



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

To: Montgomery County Planning Board
 From: Terri Bacote-Charles, Corporate Budget Director
 Date: March 26, 2026
 Subject: Non-Recommended Reductions to Meet Montgomery County Executive’s Recommended Budget

Background:

On March 13th, Montgomery County Executive Elrich released his recommended budget that contained a 3.8% increase for the Montgomery County portion of the Commission. As a result, the Commission must reduce the proposed budget for both the Administration and Park Funds. A total reduction of \$8,150,599 % was recommended.

The table below shows the amounts needed to be reduced from the various departments.

FY27 Requested	FY 27 County Executive Recommended	\$ Difference
\$210,355,963	\$202,205,364	Requested vs Recommended
		\$8,150,599
REQUIRED REDUCTIONS NEEDED TO MEET COUNTY EXECUTIVE'S RECOMMENDED BUDGET		
SAVINGS:		
Non-Departmental - Admin Fund	Savings from Limited Reclassifications	\$ 93,682
Planning Department	Savings from Various Items	\$ 550,638
Department of Parks	Savings from Various Items	\$ 46,470
Central Administrative Services	Savings related to Walker Drive	\$ 20,608
NON-RECOMMENDED REDUCTIONS:		
TIER 0		
Planning Department	Full Restoration Requested	\$ 1,200,000
Planning Department	Eliminate Fund Balance Requirement	\$ 1,200,000
TIER 1		
Non-Departmental - Admin Fund	Non-Recommended Reductions	\$ 153,318
Commissioner's Office	Non-Recommended Reductions	\$ 8,800
Planning Department	Non-Recommended Reductions	\$ 427,708
Department of Parks	Non-Recommended Reductions	\$ 2,669,348
Central Administrative Services	Non-Recommended Reductions	\$ 19,402
Planning Department	Use of Fund Balance	\$ 800,000
TIER 2		
Planning Department	Non-Recommended Reductions	\$ 121,654
Department of Parks	Non-Recommended Reductions	\$ 438,990
Planning Department	Use of Fund Balance	\$ 400,000
	Total Budget Cuts	\$ 8,150,618

Detailed lists and descriptions of the proposed non-recommended reductions, by department, are attached.

Non-Departmental

Savings

Due to the continued budget challenges anticipated in FY27, the Commission has decided to jeopardize its long-standing prudent compensation strategy and reduce its compensation adjustment marker for FY27. In addition, the decision to limit reclassifications and/or seasonal adjustments was also made. As a result, the Administration Fund will be reduced by \$247,000.

Non-Recommended Reduction

Non-Departmental-Admin Fund FY27 Non-Recommended Budget Reductions		
	FY26 Adjusted Adopted Budget	\$ 988,064
	FY27 Proposed Budget	\$ 1,658,250
	FY27 Proposed Increase	\$ 670,186
	Reduction to Meet County Executive's (CE) Recommendation	\$ 247,000
	% Reduction from FY27 Proposed Budget	14.9
Non-Departmental - Admin Fund – Tier 1 Non-Recommended Reductions		Funding
	Reduce Funds Available for Employee Compensation Increases during FY27	
	<u>Description:</u> The Commission included a compensation adjustment marker for FY27. The Commission is currently engaged in negotiations	
	<u>Impact:</u> Without this funding, the Commission's ability to adhere to its long-standing prudent compensation strategy - 50th percentile - neither lead nor lag relative to other employer's salaries based on regional compensation surveys is hindered	\$153,318
SUB-TOTAL TIER 1 - Departmental Priority		
Tier 2 - Departmental Priority (Non-Recommended Reductions)		Funding
	<u>Description:</u>	
	<u>Impact:</u>	
SUB-TOTAL TIER 2 - Departmental Priority		
Budget Reductions to Meet the FY27 County Executive Recommendation		Funding
	Limit reclassifications and/or seasonal adjustments	\$93,682
SUB-TOTAL TIER 3 - Reductions		
TOTAL OF ALL TIERS – Non-Departmental -Admin Fund REDUCTIONS		\$247,000

