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MEMORANDUM

April 21, 2011

TO: Government Operations and Fiscal Policy Committee
FROM: Stephen B. Farber, Council Staff Director *SBF*
SUBJECT: Discussion – Compensation and Benefits for All Agencies

This worksession on compensation and benefits for all agencies in the FY12 operating budget is to review issues in six separate areas: (1) budget and compensation context, (2) recommended pay changes in the region and the County, (3) retirement, (4) County Government compensation-related Non-Departmental Accounts (NDAs), (5) group insurance, and (6) other compensation issues.

This packet contains extensive information on compensation issues. The **appendix** to this packet (GO Committee #2) contains additional background information, including the Personnel Management Reviews and related data prepared by the agencies.¹

Items #3 and #4 on the Committee's agenda also relate to this discussion. Office of Legislative Oversight Director Karen Orlansky and her colleagues will review their analysis of the Executive's proposed changes to retirement, health, and life insurance benefits for County Government employees (GO Committee #3). Senior Legislative Attorney Bob Drummer will review pending collective bargaining issues (GO Committee #4).

Budget and human resources staff from all agencies have provided valuable assistance once again this year and will be present to answer the Committee's questions. Representatives of employee organizations and others concerned with compensation issues will also be present. The Committee is scheduled to continue this review on April 28 and will follow up with further meetings in May.

1. BUDGET AND COMPENSATION CONTEXT

My packet for the Council's FY12 budget overview discussion on April 12 includes detailed analysis of the budget and compensation context.² Here is a summary of key points:

1. The Executive's recommended overall FY12 tax supported operating budget (including debt service) is \$3.768 billion, up \$112 million (3.1%) from the Council-approved FY11 budget. The total recommended budget (including grants and enterprise funds) is \$4.347 billion, up \$76 million (1.8%) from the FY11 approved budget.

¹ See http://www.montgomerycountymd.gov/content/council/pdf/agenda/cm/2011/110425/20110425_GO2.pdf.

² See http://www.montgomerycountymd.gov/content/council/pdf/agenda/col/2011/110412/20110412_8.pdf.

2. The budget reflects the slowly improving but still subpar state of the County's economy. The County's February unemployment rate was 5.1%, compared to 5.9% one year ago and 2.5% in November 2007. Resident employment, which fell 3.3% in 2009 and 0.6% in 2010, has started to grow. Home sales and home prices have been flat to slightly down but may be rising. Economic data in 2011 should be stronger, but the margin is not yet clear.
3. The contrast with budgets of recent years is stark. For example, in FY05-07 the tax supported budgets for County Government rose by 11, 11, and 14%, respectively, for a total of 40%. In FY10-12 the changes are -2, -7, and +1%, respectively, for a total of -8%.
4. In his budget transmittal memo the Executive noted that he has recommended not only "significant reductions in existing County programs, services, and staffing levels, but also to employee compensation in order to address the County's **long-term structural budget challenge**." He described his proposals as "aligned" with the work of the Council's Office of Legislative Oversight on achieving long-term budget sustainability.¹
5. The recommended FY12 budget has 8,992 workyears for County Government, up 31 from FY11. Much of the increase is attributable to restoring furloughs; there would otherwise be a net decrease of 213 workyears. The budget abolishes 216 positions, 140 of which are filled. The workyear reduction between the FY09 peak, 10,033, and the FY12 recommendation, 8,992, is **1,041, or 10.4%**.
6. The Executive recommends that again in FY12 there should be no pay increases for agency employees, including general wage adjustments (GWAs), service increments (steps), and new increases for longevity or performance. GWA reductions for County agencies are rare. In the deep recession of the early 1990s, County Government employees had no GWAs for three consecutive years. In FY04 GWAs for all agencies were deferred for four months. In FY10-11 they were eliminated. While agency step increases were consistently funded even in difficult budget years, they too were eliminated in FY11. **The total pay freeze in FY11 was unprecedented for County agencies.** So is the total pay freeze proposed again for FY12.
7. The Executive notes that his recommended budget is "inconsistent" with the arbitrated awards for the County unions, which are now challenging it. The County Attorney states that "the County Executive's submission of the recommended operating budget is a

¹ Last year, faced with the most difficult budget in memory, the Council asked OLO to assess the County's structural budget challenge. OLO issued its two-part report in November and December 2010. OLO found that apart from a **cyclical** budget gap that reflects the ups and downs of the economy, the County, like other governments nationwide, faces a **structural** gap that will persist even when revenues recover. Projected increases in the County's fixed spending commitments – including debt service, group insurance for active and retired employees, pension plan payments, current revenue contributions to the capital budget, and reserves – exceed projected growth in County revenues. OLO also found that between FY02 and FY11, the primary driver behind higher personnel costs – which account for 82% of tax supported spending – was the increase in average costs per employee: "Across the four agencies, employee salaries grew by 50% in the aggregate and by higher amounts (up to 80%) for individual employees, while the costs of health and retirement/pension benefits increased upwards of **120%**....For County Government, the aggregate costs of employee benefits as a percent of salary increased from 35% in FY02 to 52% in FY11." Aligning projected revenue and spending will require "raising more revenue or making reforms that bend the future cost curves downward." Part II of OLO's report outlines options for achieving long-term fiscal balance.

legislative function assigned to the County Executive under Charter §303. The collective bargaining laws cannot limit this legislative function.”

FY12 Agency Compensation Requests

Employee salaries and benefits are always a key fiscal building block because they account for four-fifths of the budget. For details, see the tables on ©1-15, prepared by Legislative Analyst Chuck Sherer, on **agency requests** for the FY12 **tax supported** budget. Note that the numbers for MCPS, the College, and M-NCPPC do not reflect the lower compensation totals that the Executive’s reduced budget allocations would require.

Requested tax supported **workyears** for all agencies are **up 1.3%** to 29,779. Workyears are **down 0.5%** for County Government and flat to up slightly for the other agencies’ requests, but as noted above, their workyear totals may decline in the final FY12 approved budget. Workyears also fell in FY10-11. This is in stark contrast to the explosive workforce growth of prior years.

Requested **total compensation costs** for all agencies’ active employees are **up 1.7%** to **\$2.700 billion**. Costs are **down 3.0%** for County Government and up for the other agencies’ requests, but once again the final FY12 approved budget will have lower numbers.

2. RECOMMENDED PAY CHANGES IN THE REGION AND THE COUNTY

This year’s edition of our annual survey of pay changes in the region was compiled by Legislative Analyst Amanda Mihill. The FY12 data at this point mostly reflect the recommendations of county executives or managers, not the final actions of governing boards, and in some cases are not yet available because of ongoing negotiations or other factors.¹

Last year the predominant pattern was clear (except for the federal government): total pay freezes and in many cases furloughs. This year the picture is more varied. The **Anne Arundel County** Executive has proposed 12 furlough days for the second straight year plus the first layoffs in nearly 20 years. The **Prince George’s County** Executive calls for a pay freeze, despite contracts negotiated late last year by his predecessor, but no more furloughs after three straight years of furloughs. The **Arlington County** Board has restored step increases for eligible employees and a 1% lump sum payment to employees at their salary maximum. The **Fairfax County Board** has frozen salaries for the third straight year but has asked the Executive to determine whether a 1.1% GWA would be affordable in October.

Last year the **State budget** froze pay, including performance bonuses, for the second straight year and again included progressive furloughs of up to 10 days. (State salary increases have consistently lagged, at least compared to County increases.) This year there are no more furloughs. Instead, there is a \$750 lump sum payment to employees and the prospect of future pay increases if revenue targets are met. However, State employees (plus teachers and others in the State system) must pay an additional 2% of salary into the State’s defined benefit pension plan.

The **federal government** continues to be an outlier, although less so than in previous years. In each of the last two years, despite record deficits and the severe recession, federal employees received general wage increases plus a weighted average 1.5% increment. (This pattern has been consistent, even

¹ Data on pay changes requested by County agencies are on ©27-33. For the full survey prepared by Ms. Mihill, see http://www.montgomerycountymd.gov/content/council/pdf/reports/4-20-11_update_of_pay_changes_since_fy02.pdf.

in the difficult years of the early 1990s, the early 2000s, and recent years, when many local jurisdictions have frozen pay.) For this year and next there will be a “pay freeze,” but it applies only to general wage increases; step increases and bonuses will continue.

County Government Pay Changes

As noted above, for the second straight year the Executive proposes **no pay increases** for County Government (or other agency) employees, including GWAs, service increments, and new longevity or performance increases. This would be the third straight year with no GWA.

Overall 63.0% of permanent merit system employees are eligible for **service increments**, including 68.2% for MCGEO, 57.0% for the FOP, 61.4% for the IAFF, and 49.9% for non-represented. **Longevity increases** vary by bargaining unit, but no new ones are being funded.¹ **Performance-based increases**, which are limited to employees in the Management Leadership Service and other non-represented employees, are again not being funded either.

As noted above, the Executive’s budget does not reflect the **arbitration awards for County bargaining units**, including a service increment that was part of the FOP award.

Data from OHR’s April 2011 Personnel Management Review show that in FY08-11, **compounded total pay increases** for County Government employees (not including the police and fire bargaining units) not at maximum salary were 9.9% more than the CPI increase and 7.5% more than private sector increases, thus extending the pattern of the past 20 years. Comparisons for employees at maximum salary and for earlier periods show significantly different results. See ©A30-33 in the appendix to this packet (GO Committee #2).

Until the FY09-10 budgets, which had significant workyear reductions, **productivity improvement** had not kept pace with past large salary increases. The graph on ©24 shows that **County Government workyears per 1,000 population**, which had fallen steadily from FY92 to FY98, started to rise in FY99. Thus, despite the County’s heavy investment in technology, total workyears per 1,000 population were 10.0% higher in FY02 than in FY98. In the leaner budgets of FY03-04 this measure fell slightly, but in FY05 it started to rise again and peaked in FY08. In FY09-11 it fell by 13.8% and in FY12 it would remain virtually flat, but it is still 4.5% above the FY98 level.

Other interesting OHR data compare maximum and minimum salaries of certain County agency employees with those in the metropolitan area and selected local jurisdictions. See ©A36-40. For most job classes these comparisons are favorable to County agency employees, especially to County Government employees.

The table on ©A35 shows that minimum and maximum County Government salaries for middle management professional positions are mostly below those of comparable **federal government** positions. The minimum salaries for County Government are lower because our range is broader than the federal range. Our annual 3.5% service increments (if provided) make progress through the range faster.

¹ For MCGEO the longevity increase for employees at the top of their pay grade with 20 years of completed service rose from 2.0 to 3.0% in January 2008. For non-represented employees the longevity increase is 2.0% at 20 years. It is performance-based (requiring a rating of “highly successful” or “exceptional”), not automatic.

Agency Pay Change Requests

The Committee will review the agency pay change requests for FY12 outlined below. The Committee will also review the proposed FY12 County Government **salary schedules** listed on ©34-46. These schedules are for Non-Represented Employees, Management Leadership Service, Medical Doctors, Seasonal Workers, MCGEO, Sheriff Management, Deputy Sheriffs, Fire/Rescue Management, IAFF, Police Management, FOP, Correctional Management, and Correctional Officers.

SUMMARY OF FY12 AGENCY PAY CHANGE REQUESTS Increments and General Wage Adjustments (% Increase)

| Agency | Increments For Eligible Employees | General Wage Adjustments |
|---------------------------|--------------------------------------|-----------------------------|
| County Government | | |
| MCGEO units | 0 | 0 |
| FOP | 0 ¹ | 0 |
| IAFF | 0 | 0 |
| Non-represented | 0 | 0 |
| M-NCPPC | | |
| MCGEO units | 3.5 ² | 3.0 |
| Non-represented | 3.5 | 0 |
| FOP | TBD | 0 |
| Montgomery College | | |
| Faculty | 0 | 0 |
| Administration | 0 | 0 |
| Staff (non-bargaining) | 0 | 0 |
| Staff (AFSCME) | 0 | 0 |
| MCPS | | |
| MCEA | TBD ³ | 0 |
| MCAAP | TBD | 0 |
| SEIU Local 500 | TBD | 0 |
| MCBOA | TBD | 0 |
| WSSC | \$80,655 ⁴ | 2.0 |

For further details see the tables on ©27-33 of this packet.

¹ The FOP arbitration award included a 3.5% service increment for eligible unit members.

² The Planning Board's budget included selected pay increases. In view of the fiscal situation there are further negotiations with bargaining units. The two Councils' actions at the May 12 bi-county meeting will also be a factor.

³ The Board of Education's budget included step increases, but in view of the fiscal situation this allocation is being reconsidered.

⁴ The Commission's budget provided increases for merit pay and a GWA for represented employees only. It also provided flexible worker pay increases but did not include incentive or IT bonus pay. See ©33 and ©58 for details.

3. RETIREMENT ISSUES

Important points on the County Government retirement program are as follows:

The Executive has proposed major structural changes to retirement benefits in FY12. Employees in the defined benefit plan (Employees' Retirement System [ERS]) would pay an additional 2% of salary into the pension fund. Those in the defined contribution plan (Retirement Savings Plan [RSP]) or the cash balance plan (Guaranteed Retirement Income Plan [GRIP]) would receive 2% less than the current 8% County contribution to their account. The combined savings would be \$10.9 million. OLO's analysis of the Executive's proposed structural changes in both retirement and group insurance benefits is scheduled for this meeting (GO Committee #3).

While the ERS ranks highly in performance by similar funds, like them it experienced a difficult investment climate in recent years. Assets were **\$2.8 billion** in October 2007, fell to **\$1.9 billion** as of March 31, 2009, recovered to **\$2.4 billion** by June 30, 2010, and since then have continued to recover. At that time the ERS had 5,786 active participants (including 1,008 in the GRIP) with 5,591 retirees and beneficiaries receiving benefits. It was **76.6%** funded on an actuarial basis, which includes the five-year smoothing of results. This is down from **98.9%** in FY00. The unfunded liability was **\$854 million**. Meanwhile the RSP had 4,751 participants (3,839 active and 912 inactive).

After outsized performance in the late 1990s, the annual investment return in the last decade averaged 3.6%, but it has been much stronger since the stock market lows of March 2009. In December 2010 the County reduced the assumed rate of annual investment return from 8.0% to 7.75%. (Many other funds have also adjusted their assumed returns, thus potentially requiring larger employer contributions.) Other changes in actuarial assumptions offset the increased cost of this change.

The FY12 contribution rates are shown on ©22. This table is worth close attention. The rates, some up from FY11, are at high levels as a percentage of salary, ranging from 24.4% for the non-public safety mandatory integrated plan to 35.0% for the mandatory integrated public safety plan and 251.0% for the pre-1978 public safety plans, which have a dwindling number of participants. These rates contrast sharply those for the RSP, 6.0%, and the GRIP, 5.4%. The much higher rates for the defined benefit plans result not only from subpar investment returns in recent years but from large pension improvements included in County collective bargaining agreements starting in FY99. These improvements included larger pension multipliers, lower benefit reductions at integration with social security, 20-year retirement for firefighters, and deferred retirement option plans.

