

# **FY26 BUDGET WORK SESSION**

APRIL 10, 2025 - 5:00 PM



# BWS AGENDA

- County Manager Remarks
- State Proposed Mandates
- Education Expenses & Projections
- Revenue -vs- Expenditures
- Deficit Reduction Strategies
- Real Property Tax
- Revenue Overview
- Proposed Operating Budget
- Capital Budget - Recommendations
- Present Value -vs- Future Value
- Questions



# STATE PROPOSED MANDATES

## Revenue Changes

Supplemental Grants	(\$154,000)
Disparity Grant	(\$283,973)
Income Tax Deductions	(\$1,300,000)
<hr/>	
Total Decrease	(\$1,737,973)

**Total Impact**  
**(\$5,646,894)**

## Expenditure Increases

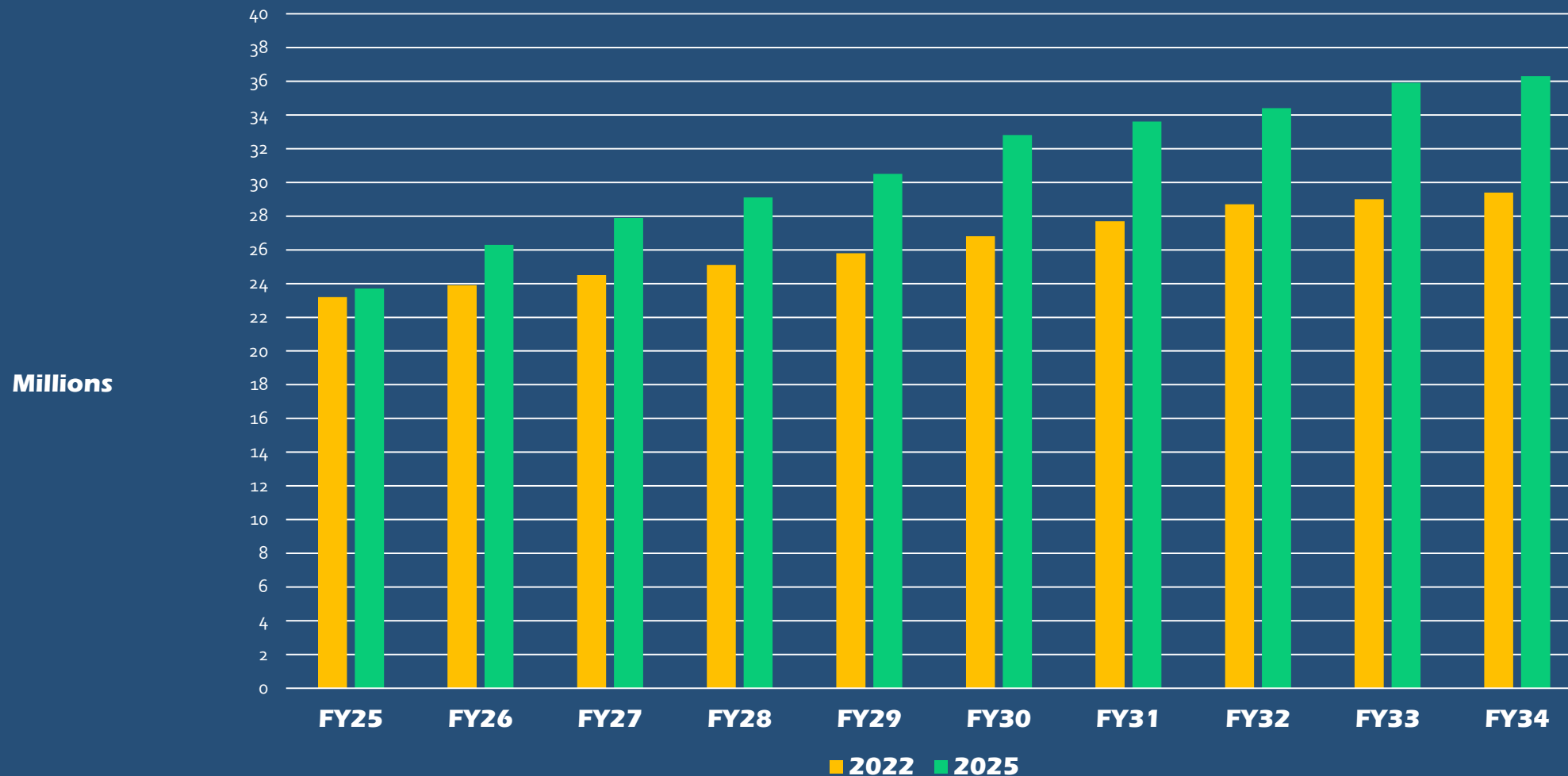
Teacher Retirement	\$1,101,886
Community College Retirement	\$39,563
SDAT - Property Assessments	\$192,472
Education Maintenance of Effort	\$2,575,000
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Total Increase	\$3,908,921

