



MocoGap

YOU PAY MORE. DEMAND MORE.

2026 FINANCIAL TRANSPARENCY REPORT

Montgomery County, Maryland

A Comparative Per Capita Budget Study Against Peer Counties

\$7,023 per person • 58% more than Fairfax County • Same region, different results

Prepared for Taxpayer Advocacy | March 2026

Data Sources: County Budget Documents, U.S. Census Bureau ACS 2024,
Montgomery County OIG Reports, MD Department of Legislative Services

[MoCoGap.org](https://mocogap.org)

You Pay More. Demand More.

Foreword: About MoCoGap.org

Montgomery County doesn't have a revenue problem. It has a results problem.

MoCoGap.org is a data-driven civic accountability project exposing the gap between what Montgomery County spends and the results it delivers. Every data point on the site is sourced to official government records—adopted budgets, Inspector General reports, and public filings. No spin. No party politics. Just math.

This report is the foundation of that project. It presents a comparative fiscal analysis of Montgomery County's \$7.6 billion FY2026 operating budget against peer counties of similar size, wealth, and demographic composition. The central finding—that Montgomery County underperforms its peers from a fiscal responsibility standpoint—is substantially supported by the evidence.

The analysis that follows is available in full interactive form at MoCoGap.org, where residents can explore peer county comparisons, calculate their household's share of the spending gap, review the outcomes scorecard, and take action by contacting elected officials.

Our Mission

MoCoGap exists to close the information gap between what your government spends and what you actually know about it. The FY2027 budget is being deliberated right now, and the June 2026 primary will determine who leads the county for the next four years. Three sitting council members are running for County Executive. Every one of them voted yes on every budget that produced these outcomes. Before you vote, you deserve the data.

Our Commitment

Every claim on MoCoGap.org links to its primary source. We publish a corrections policy. We never use partisan language. We welcome scrutiny—because the data holds up. Visit [MoCoGap.org](https://mocogap.org) to explore the full interactive experience.

What You'll Find at MoCoGap.org

- The Homepage — See how spending and outcomes compare to peers, with animated charts and source links.
- The Gap — Explore peer county comparisons, Fairfax benchmarks, and the tax burden calculator.



- Your Money — Understand how county fiscal choices affect your household wallet.
 - Outcomes — Compare spending to results in education, safety, housing, and the economy.
 - The Players — Browse who holds power and how they voted.
 - The Evidence — Filter OIG findings and explore deep dives on the electric bus scandal, MCPS overhead, and more.
 - Compare — Interact with tools that contrast counties or metrics side by side.
 - Take Action — Contact your council member, download talking points, share social cards, subscribe for updates, and donate.
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Executive Summary

This report presents a data-driven comparative fiscal analysis of Montgomery County, Maryland's \$7.6 billion FY2026 operating budget against peer counties of similar size, wealth, and demographic composition. The central hypothesis—that Montgomery County underperforms its peers from a fiscal responsibility standpoint—is substantially supported by the evidence.

Key Findings at a Glance

Metric	Finding
Per Capita Spending	~\$7,023/person — highest among peer counties by a significant margin
Budget Growth (FY20–FY26)	32% increase (\$5.75B to \$7.6B) — outpacing population growth (1.9%) and personal income growth (~3.6%/yr)
MCPS Share of Budget	\$3.6B (47.4% of total) — with 45% administrative overhead vs. 37% in Fairfax County
Documented Waste (OIG)	Electric bus contract: \$168M+ in waste/mismanagement; \$14.7M emergency diesel purchase; \$372K in unassessed penalties; contract declared illegal by state
Free Bus Program	\$211M transit budget (9% increase) while fare revenue collapsed from \$10M to \$1.6M; \$22M farebox replacement avoided by eliminating fares entirely
Per Capita Income Growth	Ranked 28th out of 30 peer counties — near-stagnant income growth despite rising tax burden

While the county maintains a AAA bond rating and 11%+ reserves—indicators of technical solvency—these metrics mask structural overspending, weak contract enforcement, declining economic competitiveness, and an expanding government footprint that outpaces both population and income growth.

Explore the full interactive analysis at MoCoGap.org/the-gap.



1. Comparative Per Capita Budget Analysis

1.1 Peer County Selection Methodology

Peer counties were selected based on three criteria: (a) population comparable to Montgomery County's ~1.08 million residents, (b) high median household income (above \$100,000), and (c) proximity to a major employment center (Washington D.C., New York City, or the San Francisco Bay Area). This yields the most defensible apples-to-apples comparison. An additional Maryland comparator (Prince George's County) and a smaller affluent county (Howard County) are included for in-state context.