The combined impact of the pension changes, market conditions, and workforce growth is large. For example, MCFRS's ERS costs are up from \$9.1 million in FY00 to \$28.5 million in FY12, even with the proposed 2% hike in the employee contribution. Police costs are up from \$12.7 million to \$34.7 million. The County's total contribution to the ERS has risen from \$44.3 million in FY00 to \$104.1 million in FY12 (plus \$3.0 million for the GRIP). The FY12 contribution to the RSP is \$10.8 million.

The four investment-related retirement plan budgets that have been reviewed and approved by the Board of Investment Trustees are on ©23. The FY12 budgets for the Deferred Compensation Plan, Retiree Health Benefits Trust, Employees' Retirement System, and Retirement Savings Plan include charges from OHR, Finance, and the County Attorney's Office. The Committee will review these budgets separately. Mr. Sherer has prepared the packet for this review.

4. COUNTY GOVERNMENT COMPENSATION-RELATED NDAs

The FY12 recommended budget contains six compensation-related Non-Departmental Accounts. The first three are hardy perennials that require little comment.

1. Judges Retirement Contributions NDA

See ©48. The recommended amount for FY12 is \$3,000. The FY11 amount was \$3,500.

2. State Positions Supplement NDA

See ©49. The recommended amount for FY12 is \$77,270. The FY11 amount was \$133,150.

3. State Retirement Contribution NDA

See ©49. The recommended amount for FY12 is \$1,081,690. The FY11 amount was \$1,030,360.

4. Group Insurance for Retirees NDA

See ©47. The recommended amount for FY12 is \$32,462,450. The FY11 amount was \$31,096,730. This account has fluctuated both up and down over time. The recommended FY12 allocation is discussed further in the section below on group insurance.

5. Compensation and Employee Benefits Adjustments NDA

See ©47. The recommended amount for FY12 is \$1,030,850. The FY11 amount was \$1,728,780. Each year this NDA captures several separate personnel-related adjustments. The only notable increase for FY12 is \$322,530 for the Countywide Vision Insurance Program. This amount would ordinarily be reflected in department budgets and will be transferred there after final budget approval. See also ©50.

6. Retiree Health Benefits Trust

See ©48. The recommended amount for the General Fund in FY12 is \$26.1 million. The FY10-11 amounts for the General Fund were 0 because of the County's difficult fiscal situation. Non-tax supported contributions from proprietary funds and outside participating agencies are outlined on ©18. For a further discussion of this important issue, see below.

5. GROUP INSURANCE

The Executive's recommended structural changes in group insurance are among the most important issues in the FY12 budget. The County share of group insurance, now 80% for employees in the Choice Plan,¹ would become 70%. This change, combined with changes in current prescription drug, dental, and life insurance provisions and a three-tiered premium, would save \$18.7 million in FY12. (Employees with salaries of \$50,000 to \$89,999 would pay an additional \$910 per year. Those with salaries of \$90,000 or more would pay an additional \$1,560.) Governments nationwide have made or proposed structural changes in group insurance.

¹ Non-represented employees hired since October 1, 1994 are in the Select Plan. The County share is 76%. The Executive's proposed changes would end the distinction between the two plans.

OLO's analysis of the proposed changes is included in a separate packet for this meeting (GO Committee #3). OLO's analysis will help the Committee and the Council determine what the policy goals, scope, and timing of any changes should be. This section focuses on five issues:

- Start date for changes in group insurance
- Equity among agency employees
- Pre-funding retiree health benefits (OPEB)
- FY12 group insurance costs
- Task Force on Employee Wellness and Consolidation of Agency Group Insurance Programs

Start Date for Changes in Group Insurance

The Executive's proposed group insurance changes would start on July 1, 2011 rather than with the ordinary new plan year on January 1, 2012. This accelerated timing would save about half of the estimated \$18.7 million total savings in FY12. It would require employees, and the Office of Human Resources, to deal with new and difficult choices in an out-of-cycle open season starting in early May.

On April 15 Council President Ervin advised the Executive that the Council will set a later start date when it takes final FY12 budget action in late May. See ©51. She noted that "as a matter of fairness, our employees should have maximum lead time to fully evaluate their options under whatever changes in group insurance the Council approves. Moreover, employees could find it difficult to meet their current year plan requirements, such as deductibles and flexible spending account limits, by June 30."

Whatever changes in group insurance the Council decides to approve must be implemented very carefully. The most realistic start date is January 1, 2012, when the new plan year here and elsewhere would normally begin. This date would also enable employees to coordinate their decisions with the plans of other family members. If the Council agrees, the \$9 million savings assumed in the budget from a July 1 start date would have to be found elsewhere.

Equity Among Agency Employees

A central issue here is **equity among agency employees**. While the Executive proposes shifting to a 70/30 employer/employee premium split in group insurance for County Government employees, the effect of his plan, including the "additional salary-based premiums," would be a 60/40 split of overall costs. For individual employees the premium cost share would range from 30% to 58%. At MCPS the overall split in group insurance costs is 92/8 (95/5 for those enrolled in HMOs).¹ Since the MCPS workforce of about 21,000 is two-thirds of the agencies' combined personnel complements, even a small change at MCPS could mitigate the proposed changes for County employees, who could face increases up to \$3,700 (for the same coverage). The current disparity with MCPS employees would be widened.

Group insurance is the FY12 version of last year's furlough debate. Last year the Executive proposed 10 days of furloughs for all County Government employees except for public safety. The Council's final plan was progressive – 3, 5, or 8 days depending on salary – and applied to all employees. (Each furlough day is about 0.4% of annual pay. Employees' bi-weekly paychecks in FY11 have been trimmed accordingly, but the government has remained open.) College employees had up to 8 days; M-NCPPC employees had up to 10 days. The Board of Education declined to have furloughs at MCPS.

¹ The College already has a 75/25 premium split and a more restrictive plan design. M-NCPPC, a bi-county agency, is reviewing its group insurance and retirement benefits.

If the Board had authorized furloughs for MCPS employees, the same total furlough savings, about \$15 million, could have been achieved with just 1.5 days (0.6% of annual pay) for employees of all agencies. Instead, employees of County Government, the College, and M-NCPPC lost between 1% and 4% of annual pay while MCPS employees were held harmless. (Also, just over two furlough days at MCPS would have produced the same savings as increasing class size by one student, but the Board chose to increase class size.)

MCPS officials note correctly that in FY10-11 employees agreed to forgo pay increases and now face a pay freeze in FY12. But this is also true for employees of all other agencies. For example, in FY11 members of the firefighters bargaining unit, IAFF Local 1664, did not receive their negotiated pay increase, which was 7% for all unit members and 3.5% more for those not at top of grade. MCPS officials also note correctly that many supporting services employees have low salaries. But the Board is capable of taking a progressive approach to any benefit changes, just as the Council did with furloughs. Two other points are worth making.

- MCPS's average total annual premium in 2011 (employer + employee share) for active employees is \$12,663. **MCPS's annual employer share is \$557 (5%) more per enrollee than the County's current employer share because of its more generous premium split.**¹
- While benefit changes for MCPS employees, like those for other employees, would be hard to absorb, they would have no direct impact on the classroom.

Governments nationwide are revising generous employee health and retirement benefits to help address their structural budget deficits. The County must do the same, and all agencies must participate in order to ease the impact. **Requiring one-third of employees to bear the entire cost while two-thirds bear none, which happened with the FY11 furloughs, cannot be an option in FY12.**

Pre-funding Retiree Health Benefits

In his FY10 budget message the Executive spoke firmly about pre-funding retiree health benefits, or OPEB (Other Post Employment Benefits):

To approve health benefits for future retirees without funding those benefits is not responsible – it breaks faith with retirees who will need to know the money is there when it is needed. We have long accepted the concept of pre-funding of pension benefits because it is a responsible and cost effective approach to fulfilling our promises to retirees. We need to embrace the need to realistically fund this commitment as well.

Like other governments nationwide, the County has found it difficult to follow this course during the fiscal squeeze of recent years. OPEB funding by County agencies is a good example of the structural budget challenge. For FY08 the Council supported the Executive's plan to phase in the pre-funding over five years. For FY09, given the tight budget, he proposed an eight-year phase-in instead. For FY10, because of still more serious budget pressures, he ultimately proposed no tax supported pre-funding with the exception of \$12 million for MCPS. For FY11, given the state of the budget, he proposed no tax supported funding at all. If the County had followed the five-year phase-in schedule that was projected and approved four years ago, the FY11 tax supported allocation would have been \$149 million, not 0.²

¹ For OLO's February 1 analysis of this issue, see <http://www.montgomerycountymd.gov/content/council/olo/reports/pdf/2-1-11AnswerstoQuestionsaboutthecostofHealthBenefitsforActiveEmployees.pdf>. If the County's premium were calculated for active employees only (excluding retirees), MCPS's annual employer share would be \$1,617 (16%) more per enrollee.

² Non-tax supported contributions from proprietary funds and participating outside agencies have been made, but tax supported funding has been sharply limited or eliminated.

For FY12 the Executive proposes to resume tax supported funding at a total level of \$49.8 million: \$26.1 million for County Government, \$20.0 million for MCPS, \$1.0 million for the College, and \$2.7 million for M-NCPPC. This funding would represent a start toward returning to a clear phase-in schedule, although it is less than the \$83.6 million listed in the Council's FY11-16 Fiscal Plan. **After the Council completes action on the FY12 budget in May, it would be useful for the Committee to review current actuarial valuations, recent or potential changes in retiree health benefits, and funding issues with the agencies' budget, finance, and human resources staff.**

Group Insurance Costs in FY12

In recent years **County Government** rate adjustments have ranged from a 5.3% decline in 2000 to a 26.0% increase in 2002. This year's overall increase is 7.1%, with the usual variation among plans. The current projection for the average annual increase in FY12-17 is about 10%.

The FY12-17 fiscal projection for the **Employee Health Benefits Self Insurance Fund**, which serves as a premium stabilization reserve, is on ©52. The summary of expenditures and revenues, and the crosswalk between the appropriation for FY11 (\$187,389,810) and FY12 (\$192,603,860), are on ©53. One notable item in FY10 was the transfer of \$12.5 million to the General Fund in FY10. Claims experience and unanticipated revenue facilitated this fortuitous transfer. There was also a transfer (\$5.2 million) in FY95. There is no transfer this year.

The tax supported requests for **active employees' group insurance benefits** for all agencies are listed in the tables on ©1-15. The total is **\$316.8 million, up 0.7%** from FY11. The tables show a decrease of 19.4% for County Government, reflecting the Executive's proposed structural changes, and increases of 7.4% for MCPS, 7.9% for the College, and 10.7% for M-NCPPC.

The tax supported requests for **retiree group insurance benefits** are also listed in the tables on ©1-15. Costs are **up 106.6% to \$164.8 million**. This number reflects increases of 88.2% for County Government, 124.9% for MCPS, 50.0% for the College, and 87.8% for M-NCPPC. Higher annual pay-as-you-go costs are one factor, but the chief cause is that for all agencies combined, \$77.2 million is requested for pre-funding of retiree health benefits (OPEB), compared to zero funding in FY11.

WSSC's rate-supported requests for group insurance are \$17.5 million for active employees (up 26%) and \$11.6 million for retired employees (down 9%), reflecting recent cost adjustments.

Task Force on Employee Wellness and Consolidation of Agency Group Insurance Programs

On April 12 the Council introduced a resolution to create the task force noted above. See ©54-56. The task force could be the vehicle to design structural change in agency group insurance programs above and beyond whatever change the Council approves for FY12.

6. OTHER COMPENSATION ISSUES

A. Agency Analysis of Personnel Management

Each agency has prepared again this year a report on its workforce containing data that are generally comparable to the information provided in the County Government's Personnel Management Review. Material of this kind is a valuable adjunct to the agency personnel information that comes from budget documents and Council staff data requests. Agency responses appear in the **appendix** to this

packet (GO Committee #2)¹ and in a limited number of printed copies. Agency staff have worked hard to assemble these displays of personnel information, and their efforts are appreciated. Some of this information will be helpful to the Council's proposed Task Force on Employee Wellness and Consolidation of Agency Group Insurance Programs.

This year the **County Government** again prepared a PMR like the one it first issued in 1991 (see ©A1-41). The PMR, prepared by OHR, has consistently provided useful basic information on the merit system employment profile, turnover, and wage and salary comparability. In this year's PMR the information is once again clearly presented and readily understandable. The comparative information on salaries (see ©A30-41) is especially useful; some of it is cited in the earlier discussion here of pay changes in the County and the region. Other useful information includes turnover data on the 548 employees (6.3% of the workforce) who left County Government service in 2010 (see ©A26-28). The table on ©26 showing the reasons for separation (such as normal or disability retirement and reduction-in-force) is instructive. There are again data on temporary and seasonal workers (see ©A22-24), who are represented by MCGEO.

M-NCPPC again prepared a detailed Personnel Management Review, which it initiated in 1995. This PMR (see ©A42-168) covers personnel data affecting both counties and is a comprehensive and highly informative document. Its clearly presented data and excellent graphics provide detailed information about the full range of workforce issues and personnel policies.

WSSC again prepared a Human Resources Management Review that contains new and comparative data in a number of areas (see ©A169-199). This report, which WSSC initiated in 1995, includes data on such matters as the diversity of WSSC's workforce in 2010: 47.1% African American, 42.5% Caucasian, 6.1% Asian, 3.3% Hispanic, and 0.8% Native American.

MCPS again provided a Staff Statistical Profile (see ©A200-289), which contains a wide range of useful data regarding employees in all areas of the school system.

The **College** again provided a Personnel Profile (see ©A290-299). This brief report contains useful graphics and information on the composition of faculty and staff as well as benefits.

B. Employee Awards and Tuition Assistance

In past briefings on compensation the Committee has examined such programs as County Government leave awards, M-NCPPC's employee recognition program, WSSC's merit pay system, and performance-based pay. The Committee has also reviewed tuition assistance issues.

¹ See http://www.montgomerycountymd.gov/content/council/pdf/agenda/cm/2011/110425/20110425_GO2.pdf.

The following table outlines the agencies' FY11 costs and FY12 requests in dollars. (County Government's awards programs are outlined on ©57.¹)

| | Employee Awards | | Tuition Assistance | |
|--------------------|-----------------|--------|--------------------|-----------|
| | FY11 | FY12 | FY11 | FY12 |
| County Government | see ©57 | TBD | 0 | 135,000 |
| MCPS | none | none | 4,088,844 | 4,088,844 |
| Montgomery College | 50,000 | 75,000 | 800,000 | 800,000 |
| M-NCPPC | 1,000 | 1,000 | 44,700 | 44,7000 |
| WSSC | 61,800 | 63,100 | 150,000 | 150,000 |

Notes: The amounts for M-NCPPC are for Montgomery County only. MCG tuition assistance is for the FOP.