MC Commissioners' Office

MC Commissioners' Office FY27 Non-Recommended Budget Reductions		
	FY26 Adopted Adjusted Budget	\$1,340,527
	FY 27 Proposed Budget	\$1,424,744
	FY 27 Proposed Increase (salary, benefits, and major known commitments)	\$84,217
	Reduction to Meet County Executive's (CE) Recommendation	\$8,800
Commissioners' Office – Tier 1 Non-Recommended Reductions		Funding
Commissioners' Office	Reduce Internship Program Hours	\$5,800
	<u>Description:</u> Our internship program has been tremendously successful in supporting undergraduate and graduate students throughout the academic year and for the summer. We have been hosting a part-time graduate intern during the academic year and a 3/4 time graduate intern in the summer. These interns support research projects, resident outreach and addressing constituent inquiries, clerking for the Planning Board, and supporting the day-to-day operations of our office.	
	<u>Impact:</u> Without these funds, we would need to cut approximately 240 hours from internship program forcing us to eliminate our summer internship program. This will have a direct impact on residents and stakeholders as it reduce our response time and limit our outreach capabilities.	
SUB-TOTAL TIER 1 - Departmental Priority		\$5,800
Budget Reductions to Meet the FY27 County Executive Recommendation		Funding
Commissioners' Office	Cut Funds for Staff Training and Conferences	\$3,000
SUB-TOTAL - Reductions		\$3,000
TOTAL OF ALL TIERS – COMMISSIONERS' OFFICE REDUCTIONS		\$8,800

Montgomery Planning Department

Admin Fund - Non-Departmental Account – MC Planning Department	
FY27 Budget Transfer from the Admin Fund to the Development Review Special Revenue Fund	
Response to County Executive's Recommendation	
FY26 Adopted Budget - Transfer	\$1,500,000
FY27 Proposed Increase - Transfer	\$2,400,000
FY27 Proposed Budget - Transfer	\$3,900,000
County Executive's Recommended Transfer (no change from FY26 Budget)	\$1,500,000

FY27 Transfer from Admin Fund to Development Review Special Revenue Fund	<u>Requested Increase</u>	<u>Tier 0 Restoration Staff Salaries</u>	<u>Tier 1 Restoration Fund Balance Reserve</u>	<u>Tier 2 Restoration Fund Balance Reserve</u>	<u>Total Restoration</u>
FY27 Base Budget Staff Salaries	\$1,200,000	\$1,200,000			\$1,200,000
FY27 Budget Fund Balance Reserve	\$1,200,000		\$800,000	\$400,000	\$1,200,000
TOTAL	\$2,400,000	\$1,200,000	\$800,000	\$400,000	\$2,400,000

TIER 0 Restoration – Staff Salaries - \$1,200,000

This transfer is necessary to fund the salaries and benefits for 7 workyears currently engaged in development review activities.

The Development Review Special Revenue Fund (DRSRF) was created in FY06 to track application filing fees for development review projects. **Revenues include fees** from Pre-application plans, Project plans, Preliminary plans, Site plans, Expedited Approval plans, and Record plats. The **revenues for the DRSRF are very volatile** with monthly revenues ranging from \$10,000 to \$900,000. This volatility has existed in this fund since its inception. In April of 2009, Council staff noted in their memo to the PHED Committee, "Since revenues fluctuate from month to month, it is not possible to determine how they will finish the fiscal year." This makes accurate forecasting challenging.

Expenditures include salaries and benefits and other expenses. They are consistently recorded as budgeted. A significant amount of staff and resources are required to achieve and sustain the goal of a state-of-the-art process for regulating and expediting development in Montgomery County.

In years in which development activity is slow, a contribution is needed from the Administration Fund to cover the expenditures of the Development Review functions not covered by fees. As a reference, the first transfer was in FY08 when the expenditures exceeded the revenues and required a transfer of \$749,000 from the Administration Fund to cover the shortfall.

From FY2006-FY2025, the revenues collected fully covered the expenses only 25% of the time resulting in the need to transfer funds from the Administration Fund to the DRSRF to cover the shortfall. The transfers ranged from \$300K to nearly \$1.8M.

