



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

Date: November 14, 2025

To: Montgomery County Planning Board
Prince George's County Planning Board

From: William Spencer, Acting Executive Director
Terri Bacote-Charles, Corporate Budget Director

Subject: FY27 Proposed Budget – Internal Service Funds

- Risk Management
- Group Health Insurance

Requested Action

Approval is requested for the FY27 proposed budgets for the Risk Management and agency-wide Group Health Insurance Internal Service Funds (ISF).

I. RISK MANAGEMENT FUND

The Risk Management and Workplace Safety Office develops and implements programs that protect employees and patrons, protect and secure the agency's assets, and mitigate losses. The Office:

- Conducts training in workplace safety, regulatory compliance, and accident prevention
- Develops and administers safety and loss control programs
- Ensures compliance with federal and state safety regulations
- Manages the workers' compensation claims program and the liability program
- Performs risk analysis, inspections, and accident investigations
- Manages agency-wide insurance portfolio (self-insurance and commercial policies)

FY27 Program Priorities

- **Loss Monitoring:** Conduct regular assessments of workers' compensation and liability claims, property losses, and recommend strategies for containing costs, improving safety, and reducing liability to the agency.
- **Regulatory Compliance:** Continue comprehensive compliance training and facility inspections to provide safe spaces for employees and patrons. Conduct regular audits of losses and accidents to identify areas of focus, coordinated return to work strategies, and proper case reserves.
- **Hazardous Spill Response Program:** Implement updated hazardous spill response procedures for agency facilities and operations.

- **Conduct Commission-wide Active Assailant Training:** Continue implementation of agency-wide Active Assailant Training in partnership with Park Police.
- **Training:** Conduct specialized agency-wide Controlled Substance training to incorporate changes in laws and relevant policies.

Budget Overview

The Risk Management budget is made up of three components:

- **Insurance Claims:** Workers' compensation claims are compensable under state law and include medical and wage reimbursements for employees with work-related injuries and illnesses. Fluctuations in the overall budget are largely driven by the quantity, severity, and complexity of these claims. Proposed budget figures are based on actual payments and projected expenses for open claims and an actuarial estimate for claims incurred but not yet reported. The remaining projected claim expenses are liability claims related to property damage, general liability, and auto claims. While the Risk and Safety Office manages the program, these expenses are funded directly by the Department that incurs the expense.
- **Risk and Safety Office Program Expenses:** These expenses include personnel services, insurance policies, staff training resources, accident prevention costs, and chargebacks to fund the Risk and Safety Office programs that protect employees and patrons, secure the agency's assets, and mitigate losses.
- **Administrative Expenses:** The agency participates in the Montgomery County Self Insurance Program (MCSIP). MCSIP provides claims adjudication services, group coverage for commercial insurance, and actuarial services which are utilized to develop the workers' compensation and liability claims budget.

Proposed Budget Request

The total FY27 Proposed Budget is \$7,885,125, which is a 11.0% increase over FY26 due to an increase in in claims costs. To offset the total expense to each county, unrestricted fund balance totaling \$1,360,723 has been applied against the expenses. The total expense to each county is:

	FY26 Adopted Adjusted	FY27 Proposed	Variance	% Change
Montgomery	3,204,800	4,014,600	809,800	25.3%
Prince George's	3,896,600	3,870,525	-26,075	-0.7%
Total	7,101,400	7,885,125	783,725	11.0%

Workers' Compensation and Liability Claims Expenses: This is the largest component of the Risk Management budget with claim costs totaling \$5,338,200 or 53.7% of the estimated FY27 expenditures of \$9,945,848.

Workers' compensation claims are initiated within the Departments and are compensable under state law. These costs cover medical and wage reimbursements for employees with work-related injuries and illnesses. By nature, this expense can vary significantly from year-to-year based on the number, severity,

and complexity of claims filed. The agency participates in the MCSIP for claim management services and relies on the services of an actuarial consultant to review historical losses and determine our projected costs. While the number of Workers' Compensation and General Liability claims have increased, the cost of claims have decreased resulting in lower required funding.