C. Additional Compensation Information

1. Annual Leave Cash Out. Under the Personnel Regulations the Chief Administrative Officer, subject to budget limitations, may authorize employees to cash out part of their accrued annual leave in excess of the annual carry-over limit. For FY02-04 the CAO decided that because of the County's fiscal situation there would be no annual leave cash out.

For FY05 the CAO authorized a cash-out of 30%. The cost was \$368,245 for 385 employees. For FY06 the CAO authorized a cash-out of 50%. The cost was \$812,731 for 482 employees. For FY07 the CAO again authorized a cash-out of 50%. The cost was \$1,092,439 for 630 employees. For FY08-11, given the fiscal situation, there was no cash-out.

2. Testimony. During the course of the Council's five public hearings on the FY12 operating budget on April 5-7, a number of speakers addressed compensation issues. Councilmembers have copies of this testimony and also of all correspondence related to compensation.

D. Closing Point

The personnel costs that comprise 82% of the budget reflect the size of the agencies' workforces and the level of their salaries and benefits. Over the years we have noted that while these costs are affordable when times are good and revenue growth is strong, in serious downturns they are not. Fault lines between the County's promises to employees and its ability to pay for them emerge, as they have in the last three years in particular. Absent an economic recovery that is robust and has staying power and structural changes to bring down costs, these fault lines will become even more pronounced.

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¹This report does not include performance-based pay awards for employees in the Management Leadership Service or other non-represented employees, which were not funded in FY11. In 2000 County Government also began the *Montgomery's Best* honors awards, which are based on recognition rather than cash awards. The program's purpose is to "recognize exceptional efforts by individuals, teams, and organizations to support the County's guiding principles and programs."

| | A | B | C | D | E | F | G |
|----|---|------|-------------------------------------|------------------|--------------------|------------------------------------|-----------------------------------|
| 1 | TAX SUPPORTED SALARIES AND BENEFITS BY AGENCY | | | | | | |
| 2 | (FY11 Approved and FY12 Agency Requests) | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | Agency | FY | Total Compensation Active Employees | Retiree Benefits | Total Compensation | Agency budget without debt service | Total Compensation as % of Budget |
| 6 | County Government | FY11 | 754,831,490 | 31,096,730 | 785,928,220 | 1,163,556,250 | 67.5% |
| 7 | | FY12 | 732,020,100 | 58,537,450 | 790,557,550 | 1,175,472,690 | 67.3% |
| 8 | % Change | | -3.0% | 88.2% | 0.6% | 1.0% | |
| 9 | | | | | | | |
| 10 | MCPS | FY11 | 1,658,222,441 | 42,705,854 | 1,700,928,295 | 1,919,842,746 | 88.6% |
| 11 | | FY12 | 1,714,658,881 | 96,042,768 | 1,810,701,649 | 2,069,719,622 | 87.5% |
| 12 | % Change | | 3.4% | 124.9% | 6.5% | 7.8% | |
| 13 | | | | | | | |
| 14 | College | FY11 | 166,997,383 | 2,650,000 | 169,647,383 | 215,024,676 | 78.9% |
| 15 | | FY12 | 170,429,845 | 3,975,000 | 174,404,845 | 218,109,546 | 80.0% |
| 16 | % Change | | 2.1% | 50.0% | 2.8% | 1.4% | |
| 17 | | | | | | | |
| 18 | MNCPPC | FY11 | 74,704,727 | 3,299,183 | 78,003,910 | 93,203,170 | 83.7% |
| 19 | | FY12 | 83,153,615 | 6,196,265 | 89,349,880 | 104,645,700 | 85.4% |
| 20 | % Change | | 11.3% | 87.8% | 14.5% | 12.3% | |
| 21 | | | | | | | |
| 22 | TOTAL | FY11 | 2,654,756,041 | 79,751,767 | 2,734,507,808 | 3,391,626,842 | 80.6% |
| 23 | | FY12 | 2,700,262,441 | 164,751,483 | 2,865,013,924 | 3,567,947,558 | 80.3% |
| 24 | Amount Change | | 45,506,400 | 84,999,716 | 130,506,116 | 176,320,716 | |
| 25 | % Change | | 1.7% | 106.6% | 4.8% | 5.2% | |

| | A | B | C | D | E | F |
|----|---|------|--------|---------------|-------------|----------------|
| 1 | TAX SUPPORTED WORKYEARS, WAGES AND BENEFITS BY AGENCY | | | | | |
| 2 | (FY11 Approved and FY12 Agency Requests) | | | | | |
| 3 | Benefits are social security, retirement, and group insurance | | | | | |
| 4 | | | | | | |
| 5 | I. Active Employees | | | | | Total comp for |
| 6 | Agency | FY | WY | Wages | Benefits | Active empl |
| 7 | County Government | FY11 | 7,374 | 512,524,940 | 242,306,550 | 754,831,490 |
| 8 | | FY12 | 7,339 | 483,429,420 | 248,590,680 | 732,020,100 |
| 9 | % Change | | -0.5% | -5.7% | 2.6% | -3.0% |
| 10 | | | | | | |
| 11 | MCPS | FY11 | 19,439 | 1,281,527,359 | 376,695,082 | 1,658,222,441 |
| 12 | | FY12 | 19,810 | 1,310,895,875 | 403,763,006 | 1,714,658,881 |
| 13 | % Change | | 1.9% | 2.3% | 7.2% | 3.4% |
| 14 | | | | | | |
| 15 | College | FY11 | 1,711 | 141,146,383 | 25,851,000 | 166,997,383 |
| 16 | | FY12 | 1,711 | 143,389,846 | 27,039,999 | 170,429,845 |
| 17 | % Change | | 0.0% | 1.6% | 4.6% | 2.1% |
| 18 | | | | | | |
| 19 | MNCPPC | FY11 | 882.35 | 55,137,875 | 19,566,852 | 74,704,727 |
| 20 | | FY12 | 919.45 | 58,496,962 | 24,656,653 | 83,153,615 |
| 21 | % Change | | 4.2% | 6.1% | 26.0% | 11.3% |
| 22 | | | | | | |
| 23 | TOTAL | FY11 | 29,406 | 1,990,336,557 | 664,419,484 | 2,654,756,041 |
| 24 | | FY12 | 29,779 | 1,996,212,103 | 704,050,338 | 2,700,262,441 |
| 25 | % Change | | 1.3% | 0.3% | 6.0% | 1.7% |
| 26 | | | | | | |
| 27 | ***** | | | | | |
| 28 | II. Retiree Benefits: Group insurance (data in last column only) | | | | | |
| 29 | County Government | FY11 | | | | 31,096,730 |
| 30 | | FY12 | | | | 58,537,450 |
| 31 | % Change | | | | | 88.2% |
| 32 | | | | | | |
| 33 | MCPS | FY11 | | | | 42,705,854 |
| 34 | | FY12 | | | | 96,042,768 |
| 35 | % Change | | | | | 124.9% |
| 36 | | | | | | |
| 37 | College | FY11 | | | | 2,650,000 |
| 38 | | FY12 | | | | 3,975,000 |
| 39 | % Change | | | | | 50.0% |
| 40 | | | | | | |
| 41 | MNCPPC | FY11 | | | | 3,299,183 |
| 42 | | FY12 | | | | 6,196,265 |
| 43 | % Change | | | | | 87.8% |
| 44 | | | | | | |
| 45 | TOTAL | FY11 | | | | 79,751,767 |
| 46 | | FY12 | | | | 164,751,483 |
| 47 | % Change | | | | | 106.6% |

②

| | A | B | C | D | E | F |
|----|---|-------------------|------------|-----------|---------|------------|
| 1 | SELECTED COMPENSATION DATA, FY12 REQUESTS | | | | | |
| 2 | Tax-supported only | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | Item | County Government | MCPS | College | MNCPPC | Total |
| 6 | Cost of General Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 549,359 | 549,359 |
| 7 | Cost of other Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 8 | Cost per 1% General Wage Adjustment (wages, social security, retirement) | 6,282,795 | 14,841,964 | 1,543,592 | 181,786 | 22,850,137 |
| 9 | Cost per furlough day (wages, social security, retirement) | 1,948,690 | 6,601,008 | 558,062 | 214,242 | 9,322,001 |
| 10 | Cost of increments for employees not at top of grade (wages, social security, retirement) | 5,581,280 | 21,648,885 | 0 | 849,441 | 28,079,606 |
| 11 | Cost of 1% increment for employees not at top of grade (wages, social security, retirement) | 1,594,651 | 7,216,295 | 749,999 | 242,697 | 9,803,642 |



| | A | B | C | D | E | F |
|----|--|---------------|-------------|-------------|------------------------|---------------|
| 1 | COUNTY GOVERNMENT WAGES, SOCIAL SECURITY, and RETIREMENT | | | | | |
| 2 | TAX SUPPORTED FUNDS, FY11 BUDGET AND FY12 REQUEST | | | | | |
| 3 | "Other" costs below are costs not collected by bargaining unit, such as overtime, shift differential, and temporary/seasonal employees budgeted in | | | | | |
| 4 | group positions. | | | | | |
| 5 | Tax Supported Funds, FY11 Approved Budget | MC GEO | IAFF | FOP | Non Represented | TOTAL |
| 6 | Filled positions, tax and non-tax supported (Dec. 31, 2009) | 5,032 | 1,104 | 1,146 | 2,075 | 9,357 |
| 7 | Percent of total | 53.8% | 11.8% | 12.2% | 22.2% | 100.0% |
| 8 | | | | | | |
| 9 | Workyears (bargaining units estimated) | 3,966 | 870 | 903 | 1,635 | 7,374 |
| 10 | | | | | | |
| 11 | Active employees: | | | | | |
| 12 | Wages | | | | | 512,524,940 |
| 13 | Social Security | | | | | 40,222,880 |
| 14 | Retirement | | | | | 109,666,680 |
| 15 | Group insurance for active employees | | | | | 79,530,130 |
| 16 | Subtotal | | | | | 741,944,630 |
| 17 | Other | | | | | 12,886,860 |
| 18 | Total compensation for active employees | 288,791,190 | 128,885,170 | 133,446,880 | 190,821,380 | 754,831,490 |
| 19 | Retiree benefits: group insurance | | | | | |
| 20 | Pay as you go amount | | | | | 31,096,730 |
| 21 | Second year phase in of OPEB | | | | | 0 |
| 22 | Total compensation for retired employees | | | | | 31,096,730 |
| 23 | | | | | | |
| 24 | Total compensation for active and retired employees | 288,791,190 | 128,885,170 | 133,446,880 | 190,821,380 | 785,928,220 |
| 25 | | | | | | |
| 26 | Operating budget without debt service | | | | | 1,163,556,250 |
| 27 | | | | | | |
| 28 | Total compensation as % of total operating budget | | | | | 67.5% |
| 29 | | | | | | |
| 30 | % General Wage Adjustment | 0.00% | 0.00% | 0.00% | 0.00% | |
| 31 | Cost of General Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | |
| 32 | Cost of other Wage Adjustment (wages, social security, retirement) | | | | | |
| 33 | Cost per 1% General Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 34 | Total cost of furlough plan (wages, social security) | 3,568,920 | 1,754,640 | 1,836,650 | 3,529,720 | 10,689,930 |
| 35 | Cost per furlough day (wages, social security) | 796,390 | 326,040 | 352,010 | 546,060 | 2,020,500 |
| 36 | Cost of increments for employees not at top of grade (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 37 | Cost of 1% increment for employees not at top of grade (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |

4

| | A | B | C | D | E | F |
|----|---|-------------|-------------|-------------|-----------------|---------------|
| 38 | Tax Supported Funds, FY12 Request | MCGEO | IAFF | FOP | Non Represented | TOTAL |
| 39 | Filled positions, tax and non-tax supported (Dec. 31, 2010) | 4,815 | 1,072 | 1,116 | 1,967 | 8,970 |
| 40 | Percent of total | 53.7% | 12.0% | 12.4% | 21.9% | 100.0% |
| 41 | | | | | | |
| 42 | Workyears (bargaining units estimated) | 3,939 | 877 | 913 | 1,609 | 7,339 |
| 43 | | | | | | |
| 44 | Active employees: | | | | | |
| 45 | Wages | | | | | 483,429,420 |
| 46 | Social Security | | | | | 39,147,710 |
| 47 | Retirement | | | | | 105,702,340 |
| 48 | Group insurance for active employees | | | | | 64,134,480 |
| 49 | Subtotal | | | | | 692,413,950 |
| 50 | Other | | | | | 39,606,150 |
| 51 | Total compensation for active employees | 265,514,210 | 123,023,080 | 129,918,840 | 173,957,820 | 732,020,100 |
| 52 | Retiree benefits: group insurance | | | | | |
| 53 | Pay as you go amount | | | | | 32,462,450 |
| 54 | Third year phase in of OPEB | | | | | 26,075,000 |
| 55 | Total compensation for retired employees | | | | | 58,537,450 |
| 56 | | | | | | |
| 57 | Total compensation for active and retired employees | 265,514,210 | 123,023,080 | 129,918,840 | 173,957,820 | 790,557,550 |
| 58 | | | | | | |
| 59 | Operating budget without debt service | | | | | 1,175,472,690 |
| 60 | | | | | | |
| 61 | Total compensation as % of total operating budget | | | | | 67.3% |
| 62 | | | | | | |
| 63 | | | | | | |
| 64 | % General Wage Adjustment | 0.00% | 0.00% | 0.00% | 0.00% | |
| 65 | Cost of General Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 66 | Cost of other Wage Adjustment (wages, social security, retirement) | | | | | |
| 67 | Cost per 1% General Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 68 | Cost per furlough day (wages, social security) | 773,180 | 324,010 | 330,830 | 520,670 | 1,948,690 |
| 69 | Cost of increments for employees not at top of grade (wages, social security, retirement) | 2,442,710 | 1,044,630 | 1,384,370 | 709,570 | 5,581,280 |
| 70 | Cost of 1% increment for employees not at top of grade (wages, social security, retirement) | 697,917 | 298,466 | 395,534 | 202,734 | 1,594,651 |