1.2 Per Capita Operating Budget Comparison

County	FY26 Operating Budget	Population (2024)	Per Capita Spending	Median HH Income	Budget as % of MHI
Montgomery Co., MD	\$7.6B	1,082,000	\$7,023	\$140,837	5.0%
Fairfax Co., VA	\$5.1B*	1,150,000	\$4,435	\$133,974	3.3%
Nassau Co., NY	\$3.6B	1,395,000	\$2,581	\$143,408	1.8%
Howard Co., MD	\$2.3B	332,000	\$6,928	\$124,042	5.6%
Prince George's Co., MD	\$5.8B	967,000	\$5,997	\$89,047	6.7%

*Fairfax Co. General Fund county-controlled spending; total with all funds including schools is ~\$11.7B in revenue, but the county government operating share is ~\$5.1B. MoCo's \$7.6B figure includes MCPS, MC, M-NCPPC, and WSSC transfers.

1.3 Analysis of the Spending Gap

Montgomery County spends approximately \$7,023 per resident—roughly 58% more per capita than Fairfax County, its most direct demographic and economic peer in the D.C. metro region. This gap exists despite Fairfax County having a comparable population (6% larger), similar median household income (5% lower), and a shared regional labor market.

Even more strikingly, Montgomery County's per capita spending outpaces counties with higher median incomes. Nassau County, NY, which has a higher median household income (\$143,408 vs. \$140,837), spends only \$2,581 per capita—just 37% of Montgomery County's rate. While structural differences explain part of this gap, the magnitude of the disparity points to a fundamentally different philosophy around government size and scope.

Budget as a percentage of median household income provides a normalized measure of fiscal burden. Montgomery County claims 5.0% of the typical household's income for county-level government operations. Fairfax County claims just 3.3%. This 1.7 percentage-point gap



translates to roughly \$2,394 in additional annual government spending per household in Montgomery County versus a comparably wealthy Fairfax County household.

The question isn't whether government matters. It's whether \$7,023 per person is producing \$7,023 worth of results.

Use the interactive tax calculator at MoCoGap.org/your-money to see what the spending gap costs your household.



2. Budget Growth Trajectory: Spending Outpacing Revenue Fundamentals

2.1 Six-Year Budget Growth

Fiscal Year	Total Operating Budget	YoY Increase	Cumulative Growth from FY20
FY2020	\$5.75B	—	Baseline
FY2021	\$6.04B	+5.0%	+5.0%
FY2022	\$6.14B	+1.6%	+6.8%
FY2023	\$6.49B	+5.8%	+12.9%
FY2024	\$7.01B	+7.9%	+21.8%
FY2026	\$7.60B	+8.4%*	+32.2%

*Estimated from FY24 actual to FY26 approved. Source: Maryland State Archives, County budget records.

2.2 Growth vs. Fundamentals

From FY2020 to FY2026, the Montgomery County operating budget grew 32.2%. Over the same period, the county's population grew just 1.9% (adding ~20,000 residents). Personal income grew at approximately 3.6% annually in nominal terms. Even assuming compounding, this yields roughly 22–24% cumulative nominal income growth over six years—**meaning the budget has grown 8–10 percentage points faster than the income base that funds it.**

This structural imbalance is the core fiscal responsibility concern. The county is expanding government services and payroll faster than the tax base can organically sustain. The county's workforce grew from 9,667 full-time positions in FY2020 to 10,253 in FY2024—a 6.1% increase—while the FTE count (including schools, college, and agencies) grew from 36,314 to 38,624 (6.4% increase).

Montgomery County's per capita personal income growth ranked 28th out of 30 peer counties studied by the county's own planning department. Fairfax County ranked 25th—also slow, but still ahead of Montgomery. This means the county's spending is growing against a backdrop of near-stagnant prosperity for the average resident.



3. Major Budgetary Sinks

3.1 MCPS: \$3.6 Billion and Rising

Montgomery County Public Schools consumes \$3.6 billion—fully 47.4% of the county's entire \$7.6 billion operating budget. The FY26 allocation represents a \$332 million (10%) increase over FY25, and exceeds the state's Maintenance of Effort requirement by approximately \$210 million. The local County contribution of \$2.3 billion alone exceeds the entire operating budget of Howard County.

