



MONTGOMERY COUNTY OFFICE OF RACIAL EQUITY & SOCIAL JUSTICE

REIA #26-41

Compensation and Employee Benefit Adjustments Non-Departmental Account

Requesting Agency/Department(s)

Compensation and Employee Benefits Adjustment NDA

Dollar Amount

\$20,861,475

Funding Source

General Fund Reserves

Finding

The Office of Racial Equity and Social Justice (ORESJ) finds that Supplemental Appropriation #26-41 Compensation and Employee Benefits Adjustment NDA will neither advance nor impede racial equity and social justice in the County. The appropriation will make funds available within the County Government's budget to pay the County's local share of teacher pension costs to the State. The original amount was appropriated within Montgomery County Public Schools (MCPS) budget for payment to the State. This supplemental appropriation is an administrative change and does not alter the function or purpose of the pension cost payments.

Background

Purpose

The purpose of SA #26-41 is to pay the State the local share of annual employer pension contributions for members of the Teachers' Retirement System/Teachers' Pension System employed by Montgomery County Public Schools (MCPS) and Montgomery College. The State's Budget Reconciliation and Financing Act (BRFA) of 2025 transferred to the County a portion of the annual employer pension contributions for members of the Teachers' Retirement System/Teachers' Pension System employed by local school systems and community colleges. The FY26 Operating Budget appropriated funds to Montgomery County Public Schools (\$19,857,624) and Montgomery College (\$1,003,851). It has been determined that the funds should have been allocated to Montgomery County Government, the designated payee for this portion of the local share.

Racial Equity Impact Assessment (REIA)

Supplemental Appropriation (SA) #26-41

Page 2

This supplemental appropriation will provide the County with the necessary spending authority to cover its portion of the local share of pension costs. The Office of Management and Budget (OMB) and the Department of Finance are collaborating to ensure that the impacts on MCPS and Montgomery College are factored into this process, as well as working to ensure that future pension costs for FY27 are allocated to the County government.

The racial equity and social justice impact of Supplemental Appropriation #26-41 neither advances nor impedes racial equity in Montgomery County. The supplemental appropriation does not alter program operations or the purpose of the funding. The State will still receive the required amount for payment of the County's local share of pension costs.

Caveats

This REIA has been conducted with the best available information at the time of writing, including department responses to the Racial Equity and Social Justice template and research conducted by ORESJ Policy Team Analysts. While the assessment examines specific racial equity and social justice impacts of the funding request, it cannot fully address all systemic inequities that affect the communities in question, nor do we seek to examine impacts outside the scope of the funding request. We recommend using this assessment as a starting point for discussions about the program's impact on advancing racial equity and social justice in Montgomery County.