Five years ago, the Planning Department noted to the Planning Board in a FY22 budget work session that a \$500K transfer for FY22-24 would be sufficient to maintain a reasonable fund balance until FY25 when it was projected the

transfer would need to be increased to \$900K and eventually to \$1M per year by FY26 to remain solvent. In the past five years, larger development applications slowed due to the pandemic, increased interest rates, increased construction costs, and other conditions, and they have not rebounded resulting in the need for even larger transfers than predicted in 2020.

Transfers from the Administration Fund to the Development Review SRF

<u>FY</u>	<u>Transfer Amount</u>	<u>FY</u>	<u>Transfer Amount</u>
FY08	\$749,000	FY17	\$500,000
FY09	\$1,773,000	FY18	\$300,000
FY10	\$1,528,000	FY19	\$0
FY11	\$1,528,000	FY20	\$0
FY12	\$1,278,000	FY21	\$0
FY13	\$1,390,000	FY22	\$500,000
FY14	\$0	FY23	\$500,000
FY15	\$0	FY24	\$500,000
FY16	\$0	FY25	\$950,000
		FY26	\$1,500,000

In preparing the FY26 Estimated and FY27 Proposed draft revenue budgets, the Planning Department looked at the past trends in the DRSRF as well as the Quarterly Economic Indicators prepared by the Research & Strategic Projects Division. The development trends for the past 16 months have been troubling. There have been fewer applications for large development projects, and a larger share of applications have been for lower-fee applications to amend prior approvals. Consistent with this trend, the DRSRF did not perform well in FY25 with revenues totaling just \$2M. While this trend is not expected to change in the short term, given market conditions and changes in the local economy, it is highly unpredictable. It's important to note, however, that Planning's regulatory staff have been busy processing applications; just not the larger, fund-boosting projects we have experienced in the past.

The Planning Department recognizes that the proposed \$1.2 million increase in the transfer to the Development Review Special Revenue Fund (DRSRF) represents a substantial commitment in the current constrained fiscal environment.

This transfer is essential to fund existing staffing resources dedicated to development review activities. During the summer of 2025, Planning Department management determined that staff dedicated 31.0 workyears to development review functions. This figure excludes administrative and tech team staff, Research & Strategic Projects personnel, and GIS staff. This is substantially more than the 21.5 workyears included in the FY27 chargeback to the DRSRF.

In the County Executive's FY27 Budget recommendation, he stated, "As always, I want to thank our dedicated county workforce, whose tireless efforts have been the backbone of our successes. In a competitive labor market, this budget invests in fair compensation to sustain the high-caliber service our residents deserve." Although not county employees, Planning staff contribute greatly to the economic health, environmental resilience and community equity that we all enjoy today and hope to keep experiencing in the future.

For the DRSRF, the County Executive did not include an increase in his recommendation. Without an increase in the transfer, **the Planning Department will not be able to pay for existing staff**, contrary to the County Executive's desire to cover staff compensation. **We will not be able to complete development reviews or meet any accelerated timelines for expedited plans and other applications qualifying for our Speed-to-Market initiative** that require a substantial amount of "all hands-on deck" attention and coordination for which the Council has expressed support.

To cover staff salaries, the Planning Department requests a \$1.2M increase in the transfer from the Administration Fund. We anticipate that this level of funding is necessary to keep the DRSRF solvent with a positive balance.

TIER 1 Restoration – Fund Balance Reserve - \$800,000

TIER 2 Restoration – Fund Balance Reserve - \$400,000

It is essential to maintain an adequate level of fund balance to mitigate the risk of revenue shortfalls in order to stabilize services, ensure consistent cash flow, and to act as a financial buffer against sudden revenue declines without forcing immediate service cuts.

In 2017, the Planning Board established a \$1.2M minimum fund balance goal for the DRSRF in recognition of a) the volatile nature of this fund and b) the direct and severe impact that not having a fund balance could cause to staffing.

As mentioned before, DRSRF revenues are highly unpredictable, but expenditures—mainly staff salary chargebacks—consistently align with the budgeted amount. Over the past five years, major development applications have decreased because of the pandemic, higher interest rates, rising construction costs, and other factors. They have not recovered, which has widened the gap between revenues and expenses, and led to a greater need for transfers.