9

| | A | B | C | D | E | F |
|-----|---|--------------|-------------|-------------|------------------------|--------------|
| 71 | Amount increase FY11-FY12 | MCGEO | IAFF | FOP | Non Represented | TOTAL |
| 72 | Workyears | (26) | 7 | 10 | (26) | (36) |
| 73 | | | | | | |
| 74 | Active employees: | | | | | |
| 75 | Wages | | | | | (29,095,520) |
| 76 | Social Security | | | | | (1,075,170) |
| 77 | Retirement | | | | | (3,964,340) |
| 78 | Group insurance for active employees | | | | | (15,395,650) |
| 79 | Subtotal | | | | | (49,530,680) |
| 80 | Other | | | | | 26,719,290 |
| 81 | Total compensation for active employees | (23,276,980) | (5,862,090) | (3,528,040) | (16,863,560) | (22,811,390) |
| 82 | Retiree benefits: group insurance | | | | | |
| 83 | Pay as you go amount | | | | | 1,365,720 |
| 84 | Phase in of the Annual Required Contribution | | | | | 26,075,000 |
| 85 | Total compensation for retired employees | | | | | 27,440,720 |
| 86 | | | | | | |
| 87 | Total compensation for active and retired employees | (23,276,980) | (5,862,090) | (3,528,040) | (16,863,560) | 4,629,330 |
| 88 | | | | | | |
| 89 | | | | | | |
| 90 | Percent increase FY11-FY12 | MCGEO | IAFF | FOP | Non Represented | TOTAL |
| 91 | Workyears | -0.67% | 0.80% | 1.09% | -1.59% | -0.48% |
| 92 | Active employees: | | | | | |
| 93 | Wages | | | | | -5.68% |
| 94 | Social Security | | | | | -2.67% |
| 95 | Retirement | | | | | -3.61% |
| 96 | Group insurance for active employees | | | | | -19.36% |
| 97 | Subtotal | | | | | -6.68% |
| 98 | Other | | | | | 207.34% |
| 99 | Total compensation for active employees | -8.06% | -4.55% | -2.64% | -8.84% | -3.02% |
| 100 | Retiree benefits: group insurance | | | | | |
| 101 | Pay as you go amount | | | | | 4.39% |
| 102 | Phase in of the Annual Required Contribution | | | | | |
| 103 | Total compensation for retired employees | | | | | 88.24% |
| 104 | | | | | | |
| 105 | Total compensation for active and retired employees | -8.06% | -4.55% | -2.64% | -8.84% | 0.59% |
| 106 | | | | | | |
| 107 | | | | | | |

9

| | A | B | C | D | E | F | G |
|----|--|--------------------|------------------|----------------------|--------------------|------------------------|----------------------|
| 1 | MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT | | | | | | |
| 2 | TAX SUPPORTED FUNDS, FY11 BUDGET AND FY12 REQUEST | | | | | | |
| 3 | | | | | | | |
| 4 | Tax Supported Funds, FY11 Approved Budget | MCAAP | MCBOA | MCEA | SEIU | Non Represented | TOTAL |
| 5 | Workyears | 662.200 | 82.750 | 11,270.980 | 7,346.481 | 76.250 | 19,438.661 |
| 6 | Active employees: | | | | | | |
| 7 | Wages | 82,879,333 | 7,983,981 | 874,542,128 | 307,980,754 | 8,141,163 | 1,281,527,359 |
| 8 | Social Security | 6,340,269 | 610,775 | 66,902,473 | 23,560,528 | 622,799 | 98,036,844 |
| 9 | Retirement | 4,045,389 | 388,829 | 42,589,840 | 15,001,509 | 396,874 | 62,422,441 |
| 10 | Group insurance for active employees | 7,366,313 | 920,511 | 125,378,514 | 81,722,255 | 848,205 | 216,235,797 |
| 11 | Total compensation for active employees | 100,631,303 | 9,904,096 | 1,109,412,955 | 428,265,046 | 10,009,041 | 1,658,222,441 |
| 12 | Retiree benefits: group insurance | | | | | | |
| 13 | Pay as you go amount | | | | | | 42,705,854 |
| 14 | Fourth year phase in of OPEB | | | | | | 0 |
| 15 | Total compensation for retired employees | | | | | | 42,705,854 |
| 16 | | | | | | | |
| 17 | Total compensation for active and retired employees | 100,631,303 | 9,904,096 | 1,109,412,955 | 428,265,046 | 10,009,041 | 1,700,928,295 |
| 18 | | | | | | | |
| 19 | Operating budget without debt service | N/A | N/A | N/A | N/A | N/A | 1,919,842,746 |
| 20 | | | | | | | |
| 21 | Total compensation as % of total operating budget | N/A | N/A | N/A | N/A | N/A | 88.60% |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | % General Wage Adjustment | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 | Cost of General Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | Cost of other Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 | 0 |
| 27 | Cost per 1% General Wage Adjustment (wages, social security, retirement)* | 931,149 | 89,700 | 9,825,481 | 3,460,164 | 91,466 | 14,397,960 |
| 28 | Cost per furlough day (wages, social security, retirement) | 354,811 | 34,368 | 4,462,050 | 1,498,007 | 40,640 | 6,389,876 |
| 29 | Cost of increments for employees not at top of grade (wages, social security, retirement) | N/A | N/A | N/A | N/A | N/A | N/A |
| 30 | Cost of 1% increment for employees not at top of grade (wages, social security, retirement)* | 312,016 | 54,006 | 5,793,247 | 1,283,168 | 8,238 | 7,450,675 |

| | A | B | C | D | E | F | G |
|----|---|--------------|--------------|---------------|-------------|------------------------|---------------|
| 31 | Tax Supported Funds, FY12 Request | MCAAP | MCBOA | MCEA | SEIU | Non Represented | TOTAL |
| 32 | Workyears | 666,200 | 82,750 | 11,554,329 | 7,429,936 | 76,500 | 19,809,715 |
| 33 | Active employees: | | | | | | |
| 34 | Wages | 83,419,888 | 7,914,610 | 897,447,920 | 313,953,233 | 8,160,224 | 1,310,895,875 |
| 35 | Social Security | 6,381,621 | 605,468 | 68,654,765 | 24,017,422 | 624,257 | 100,283,533 |
| 36 | Retirement | 4,527,880 | 429,591 | 48,711,838 | 17,040,810 | 442,922 | 71,153,041 |
| 37 | Group insurance for active employees | 7,813,130 | 970,484 | 135,508,057 | 87,137,576 | 897,185 | 232,326,432 |
| 38 | Total compensation for active employees | 102,142,519 | 9,920,153 | 1,150,322,580 | 442,149,041 | 10,124,588 | 1,714,658,881 |
| 39 | Retiree benefits: group insurance | | | | | | |
| 40 | Pay as you go amount | | | | | | 48,381,935 |
| 41 | Fifth year phase in of OPEB | | | | | | 47,660,833 |
| 42 | Total compensation for retired employees | | | | | | 96,042,768 |
| 43 | | | | | | | |
| 44 | Total compensation for active and retired employees | 102,142,519 | 9,920,153 | 1,150,322,580 | 442,149,041 | 10,124,588 | 1,810,701,649 |
| 45 | | | | | | | |
| 46 | Operating budget without debt service | N/A | N/A | N/A | N/A | N/A | 2,069,719,622 |
| 47 | | | | | | | |
| 48 | Total compensation as % of total operating budget | N/A | N/A | N/A | N/A | N/A | 87.49% |
| 49 | | | | | | | |
| 50 | | | | | | | |
| 51 | % General Wage Adjustment | N/A | N/A | N/A | N/A | N/A | N/A |
| 52 | Cost of General Wage Adjustment (wages, social security, retirement) | N/A | N/A | N/A | N/A | N/A | N/A |
| 53 | Cost of other Wage Adjustment (wages, social security, retirement) | N/A | N/A | N/A | N/A | N/A | N/A |
| 54 | Cost per 1% General Wage Adjustment (wages, social security, retirement) | 944,480 | 89,609 | 10,160,907 | 3,554,578 | 92,390 | 14,841,964 |
| 55 | Cost per furlough day (wages, social security, retirement) | 360,316 | 34,333 | 4,622,352 | 1,542,916 | 41,091 | 6,601,008 |
| 56 | Cost of increments for employees not at top of grade (wages, social security, retirement**) | 674,310 | 139,575 | 15,605,949 | 5,094,395 | 134,656 | 21,648,885 |
| 57 | Cost of 1% increment for employees not at top of grade (wages, social security, retirement) | 224,770 | 46,525 | 5,201,983 | 1,698,132 | 44,885 | 7,216,295 |



| | A | B | C | D | E | F | G |
|----|--|-----------|----------|------------|------------|--------------------|-------------|
| | | MCAAP | MCBOA | MCEA | SEIU | Non Represented | TOTAL |
| 58 | Amount increase FY11-FY12 | | | | | | |
| 59 | Workyears | 4.000 | 0.000 | 283.349 | 83.455 | 0.250 | 371.054 |
| 60 | Active employees: | | | | | | |
| 61 | Wages | 540,555 | (69,371) | 22,905,792 | 5,972,479 | 19,061 | 29,368,516 |
| 62 | Social Security | 41,352 | (5,307) | 1,752,292 | 456,894 | 1,458 | 2,246,689 |
| 63 | Retirement | 482,491 | 40,762 | 6,121,998 | 2,039,301 | 46,048 | 8,730,600 |
| 64 | Group insurance for active employees | 446,817 | 49,973 | 10,129,543 | 5,415,321 | 48,980 | 16,090,635 |
| 65 | Total compensation for active employees | 1,511,216 | 16,057 | 40,909,625 | 13,883,995 | 115,547 | 56,436,440 |
| 66 | Retiree benefits: group insurance | | | | | | 0 |
| 67 | Pay as you go amount | 0 | 0 | 0 | 0 | 0 | 5,676,081 |
| 68 | Phase in of the Annual Required Contribution | 0 | 0 | 0 | 0 | 0 | 47,660,833 |
| 69 | Total compensation for retired employees | 0 | 0 | 0 | 0 | 0 | 53,336,914 |
| 70 | | | | | | | |
| 71 | Total compensation for active and retired employees | 1,511,216 | 16,057 | 40,909,625 | 13,883,995 | 115,547 | 109,773,354 |
| 72 | Percent increase FY11-FY12 | | | | | | |
| 73 | Workyears | 0.60% | 0.00% | 2.51% | 1.14% | 0.33% | 1.91% |
| 74 | Active employees: | | | | | | |
| 75 | Wages | 0.65% | -0.87% | 2.62% | 1.94% | 0.23% | 2.29% |
| 76 | Social Security | 0.65% | -0.87% | 2.62% | 1.94% | 0.23% | 2.29% |
| 77 | Retirement | 11.93% | 10.48% | 14.37% | 13.59% | 11.60% | 13.99% |
| 78 | Group insurance for active employees | 6.07% | 5.43% | 8.08% | 6.63% | 5.77% | 7.44% |
| 79 | Total compensation for active employees | 1.50% | 0.16% | 3.69% | 3.24% | 1.15% | 3.40% |
| 80 | Retiree benefits: group insurance | | | | | | |
| 81 | Pay as you go amount | | | | | | 13.29% |
| 82 | Phase in of the Annual Required Contribution | | | | | | |
| 83 | Total compensation for retired employees | | | | | | 124.89% |
| 84 | | | | | | | |
| 85 | Total compensation for active and retired employees | 1.50% | 0.16% | 3.69% | 3.24% | 1.15% | 6.45% |
| 86 | | | | | | | |
| 87 | * FY 2011 Cost of 1% increments based on the FY 2011 Board of Education Request since salary simulation is not re-run for the final Summary Budget | | | | | | |
| 88 | The FY 2011 Summary Budget contained 444 FTES less than the FY 2011 Board of Education Request. | | | | | | |
| 89 | | | | | | | |
| 90 | ** FY 2012 based on increments not adjusted for other salary factors. | | | | | | |

9

| | A | B | C | D | E | F |
|----|--|------------|------------|------------|------------|-------------|
| 1 | MONTGOMERY COLLEGE WAGES, SOCIAL SECURITY, and RETIREMENT | | | | | |
| 2 | TAX SUPPORTED FUNDS, FY11 BUDGET AND FY12 REQUEST | | | | | |
| 3 | | | | | | |
| 4 | Tax Supported Funds, FY11 Approved Budget | AAUP | AFSCME | ADM | ALL OTHER | TOTAL |
| 5 | Workyears | 603.00 | 501.10 | 77.00 | 530.00 | 1,711.10 |
| 6 | Active employees: | | | | | |
| 7 | Wages | 45,593,927 | 24,524,249 | 9,398,263 | 61,629,944 | 141,146,383 |
| 8 | Social Security | 3,327,142 | 1,789,617 | 685,823 | 4,497,419 | 10,300,000 |
| 9 | Retirement | | 736,300 | | 1,113,700 | 1,850,000 |
| 10 | Other Benefits (EAP, recognition awards, comp absences, etc) | 740,403 | 615,283 | 94,546 | 650,769 | 2,101,000 |
| 11 | Group insurance for active employees | 4,087,737 | 3,396,957 | 521,983 | 3,593,323 | 11,600,000 |
| 12 | Total compensation for active employees | 53,749,208 | 31,062,406 | 10,700,614 | 71,485,155 | 166,997,383 |
| 13 | Retiree benefits: group insurance | | | | | |
| 14 | Pay as you go amount | 933,873 | 776,059 | 119,251 | 820,817 | 2,650,000 |
| 15 | Second year phase in of OPEB | 0 | 0 | 0 | 0 | 0 |
| 16 | Total compensation for retired employees | 933,873 | 776,059 | 119,251 | 820,817 | 2,650,000 |
| 17 | | | | | | |
| 18 | Total compensation for active and retired employees | 54,683,081 | 31,838,465 | 10,819,865 | 72,305,972 | 169,647,383 |
| 19 | | | | | | |
| 20 | Operating budget without debt service | | | | | 215,024,676 |
| 21 | | | | | | |
| 22 | Total compensation as % of total operating budget | | | | | 78.9% |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | % General Wage Adjustment | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 26 | Cost of General Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 27 | Cost of other Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 28 | Cost per 1% General Wage Adjustment (wages, social security, retirement) - includes pt faculty | 490,819 | 264,004 | 101,172 | 663,446 | 1,519,441 |
| 29 | Cost per furlough day (wages, social security, retirement) | 250,877 | 100,819 | 38,636 | 151,951 | 542,284 |
| 30 | Cost of increments for employees not at top of grade (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 31 | Cost of 1% increment for employees not at top of grade (wages, social security, retirement) | 372,798 | 124,043 | 75,706 | 161,773 | 734,321 |

