

MEMORANDUM

October 22, 2009

TO: Management and Fiscal Policy Committee

FROM: Justina J. Ferber  Legislative Analyst

SUBJECT: Executive Regulation No. 16-09, Amendments to Office of Human Resources
Severance Pay Plan Regulations to Allow Participants in the Guaranteed
Retirement Income Plan to Receive Severance Benefits

The Management and Fiscal Policy (MFP) Committee will consider the Executive's proposed amendments to the Office of Human Resources Severance Pay Plan Regulations to allow participants in the Guaranteed Retirement Income Plan (GRIP) to receive severance benefits. Currently, only participants in the Retirement Savings Plan are eligible to receive severance pay benefits.

The Executive's transmittal memorandum notes that the regulation was advertised in the August 2009 issue of the *Montgomery County Register*. No comments were received. A fiscal impact statement indicating no fiscal impact is also included at ©15. Executive staff does not believe there will be a fiscal impact because eligibility for the severance pay does not include the voluntary decision by a participant to leave County service and service benefits are calculated on the number of years of service. Employees with less than one year service do not receive a benefit. Council staff believes there will be a cost but that it will be minimal. Severance benefits will be paid from the general assets of the County; not the assets of the GRIP.

Omission of severance pay in the GRIP was an oversight and this amendment will correct the error and allow employees who shifted to the GRIP to continue to have the same severance benefit.

Staff Recommendation: The Committee recommends the Council adopt the regulation as submitted.

This packet contains:

circle #

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Fiscal Impact Statement	2
Regulation 16-09, bracketed and underlined	3-7
Regulation 16-09, clean copy	8-12

EXEC REG



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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

September 16, 2009



2009 SEP 17 PM 4:50

RECEIVED
MONTGOMERY COUNTY
COUNCIL

TO: Phil Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive  Method 2

SUBJECT: Executive Regulation No. 16-09, Amendments to the Office of Human Resources Severance Pay Plan Regulations to Allow Participants in the Guaranteed Retirement Income Plan to Receive Severance Benefits.

I am submitting Executive Regulation No. 16-09 for the Council's review and approval. This regulation amends the Office of Human Resources Severance Pay Plan Regulations to allow participants in the Guaranteed Retirement Income Plan (GRIP) to receive severance benefits. At present, only participants in the Retirement Savings Plan are eligible to receive severance pay benefits.

Executive Regulation No. 16-09 was advertised in the August 2009 issue of the *Montgomery County Register*. No comments were received in response to this advertisement. A fiscal impact statement for the regulation is also included.

Should you have any questions about Executive Regulation No. 16-09, please contact Stuart Weisberg, the Labor Relations Advisor in the Office of Human Resources, at (240) 777-5154.

IL:sw

Attachments



OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

Joseph F. Beach
Director

MEMORANDUM

July 13, 2009

TO: Joseph F. Beach, Director

VIA: Alex Espinosa, Management and Budget Manager *AE*

VIA: John Cuff, Management and Budget Specialist *JC*

FROM: Lori O'Brien, Management and Budget Specialist *LOB*

SUBJECT: Executive Regulation 16-09, Severance Pay for Certain Participants in the Retirement Savings Plan and the Guaranteed Retirement Income Plan

REGULATION SUMMARY

This regulation amends the Office of Human Resources Severance Pay Plan Regulations to allow participants in the Guaranteed Retirement Income Plan to receive severance benefits.

FISCAL SUMMARY

The executive regulation will not have a fiscal impact on the County.

The following contributed to and concurred with this analysis: Stuart Weisberg, Office of Human Resources.

JFB:lob

c: Kathleen Boucher, Assistant Chief Administrative Officer
Dee Gonzalez, Offices of the County Executive
John Cuff, Office of Management and Budget
Stuart Weisberg, Office of Human Resources

OMB REVIEW

Fiscal Impact Statement approved *Joseph F. Beach*
OMB Director

Fiscal Impact Statement not approved, OMB will contact department to remedy.

Office of the Director



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject	Amendments to OHR Severance Pay Plan Regulations to Allow GRIP Participants to Receive Severance Benefits	Number	16-09
Originating Department	Office of Human Resources	Effective Date	

Severance Pay for Certain Participants in the Retirement Savings Plan and the Guaranteed Retirement Income Plan

Executive Regulation No. 16-09

Issued by: County Executive

Supersedes: Executive Regulation No. 33-95

Authority: Montgomery County Code, 2004, Section 33-140

Council review: Method 2

Montgomery County Register Volume 26 Issue 8

Comment deadline: August 31, 2009

Effective date: _____

Summary: This regulation amends the Office of Human Resources Severance Pay Plan Regulations to allow participants in the Guaranteed Retirement Income Plan to receive severance benefits.

