

FY26 BUDGET UPDATE

PROJECTED REVENUE:	\$112,387,112
PROJECTED EXPENDITURES:	\$(113,499,732)
DIFFERENCE:	\$(1,112,620)

Revenue Notes:

Includes \$3,740,000 in projected revenue for a \$0.06 increase in the real estate tax rate and a 0.10% increase to the local portion of the income tax rate. It also includes our first payment from the wind mill PILOT, at \$825,000. It negatively accounts for a loss in revenue of \$816,053 from the state disparity grant, and \$640,000 from the state portion of income tax.

Expenditure Notes:

Includes level funding for most departments and outside agencies, with some slightly less. Large increases are projected in Health Insurance (+16%) and MD Retirement (+11%). Additional large expenditure increases are to be expected: \$754,195 for teacher pension costs and \$368,000 to the local SDAT Office – both responsibilities transferred to the counties by the state.

POSSIBLE SOLUTIONS TO BALANCE THE BUDGET

- Eliminate the 1% discount for early tax payments -\$250,000
- Level fund the Library System -\$87,224
- Eliminate 10 County positions -\$775,000

OTHER TOPICS FOR DISCUSSION

- COLA's for Union & Classified Staff
- Adjustments in the tax rate & future disparity grant revenue

DISPARITY GRANT EXPLANATION

💡 How It Works

The state compares each county's per capita income tax yield to the statewide average and boosts qualifying counties up to a target percentage.

📊 Current Threshold

Counties are brought up to 75% of the state average—but only if their local income tax rate is at the max allowed.

✗ Our Current Status

- FY25: 3.03% – has not been raised in over 15 years
- Proposed FY26: 3.13%
- Now proposing: 3.2% – the max allowed

✳️ Why Propose a Higher Increase?

We are currently only being brought to 60%, but have the ability to get to 75%. We are currently leaving money on the table.

💵 What's at Stake?

If we do not set our rate to the max (3.2%), we miss out on over \$5.7 million annually beginning FY27.

✓ The Goal

- Set the rate to 3.2% now
- Secure full Disparity Grant funding
- Avoid leaving millions on the table

HISTORY OF OUR DISPARITY GRANT

FY25

Regular Disparity Grant + Supplemental for Teacher Pension = TOTAL
 $\$7,298,505 + \$1,632,106 = \$8,930,611$

FY26

Regular Disparity Grant + Supplemental for Teacher Pension = TOTAL
 $\$7,298,505 + \$816,053* = \$8,114,558$
 *Supplemental part is being phased out.

Projected FY27

Regular Disparity Grant + Supplemental for Teacher Pension = TOTAL
 $\$7,298,505 + \$0* = \$7,290,505$
 *Supplemental part fully phased out.

Projected FY27 - After moving to the MAX Income Tax Rate

Regular Disparity Grant = TOTAL

= **$\$13,068,400$**

*Representing an increase of \$5,769,895