Costs for workers' compensation and liability claims include the following three components:

- Paid Claims: Actual payments for compensable open claims, whether they originated in the most recent fiscal year or prior periods.
- Claim Reserves: Total expected expenses (present and future) for all open claims.
- Incurred But Not Reported Claims (IBNR): The actuarial-based estimate of claims that have occurred but may be delayed in getting reported.

Liability: The remaining projected claim expenses are related to property damage, general liability, and auto claims.

The total workers' compensation claims for each county:

Workers' Compensation Claims Filed				
	FY24	FY25	Change	% Decrease
Montgomery	148	130	(18)	(12.2)%
Prince George's	136	114	(21)	(16.2)%
Total	284	244	(39)	(28.4)%

The total general liability claims for each county:

General Liability Claims Filed				
	FY24	FY25	Change	% Decrease
Montgomery	64	71	7	10.94%
Prince George's	82	95	13	15.85%
Total	146	166	20	13.7%

Internal Administrative Expenses: This category supports the agency's internal Risk Management Unit in administering the agency's robust Risk and Safety program. These costs are 27.8% (or \$2,761,276) of the Proposed Budget.

External Administrative Expenses: These expenses are paid to MCSIP for claims adjudication, commercial insurance, and actuarial services and make up 18.6% (or \$1,846,372) of the Proposed Budget.

MONTGOMERY RISK MANAGEMENT INTERNAL SERVICE FUND

	FY25	FY26	FY27	%
	ADOPTED	ADOPTED ADJUSTED	PROPOSED	CHANGE
REVENUES				
Charges for Services				
Planning	61,300	58,900	52,400	-11.0%
Parks	3,471,600	3,088,100	3,900,200	26.3%
Recreation	-	-	-	
Enterprise	-	-	-	
CAS	50,100	57,800	62,000	7.3%
Interest Income	8,000	200,000	200,000	0.0%
TOTAL REVENUES	3,591,000	3,404,800	4,214,600	23.8%
EXPENDITURES				
Personnel Services	731,707	766,805	782,014	2.0%
Supplies and Materials	36,000	31,000	25,000	-19.4%
Insurance Claims				
Planning	43,500	49,100	51,000	3.9%
Parks	2,000,200	2,161,800	2,478,100	14.6%
Recreation	-	-	-	
Enterprise	200	200	-	-100.0%
CAS	16,500	22,100	18,900	-14.5%
Administrative Expenses	657,200	698,250	738,502	5.8%
Other Services & Charges	123,821	118,121	105,755	-10.5%
Chargebacks	387,400	424,603	444,041	4.6%
TOTAL EXPENDITURES	3,996,528	4,271,979	4,643,312	8.7%
Application of Fund Balance	(405,528)	(867,179)	(428,712)	
TOTAL FUNDING NEEDS	3,583,000	3,204,800	4,014,600	25.3%

PRINCE GEORGE'S RISK MANAGEMENT INTERNAL SERVICE FUND
FY26

	FY25 ADOPTED	ADOPTED ADJUSTED	FY27 PROPOSED	% CHANGE
REVENUES				
Charges for Services				
Planning	-	-		
Parks	2,739,900	2,795,600	2,750,000	-1.7%
Recreation	726,200	873,000	886,845	1.6%
Enterprise	180,100	170,200	171,680	0.9%
CAS	50,100	57,800	62,000	6.8%
Interest Income	20,000	500,000	500,000	0.0%
TOTAL REVENUES	3,716,300	4,396,600	4,370,525	-0.6%
EXPENDITURES				
Personnel Services	731,707	766,805	782,014	1.9%
Supplies and Materials	36,000	31,000	25,000	-24.0%
Insurance Claims				
Planning	46,200	38,800	46,000	15.7%
Parks	2,380,400	2,042,100	2,093,400	2.5%
Recreation	574,600	549,700	492,700	-11.6%
Enterprise	137,600	135,000	139,200	3.0%
CAS	25,300	22,100	18,900	-16.9%
Administrative Expenses	986,000	1,043,610	1,107,870	5.8%
Other Services & Charges	123,821	118,121	105,755	-11.7%
Chargebacks	425,088	464,720	491,697	5.5%
TOTAL EXPENDITURES	5,466,716	5,211,956	5,302,536	1.7%
Application of Fund Balance	(1,750,416)	(815,356)	(932,011)	
TOTAL FUNDING NEEDS	3,696,300	3,896,600	3,870,525	-0.7%

