



## MONTGOMERY COUNTY OFFICE OF RACIAL EQUITY & SOCIAL JUSTICE

### REIA #26-55

### Montgomery County Public Schools Employee Benefit Plan

|                                  |                     |
|----------------------------------|---------------------|
| Requesting Agency/Department(s)  | Dollar Amount       |
| Montgomery County Public Schools | \$12,000,000        |
| Funding Source                   | County Match Amount |
| MCPS FUND BALANCE                | N/A                 |

### Finding

The Office of Racial Equity and Social Justice (ORESJ) finds that Supplemental Appropriation #26-55 Montgomery County Public Schools Employee Benefit Plan neither advances nor impedes racial equity and social justice in Montgomery County. The nature of this supplemental is primarily administrative; the supplemental funding will allow Montgomery County Public Schools (MCPS) to reappropriate existing fund balance to cover Employees Group Insurance Trust Fund costs. While this funding will safeguard health insurance coverage for MCPS' racially and ethnically diverse workforce, it is not entirely clear how EBP solvency plans may impact different subpopulations of MCPS' workforce differently.

### Background

#### Purpose

The purpose of SA #26-55 Montgomery County Public Schools (MCPS) Employee Benefit Plan is to reappropriate \$12,000,000 from the MCPS Fund Balance to the Employees Group Insurance Trust Fund to help address a \$58.2 million deficit and continue a three-year-long effort to restore the financial health of the Employee Benefit Plan (EBP).

According to a December 2025 memo from the MCPS Superintendent of Schools, Thomas W. Taylor, to Members of the Board of Education, the fund "continues to experience higher-than-anticipated expenses resulting from increased plan enrollment, as well as increases in actual claims expenses".<sup>1</sup>

### Additional Background Information

MCPS operates a self-funded EBP<sup>2</sup>, whereby it pays the cost of health care claims for MCPS employees, retirees, and other covered members. According to an April 2025 GO Committee work session, “MCPS has been experiencing shortfalls due to a decision by the Board to not fully fund the plan in FY23, combined with increases in health care claims and expenditures that exceeded projections”<sup>3</sup>. The structural deficit is expected to be resolved with a number of management and cost-saving strategies in FY27, when revenues are projected to exceed expenditures<sup>4</sup>. MCPS expects to reduce costs by \$8.3 million in FY26 by implementing utilization management practices for GLP-1s and general prescriptions<sup>5</sup>. It also expects to reduce costs with changes to cost-sharing that would result in MCPS employees paying 2% more in annual premiums over two years<sup>6</sup>. This means that by the end of these phased-in changes, and depending on plan type and participation in health risk assessment (HRA), MCPS employees will be paying between 12% and 19% of premiums for a plan with care management and between 19% and 26% of premiums for plans without care management<sup>7</sup>.

### Relevant REIAs and Other Assessments

ORESJ has conducted REIAs since 2021. The below REIA(s) are relevant to supplemental appropriation #26-55 Montgomery County Public Schools Employee Benefit Plan.

- REIA for Supplemental Appropriation #24-80 Employee Health Benefit Self Insurance Fund <https://www.montgomerycountymd.gov/ore/Resources/Files/24-80.pdf>
- REIA for Supplemental Appropriation #24-70 Montgomery County Public Schools, Employee Benefits Plan <https://www.montgomerycountymd.gov/ore/Resources/Files/24-70.pdf>

### Analysis

#### Demographic Profile

This Supplemental Appropriation primarily addresses funding the EBP, not the specific policies governing its utilization or its impacts on employees’ health and well-being, so the scope of this analysis is limited to the likely beneficiaries of the EBP. The following data is from the MCPS 2024-2025 Annual report and illustrates MCPS’s workforce demographics.

#### MCPS Workforce Demographics

| Race/Ethnicity                    | % of total MCPS workforce, 2024-2025 |
|-----------------------------------|--------------------------------------|
| American Indian or Alaskan Native | <5%                                  |

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|                                  |       |
|----------------------------------|-------|
| Asian                            | 7.3%  |
| Black                            | 14.4% |
| Hispanic                         | 9.9%  |
| Native Hawaiian/Pacific Islander | <5%   |
| Two or more Races                | <5%   |
| White                            | 66.6% |

Source: MCPS Workforce Demographics. 2024-2025.

<https://www.montgomeryschoolsmd.org/annualreport/2024-2025-annual-report/#goal4>

Additional data and research are needed to better understand how efforts to address the EBP’s structural deficit (through cost-sharing changes and utilization management) may impact different demographic groups differently. For example, the Michigan Center for Values-Based Insurance Design reviewed multiple studies and found evidence that strongly supports the notion that increases in consumer cost-sharing negatively affect vulnerable populations<sup>8</sup>; this includes lower-income workers with employer-sponsored plans<sup>9</sup>. This would suggest that cost-sharing increases, recommended in the EBP solvency plan, may more acutely impact lower-wage employees, employees with chronic diseases, and employees of color who may face other racial disparities such as disproportionate housing cost burden.

## 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 impact of the program on advancing racial equity and social justice in Montgomery County.

## References

<sup>1</sup> Memo from MCPS Superintendent of Schools, Thomas W. Taylor, to Members of the Board of Education. December 11, 2025. Subject: Recommended Fiscal Year 2026 Supplemental Appropriation from Montgomery County Public Schools Fund Balance for the Employee Benefits Plan.

<sup>2</sup> Employer-Sponsored Health Insurance 101. October 8, 2025. Available at: <https://www.kff.org/health-costs/health-policy-101-employer-sponsored-health-insurance/?entry=table-of-contents-what-is-employer-sponsored-health-insurance>

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<sup>3</sup> Go Committee. Agenda Item #2A. April 29, 2025. Work session. Subject: FY26 Compensation and Benefits for All Agencies.

[https://montgomerycountymd.granicus.com/MetaViewer.php?view\\_id=169&clip\\_id=18028&meta\\_id=195128](https://montgomerycountymd.granicus.com/MetaViewer.php?view_id=169&clip_id=18028&meta_id=195128)

<sup>4</sup> Go Committee. Table 17.

<sup>5</sup> Go Committee. Page 14.

<sup>6</sup> Go Committee. Page 14.

<sup>7</sup> Go Committee. Table 11: MCPS Group Insurance Premium Cost Share Changes for Active Employees.

<sup>8</sup> V-BID in Action: The Role of Cost-Sharing in Health Disparities. Available at: <https://vbidcenter.org/v-bid-in-action-the-role-of-cost-sharing-in-health-disparities/>

<sup>9</sup> Shameek Rakshit, Matthew McGough, Lynne Cotter, and Gary Claxton. “How does cost affect access to healthcare?”. Peterson-KFF Health System Tracker. April 7, 2025. Available at: <https://www.healthsystemtracker.org/chart-collection/cost-affect-access-care/#Percent%20of%20adults%20reporting%20delaying%20or%20going%20without%20medical%20care%20due%20to%20cost,%20by%20selected%20characteristics,%202004-2023>