Source – Department of Legislative Services



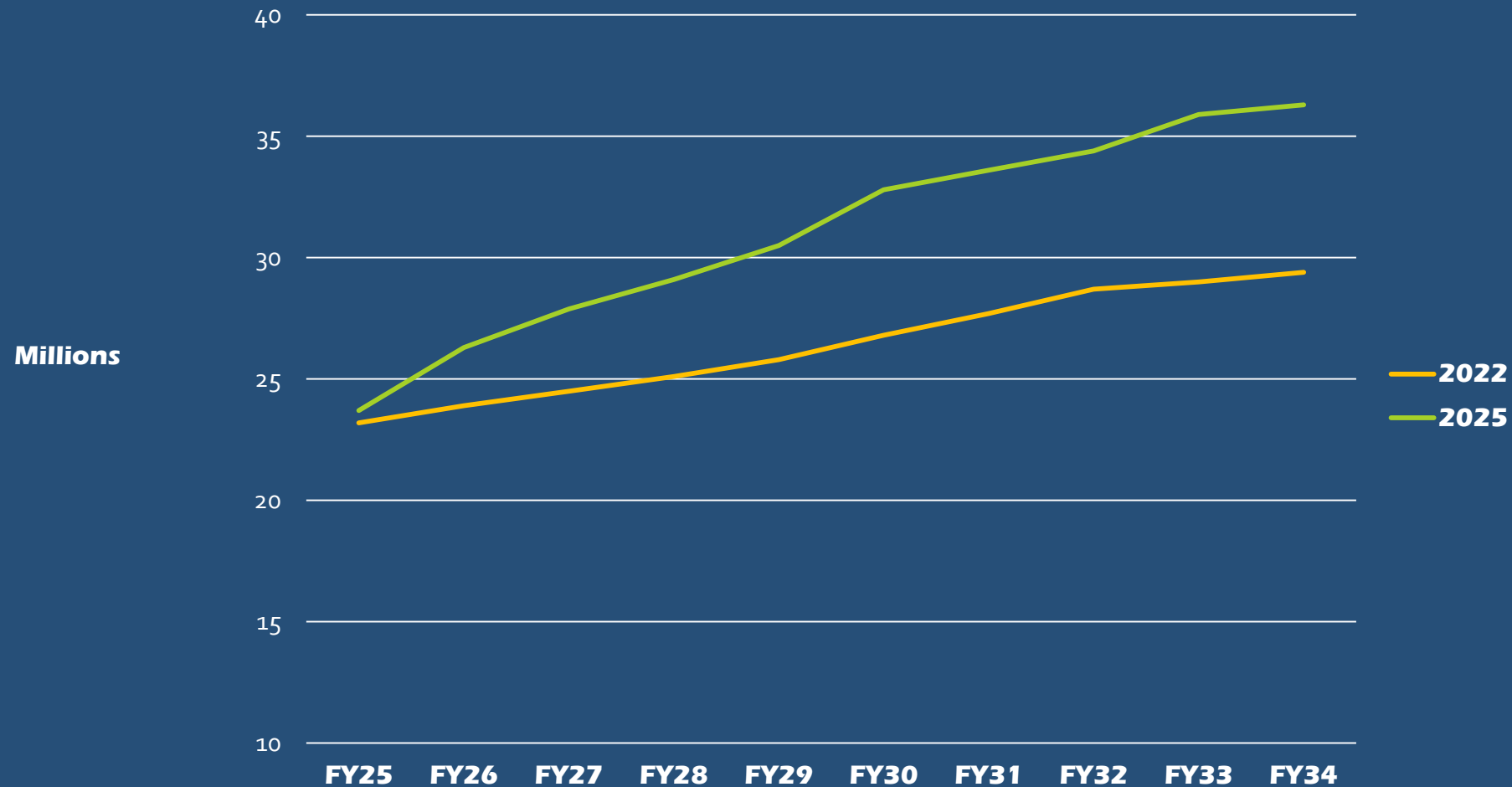
# EDUCATION EXPENSES & PROJECTIONS

PERCENTAGE OF OVERALL BUDGET - 35%



# EDUCATION EXPENSES & PROJECTIONS

PERCENTAGE OF OVERALL BUDGET - 35%



# REVENUE -VS- EXPENDITURES

Revenues  
**\$88,217,135**

Expenditures  
**\$91,993,833**

Deficit  
**(\$3,776,698)**



# DEFICIT REDUCTION STRATEGIES

Deficit (\$ 3.78 M)

1. Real Property Tax Increase of \$0.12 \$4.08 M

Total \$4.08 M  
Surplus \$0.30 M

**(\$3.78 M)**

**\$4.08 M**

**\$0.30 M**

**\$0.01 Property Tax Increase = \$340,000 in Revenue**



# DEFICIT REDUCTION STRATEGIES

	Deficit	(\$ 3.78 M)
1. Real Property Tax Increase of \$0.09		\$3.06 M
2. Increase 911 Fee to \$4.25		\$1.00 M

Total	\$4.06 M
Surplus	\$0.28 M

**(\$3.78 M)**

**\$4.06 M**

**\$0.28 M**





# DEFICIT REDUCTION STRATEGIES

	Deficit	(\$ 3.78 M)
1. Real Property Tax Increase of \$0.05		\$ 1.70 M
2. Increase 911 Fee to \$4.25		\$ 1.00 M
3. Eliminate Municipal Tax Differentials		\$ 1.14 M
	Total	\$3.84 M
	Surplus	\$0.06 M

**(\$3.78 M)**

**\$3.84 M**

**\$0.06 M**



# DEFICIT REDUCTION STRATEGIES

	Deficit	(\$ 3.78 M)
1. Real Property Tax Increase of \$0.05		\$ 1.70 M
2. Increase 911 Fee to \$4.25		\$ 1.00 M
3. Eliminate Municipal Tax Differentials		\$ 1.14 M
4. Non-Profits Funding Requests		\$ 0.14 M
	Total	\$ 3.98 M
	Surplus	\$ 0.20 M