College

| | A | B | C | D | E | F |
|----|---|------------|------------|------------|------------|-------------|
| 32 | Tax Supported Funds, FY12 Request | AAUP | AFSCME | ADM | ALL OTHER | TOTAL |
| 33 | Workyears | 603.00 | 503.10 | 77.50 | 527.50 | 1,711.10 |
| 34 | Active employees: | | | | | |
| 35 | Wages | 46,499,598 | 25,699,093 | 9,748,617 | 61,442,538 | 143,389,846 |
| 36 | Social Security | 3,396,931 | 1,877,394 | 712,165 | 4,488,510 | 10,475,000 |
| 37 | Retirement | | 835,800 | | 1,264,200 | 2,100,000 |
| 38 | Other Benefits (EAP, recognition awards, comp absences, etc) | 685,428 | 571,872 | 88,094 | 599,607 | 1,945,000 |
| 39 | Group insurance for active employees | 4,412,151 | 3,681,183 | 567,068 | 3,859,718 | 12,520,000 |
| 40 | Total compensation for active employees | 54,994,107 | 32,665,341 | 11,115,943 | 71,654,573 | 170,429,845 |
| 41 | Retiree benefits: group insurance | | | | | |
| 42 | Pay as you go amount | 1,048,405 | 874,714 | 134,745 | 917,137 | 2,975,000 |
| 43 | Third year phase in of OPEB | 352,405 | 294,021 | 45,293 | 308,281 | 1,000,000 |
| 44 | Total compensation for retired employees | 1,400,809 | 1,168,735 | 180,038 | 1,225,418 | 3,975,000 |
| 45 | | | | | | |
| 46 | Total compensation for active and retired employees | 56,394,917 | 33,834,076 | 11,295,981 | 72,879,991 | 174,404,845 |
| 47 | | | | | | |
| 48 | Operating budget without debt service | | | | | 218,109,546 |
| 49 | | | | | | |
| 50 | Total compensation as % of total operating budget | | | | | 80.0% |
| 51 | | | | | | |
| 52 | % General Wage Adjustment | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| 53 | Cost of General Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 54 | Cost of other Wage Adjustment (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 55 | Cost per 1% General Wage Adjustment (wages, social security, retirement) - includes part-time faculty | 500,568 | 276,651 | 104,944 | 661,429 | 1,543,592 |
| 56 | Cost per furlough day (wages, social security, retirement) | 255,880 | 105,657 | 40,080 | 156,445 | 558,062 |
| 57 | Cost of increments for employees not at top of grade (wages, social security, retirement) | 0 | 0 | 0 | 0 | 0 |
| 58 | Cost of 1% increment for employees not at top of grade (wages, social security, retirement) | 380,204 | 129,985 | 78,529 | 161,281 | 749,999 |

College

| | A | B | C | D | E | F |
|----|--|-----------|-----------|---------|-----------|-----------|
| 59 | Amount increase FY11-FY12 | AAUP | AFSCME | ADM | ALL OTHER | TOTAL |
| 60 | Workyears | 0.00 | 2.00 | 0.50 | (2.50) | 0.00 |
| 61 | Active employees: | | | | | |
| 62 | Wages | 905,671 | 1,174,844 | 350,354 | (187,406) | 2,243,463 |
| 63 | Social Security | 69,789 | 87,777 | 26,342 | (8,909) | 174,999 |
| 64 | Retirement | 0 | 99,500 | 0 | 150,500 | 250,000 |
| 65 | Other Benefits (EAP, recognition awards, comp absences, etc) | (54,975) | (43,412) | (6,452) | (51,162) | (156,000) |
| 66 | Group insurance for active employees | 324,414 | 284,226 | 45,085 | 266,395 | 920,000 |
| 67 | Total compensation for active employees | 1,244,899 | 1,602,935 | 415,329 | 169,418 | 3,432,462 |
| 68 | Retiree benefits: group insurance | | | | | |
| 69 | Pay as you go amount | 114,532 | 98,654 | 15,494 | 96,320 | 325,000 |
| 70 | Phase in of the Annual Required Contribution | 352,405 | 294,021 | 45,293 | 308,281 | 1,000,000 |
| 71 | Total compensation for retired employees | 466,936 | 392,676 | 60,787 | 404,601 | 1,325,000 |
| 72 | | | | | | |
| 73 | Total compensation for active and retired employees | 1,711,836 | 1,995,611 | 476,116 | 574,019 | 4,757,462 |
| 74 | | | | | | |
| 75 | | | | | | |
| 76 | Percent increase FY11-FY12 | AAUP | ACSFME | ADM | ALL OTHER | TOTAL |
| 77 | Workyears | 0.00% | 0.40% | 0.65% | -0.47% | 0.00% |
| 78 | Active employees: | | | | | |
| 79 | Wages 1) | 1.99% | 4.79% | 3.73% | -0.30% | 1.59% |
| 80 | Social Security | 2.10% | 4.90% | 3.84% | -0.20% | 1.70% |
| 81 | Retirement | | 13.51% | | 13.51% | 13.51% |
| 82 | Other Benefits (EAP, recognition awards, comp absences, etc) | -7.43% | -7.06% | -6.82% | -7.86% | -7.43% |
| 83 | Group insurance for active employees | 7.94% | 8.37% | 8.64% | 7.41% | 7.93% |
| 84 | Total compensation for active employees | 2.32% | 5.16% | 3.88% | 0.24% | 2.06% |
| 85 | Retiree benefits: group insurance | | | | | |
| 86 | Pay as you go amount | 12.26% | 12.71% | 12.99% | 11.73% | 12.26% |
| 87 | Phase in of the Annual Required Contribution | NA | NA | NA | NA | NA |
| 88 | Total compensation for retired employees | 50.00% | 50.60% | 50.97% | 49.29% | 50.00% |
| 89 | | | | | | |
| 90 | Total compensation for active and retired employees | | | | | 2.80% |
| 91 | | | | | | |
| 92 | (1) All other includes temps with benefits, student assts, overtime, part-time faculty, hearing interpreters, etc. | | | | | |

| MNCPPC | A | B | C | D | E |
|--------|---|------------|--------------|-----------------------|--------------|
| 1 | MNCPPC WAGES, SOCIAL SECURITY, and RETIREMENT | | | | |
| 2 | TAX SUPPORTED FUNDS, FY11 BUDGET AND FY12 REQUEST | | | | |
| 3 | | | | | |
| 4 | Tax Supported Funds, FY11 Approved Budget | FOP | MCGEO | Nonrepresented | TOTAL |
| 5 | Workyears | 80.00 | 307.00 | 495.35 | 882.35 |
| 6 | Active employees: | | | | |
| 7 | Wages | 4,556,058 | 12,439,826 | 38,141,991 | 55,137,875 |
| 8 | Social Security | 65,570 | 951,646 | 2,789,426 | 3,806,642 |
| 9 | Retirement | 945,277 | 1,624,032 | 6,035,593 | 8,604,902 |
| 10 | Group insurance for active employees | 635,746 | 2,253,253 | 4,266,309 | 7,155,308 |
| 11 | Total compensation for active employees | 6,202,651 | 17,268,757 | 51,233,319 | 74,704,727 |
| 12 | Retiree benefits: group insurance | | | | |
| 13 | Pay as you go amount | 461,886 | 725,820 | 2,111,477 | 3,299,183 |
| 14 | Second year phase in of OPEB | 0 | 0 | 0 | 0 |
| 15 | Total compensation for retired employees | 461,886 | 725,820 | 2,111,477 | 3,299,183 |
| 16 | | | | | |
| 17 | Total compensation for active and retired employees* | 6,664,537 | 17,994,577 | 53,344,796 | 78,003,910 |
| 18 | | | | | |
| 19 | Operating budget without debt service* | | | | 93,203,170 |
| 20 | | | | | |
| 21 | Total compensation as % of total operating budget | | | | 83.7% |
| 22 | | | | | |
| 23 | | | | | |
| 24 | % General Wage Adjustment | | | | 0 |
| 25 | Cost of General Wage Adjustment (wages, social security, retirement) | | | | 0 |
| 26 | Cost of other Wage Adjustment (wages, social security, retirement) | | | | |
| 27 | Cost per 1% General Wage Adjustment (wages, social security, retirement) | | | | 0 |
| 28 | Cost per furlough day (wages, social security, retirement) | 20,203 | 45,030 | 156,017 | 221,250 |
| 29 | Cost of increments for employees not at top of grade (wages, social security, retirement) | | | | 0 |
| 30 | Cost of 1% increment for employees not at top of grade (wages, social security, retirement) | | | | 0 |

| | MNCPPC | A | B | C | D | E |
|----|---|---|-----------|------------|----------------|-------------|
| 31 | Tax Supported Funds, FY12 Request | | FOP | MCGEO | Nonrepresented | TOTAL |
| 32 | Workyears | | 80.00 | 307.00 | 532.45 | 919.45 |
| 33 | Active employees: | | | | | |
| 34 | Wages | | 4,557,000 | 13,145,945 | 40,794,017 | 58,496,962 |
| 35 | Social Security | | 66,123 | 975,430 | 2,945,449 | 3,987,002 |
| 36 | Retirement | | 1,952,715 | 2,325,011 | 8,473,344 | 12,751,070 |
| 37 | Group insurance for active employees | | 704,192 | 2,493,668 | 4,720,721 | 7,918,581 |
| 38 | Total compensation for active employees | | 7,280,030 | 18,940,054 | 56,933,531 | 83,153,615 |
| 39 | Retiree benefits: group insurance | | | | | |
| 40 | Pay as you go amount | | 503,754 | 791,725 | 2,376,836 | 3,672,315 |
| 41 | Third year phase in of OPEB | | 224,448 | 644,809 | 1,654,693 | 2,523,950 |
| 42 | Total compensation for retired employees | | 728,202 | 1,436,534 | 4,031,529 | 6,196,265 |
| 43 | | | | | | |
| 44 | Total compensation for active and retired employees | | 8,008,232 | 20,376,588 | 60,965,060 | 89,349,880 |
| 45 | | | | | | |
| 46 | Operating budget without debt service | | | | | 104,645,700 |
| 47 | | | | | | |
| 48 | Total compensation as % of total operating budget | | | | | 85.4% |
| 49 | | | | | | |
| 50 | | | | | | |
| 51 | % General Wage Adjustment | | 0% | 3% | 0% | |
| 52 | Cost of General Wage Adjustment (wages, social security, retirement) | | 0 | 545,359 | 0 | 545,359 |
| 53 | Cost of other Wage Adjustment (wages, social security, retirement) | | | | | 0 |
| 54 | Cost per 1% General Wage Adjustment (wages, social security, retirement) | | | 181,786 | | 181,786 |
| 55 | Cost per furlough day (wages, social security, retirement) | | 18,000 | 45,460 | 150,782 | 214,242 |
| 56 | Cost of increments for employees not at top of grade (wages, social security, retirement) | | 5,184 | 243,141 | 601,116 | 849,441 |
| 57 | Cost of 1% increment for employees not at top of grade (wages, social security, retirement) | | 1,481 | 69,469 | 171,747 | 242,697 |

| MNCPPC | A | B | C | D | E |
|--------|---|-----------|-----------|----------------|------------|
| 58 | Amount increase FY11-FY12 | FOP | MCGEO | Nonrepresented | TOTAL |
| 59 | Workyears | 0.00 | 0.00 | 37.10 | 37.10 |
| 60 | Active employees: | | | | |
| 61 | Wages | 942 | 706,119 | 2,652,026 | 3,359,087 |
| 62 | Social Security | 553 | 23,784 | 156,023 | 180,360 |
| 63 | Retirement | 1,007,438 | 700,979 | 2,437,751 | 4,146,168 |
| 64 | Group insurance for active employees | 68,446 | 240,415 | 454,412 | 763,273 |
| 65 | Total compensation for active employees | 1,077,379 | 1,671,297 | 5,700,212 | 8,448,888 |
| 66 | Retiree benefits: group insurance | | | | |
| 67 | Pay as you go amount | 41,868 | 65,905 | 265,359 | 373,132 |
| 68 | Phase in of the Annual Required Contribution | 224,448 | 644,809 | 1,654,693 | 2,523,950 |
| 69 | Total compensation for retired employees | 266,316 | 710,714 | 1,920,052 | 2,897,082 |
| 70 | | | | | |
| 71 | Total compensation for active and retired employees | 1,343,695 | 2,382,011 | 7,620,264 | 11,345,970 |
| 72 | | | | | |
| 73 | | | | | |
| 74 | Percent increase FY11-FY12 | FOP | MCGEO | Nonrepresented | TOTAL |
| 75 | Workyears | 0.0% | 0.0% | 7.5% | 4.2% |
| 76 | Active employees: | | | | |
| 77 | Wages | 0.0% | 5.7% | 7.0% | 6.1% |
| 78 | Social Security | 0.8% | 2.5% | 5.6% | 4.7% |
| 79 | Retirement | 106.6% | 43.2% | 40.4% | 48.2% |
| 80 | Group insurance for active employees | 10.8% | 10.7% | 10.7% | 10.7% |
| 81 | Total compensation for active employees | 17.4% | 9.7% | 11.1% | 11.3% |
| 82 | Retiree benefits: group insurance | | | | |
| 83 | Pay as you go amount | 9.1% | 9.1% | 12.6% | 11.3% |
| 84 | Phase in of the Annual Required Contribution | | | | |
| 85 | Total compensation for retired employees | 57.7% | 97.9% | 90.9% | 87.8% |
| 86 | | | | | |
| 87 | Total compensation for active and retired employees | 20.2% | 13.2% | 14.3% | 14.5% |
| 88 | | | | | |
| 89 | *Total Compensation costs and total operating budget figures do not include chargebacks, debt service, or reserves. | | | | |

Workforce/Compensation

SUMMARY OF FY12 RECOMMENDATIONS

A. SUMMARY OF AGENCY REQUESTS

Montgomery County Public Schools (MCPS): The MCPS workforce for FY12, as recommended by the Board of Education (BOE), is 20,918.5 FTEs, or 174.8 FTEs greater than the FY11 workforce of 20,743.7 FTEs. The BOE has negotiated agreements with the public schools' bargaining units, the Service Employees International Union (SEIU), the Montgomery County Education Association (MCEA), the Montgomery County Association of Administrators and Personnel (MCAAP), and the Montgomery County Business and Operations Administrators (MCBOA). The contracts with these unions will expire on June 30, 2014. During FY2010, the bargaining groups agreed to participate in joint negotiations regarding benefits for the term of the agreements. MCPS is in negotiations with all groups regarding wages effective July 1, 2011, and the MCPS contributions for insurance plans. For more information on compensation and workforce changes, please see the Board of Education FY12 recommended budget document. MCPS' budget request contains funds for service increments or steps.

Montgomery College (MC): There is no increase in the size of the Montgomery College complement for FY12, as requested by the College and its Board of Trustees. This is accompanied by an increase in personnel costs of about \$4.8 million. The primary factors for these cost increases are the restoration of furloughs, reclassifications, promotions, and fringe benefit increases. For more information on compensation and workforce changes, please consult the Adopted FY12 Montgomery College Operating Budget Request, available on the College's website. Montgomery College has not requested funding for a service increment or a general wage adjustment.