II. Commission-Wide Group Insurance Internal Service Fund

The Commission-wide Group Insurance Fund accounts for the costs associated with providing health insurance benefits to active and retired employees. The fund covers all employees with health and other insurance coverage and retirees eligible for health benefits.

Highlights and Major Changes in the FY27 Proposed Budget

The proposed expenditure budget is \$93.4 million, which is a 6.7% increase from FY26 budget levels.

The FY27 Proposed Budget includes the Commission-adopted employee health insurance cost share, administrative expenses, employer contributions, and OPEB Pay-go.

The FY27 Proposed Budget contains a designated reserve of \$11.2 million which is enough to meet the 12.0% of total operating expenses reserve policy.

COMMISSION-WIDE GROUP HEALTH INSURANCE INTERNAL SERVICE FUND
SUMMARY of Revenues, Expenses and Changes in Fund Net Position
PROPOSED BUDGET FISCAL YEAR 2027

	FY 25 Actuals	FY 26 Adjusted Adopted	FY 26 Estimate	FY 27 Proposed	% Change
Operating Revenues:					
Intergovernmental:					
Grant-Medicare Part D Subsidy	\$ -	\$ -	\$ -	\$ -	-
EGWP Subsidy	\$ 4,609,225	\$ 5,600,000	\$ 5,600,000	\$ 6,554,300	17.0%
Charges for Services:					
Employer Contributions, Other	-	-	-	-	-
Employee/Retiree Contributions	\$ 11,494,355	\$ 12,081,700	\$ 12,081,700	\$ 12,735,700	5.4%
Employer Contributions/Premiums	\$ 54,677,670	\$ 64,858,980	\$ 64,858,980	\$ 68,479,600	5.6%
Miscellaneous (Claim Recoveries, etc.)	\$ 4,860,272	\$ 4,500,000	\$ 4,500,000	\$ 5,215,000	15.9%
Total Operating Revenues	\$ 75,641,522	\$ 87,040,680	\$ 87,040,680	\$ 92,984,600	6.8%
Operating Expenses:					
Personnel Services	\$ 1,119,370	\$ 1,258,538	\$ 1,258,538	\$ 1,442,896	14.6%
Supplies and Materials	\$ 6,324	\$ 40,200	\$ 40,200	\$ 19,700	-51.0%
Other Services and Charges:					
Professional Services	\$ 1,327,079	\$ 1,184,999	\$ 1,184,999	\$ 1,206,655	1.8%
Insurance Claims and Fees	\$ 63,652,899	\$ 73,699,300	\$ 73,699,300	\$ 76,138,800	3.3%
Insurance Premiums	\$ 12,045,180	\$ 10,810,000	\$ 10,810,000	\$ 14,000,600	29.5%
Change in IBNR	-	-	-	-	-
Other Classifications	-	-	-	-	-
Chargebacks	\$ 502,101	\$ 522,643	\$ 522,643	\$ 561,363	7.4%
Total Operating Expenses	\$ 78,652,953	\$ 87,515,680	\$ 87,515,680	\$ 93,370,014	6.7%
Operating Income (Loss)	\$ (3,011,431)	\$ (475,000)	\$ (475,000)	\$ (385,414)	-18.9%
Non-operating Revenue (Expenses):					
Interest Income	\$ 863,920	\$ 475,000	\$ 475,000	\$ 475,000	0.0%
Total Non-operating Revenue (Expenses)	\$ 863,920	\$ 475,000	\$ 475,000	\$ 475,000	0.0%
Income (Loss) Before Operating Transfers	\$ (2,147,511)	\$ -	\$ -	\$ 89,586	-
Operating Transfers In (Out):					
Transfer In	-	-	-	-	-
Transfer (Out)	-	-	-	-	-
Net Operating Transfer	-	-	-	-	-
Change in Net Position	\$ (2,147,511)	\$ -	\$ -	\$ 89,586	-
Total Net Position, Beginning	\$ 14,147,107	\$ 14,131,046	\$ 11,999,596	\$ 11,999,596	-15.1%
Total Net Position, Ending	\$ 11,999,596	\$ 14,131,046	\$ 11,999,596	\$ 12,089,182	-14.4%
Designated Position	\$ 7,865,295	\$ 10,501,882	\$ 10,501,882	\$ 11,204,402	6.7%
Unrestricted Position	\$ 4,134,301	\$ 3,629,164	\$ 1,497,714	\$ 884,780	-75.6%
Total Net Position, June 30	\$ 11,999,596	\$ 14,131,046	\$ 11,999,596	\$ 12,089,182	-14.4%