3.1.1 Administrative Overhead: 45% vs. 37% at Fairfax

According to analysis by the Montgomery County Taxpayers League and confirmed by OLO reporting, MCPS administrative overhead runs at approximately 45% of the total operating budget. By comparison, Fairfax County Public Schools—a peer school system serving a larger student population—operates with approximately 37% administrative overhead. This 8-percentage-point gap, applied to a \$3.6 billion budget, represents roughly \$288 million in excess overhead costs annually.

Personnel costs constitute 89% of the MCPS budget. Teacher positions make up 49.9% of the workforce, while the remaining 50.1% serves support, administrative, and operational functions. The workforce grew 13.3% from FY15 to FY25 (to 25,387 FTEs), even as student enrollment has been declining.

3.1.2 Above-MOE Spending: \$210M+ Without Clear Justification

Maryland's Maintenance of Effort law requires counties to fund schools at the same per-pupil level as the prior year. Montgomery County routinely exceeds this minimum by hundreds of millions—\$210 million above MOE for FY26. While above-MOE spending is discretionary, the county council has not required detailed justification for this incremental spending, nor has it tied above-MOE funds to specific performance outcomes.

The local contribution per pupil increased 40.9% from FY15 to FY25 (\$9,759 to \$13,751), with the majority of that increase concentrated in FY23–FY25—the same period during which enrollment declined.

3.1.3 Pension and Benefit Liabilities

MCPS is the only school district in Maryland that provides employees both a core defined benefit pension and a supplemental pension. MCPS employees contribute 12.17% of their health insurance premium costs, compared to a nationwide private sector average of 21% for individual coverage and 33% for family coverage. The county's OPEB (Other Post-Employment Benefits) trust liability requires ongoing pre-funding, with \$59.1 million budgeted for FY26.



When Maryland shifted state teacher pension costs to counties in 2012–2016, this created a structural cost increase that Montgomery County absorbed fully. Local taxpayers now fund both the state teacher pension plan and the local MCPS supplemental plan.

See the full education outcomes analysis at MoCoGap.org/outcomes#education.

3.2 Transit Services: \$211 Million, Now Fare-Free

The FY26 budget includes \$211 million for transit services—a nearly 9% increase over FY25. In June 2025, the county made all Ride On bus service free for all riders. The rationale was that fare revenue had collapsed from nearly \$10 million pre-pandemic to approximately \$1.6 million (\$3 million projected at the time of the decision), and replacing aging fareboxes would cost \$20–22 million.

Rather than invest in modernized fare collection, the county chose to eliminate the revenue stream entirely. The zero-fare decision was framed as “transit equity,” but it effectively socialized the full cost of bus service across all taxpayers, including the majority of residents who do not use public transit. No cost-benefit analysis comparing farebox modernization vs. elimination was published prior to the vote.

Cost per Ride On bus ride: \$10.77 ($\$211M \div 19.6M$ rides). 100% taxpayer funded.

3.3 WSSC Water: \$1.13 Billion

WSSC Water’s \$1.13 billion allocation serves both Montgomery and Prince George’s Counties. While water and sewer services are essential, WSSC’s rate structure and capital spending patterns merit ongoing scrutiny. The FY27 proposed budget includes a 5% rate increase.



4. Documented Waste, Fraud, and Abuse

The Montgomery County Office of the Inspector General has documented a pattern of fiscal mismanagement across county agencies and MCPS. Below are the most significant findings from FY2023–2025 OIG reports.

Browse the full filterable evidence timeline at MoCoGap.org/evidence.

4.1 Electric School Bus Contract: \$168M+ in Mismanagement

Severity: Critical

In February 2021, MCPS announced a \$168 million contract with Highland Electric Fleets to replace 326 diesel school buses with electric buses, claiming the transition would “cut costs by 50%.” The OIG’s July 2024 investigation found:

- All buses received during FY2022–2024 were delivered beyond contractually required dates
- Mechanical and charging failures caused buses to miss routes on 280+ instances (Feb 2022–Mar 2024)
- In 180+ of those instances, repairs exceeded the 5-day contractual window (averaging 13 days per bus)
- MCPS never assessed any late fees or performance penalties—an estimated \$372,100 in uncollected liquidated damages
- MCPS spent \$14.75 million to purchase 90 replacement diesel buses to compensate for undelivered electric buses
- \$12 million in credit card spending (FY2025) was authorized but not reviewed by the Board of Education in a decade
- The \$16 million electric bus lease was not discussed by the Board since 2021

In November 2025, the Maryland State Board of Education declared the MCPS-Highland contract “arbitrary, unreasonable, and in violation” of the district’s own bidding procedures. The report also referenced criminal convictions of two former MCPS transportation officials, including an assistant director who stole from the department.