Maryland-National Capital Park & Planning Commission (M-NCPPC): The net impact on the Maryland-National Capital Park and Planning Commission workforce for FY12, as recommended by the Planning Board, is an increase in personnel costs of \$11.5 million. The increase includes merit increases for eligible employees, general wage adjustment pay increases for MCGEO represented employees, retirement and group insurance adjustments, restoration of funding for furloughs imposed in FY11, and other post-employment benefits (OPEB) prefunding. For more information on compensation and workforce changes, please see the M-NCPPC FY11 recommended budget document.

Montgomery County Government (MCG): The net impact on the County government workforce for FY12, as recommended by the Executive, is an increase of 31.1 workyears. A large portion of the change in workyears is attributable to the impact of furloughs; without the workyear impact of restoring furloughs, there would be a net decrease of 213.1 workyears.

The recommended budget contains a decrease in total personnel costs of \$25.5 million, or -2.8 percent. The primary factors in these changes are:

| | <u>Millions</u> |
|--|-----------------|
| • Net reduction in workyears, and anticipated turnover and lapse | (\$30.2) |
| • Net decrease in employee benefit costs after changes in cost sharing and plan design | (\$7.2) |
| • Changes to the multilingual pay program | (\$0.3) |
| • Restoration of furlough savings | \$12.1 |

B. COUNTY GOVERNMENT SALARY AND WAGES

GENERAL WAGE ADJUSTMENT: General wage adjustments for the employees of the County government and the independent agencies are not funded in the Executive's recommended budget, the third consecutive year in which no general wage increase has been funded. FY12 salary schedules can be found on the County's website at <http://www.montgomerycountymd.gov/content/ohr/ResourceLibrary/SelectLibrary.cfm?m=1&c=5&p=11>.

FURLOUGHS: The Executive's recommended budget assumes no furlough days in FY12.

INCREMENTS: Service increments and/or merit increases for employees of the County government and the independent agencies are not funded in the Executive's recommended budget.

PERFORMANCE-BASED PAY: Management Leadership Service employees are not eligible for service increments but are instead eligible for performance-based pay adjustments. Unrepresented employees on the general salary schedule are also eligible to receive lump sum performance bonuses or advancement to a longevity/performance increment based on certain criteria. For FY12, the Executive's recommended budget does not fund MLS performance-based pay. In addition, the Executive's budget does not fund lump sum performance bonuses or advancement to the longevity/performance increment for unrepresented employees.

C. COUNTY GOVERNMENT: EMPLOYEE BENEFITS

The following employee benefits are funded in the Executive's recommended budget through a combination of lump sum or payroll-based contributions.

- **FICA (Social Security & Medicare)**
- **Workers' Compensation**
- **Group Insurance**
- **Employees' Retirement System**
- **Retirement Savings Plan**

Social Security and Medicare: Contributions are collected from County departments and agencies each payday based on actual payroll. Since contribution rates and salary maximums change at the start of the calendar year, figures used in the recommended fiscal year budget represent an average of the rates set for 2011 and projected changes for 2012. Neither the employer rates nor the annual salary maximum on which to base FICA is projected to change.

Workers' Compensation: This is handled through the County's Risk Management program under the Department of Finance. Departments with significant non-tax revenues make annual contributions to the Liability and Property Coverage Self-Insurance Fund. A lump sum contribution to the Fund for insurance for the remaining County departments is made annually through the Risk Management (General Fund portion) Non-Departmental Account. Participating County agencies also make annual lump sum contributions. Contributions for all members are set each year based on an actuarial valuation of claims experience for Workers' Compensation.

Group Insurance Benefits: The contributions for health insurance are based on fixed rates per coverage level, and the contribution for life insurance is based on fixed rates per coverage amounts based on an employee's salary.

It is projected for the long term that the annual cost of group insurance for the County, including active employees and retirees, could increase an average of approximately ten percent annually between FY11 and FY17. Contribution rates during this period will be set based on various factors, including the fund balance in the Health Insurance Fund and claims cost experience.

Retirement Benefits: Montgomery County government maintains a system of retirement pay and benefits for its employees which are intended to provide income during their retirement years. The Retirement Program, which currently provides benefits to approximately 5,591 retirees and survivors, is administered by the Office of Human Resources. Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated by the Office of Human Resources in consultation with the County's actuaries, the Finance Department, and the Office of Management and Budget.

Retiree Health Benefits Trust: Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to what we have been doing for retiree pension benefits for more than 50 years. The reasons for doing this are simple: due to exponential growth in expected retiree health costs, the cost of funding these benefits, which are currently paid out as the bills come due, may soon become unaffordable. Setting aside money now and investing it in a Trust Fund, which will be invested in a similar manner as the pension fund, not only is a prudent and responsible approach, but will result in significant savings over the long term.

As a first step in addressing the future costs of retiree health benefits, County agencies developed current estimates of the costs of health benefits for current and future retirees. These estimates, made by actuarial consultants, concluded that the County's total future cost of retiree health benefits if paid out today, and in today's dollars, is \$3.6 billion – more than three quarters the total FY12 budget for all agencies.

One approach used to address retiree health benefits funding is to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefits. This amount, known as an Annual Required Contribution or "ARC", was calculated for County agencies last year to be \$255 million, or approximately \$212 million more than the previous annual payment for current retirees.

| Proposed FY12 Retiree Health Benefits Trust Contributions | |
|--|---------------------|
| Montgomery County Government (MCG) | FY12 |
| <i>General Fund:</i> | |
| Retiree Health Benefits Trust NDA | \$26,075,000 |
| <i>Proprietary Funds:</i> | |
| Bethesda Parking District | \$305,710 |
| Wheaton Parking District | 31,630 |
| Silver Spring Parking District | 210,840 |
| Solid Waste Collection | 52,710 |
| Solid Waste Disposal | 790,640 |
| Liquor Control | 3,225,800 |
| Permitting Services | 1,929,150 |
| Community Use of Public Facilities | 284,630 |
| Motor Pool | 2,097,810 |
| Risk Management | 115,960 |
| Central Duplicating | 316,250 |
| <i>Participating Agency Contributions</i> | \$2,737,300 |
| Total MCG Trust Contributions | \$38,173,430 |
| Montgomery County Public Schools Trust Fund* | \$47,600,000 |
| Montgomery College Trust Fund | \$1,000,000 |
| Park and Planning Commission Trust Fund | \$2,669,860 |
| Total Contributions/Assets Held In Trust | \$89,333,280 |
| * The County Executive has recommended a MCPS contribution of at least \$20 million in FY12; MCPS has budgeted \$47.6 million. | |

For FY12, the ARC has been recalculated and is now estimated at \$328 million. This amount consists of two pieces – the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated as needed to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

The County has adopted an approach of "ramping up" to the ARC amount over several years, with the amount set aside each year increasing steadily until the full ARC is reached. A total of \$31.9 million for all tax supported agencies was budgeted for this purpose in FY08. In May 2008, the County Council passed resolution No. 16-555 which confirmed an eight-year phase-in approach to the ARC. Consistent with this approach and based on the County's economic situation, the County contributed \$14.0 million to the Trust in FY08, \$19.7 million in FY09, \$3.3 million in FY10, and \$7.3 million in FY11. Due to fiscal constraints, the County did not budget a contribution for the General Fund in FY10 and FY11. For FY12, the County is resuming contributions from the General Fund to the Retiree Health Benefits Trust in the amount of \$26.1 million. A detailed breakdown of

the Retiree Health Benefit Trust contributions for tax supported agencies is displayed in the table at left.

Retirement Plans:

Montgomery County government maintains three retirement plans for its employees: a defined benefit pension plan, a defined contribution plan, and a deferred compensation plan for its employees and participating agencies.

1) The Employees' Retirement System (ERS), a defined benefit pension plan, was established through legislation in 1965 and is described in the Montgomery County Code, Section 33. As of June 30, 2010, there were 5,591 retirees and survivors and 5,786 active members. Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated by the Office of Human Resources in consultation with the County's actuaries, the Finance Department, and the Office of Management and Budget.

The ERS consists of four plans including a Mandatory Integrated Retirement Plan, an Optional Non-Integrated Retirement Plan, an Optional Integrated Plan, and a Guaranteed Retirement Income Plan. The Guaranteed Retirement Income Plan (GRIP) is a Cash Balance Plan that began in FY10 as a result of negotiations between Montgomery County and UFCW Local 1994 MCGEO. Eligibility to participate has been passed through to non-represented employees and participants of participating agencies. All full and part-time non-public safety employees hired before January 1, 2009 enrolled in the RSP were eligible to make a one-time irrevocable election to transfer to the GRIP by June 1, 2009. Eligible employees hired after January 1, 2009, have the option to participate in either the RSP or the GRIP. As with the RSP, the County and employee each make contributions at a set percentage of pay. The salient feature of the GRIP is that the plan provides guaranteed annual earnings of 7.25%, credited monthly.

2) The Retirement Savings Plan (RSP), a defined contribution plan, was established for all new OPT/SLT (non-public safety) and non-represented employees hired on or after October 1, 1994. Eligible employees hired after January 1, 2009, have the option to participate in either the RSP or the GRIP. Eligible employees in the ERS are allowed to transfer to the Retirement Savings Plan. Both full-time and part-time employees can participate. Under this plan, the County and employee each make contributions at a set percentage of pay. These monies are deposited into employee accounts and invested by each employee in an investment vehicle established by the Board of Investment Trustees.

3) The Montgomery County Deferred Compensation Plan (DCP) was established by the County to make a deferred compensation plan available pursuant to Section 457 of the Internal Revenue Code. Employee contributions are made on a voluntary basis with the monies deposited into employee accounts and invested by each employee in an investment vehicle established by the Board of Investment Trustees. In FY 2005, the County established the Montgomery County Union Employees Deferred Compensation Plan for employees covered by a collective bargaining agreement. This Plan is administered by the three unions representing Montgomery County employees.

Retirement Fund: The Board of Investment Trustees manages the assets of the ERS through its investment managers in accordance with the Board's asset allocation strategy. The Board also administers the investment program for the Retirement Savings Plan and the Montgomery County Deferred Compensation Plan. The Montgomery County Union Employees Deferred Compensation Plan is administered by the three unions representing Montgomery County employees. The Board currently consists of 13 trustees including: the Directors of Human Resources, Finance, Management and Budget, and the Council Staff; one member recommended by each employee organization; one active employee not represented by an employee organization; one retired employee; two members of the public recommended by the County Council; and two members of the general public.

Change In Retirement System Membership: As indicated in the table "Retirement Funds: Enrollment and County Contribution Rates" at the end of this narrative, the number of active non-public safety and the number of active public safety employees in the ERS declined, the number of active employees in GRIP increased slightly, and the number of employees in the RSP declined.

Funds for the County's contribution to the ERS for each member employee are included in the appropriate County government departmental budget or agency budget. Budgeted ERS contribution rates are displayed in the table "Retirement Funds: Enrollment and Contribution Rates" at the end of this narrative and are based on an 18-year funding schedule, with the exception of the additional costs from the FY11 Retirement Incentive Program (RIP) which are being amortized on a 10-year schedule. The County uses multiple contribution rates designating the percentage of payroll for the various employee groups to determine the retirement contribution. These rates are determined annually by an actuarial valuation.

County contributions are determined using actuarially sound assumptions to assure the financial health of the Fund. Factors that affect the County's contributions include the impact of compensation adjustments, changes in the size of the workforce, investment returns, and collectively bargained benefit changes. The ERS contribution rates reflect projections of revenues and expenses to the fund. Revenues include County and member contributions which are set at fixed percentages of salaries and investment income which is driven by both earnings in the market and the size of the Fund balance invested.

Expenses of the Fund include pension payments which are affected by mandated cost-of-living increases and changes in the number of retirees and survivors; administrative and operational expenses of the Fund managers and financial consultants; and charges for services provided by County staff in the Board of Investment Trustees, Finance, and Human Resources.

COLLECTIVE BARGAINING

The Executive's budget recommendations regarding employee group health insurance cost sharing, retirement plans, and employee salaries are not consistent with the arbitrated awards for the Fraternal Order of Police (FOP), Lodge 35; International Association of Fire Fighters (IAFF), Local 1664; the Municipal and County Government Employee Organization (MCGEO), Local 1994; and the Montgomery County Volunteer Fire Rescue Association (MCVFRA). As required by Chapters 33 and 21, the County Executive will provide the Council with the cost and other details necessary to implement these arbitration awards.

The County Executive is recommending a change to the cost sharing arrangements for active County Government employees for their group insurance and retirement plans. Effective July 1, the Executive is proposing a three-tiered approach to group insurance cost sharing that would establish a 70/30 cost sharing arrangement for lower compensated employees and requiring middle and higher income employees to pay a greater share of the cost of group insurance coverage. The Executive is also recommending plan design changes to prescription drug coverage.

In addition, the Executive recommends that employees in the defined benefit retirement plans pay two percent more of covered compensation for their retirement benefits and that the County's contribution for employees in the RSP and GRIP be reduced by two percent of covered compensation.

These changes will reduce the ongoing cost of compensation for the County and produce real, sustainable savings in the operating budget in the short and long term. Both proposals outlined above are aligned with the recent recommendations made by the County's Office of Legislative Oversight as a way to bring long-term sustainability to employee benefit expenses.

In summary, the total (tax-supported and non-tax supported) savings related to retirement plans and group health assumed in the recommended budget is:

| | |
|---|----------------------|
| Retirement: 2% Employee Increase in ERS Contributions | -\$6,044,180 |
| Retirement: 2% Employer Reduction in RSP/GRIP Contributions | -\$4,860,290 |
| Group Insurance: Three-tiered Cost Sharing Arrangement/Prescription Plan Design Changes | -\$18,695,530 |
| Total | -\$29,600,000 |

If the arbitrated award for FOP, which provided for an increment and movement into the longevity step, had been included in the recommended budget, it would have resulted in additional FY12 expenditures of \$1.5 million, with a fully annualized cost of \$2.2 million. If the arbitrated award for MCVFRA had been included, it would have resulted in additional expenditures of \$234,400 related to higher costs for the nominal fee and Association operating expenses. If service increments or step increases were added to the budgets for all agencies the tax supported cost would be \$36.5 million including \$5.6 million for Montgomery County Government; \$28.0 million for Montgomery County Public Schools; \$2.0 million for Montgomery College; and \$0.9 million for the Maryland National Capital Park and Planning Commission.

The County government is scheduled to negotiate new term agreements with the FOP and MCGEO to be effective July 1, 2012 (FY13). The IAFF's current agreement is for July 1, 2011 through June 30, 2013, with a reopener on economic issues to be effective July 1, 2012.