Montgomery County

Capital Equipment Internal Service Fund

EXECUTIVE OVERVIEW

The Commission's Capital Equipment Internal Service Fund (CEISF) was set up to establish an economical method of handling large equipment purchases. The fund spreads the cost of an asset over its useful life instead of burdening any one fiscal year with the expense. Considerable savings are realized over the life of the equipment through the use of the CEISF.

Departments use the CEISF to finance the purchase of equipment that has a useful life of at least six (6) years. All revenue and costs associated with the financing of such equipment are recorded in the Internal Service Fund. All equipment is financed on a tax-exempt basis, resulting in considerable interest savings. The participating departments are charged an annual rental payment based on the life of the equipment.

HIGHLIGHTS AND MAJOR CHANGES IN FY27 PROPOSED BUDGET

The financing authority of the CEISF may be carried over from year to year. This means that if the total authorized amount of financing is not utilized during a particular fiscal year, any remaining funding may be carried over to succeeding fiscal years. Approval of the budget gives the Commission's Secretary-Treasurer and other officers authority to carry out financing for this fund at such time and on such terms believed to be advantageous to the Commission and does not require additional action by the Commission or a Planning Board.

For FY27, the Commission is proposing new ISF purchases of \$520,000 for the Montgomery Planning Department:

- \$150,000 – Replace vehicles that are model year 2016 or older. The Planning Department has vehicles that are pool vehicles for all staff to use for Commission business and vehicles that are assigned to staff inspectors and others. 12 of the Planning vehicles are model year 2016 or older. Over the next few years, the Planning Department will determine which vehicles need to be replaced in priority order.

The Planning Department has sufficient funds in the CEISF that have carried over from previous years to pay for these purchases. The department is asking for approval to spend these funds rather than requesting to finance the purchases.

- \$370,000 – Replace servers and other information technology equipment, including Cisco chassis replacements at King Street and Saddlebrook Data Centers, and Wheaton Headquarters PON, OLTs, ONTs, and splitters replacements that have reached the end of their life. The total cost will be financed over 6 years and will be split 50/50 with MC Parks.

The Planning Board approves these purchases by approving the debt service payment each fiscal year.

For FY27, the Commission is proposing new purchases of \$2,200,000 for the Montgomery Department of Parks, consisting of:

- \$200,000 for Information Technology (IT) cabling and infrastructure improvements and networking and communication switch replacements.
- \$2,000,000 for replacement of older vehicles and equipment that have exceeded their useful life cycle.

Montgomery County

Capital Equipment Internal Service Fund

For FY27, the Corporate IT Division of the OCIO is proposing new capital purchases of \$225,000 for a new firewall, to be split 50/50 between Montgomery and Prince George's counties.

