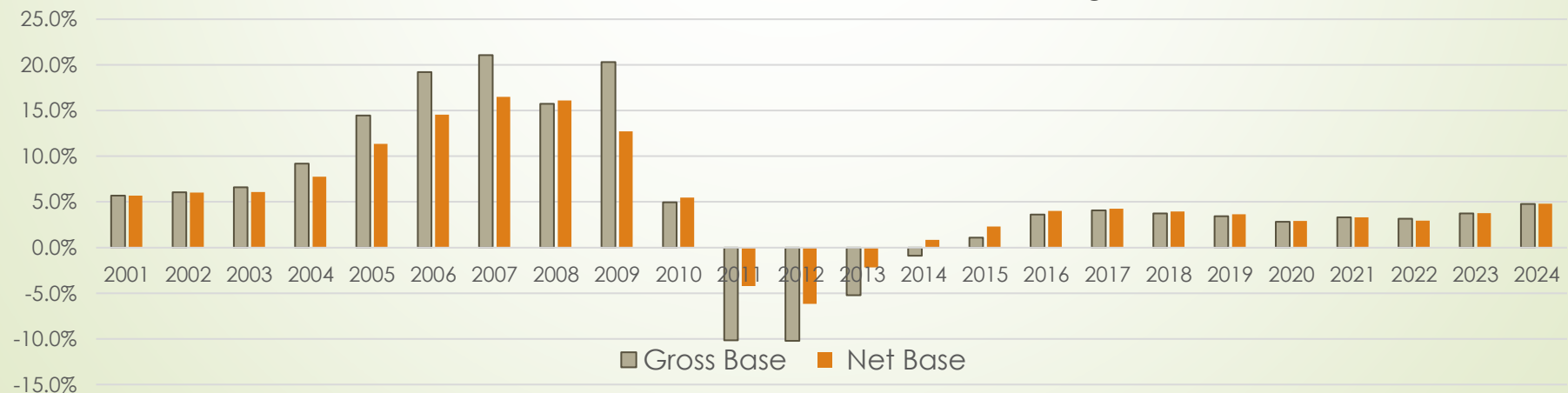
The Good – Property Tax

- Slightly over 4% growth projected, benefiting from Reassessment
- Average Annual Reassessment Change during 3-Year Phase-in :
 - Area 2: 6.8%
 - Area 1: 3.6%
 - Area 3: 3.1%



State Department of Assessments & Taxation

County Property Assessable Base: Annual % Change By Fiscal Year



The Mad – Income Tax

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- ▶ During the Pandemic: highest growth in a decade, mysteriously
 - ▶ Pre-pandemic: 3.4% (5-year average)
 - ▶ FY2021 actual: 10.6%
 - ▶ FY2022 actual: 4.6%
 - ▶ Higher than expected actual collections primarily driven by temporary factors (stimulus, capital gains, inflation, etc.)
- Employment still below pandemic level



The Mad – Income Tax (continued)

- ▶ Concerns: Good times may not last...
 - ▶ Actual growth rate has been trending down
 - ▶ E.g., Most recent distribution in March is a significant drop from same period last year
 - ▶ Risks of recession or soft landing
 - ▶ Lagged impact
- ▶ FY2024 Projection: minor growth from FY2023 Estimate





The Ugly – Real Estate Related Revenues

- Recordation Tax
- Transfer Tax
- Building Permits, Developer Review Fees, etc.