**(\$3.78 M)**

**\$3.98 M**

**\$0.20 M**



# DEFICIT REDUCTION STRATEGIES

	Deficit	(\$ 3.78 M)
1. Real Property Tax Increase of \$0.03		\$1.02 M
2. Increase 911 Fee to \$4.25		\$1.00 M
3. Eliminate Municipal Tax Differentials		\$1.14 M
4. Non-Profits Funding Requests		\$0.14 M
5. State Legislated Income Tax Increase		\$.600 M
	Total	\$3.90 M
	Surplus	\$0.12 M

**(\$3.78 M)**

**\$3.90 M**

**\$0.12 M**



# INCREASE 911 FEE

911 Fee	
\$2.00	\$880,000
\$4.25	\$1,870,000
<b>Revenue Increase</b>	<b>\$990,000</b>

**This proposed 911 Fee increase  
will reduce the property tax  
increase by \$0.03**



# ELIMINATE TAX DIFFERENTIALS

Municipal Tax Differentials	
City of Cambridge	\$986,939
Town of Hurlock	\$141,399
Municipalities	\$6,050
<b>Total</b>	<b>\$1,134,388</b>

**The proposed elimination of the Municipal Tax Differential will reduce the property tax increase by \$0.04**



# DORCHESTER COUNTY COMMUNITY PARTNERS REQUESTS

ORGANIZATIONAL NAME	REQUEST
Cambridge Waterfront Dev Inc	72,000
Chesapeake Housing Mission	10,000
Maryland Rural Development Corporation	15,000
Pleasant Day Adult Daycare	20,000
New Beginnings Youth & Family Services	5,000
Cambridge Empowerment Center	15,000
<b>TOTAL</b>	<b>137,000</b>

**This aids in lowering  
County expenses.**

**Delay funding  
-or-  
Defund completely?**



# STATE LEGISLATED INCOME TAX INCREASE

Income Taxes	
Current Rate	3.2%
Piggyback Rate	3.3%
<b>Revenue Increase</b>	<b>\$600,000</b>