In FY24, the revenues collected were \$2,399,568, which was \$225,432 less than the budgeted \$2,625,000. Even with the \$500,000 transfer in, the fund balance was reduced by \$700K to \$1.9M in FY24. At the end of FY25, actual revenues achieved were only \$1.9M. With a transfer of \$950K, the fund balance was reduced to \$670K.

In October 2025, the FY26 revenues to date were very sluggish and the Planning Department updated the estimate for annual revenues to just \$1.4M. Even with the \$1.5M transfer, the projected fund balance would be a negative -\$600K. The Planning Department has taken steps to help the DRSRF end FY26 with a positive fund balance by implementing an operating budget savings plan of \$600K to apply towards the development review personnel costs to reduce the chargebacks to the DRSRF from \$4.2M to \$3.6M. Following this action, the DRSRF fund balance is projected to be \$3,409 at the conclusion of FY26. Although this amount remains positive, it falls considerably short of the minimum fund balance of \$1.2M set by the Planning Board in 2017.

Without these \$800K and \$400K transfers, the DRSRF will not have the minimum fund balance of \$1.2M established by the Planning Board in 2017 that will help ensure essential services will continue without disruption. Failure to maintain an adequate fund balance reserve leaves the DRSRF in a high-risk financial position.

In future years, as development projects rebound and the revenues collected increase, the Planning Department will adjust the transfer accordingly.

UPDATE AS OF MARCH 18, 2026: The revenue collected through the middle of March 2026 is just under \$1.4M. If additional fees are collected in the next month, the Planning Department may be able to lower the request for the transfer for the Fund Balance Reserve. The Planning Department will closely monitor the fund over the remaining three months of the fiscal year for any significant changes.

Admin Fund – MC Planning Dept’s FY27 Budget Response to County Executive’s Recommendation	
FY26 Adjusted Adopted Budget	\$27,831,092
FY27 Proposed Budget	\$30,185,965
FY27 Proposed Increase	\$2,354,873
FY27 Budget Reduction - County Executive’s (CE) Recommendation	\$1,100,000
Net FY27 Budget Increase after CE Recommendation	\$1,254,873

The table below summarizes Admin Fund - MC Planning’s FY27 Budget Response to the County Executive’s Recommendation.

	Requested Increase	Tier 1 Restoration	Tier 2 Restoration	Reductions	Total Change	Net Budget Change
FY27 Base Budget Changes	\$1,370,132	\$0	\$0	\$0	\$0	\$1,370,132
FY27 Proposed On-Going New Initiatives	\$989,741	\$427,708	\$121,654	\$275,638	\$825,000	\$164,741
Master Plan Support	\$200,000	\$35,259			\$35,259	\$164,741
Climate Initiatives - Planner IV	\$160,737	\$160,737			\$160,737	\$0
Master Planning - Cultural Resources Planner I	\$110,058	\$110,058			\$110,058	\$0
Master Planning and Regulatory - Planner II	\$121,654	\$121,654			\$121,654	\$0
Master Planning - Planner II	\$121,654		\$121,654		\$121,654	\$0
Cybersecurity - IT/Telecom Spec III	\$137,819			\$137,819	\$137,819	\$0
Engagement Spec - Public Aff & Marketing Spec III	\$137,819			\$137,819	\$137,819	\$0
FY26 One-Time Work Program Initiatives – Net	(\$5,000)	\$0	\$0	\$275,000	\$275,000	(\$280,000)
Less FY26 One-Time Initiatives	(\$280,000)				\$0	(\$280,000)
Climate Resilience Functional Plan	\$150,000			\$150,000	\$150,000	\$0
Diversifying the Economy: Assessing the Future Needs for Industrial Land	\$125,000			\$125,000	\$125,000	\$0
TOTALS	\$2,354,873	\$427,708	\$121,654	\$550,638	\$1,100,000	\$1,254,873

TIER 1 RESTORATION PRIORITIZATION

1.1	Master Plan Support
1.2	Climate Initiatives - Planner IV
1.3	Master Planning - Cultural Resources Planner I
1.4	Master Planning and Regulatory - Planner II