WORKFORCE ANALYSIS

Basis: Workforce Analysis has been performed on changes to tax supported and non-tax supported workyears (WYs) in the Executive's Recommended FY12 Operating Budget for the County government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY11, which began on July 1, 2010. Changes shown reflect such factors as the addition of grant-funded positions; abolishments and creations to implement approved job sharing agreements; technical adjustments to remove positions currently associated with "group positions" which can contain unlimited numbers of employees (temporary, seasonal, or contractual), but are defined by the amount of service in terms of workyears that they are to provide; and other miscellaneous changes. Changes recommended by the Executive for FY12 are in three categories: current year position changes due to supplemental appropriations or other actions, new fiscal year position changes scheduled to take effect July 1, 2011, and position changes scheduled for later in the fiscal year. In the latter case, the workyear change will be prorated for the portion of the year it is recommended.

Summary: The recommended budget includes funding for 8,497 full-time positions, a net decrease of 124 from the approved FY11 Personnel Complement of 8,621 full-time positions. Funding for 864 part-time positions is included, a net decrease of 46 positions from the approved FY11 Personnel Complement of 910 positions. Total County government workyears will increase to 8,991.6 WYs in FY12, an increase of 31.1 WYs or 0.3 percent. The net increase in workyears is attributable to the elimination of furloughs in the FY12 recommended budget. When measured relative to population, total workyears per thousand population has also increased slightly, from FY11 (9.22 in FY11 compared to 9.26 in FY12).

Tax supported workyears account for 81.6 percent of the County's total workyears. Total tax supported workyears will decrease to 7,338.6 WYs in FY12, a decrease of 35.6 WYs or 0.5 percent. A large portion of the change in WYs is attributable to the impact of furloughs; without the WY impact of restoring furloughs, there would be a net decrease of 241.3 tax-supported WYs.

Of the County's 7,338.6 tax-supported WYs proposed for FY12, Public Safety departments account for 50.4 percent, or 3,696.7 WYs. Public Safety WYs will increase by 49.0 workyears, or 0.1 percent from FY11 levels.

Detailed below are the significant net changes in the number of tax-supported WYs in the FY12 Recommended Budget.

| Workforce Changes (Tax Supported) | WY Change | WY Impact of Furlough Restoration Removed |
|---|------------------|--|
| ● Police - elimination of School Resources Officers, reductions to Victim Witness Services; the School Safety/Education Program; and the Emergency Communication Center, offset by 3rd District Staffing Enhancements | 40.2 | 6.7 |
| ● Transit Services - change is almost wholly attributable to restoration of furlough reductions | 28.7 | -0.8 |
| ● Fire and Rescue Service – elimination of local fire department administrative staff positions, lapse of code enforcement positions, elimination of the High School Cadet program; offset by the addition of a recruit class | 7.6 | -17.4 |
| ● Economic Development - abolish two Business Development Specialist positions and administrative positions | -6.3 | -7.5 |
| ● Recreation - reduce staffing due to renovations at Plum Gar, Scotland NC, Germantown Indoor Swim Center; reduce seasonal staffing, center staffing, management oversight, and support for non-core site specific events; eliminate teen special events, youth sports (except basketball), and operational support for regional youth advisory groups | -18.7 | -22.5 |
| ● Public Libraries - reducing information services on Sundays, substitute information staff throughout the week, and central administration and support services; eliminate the overflow staffing resulting from the Olney renovation; and reduce staffing through a redefinition of the Silver Spring, Twinbrook, Chevy Chase, & Long Branch from "community" to "popular" libraries | -18.8 | -29.0 |
| ● Transportation - reductions in roadway maintenance and subdivision review, plus shifting positions to the Capital Improvement Plan and the Water Quality Protection Fund | -44.9 | -56.9 |

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES

| HEALTH PLAN | 2010 | | | | | 2011 | | | | | CHANGE | | | | |
|--------------------|-------|-------|-------|--------------|--------------|-------|-------|-------|--------------|--------------|--------|-------|-----|--------------|-------|
| | EMP | EMP+1 | FAM | TOTAL | % OF INSURED | EMP | EMP+1 | FAM | TOTAL | % OF INSURED | EMP | EMP+1 | FAM | TOTAL | %DIF |
| Carefirst POS | 1,806 | 1,315 | 2,306 | 5,427 | 62.0% | 1,845 | 1,239 | 2,332 | 5,216 | 61.8% | (161) | (76) | 26 | (211) | -0.2% |
| Carefirst POS Std | 163 | 88 | 113 | 364 | 4.2% | 160 | 103 | 132 | 395 | 4.7% | (3) | 15 | 19 | 31 | 0.5% |
| Kaiser | 494 | 284 | 426 | 1,204 | 13.8% | 474 | 264 | 435 | 1,173 | 13.9% | (20) | (20) | 9 | (31) | 0.1% |
| United Healthcare | 538 | 432 | 785 | 1,755 | 20.1% | 475 | 394 | 788 | 1,655 | 19.6% | (63) | (38) | 1 | (100) | -0.4% |
| Grand Total | | | | 8,750 | | | | | 8,439 | | | | | (311) | |

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES

| Employee Retirement System Plans | Number Employees (7/1/09) | Fiscal 2011 Contribution Rate | Number Employees (7/1/10) | Fiscal 2012 Contribution Rate | Number Employees 7/09 v. 7/10 | FY 11 v. 12 Contribution Rate |
|--|------------------------------|----------------------------------|------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Public Safety | | | | | | |
| Optional, Nonintegrated | 13 | 107.67% | 10 | 189.07% | (3) | 81.40% |
| Optional, Integrated | 46 | 99.61% | 36 | 251.02% | (10) | 151.41% |
| Mandatory Integrated | 2,943 | 35.88% | 2,875 | 35.02% | (68) | -0.86% |
| Subtotal Public Safety | 3,002 | | 2,921 | | (81) | |
| Non-Public Safety | | | | | | |
| Optional, Nonintegrated | 62 | 44.27% | 38 | 46.91% | (24) | 2.64% |
| Optional, Integrated | 107 | 46.36% | 77 | 49.36% | (30) | 3.00% |
| Mandatory Integrated | 1,841 | 26.39% | 1,742 | 24.37% | (99) | -2.02% |
| Subtotal Non-Public Safety | 2,010 | | 1,857 | | (153) | |
| Guaranteed Retirement Income Plan | 990 | 6.53% | 1,008 | 5.37% | 18 | -1.16% |
| Total ERS System Plans | 6,002 | | 5,786 | | (216) | |
| Retirement Savings Plan | 3,963 | 8.00% | 3,839 | 6.00% | (124) | -2.00% |

**MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY
COUNTY EXECUTIVE RECOMMENDED: FY12**

| | POSITIONS | | WORKYEARS | | TOTAL WYs |
|------------------------------------|--------------|-------------|----------------|----------------|----------------|
| | Full Time | Part Time | Tax Supported | Non-Tax Supp. | |
| FY11 APPROVED COMPLEMENT | 8,621 | 910 | 7,374.2 | 1,588.3 | 8,960.5 |
| FY12 RECOMMENDED COMPLEMENT | 8,497 | 864 | 7,338.6 | 1,653.0 | 8,991.6 |
| CHANGE IN WORKFORCE (GROSS) | (124) | (46) | (35.6) | 66.7 | 31.1 |
| Percentage Change | (1.4%) | (5.1%) | (0.5%) | 4.2% | 0.3% |

| PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT | | | | | | |
|--|-----------------|------------------|------------------|-----------------|------------------|---------------|
| ITEM | FY10 ACT | FY11 APPR | FY11 EST | FY12 REC | \$ Change | % Change |
| EXPENSES | | | | | | |
| Salaries and Benefits | 61,140 | 71,810 | 88,230 | 77,340 | 5,530 | 7.7% |
| Professional Services | 0 | 6,000 | 5,500 | 5,500 | (500) | (8.3%) |
| Due Diligence/Education | 4,740 | 1,600 | 1,000 | 1,000 | (600) | (37.5%) |
| Office Management | 11,780 | 6,210 | 5,510 | 5,510 | (700) | (11.3%) |
| Investment Management | 22,140 | 21,700 | 10,000 | 10,000 | (11,700) | (53.9%) |
| TOTAL EXPENSES | \$99,800 | \$107,320 | \$110,240 | \$99,350 | (\$7,970) | (7.4%) |

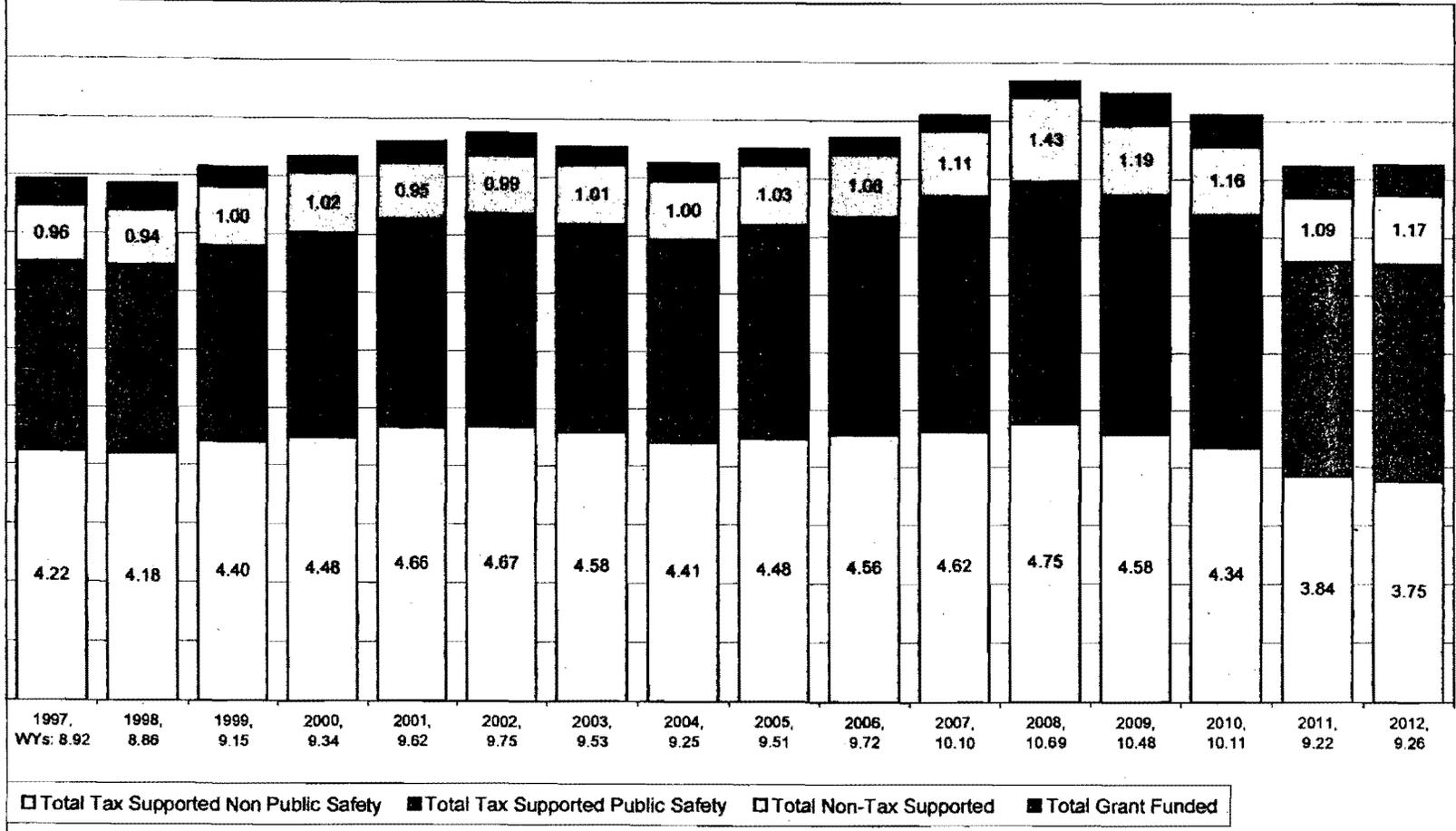
Amounts shown above are not charged to the Deferred Compensation Plan trust but are instead appropriated and charged to the General Fund Compensation and Employee Benefits Adjustments Non-Departmental Account.

| PROPOSED OPERATING BUDGET RETIREE HEALTH BENEFIT TRUST | | | | | | |
|--|------------------|------------------|------------------|------------------|-------------------|----------------|
| ITEM | FY10 ACT | FY11 APPR | FY11 EST | FY12 REC | \$ Change | % Change |
| EXPENSES | | | | | | |
| Salaries and Benefits | 69,470 | 67,730 | 76,720 | 66,960 | (770) | (1.1%) |
| Professional Services | 66,190 | 75,000 | 75,000 | 75,000 | 0 | 0.0% |
| Office Management | 1,700 | 1,700 | 1,000 | 1,500 | (200) | (11.8%) |
| Investment Management | 17,480 | 100,000 | 70,000 | 70,000 | (30,000) | (30.0%) |
| TOTAL EXPENSES | \$154,840 | \$244,430 | \$222,720 | \$213,460 | (\$30,970) | (12.7%) |

| PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|------------------------|----------------|
| ITEM | FY10 ACTUAL | FY11 APPR | FY11 EST | FY12 REC | FY12 vs. FY11 Appr. \$ | % |
| REVENUE | | | | | | |
| Contributions | 134,389,250 | 149,000,000 | 127,100,000 | 146,500,000 | (2,500,000) | (1.7%) |
| Investment Income | 319,294,650 | 210,000,000 | 417,000,000 | 212,000,000 | 2,000,000 | 1.0% |
| Miscellaneous Income | 643,220 | 550,000 | 650,000 | 700,000 | 150,000 | 27.3% |
| TOTAL REVENUE | 454,327,120 | 359,550,000 | 544,750,000 | 359,200,000 | (350,000) | (0.1%) |
| EXPENSES | | | | | | |
| OPERATING EXPENSES | | | | | | |
| Retirement Benefits | 170,503,650 | 190,700,000 | 186,900,000 | 204,500,000 | 13,800,000 | 7.2% |
| Investment Management | 15,752,830 | 15,000,000 | 16,200,000 | 19,300,000 | 4,300,000 | 28.7% |
| SUBTOTAL | 186,256,480 | 205,700,000 | 203,100,000 | 223,800,000 | 18,100,000 | 8.8% |
| ADMINISTRATIVE EXPENSES | | | | | | |
| Salaries and Benefits | 1,591,160 | 1,660,710 | 1,596,210 | 1,775,920 | 115,210 | 6.9% |
| Professional Services | 401,740 | 829,930 | 803,930 | 833,930 | 4,000 | 0.5% |
| Benefit Processing | 364,470 | 375,000 | 375,000 | 375,000 | 0 | 0.0% |
| Due Diligence/Education | 27,060 | 53,500 | 43,500 | 53,500 | 0 | 0.0% |
| Office Management | 186,340 | 258,030 | 249,030 | 241,887 | (16,143) | (6.3%) |
| SUBTOTAL | 2,570,770 | 3,177,170 | 3,067,670 | 3,280,237 | 103,067 | 3.2% |
| TOTAL EXPENSES | \$188,827,250 | \$208,877,170 | \$206,167,670 | \$227,080,237 | \$18,203,067 | 8.7% |
| NET REVENUE | \$265,499,870 | \$150,672,830 | \$338,582,330 | \$132,119,763 | (\$18,553,067) | (12.3%) |

| PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN | | | | | | |
|---|------------------|------------------|------------------|------------------|--------------------------------|----------------|
| ITEM | FY10 ACTUAL | FY11 APPR | FY11 EST | FY12 REC | Change: FY12 vs. FY11 Appr. \$ | % |
| REVENUE | | | | | | |
| Investment Income | 1,830 | 11,000 | 10,000 | 6,250 | (4,750) | (43.2%) |
| Miscellaneous Income | 557,950 | 150,000 | 560,000 | 500,000 | 350,000 | 233.3% |
| TOTAL REVENUE | 559,780 | 161,000 | 570,000 | 506,250 | 345,250 | 214.4% |
| EXPENSES | | | | | | |
| OPERATING EXPENSES | | | | | | |
| Investment Management | 22,140 | 21,700 | 10,000 | 10,000 | (11,700) | (53.9%) |
| SUBTOTAL | 22,140 | 21,700 | 10,000 | 10,000 | (11,700) | (53.9%) |
| ADMINISTRATIVE EXPENSES | | | | | | |
| Salaries and Benefits | 133,310 | 165,050 | 180,380 | 162,390 | (2,660) | (1.6%) |
| Professional Services | 48,010 | 78,500 | 73,500 | 73,500 | (5,000) | (6.4%) |
| Due Diligence/Education | 4,880 | 2,600 | 2,000 | 2,000 | (600) | (23.1%) |
| Office Management | 51,500 | 24,030 | 23,630 | 23,630 | (400) | (1.7%) |
| SUBTOTAL | 237,700 | 270,180 | 279,510 | 261,520 | (8,660) | (3.2%) |
| TOTAL EXPENSES | \$259,840 | \$291,880 | \$289,510 | \$271,520 | (\$20,360) | (7.0%) |