**The maximum income tax rate has been increased by the State of Maryland to 3.3%.**

**The County is concerned that if the County does not meet the max, the State will reduce its Disparity Grant revenue**



# REAL PROPERTY TAX

Current Rate	\$1.00
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Proposed Rate	\$1.03
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## Effects of a \$0.01 Tax Increase

County Revenue	\$340,000 increase
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Median House Price - \$300,000	\$30 annual increase
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Cost per \$100,000 of Assessed Value	\$10 annual increase
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## Effects of a \$0.03 Tax Increase

County Revenue	\$1,020,000 increase
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Median Home Price - \$300,000	\$90 annual increase
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Cost per \$100,000 of Assessed Value	\$30 annual increase
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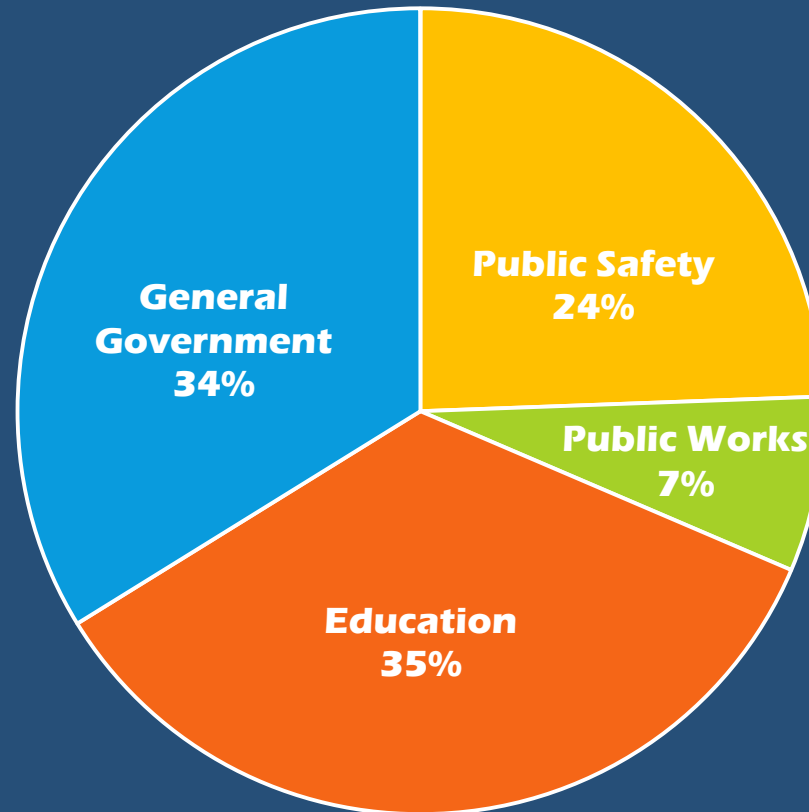


# **REVENUE OVERVIEW**

**See spreadsheet presented by the County  
Manager for additional information**



# PROPOSED OPERATING BUDGET



See spreadsheet presented by the County Manager for additional information



# **CAPITAL BUDGET - RECOMMENDATIONS**

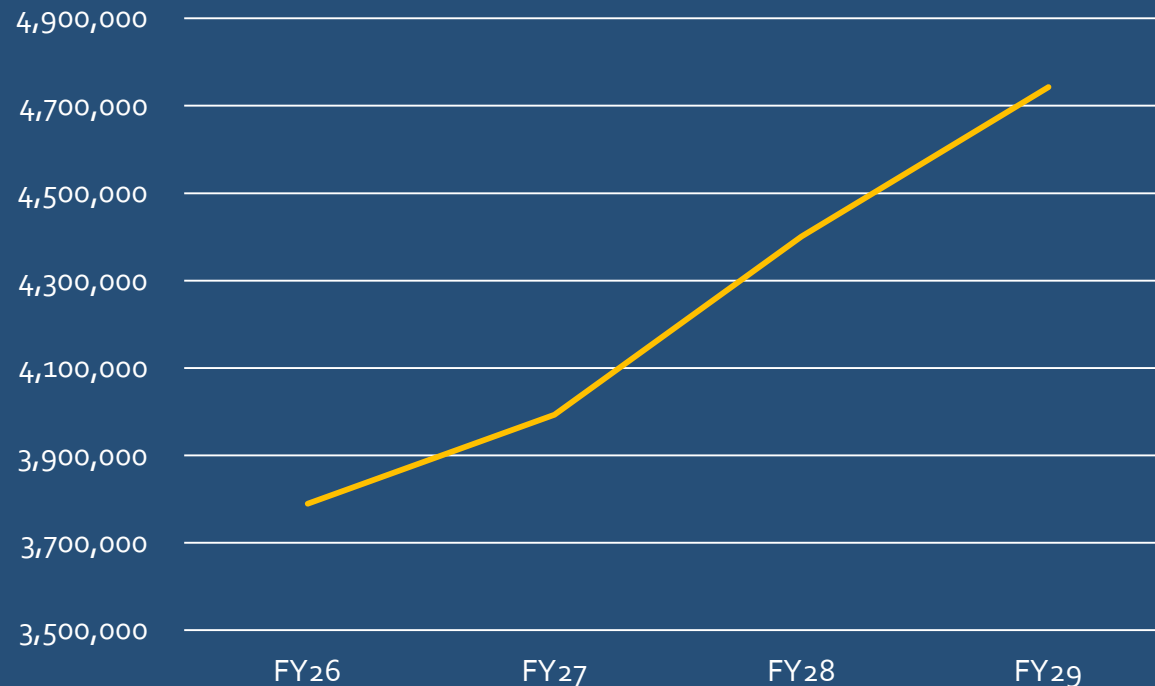
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# PRESENT VALUE / FUTURE VALUE CAPITAL