The claim of “budget neutrality” was later disproven by MCPS’s own internal analysis, and a CESO expert report obtained by parents confirmed that cost-saving assumptions were “constructed based on false assumptions and estimates.”

Read the full electric bus deep dive at MoCoGap.org/evidence/electric-bus.

4.2 MCPS Procurement Practices

Severity: High

In November 2025, the OIG found systemic improvements needed in MCPS procurement practices. In June 2024, the OIG found that MCPS misused emergency procurement procedures to respond to media attention regarding the Beidleman matter—using urgency



provisions designed for genuine emergencies to hire a crisis management firm without competitive bidding.

4.3 Fire and Rescue Financial Management

Severity: High

In December 2025, the OIG found that the Montgomery County Volunteer Fire and Rescue Association (MCVFRA) was ineligible for EMST funds, and that County fire services needed to improve financial management practices. These findings point to insufficient oversight of how public safety dollars are allocated and tracked.

4.4 Short-Term Rental Tax Evasion

Severity: Moderate (Revenue Loss)

In October 2024, the OIG found that 85% of short-term rentals in Montgomery County were unregistered. This represents significant uncollected tax revenue from the county's 7% hotel/motel tax, which should apply to platforms like Airbnb. The county's failure to enforce registration requirements means lost revenue that could offset tax burdens on homeowners.

4.5 Transit Services Deficiencies

Severity: Moderate

The OIG has issued multiple reports (June 2024, January 2025) identifying improvements needed in the Department of Transportation's transit service programs. These findings are particularly relevant given the county's decision to invest \$211 million in a now fare-free transit system.

4.6 Carryout Bag Tax Revenue Collection

The OIG found the county was missing opportunities to collect revenue through its carryout bag tax program, a seemingly minor issue that nonetheless illustrates a pattern of enforcement gaps across revenue-generating programs.



5. Structural Fiscal Concerns

5.1 Income Tax Competitiveness

Montgomery County's combined state and county income tax rate creates a significant competitive disadvantage relative to Northern Virginia. For a household earning \$300,000, the marginal Virginia income tax rate in Fairfax County is 5.75% (effective rate: 5.32%). There is no Fairfax County-level income tax. In Montgomery County, the combined state and county marginal rate exceeds 8%, with proposals to raise it further. Office vacancy rates in Rockville-Bethesda reached 18.9% in Q4 2023—a symptom of businesses and workers choosing lower-tax jurisdictions.

5.2 Income Polarization

Montgomery County has experienced significant income polarization. From 2005 to recent years, the county lost over 26,000 middle-income residents while gaining low-income residents at a higher rate than high-income ones. By comparison, Fairfax County's loss of middle-income residents was far more modest (~2,500), and Fairfax gained significantly more high-income residents. This demographic shift erodes the tax base while simultaneously increasing demand for social services.

5.3 Federal Employment Vulnerability

The county budget acknowledges but inadequately provisions for federal workforce disruptions. With significant federal employment in the county and surrounding region, and ongoing federal budget pressures, Montgomery County's revenue model faces material downside risk.

5.4 Blueprint for Maryland's Future (Kirwan)

The state's Blueprint education funding legislation requires escalating county contributions. MCPS must add approximately 113 new FTEs annually to comply. The FY26 budget absorbs this cost, but the compounding nature of these mandates will create additional fiscal pressure through at least FY35. Prince George's County has already flagged a \$45 million Blueprint increase as a major fiscal strain.



6. The Results: What \$7,023 Per Person Buys

Montgomery County doesn't have a revenue problem. It has a results problem.

The following outcomes scorecard summarizes what Montgomery County taxpayers are getting for the highest per capita spending of any peer county. All comparisons are to Fairfax County—same metro area, similar population, similar incomes, 37% less spending.