Address for comments Office of Human Resources, Executive Office Building, 7th Floor
101 Monroe Street, Rockville, Maryland 20850

Staff contact: Stuart Weisberg, 240-777-5051, or stuart.weisberg@montgomerycountymd.gov

Please use the key below when reading this regulation:

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing regulation by proposed regulation.</i>
[Single boldface brackets]	<i>Deleted from existing regulation by proposed regulation.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing or proposed regulation by amendment.</i>
* * *	<i>Existing language unchanged by executive regulation.</i>



MONTGOMERY COUNTY EXECUTIVE REGULATION

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Subject Amendments to OHR Severance Pay Plan Regulations to Allow GRIP Participants to Receive Severance Benefits	Number 16-09
Originating Department Office of Human Resources	Effective Date

SEVERANCE PAY FOR CERTAIN PARTICIPANTS IN THE RETIREMENT SAVINGS PLAN [PARTICIPANTS] AND THE GUARANTEED RETIREMENT INCOME PLAN

PURPOSE

- 1.0 The Severance Pay Plan will pay severance benefits to employees of Montgomery County (“County”) and certain employees of participating agencies upon an employee’s separation from service pursuant to the terms and conditions of this plan.

DEFINITIONS

- 2.0 Final Earnings - The weekly rate of regular earnings of a participant as of the last day of active service.

Participant – Any employee of the County or a participating agency who satisfies the eligibility requirements of the Severance Pay Plan.

Participating Agency – Any agency that participates in the Retirement Savings Plan and the Guaranteed Retirement Income Plan, uses the County payroll system, elects to participate in the Severance pay plan, and whose participation is approved by the Chief Administrative Officer.

Regular Earnings – Gross pay for actual hours worked exclusive of overtime. Gross pay must be used to determine benefits even if the County implements a pick-up plan under Section 414 of the Internal Revenue code. Gross pay must be used to determine benefits even if a participant has agreed to a reduction of earnings under:



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Subject Amendments to OHR Severance Pay Plan Regulations to Allow GRIP Participants to Receive Severance Benefits	Number 16-09
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- (a) the County’s deferred compensation plan under Section 457 of the Internal Revenue Code; or
- (b) any other benefit program sponsored by the County permitted by the Internal Revenue Code.

Separation from service or separated from service - The loss of a participant’s job through affirmative administrative action of the County or the participating agency excluding dismissal for cause. Separation from service does not include the voluntary decision by a participant to leave the service of the County or the participating agency.

ELIGIBILITY

3.0 An employee of the County or of a participating agency is eligible to participate in this plan upon the employee’s separation from service if the employee is then a participant in the Retirement Savings Plan or the Guaranteed Retirement Income Plan under Division 1 of Article VIII of Chapter 33 of the County Code.

SEVERANCE BENEFITS

4.0 Severance benefits will be paid as follows:

- 0 to 1 years of service completed no benefit
- over 1 to 5 years of service completed 6 weeks of the participant’s final earnings
- over 5 to 7 years of service completed 8 weeks of the participant’s final earnings



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- over 7 to 9 years of service completed 10 weeks of the participant's final earnings
- over 9 years of service completed 12 weeks of the participant's final earnings

DISTRIBUTION OF BENEFITS

5.0 All benefits must be paid on a bi-weekly basis commencing after the participant separates from service with the County or the participating agency. The first payment will be made on the date that the participant would have received payment of regular earnings had the participant not separated from service. The severance benefits must be paid to the participant directly. All federal and state income taxes must be withheld from the severance benefits paid. To the extent that federal or state unemployment taxes apply, they must be withheld from the severance benefits paid.

SOURCE OF FUNDS

6.0 The County must pay the benefits under this plan from general assets of the County or the participating agency. Assets of the Retirement Savings Plan or Guaranteed Retirement Income Plan may not be used to pay benefits under this plan. Any participating agency must pay the costs of any benefits and any expenses incurred due to the participation of its employees.

APPEALS

7.0 An eligible County employee who is denied severance pay may appeal the final decision of the Chief Administrative Officer by noting an appeal to the Merit System Protection Board. All appeals must be in writing and must be filed within 10 working days of the date on which the employee receives the decision. The Merit System Protection Board





MONTGOMERY COUNTY EXECUTIVE REGULATION

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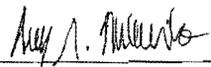
Subject Amendments to OHR Severance Pay Plan Regulations to Allow GRIP Participants to Receive Severance Benefits	Number 16-09
Originating Department Office of Human Resources	Effective Date

may overturn the decision of the Chief Administrative Officer only if the Board finds that the decision was arbitrary and capricious.

Approved: 
Isiah Leggett, County Executive

Sept 16, 2009
Date

Approved as to form and legality:


Office of the County Attorney

7/20/09
Date



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