TIER 2 RESTORATION PRIORITIZATION

2.1	Master Planning - Planner II
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REDUCTIONS

Cybersecurity - IT/Telecom Specialist III
Engagement Specialist - Public Affairs and Marketing Specialist III
Climate Resilience Functional Plan
Diversifying the Economy: Assessing the Future Needs for Industrial Land

Tier 1 Restorations – Departmental Top Priority		Funding
1.1	<p>Master Plan Support</p> <p><u>Description</u> The Planning Department seeks to expand this flexible funding method for master plans, allowing for a more flexible, efficient, and equitable approach to planning, supporting critical consultant services for engagement, translation, transportation modeling, and economic analysis. The FY27 Proposed request was an increase of \$200K. This \$35,259 request is to restore the FY27 amount to the full \$200K request.</p> <p><u>Impact</u> The current level of funding for master plan support is not sufficient to maintain the department’s master plan work program. The impact has been to delay current master plan efforts and without this funding Montgomery Planning anticipates additional master plan delays.</p>	\$35,259
1.2	<p>Climate Initiatives – Planner IV – Environment & Climate Division</p> <p><u>Description</u> The Planning Department needs a climate specialist to facilitate the integration of climate-related initiatives into departmental plans and policies. The position will be responsible for conducting climate assessments related to zoning text amendments and master plans, and leading studies on climate and resilience. Additional responsibilities include preparing an Area Climate Change Vulnerability Study and collaborating with county agencies to advance Climate Action Plan objectives. The position emphasizes formulating and implementing climate policies that promote equitable outcomes, with particular attention to vulnerable populations. The department is committed to embedding climate considerations throughout master planning processes, with a continued focus on enhancing community resilience.</p> <p><u>Impact</u> Without this position, the Planning Department will struggle to integrate climate-related initiatives and equitable policies into their plans and assessments. This will hinder efforts to address climate change effectively, support vulnerable populations through resilient and comprehensive planning, as well as meet the climate goals of the county.</p>	\$160,737
1.3	<p>Master Planning – Cultural Resources Planner I – Historic Preservation Division</p> <p><u>Description</u> This position will expand the capacity of the Historic Preservation Division and meet growing public demand for inclusive, timely, and equitable preservation services. This position is essential to modernizing Montgomery County’s preservation program, honoring the stories of all communities, and ensuring that the county’s-built environment reflects the richness of its shared history.</p> <p><u>Impact</u> Without funding for this position, new equity portions of master planning chapters and other new histories will be produced by relying on additional consultant funds rather than produced in-house.</p>	\$110,058
1.4	<p>Master Planning and Regulatory – Planner II – Upcounty Planning Division</p> <p><u>Description</u> This investment is essential for supporting the long-term development of the county's northern region. The addition of a Planner II position will enhance Montgomery Planning’s ability to effectively manage growth, advance community objectives, and fulfill commitments to inclusive and responsive planning practices. This role will strengthen master planning initiatives and regulatory implementation, ensuring diligent processing of the projected increase in development applications from Germantown and Clarksburg over the next 5 to 10 years.</p>	\$121,654

	<p>Impact Without funding for this position, there will be delays in producing master plans deliverables and regulatory reviews for the Upcounty area.</p>	
SUB-TOTAL TIER 1 - Departmental Priority		\$427,708

Tier 2 Restorations – Departmental Top Priority		Funding
2.1	<p>Master Planning – Planner II – East County Planning Division</p> <p>Description The new Community Engagement Planner will support master plan efforts in East County, focusing on inclusive resident participation, especially among historically underrepresented groups. This role will address Thrive’s emphasis on East County, which has the largest population and needs additional planning expertise. Beyond outreach, this position empowers East County residents to help shape their communities. With this investment, Montgomery Planning advances equitable, community-driven planning.</p> <p>Impact Without this position, there will be delays in producing master plans deliverables for the East County area.</p>	\$121,654
SUB-TOTAL TIER 2 - Departmental Priority		\$121,654