Montgomery County

Capital Equipment Internal Service Fund

MONTGOMERY COUNTY CAPITAL EQUIPMENT INTERNAL SERVICE FUND

Summary of Revenues, Expenses, and Changes in Fund Net Position

PROPOSED BUDGET FISCAL YEAR 2027

	FY 25	FY 26	FY 26	FY27	%
	Actual	Adjusted Adopted	Estimate	Proposed	Change
Operating Revenues:					
Intergovernmental - Federal	\$ -	\$ -	\$ -	\$ -	-
Charges to Departments					
Planning	-	-	-	-	-
Parks	1,064,000	1,697,600	1,697,600	2,037,600	59.5%
Finance	-	-	-	-	-
Corporate IT	128,250	102,125	-	112,500	-20.4%
Miscellaneous (Sale of Equipment, etc.)	-	-	-	-	-
Total Operating Revenues	<u>1,192,250</u>	<u>1,799,725</u>	<u>1,697,600</u>	<u>2,150,100</u>	<u>51.0%</u>
Operating Expenses:					
Personnel Services	-	-	-	-	-
Supplies and Materials	15,428	-	-	-	-100.0%
Other Services and Charges:	13,477	495	495	3,300	-96.3%
Debt Service:					
Debt Service Principal	-	781,300	781,300	1,121,300	-
Debt Service Interest	-	156,300	156,300	156,300	-
Depreciation & Amortization Expense	-	-	-	-	-
Other Financing Uses	-	-	-	-	-
Capital Outlay	2,584,282	2,810,000	2,810,000	2,832,500	8.7%
Other Classifications	-	-	-	-	-
Chargebacks	65,309	52,601	52,601	60,276	-19.5%
Total Operating Expenses	<u>2,678,496</u>	<u>3,800,696</u>	<u>3,800,696</u>	<u>4,173,676</u>	<u>41.9%</u>
Operating Income (Loss)	<u>(1,486,246)</u>	<u>(2,000,971)</u>	<u>(2,103,096)</u>	<u>(2,023,576)</u>	<u>34.6%</u>
Nonoperating Revenue (Expenses):					
Debt Proceeds	34,754	-	-	-	-100.0%
Interest Income	159,507	100,000	100,000	100,000	-37.3%
Interest Expense, Net of Amortization	74,375	-	-	-	-100.0%
Gain (Loss) on Sale/Disposal Assets	232,194	-	-	-	-100.0%
Total Nonoperating Revenue (Expenses):	<u>500,830</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-80.0%</u>
Income (Loss) Before Operating Transfers	<u>(985,416)</u>	<u>(1,900,971)</u>	<u>(2,003,096)</u>	<u>(1,923,576)</u>	<u>92.9%</u>
Operating Transfers In (Out):					
Transfer in	-	-	-	-	-
Transfer (Out)	-	-	-	-	-
Net Operating Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(985,416)	(1,900,971)	(2,003,096)	(1,923,576)	92.9%
Total Net Position - Beginning	<u>10,830,812</u>	<u>9,378,198</u>	<u>9,845,396</u>	<u>7,842,300</u>	<u>-13.4%</u>
Total Net Position - Ending	<u>\$ 9,845,396</u>	<u>\$ 7,477,227</u>	<u>\$ 7,842,300</u>	<u>\$ 5,918,724</u>	<u>-24.1%</u>

Note: Future Financing Plans

Capital equipment financed for Planning	\$ 30,772	\$ 497,500	\$ 520,000
Capital equipment financed for Parks	2,440,573	2,200,000	2,200,000
Capital equipment financed for Finance	-	-	-
Capital equipment financed for Corporate IT	112,937	112,500	112,500

Note: Internal Service Funds' actuals reflect the appropriate accounting treatment of debt principal, capital outlay and depreciation as reported in the ACFR; however, the budget for these funds is prepared on a cash requirements basis.