Utilizing current prime rate of 7.5% as of April 10, 2025

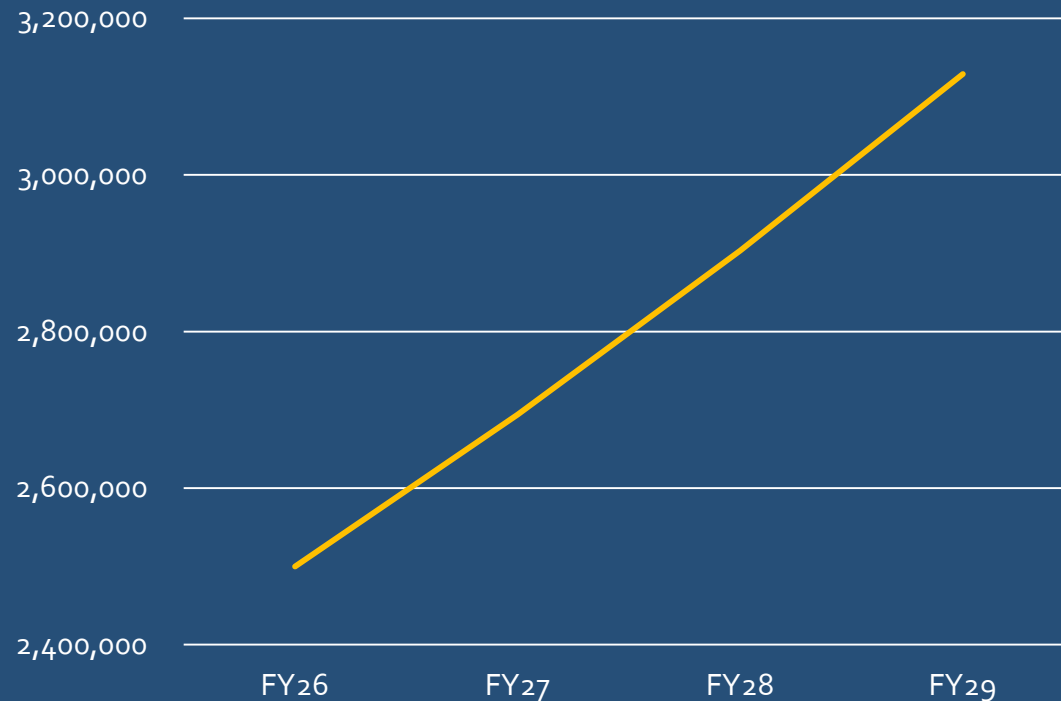
FY26	FY27	FY28	FY29
\$3,789,610	\$3,993,422	\$4,400,844	\$4,742,493



# PRESENT VALUE / FUTURE VALUE ROADS

Utilizing current prime rate of 7.5% as of April 10, 2025

FY26	FY27	FY28	FY29
\$2,500,000	\$2,694,081	\$2,903,230	\$3,128,615



**Nine (9) miles of black top road  
and 35 miles of Tar & Chip  
approximately \$2,500,000**



# QUESTIONS?

THANK YOU