Category	MoCo	Fairfax	Verdict
Math Proficiency	35.7%	~78%	Paying More, Getting Less
ELA Proficiency	57%	~80%	Paying More, Getting Less
Violent Crime Rate	~200/100K	~100/100K	2x Higher Than Fairfax
Officers Lost (5 yrs)	194	Stable	Critical Staffing Gap
911 Center Vacancy	43% peak	~5%	Paying More, Getting Less
Building Permits (Multi)	54 (FY24)	1,400+	96% Collapse
Income Growth Rank	28th/30	25th/30	Near Bottom
Admin Overhead (MCPS)	45%	37%	\$288M Excess Overhead

Explore the full interactive outcomes scorecard at MoCoGap.org/outcomes.



7. Advocacy Recommendations

Based on the comparative data and documented findings, the following actions are recommended for taxpayer advocacy:

7.1 Immediate Actions

1. Demand an independent performance audit of MCPS administrative overhead. The 8-point gap vs. Fairfax (45% vs. 37%) applied to a \$3.6B budget suggests up to \$288M in potential savings through operational efficiency.
2. Require the County Council to condition above-MOE MCPS funding on measurable performance outcomes. The \$210M+ in discretionary above-MOE spending should be tied to student achievement targets.
3. Enforce OIG recommendations. Multiple OIG findings—including procurement practices, fire service financial management, and transit operations—have resulted in recommendations that are not systematically tracked or enforced.
4. Publish a cost-benefit analysis of the fare-free Ride On decision, including the NPV comparison of farebox modernization vs. elimination, ridership data by income level, and the ongoing taxpayer cost per rider.

7.2 Structural Reforms

5. Adopt a per capita spending benchmark. Montgomery County should set a target per capita spending level relative to peer counties, with a goal of closing the gap with Fairfax County over a defined period.
6. Cap annual budget growth at the lesser of inflation or income growth. A fiscal rule linking spending growth to the underlying tax base would prevent the structural divergence documented in this report.
7. Align MCPS employee benefits with regional market standards. Bringing employee premium contributions from 12.17% to the private sector average of 21% would save tens of millions annually.
8. Close the short-term rental registration gap. With 85% of STRs unregistered, enforcing registration and the 7% hotel tax could generate millions in new revenue without raising existing tax rates.

7.3 Transparency Measures

9. Fund an additional OIG position dedicated to MCPS oversight. The IG has lobbied for this position, noting that over one-third of all hotline complaints relate to MCPS.
10. Require annual publication of per capita spending comparisons against peer counties as part of the budget process.



11. Mandate Board of Education review of all contracts exceeding \$10M, with documented votes and public transparency for credit card spending authorizations.

Ready to take action? Visit MoCoGap.org/take-action to contact your council member, download talking points, and share the data.



8. Conclusion: Hypothesis Assessment

The hypothesis that Montgomery County underperforms from a fiscal responsibility standpoint is substantially supported.

The evidence falls into three categories:

Comparative Overspending: Montgomery County spends 58% more per capita than Fairfax County and claims a significantly larger share of household income for government operations. Budget growth has outpaced both population and income growth by material margins over six years.

Documented Mismanagement: The OIG has produced a steady cadence of findings documenting waste, procurement irregularities, unenforced contract provisions, and revenue collection failures. The electric bus contract alone represents a nine-figure failure of contract management.

Structural Headwinds: Stagnant per capita income growth (28th of 30 peers), an uncompetitive tax environment relative to Virginia, income polarization, and escalating state mandates create a fiscal trajectory that is unsustainable without either significant spending discipline or tax increases that risk further economic erosion.

Montgomery County's AAA bond rating and 11% reserves demonstrate technical solvency—the county can pay its bills. But solvency is not efficiency, and bond ratings do not measure whether taxpayer dollars are being spent wisely. The data in this report demonstrates that they are not.



Support Fiscal Responsibility in MoCo

\$7,023 per person • 58% more than Fairfax • Same beltway, different results
 Only 35.7% of kids proficient in math • Violent crime 2x Fairfax • 194 police officers lost • Building permits collapsed 96%

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What Your Donation Supports

Your contribution covers the hard costs of running the project: domain and hosting, email infrastructure to alert residents about budget hearings and council votes, privacy-respecting analytics, printed one-pagers for civic association briefings, and targeted social media outreach to reach Montgomery County residents where they are. The research and analysis is 100% volunteer labor—your dollars go directly to operations.

Why Now?

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This report is intended for informational and advocacy purposes. All data is sourced from publicly available government documents, U.S. Census data, county budget publications, and OIG reports. Readers are encouraged to verify figures against primary sources. The full interactive experience, including county comparison tools, a household tax calculator, the outcomes scorecard, and action resources, is available at MoCoGap.org.