FY2023: YTD significantly lower than budget; 30+% decrease in recent months

FY2024: double-digit decrease

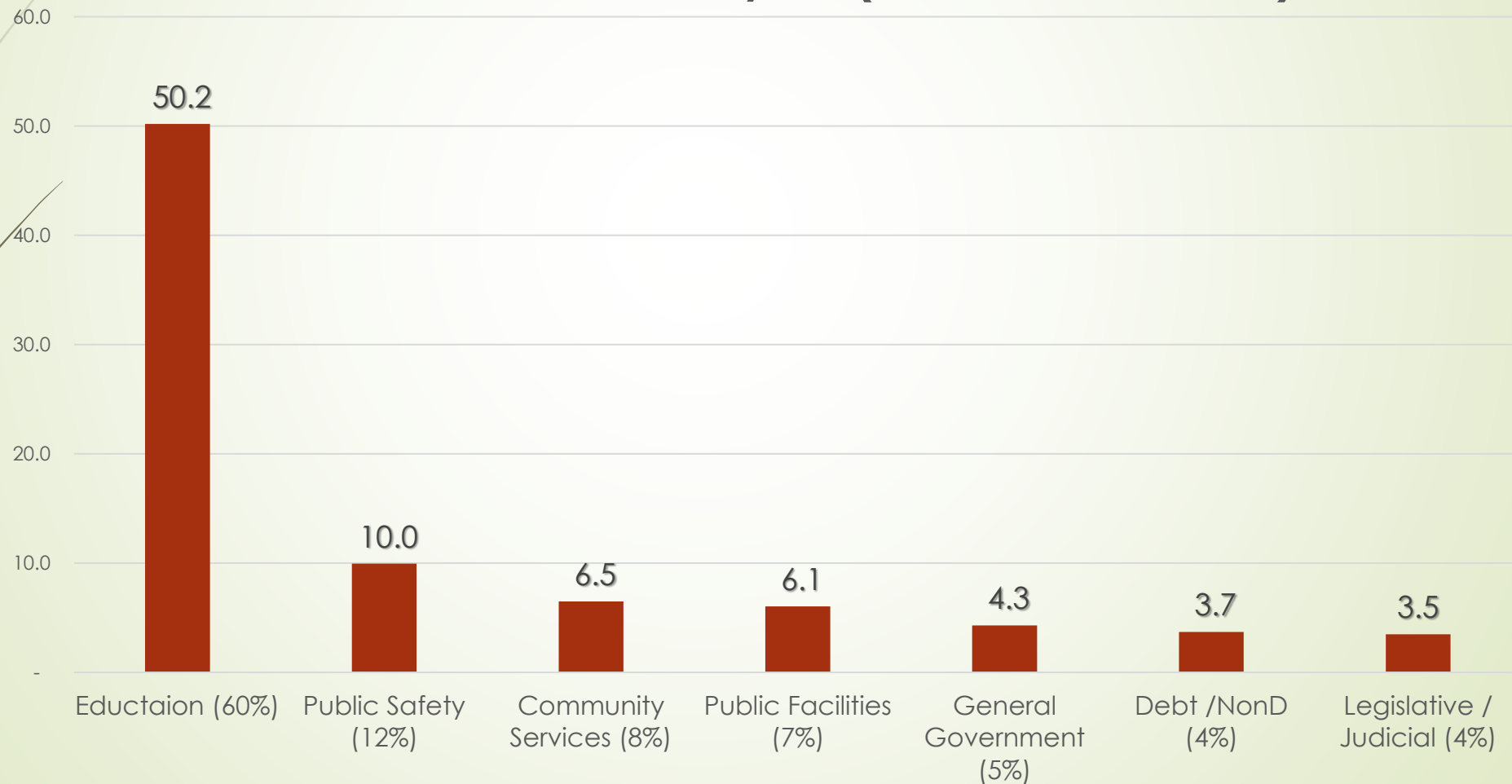
How Does the Projection Compared to SAAC Report?

- General Fund revenues (excluding use of Fund Balance) in proposed budget is \$11M higher than SAAC Projections, due to:
 - Income Tax \$17 M higher
 - Recordation Tax \$6M lower
 - Interest Income \$2M higher
 - Permits, fees \$2M lower

Expenditure Overview

➤ 60% of total funding growth goes to education entities

Where Does the Money Go (\$ Growth in Millions)



Direct County Funding to HCPSS

- FY24 Proposed
 - \$47 million increase in recurring County funding
 - Highest growth in the County's history
 - \$71.6 million above Maintenance of Efforts
- Compared to three years ago
 - County funding to HCPSS: +\$100M more
 - Student enrollment: -1,192 less

Other Key Initiatives

- HCC and HCLS: both 2nd highest funding growth
- Community Service Partnership: 5% growth
- Invest in hard-working staff and retention/recruitment, honoring collective bargaining agreements & consultants advice
- Limited new positions for critical/non-discretionary needs
 - E.g., staff to support the new East Columbia 50+ Center, new family support center, and BWC implementation and contingent conversion.

\$103M One-Time Funding (PAYGO) for Non-Recurring Initiatives

► CIP PAYGO: \$79.3 M

Cost-effective alternative to bond financing to support critical projects

► Ellicott City Safe and Sound	\$40.7
► HCPSS systemic renovation	\$15
► Road Resurfacing	\$12.8
► Other	\$10.8

► Operating PAYGO: \$24.1M

► Hospital/maternal health/Sheppard Pratt/Tuerk House	\$4.2
► HCPSS(transportation software etc.)/teachers' loan/HoCoSTRIVE	\$1.5
► Pandemic/local match	\$2
► Various non-profits and innovation grants	\$1.2
► Agriculture/environment/easement Initiatives	\$0.7
► Fleet backlog	\$6.8
► OPEB	\$2.5
► Other (development code rewrite, equipment, software, etc.)	\$5.1