Budget Reductions to Meet the FY27 County Executive Recommendation		Funding
	<p>Cybersecurity – IT/Telecom Specialist III – Information Technology & Innovation Division</p> <p>Description This critical position will safeguard the department’s growing digital infrastructure and ensure secure, equitable access to planning services for all residents. Success will be measured through 1) the prevention of system outages or data breaches that could delay development reviews, permit processing, or public engagement, and 2) the avoidance of costly recovery efforts, legal issues, and reputational damage which would free up resources for planning priorities.</p> <p>Impact This position ensures that Montgomery Planning can continue to deliver secure, inclusive, and resilient services in an increasingly digital and data-driven environment.</p>	\$137,819
	<p>Engagement Specialist – Public Affairs & Marketing Spec III – Communications & Engagement Div</p> <p>Description This new Engagement Specialist position will support the department’s expanding public engagement efforts and ensure equitable, consistent, and impactful community involvement across all planning initiatives. This position will assist with community engagement and the Community Planning Academy. Understanding the planning process is essential to removing the barriers that prevent residents from participating in the planning process.</p> <p>Impact Without this position, Planning will be less effective at expanding inclusive outreach through the identification and removal of participation barriers, particularly for communities that have been underrepresented in the past.</p>	\$137,819

<p>Climate Resilience Functional Plan</p> <p><u>Description</u> The Climate and Resilience Master Plan will identify infrastructure and climate related weaknesses in the County and develop specific strategies for adaptation and resilience to climate impacts including extreme heat, flooding, and other extreme weather events. This plan will focus on improving infrastructure and community resilience both during extreme weather events and throughout everyday life with a focus on equity. The Planning Department is uniquely positioned to not only examine the issues but also provide mitigation solutions that can be implemented through development while balancing the other needs of the county, such as housing. This master plan would be in alignment with the environmental recommendations of Thrive, the entire focus of the Climate Action Plan, and provide co-benefits of meeting Vision Zero goals.</p> <p><u>Impact</u> If this plan is not implemented, underrepresented communities—who have historically exhibited reduced climate resilience due to limited resources, prior zoning and land use practices, and unequal infrastructure distribution—will continue to face significant challenges. In the absence of a comprehensive master plan, these concerns will remain unresolved, and a structured strategy for addressing inequities through future mitigation and investment initiatives will not be established.</p>	\$150,000
<p>Diversifying the Economy: Assessing the Future Needs for Industrial Land</p> <p><u>Description</u> The study will help enhance the County's economic competitiveness by identifying land use needs to support a potential growth sector and aligns with the economic development strategic plan. As it becomes more imperative that Montgomery County diversify its economy, this study is important in assessing whether we have enough zoned land to support new economic opportunities. Further, as we aspire to provide living wage jobs for people at all education levels, industrial sector jobs provide opportunities for people with less education.</p> <p><u>Impact</u> In the absence of this study, essential data regarding industrial land use requirements for emerging economic development opportunities and informed policy recommendations to facilitate land availability would be lacking.</p>	\$125,000
SUB-TOTAL REDUCTIONS	\$550,638
TOTAL OF TIER 1 + TIER 2 + REDUCTIONS = PLANNING'S PORTION TO MEET CE RECOMMENDATION	\$1,100,000

MC Parks

The Parks Department (the Department) requested a Park Fund increase of \$8,795,887, which is a 6.3% increase over the FY25 Adopted Budget. The County Executive's Recommended Budget included \$5,641,079, or a 4.0% increase. This leaves a shortfall of \$3,154,808. In response to the County Executive's Recommended Budget, the Parks Department has identified \$46,470 in upfront cuts, Tier 1 Non-Recommended Reductions totaling \$2,669,348, and Tier 2 Non-Recommended Reductions totaling \$438,990.

Upfront Reductions and Cuts	Funding
MCPS Ballfield SRF – General Fund Transfer	342,337
Park Fund - Water Quality Protection Fund	46,470

Tier 1 – Non-Recommended Reductions	Funding
Salary Lapse Reduction	1,409,239
Risk Management	392,877
Operating Budget Impact (OBI)	274,810
Contractual Increases	195,633
Inflationary Increases	288,347
Utilities/Telecommunications Costs	108,442
Tier 1 Total	2,669,348

Tier 2 – Non-Recommended Reductions	Funding
Contractual Increases	307,366
Inflationary Increases	99,804
Chargebacks	31,820
Tier 2 Total	438,990