**HISTORY OF APPROVED COUNTY GOVERNMENT WORKYEARS
PER 1,000 POPULATION BY FUNDING CATEGORY
FY97-FY11 Approved, FY12 Recommended**



Source: D-3



TOTAL COUNTY COST OF EMPLOYEE BENEFITS

| DEPARTMENT | SOCIAL SECURITY | GROUP INSURANCE | RETIREMENT | TOTAL |
|---|--------------------|--------------------|-------------------|--------------------|
| General Fund Tax Supported | | | | |
| <i>Legislative</i> | | | | |
| Board of Appeals | 29,720 | 20,310 | 52,620 | 102,650 |
| County Council | 451,040 | 557,410 | 650,500 | 1,658,950 |
| Inspector General | 29,210 | 36,190 | 24,180 | 89,580 |
| Legislative Oversight | 58,900 | 117,260 | 143,310 | 319,470 |
| Merit System Protection Board | 7,940 | 9,010 | 10,410 | 27,360 |
| Zoning & Administrative Hearings | 26,120 | 28,030 | 18,230 | 72,380 |
| <i>Judicial</i> | | | | |
| Circuit Court | 400,530 | 634,180 | 709,650 | 1,744,360 |
| State's Attorney | 651,670 | 857,400 | 1,020,610 | 2,529,680 |
| <i>General Government</i> | | | | |
| Board of Elections | 155,990 | 179,770 | 146,810 | 482,570 |
| Community Engagement | 151,230 | 183,300 | 267,830 | 602,360 |
| County Attorney | 192,920 | 56,150 | 438,850 | 687,920 |
| County Executive | 182,790 | 254,470 | 291,830 | 729,090 |
| Ethics Commission | 11,630 | 10,720 | 8,420 | 30,770 |
| Finance | 448,480 | 913,940 | 900,180 | 2,262,600 |
| General Services | 657,820 | 1,143,510 | 1,348,780 | 3,150,110 |
| Human Resources | 236,200 | 287,450 | 290,480 | 814,130 |
| Intergovernmental Relations | 39,830 | 32,580 | 65,830 | 138,240 |
| Management and Budget | 182,210 | 174,750 | 349,260 | 706,220 |
| Public Information | 206,200 | 247,450 | 301,770 | 755,420 |
| Technology Services | 792,080 | 927,130 | 1,252,880 | 2,972,090 |
| <i>Public Safety</i> | | | | |
| Consumer Protection | 92,140 | 146,650 | 267,280 | 506,070 |
| Correction and Rehabilitation | 2,857,190 | 4,851,100 | 9,568,860 | 17,277,150 |
| Emergency Management and Homeland Security | 57,850 | 67,050 | 97,090 | 221,990 |
| Police | 10,215,330 | 16,876,930 | 35,774,470 | 62,866,730 |
| Sheriff | 895,670 | 1,633,060 | 3,210,930 | 5,739,660 |
| <i>Transportation</i> | | | | |
| Transportation | 935,120 | 2,059,630 | 2,078,780 | 5,073,530 |
| <i>Health and Human Services</i> | | | | |
| Health and Human Services | 5,690,700 | 9,717,440 | 9,206,300 | 24,614,440 |
| <i>Libraries, Culture & Recreation</i> | | | | |
| Public Libraries | 1,191,560 | 2,166,790 | 2,332,290 | 5,690,640 |
| <i>Community Development and Housing</i> | | | | |
| Economic Development | 172,980 | 215,280 | 214,120 | 602,380 |
| Housing and Community Affairs | 149,810 | 250,620 | 381,630 | 782,060 |
| <i>Environment</i> | | | | |
| Environmental Protection | 70,180 | 112,310 | 133,400 | 315,890 |
| <i>Other County Government Functions</i> | | | | |
| NDA - Compensation and Employee Benefits Adjustment | 4,930 | 3,990 | 3,040 | 11,960 |
| NDA - Conference Center | 7,220 | 4,880 | 5,660 | 17,760 |
| NDA - Judges Retirement Contribution | 0 | 0 | 3,000 | 3,000 |
| NDA - State Positions Supplement | 2,600 | 15,230 | 17,120 | 34,950 |
| Total General Fund Tax Supported | 27,255,790 | 44,791,970 | 71,586,400 | 143,634,160 |

TOTAL COUNTY COST OF EMPLOYEE BENEFITS

| FUND | SOCIAL SECURITY | GROUP INSURANCE | RETIREMENT | TOTAL |
|--|--------------------|--------------------|--------------------|--------------------|
| Special Funds Tax Supported | | | | |
| Economic Development | 7,210 | 13,370 | 5,660 | 26,240 |
| Fire | 7,543,010 | 12,122,880 | 28,806,910 | 48,472,800 |
| Mass Transit | 3,223,980 | 6,287,250 | 4,172,620 | 13,683,850 |
| Recreation | 948,620 | 648,560 | 972,590 | 2,569,770 |
| Urban District - Bethesda | 6,090 | 5,360 | 19,400 | 30,850 |
| Urban District - Silver Spring | 102,740 | 162,830 | 92,520 | 358,090 |
| Urban District - Wheaton | 60,270 | 102,260 | 46,240 | 208,770 |
| Total Special Funds Tax Supported | 11,891,920 | 19,342,510 | 34,115,940 | 65,350,370 |
| Total Tax Supported | 39,147,710 | 64,134,480 | 105,702,340 | 208,984,530 |
| Special Funds Non-Tax Supported | | | | |
| Grant Fund - MCG | 2,750,470 | 3,820,850 | 3,872,550 | 10,443,870 |
| Cable Television | 170,090 | 290,250 | 215,930 | 676,270 |
| Montgomery Housing Initiative | 79,250 | 136,920 | 173,650 | 389,820 |
| Water Quality Protection Fund | 363,950 | 514,240 | 447,250 | 1,325,440 |
| Total Special Funds Non-Tax Supported | 3,363,760 | 4,762,260 | 4,709,380 | 12,835,400 |
| Enterprise Fund Non-Tax Supported | | | | |
| Community Use of Public Facilities | 133,410 | 238,330 | 199,580 | 571,320 |
| Liquor Control | 1,316,210 | 2,327,960 | 1,603,550 | 5,247,720 |
| Parking District - Bethesda | 104,040 | 179,550 | 178,600 | 462,190 |
| Parking District - Montgomery Hills | 2,170 | 3,700 | 3,070 | 8,940 |
| Parking District - Silver Spring | 113,230 | 186,170 | 181,380 | 480,780 |
| Parking District - Wheaton | 17,170 | 30,360 | 28,950 | 76,480 |
| Permitting Services | 1,077,570 | 1,610,730 | 2,158,840 | 4,847,140 |
| Solid Waste Collection | 67,630 | 112,020 | 97,520 | 277,170 |
| Solid Waste Disposal | 507,030 | 857,840 | 699,900 | 2,064,770 |
| Vacuum Leaf Collection | 203,230 | 313,110 | 248,900 | 765,240 |
| Total Enterprise Fund Non-Tax Supported | 3,541,690 | 5,859,770 | 5,400,290 | 14,801,750 |
| Total Non-Tax Supported | 6,905,450 | 10,622,030 | 10,109,670 | 27,637,150 |
| Internal Service Funds | | | | |
| Employee Health Benefit Self Insurance Fund | 79,940 | 109,480 | 65,280 | 254,700 |
| Motor Pool | 1,087,190 | 2,019,200 | 1,444,180 | 4,550,570 |
| Printing & Mail | 129,680 | 210,700 | 277,890 | 618,270 |
| Self Insurance | 217,720 | 397,740 | 326,740 | 942,200 |
| Total Internal Service Funds | 1,514,530 | 2,737,120 | 2,114,090 | 6,365,740 |

MONTGOMERY COUNTY GOVERNMENT

| | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11(u) | REC FY12 |
|---|-------|------|----------|---------|-------|------|------|----------|------|---------|-------------|
| <u>Police (FOP)</u> | | | | | | | | | | | |
| Increment | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 0.0% | 0.0% |
| General adjustment (COLA) | (a) | (c) | 2.0% | 2.0%(f) | 2.75% | (l) | - | 4.0% | 0.0% | 0.0% | 0.0% |
| Lump-sum payment | - | - | - | - | - | - | - | - | - | - | - |
| Top of range adjustment | - | - | - | (g) | - | - | - | - | - | - | - |
| Other | - | - | - | - | (j) | - | (n) | - | - | - | - |
| <u>Fire (IAFF)</u> | | | | | | | | | | | |
| Increment | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 0.0% | 0.0% |
| General adjustment (COLA) | (b) | 5.0% | 3.5% | 3.5% | (k) | (m) | 5.0% | 2%+2%(r) | 0.0% | 0.0% | 0.0% |
| Lump-sum payment | - | - | - | - | - | - | - | - | - | - | - |
| Top of range adjustment | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | (d) | (d) | - | - | - | - | (s) | - | - |
| <u>Office, Professional, and Technical Bargaining Unit/Service, Labor, and Trade Bargaining Unit (MCGEO)</u> | | | | | | | | | | | |
| Increment | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 0.0% | 0.0% |
| General adjustment (COLA) | 3.25% | 3.5% | 3.75%(e) | 2.0%(f) | 2.75% | (l) | 4.0% | 4.5% | 0.0% | 0.0% | 0.0% |
| Lump-sum payment | - | - | - | - | - | - | - | - | - | - | - |
| Top of range adjustment | - | - | - | (h) | - | - | (o) | - | (t) | - | - |
| <u>Non-Represented</u> | | | | | | | | | | | |
| Increment | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 0.0% | 0.0% |
| General adjustment (COLA) | 3.25% | 3.5% | 2.0% | 2.0%(f) | 2.75% | (l) | 4.0% | 4.5% | 0.0% | 0.0% | 0.0% |
| Lump-sum payment | - | - | - | - | (p) | (p) | (p) | (p) | - | - | - |
| Top of range adjustment | - | - | - | (i) | (q) | (q) | (q) | (q) | - | - | - |

- (a) Effective 7/1/01, a flat dollar amount of \$2800 per employee and effective 1/13/02 an additional flat dollar amount of \$600 per employee.
- (b) 2.0% effective 7/1/01; 1.0% effective 1/13/02.
- (c) 3.0% effective 7/02; 1.0% effective 1/03.
- (d) Pay plan adjustment equal to 3.5%.
- (e) Effective 11/30/03.
- (f) Effective 9/5/04.
- (g) Return to uniform pay plan starting 1/9/05 for unit members with 20 years of completed service.
- (h) Starting 1/9/05 employees who have completed 20 years of service and are at the maximum of their pay grade will receive a longevity increment of 2%.
- (i) Range expansion of 1.75%, 3.75% for employees in the Management Leadership Service.
- (j) Effective 1/8/06 current min/max salary schedule will be converted to a matrix based step schedule.
- (k) 3% effective 7/10/05; 1% effective 1/8/06.
- (l) 3.0% effective 7/9/06; 1.0% effective 1/7/07.
- (m) 4.0% effective 7/9/06; 1.0% effective 1/7/07.



- (n) Increase wage rate of Step 0, Year 1, by \$3,151 with promotions and increments calculated from that point. Equals an adjustment of 7.5%.
- (o) Increase longevity percentage by 1.0%, effective 1/6/08.
- (p) Performance lump sum award: 2% for exceptional and 1% for highly successful.
- (q) Longevity/performance increment 2 years of consecutive exceptional or highly successful: 1% added to base pay and effective 1/7/07, 2% added to base pay.
- (r) 2.0% effective 7/6/08; 2.0% effective 1/4/09.
- (s) A new longevity adjustment at 28 years of service in July 2009 and additional steps on the salary in July 2010.
- (t) 3.0% longevity increase.
- (u) There were no GWAs, longevity pay, or service increments for FY2011.

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MONTGOMERY COUNTY PUBLIC SCHOOLS

REC

| | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 |
|---|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------|------------------------|------------------------|
| Teachers (MCEA) | | | | | | | | | | | |
| Increment | 1.5-3.9% | 1.5-3.9% | 1.5-3.9% | 1.5-3.9% | 1.5-3.9% | 1.5-3.9% | 1.5-3.9% | 1.5-3.9% | 1.5-3.9% | 0.0% | (w) |
| Increment-weighted average (a) | 1.7% | 1.9% | 1.9% | 1.9% | 2.0% | 1.9% | 2.2% | 2.3% | 2.1% | 0.0%(u) | (w) |
| Negotiated salary schedule increase | 4.0% (g) | 4.0% (g) | 4.0% (g) | 2.0% | 2.75% | 4.0%(o) | 4.8%(p) | 5.0%(q) | 0.0%(t) | 0.0%(u) | 0.0%(v) |
| Lump-sum payment (b) | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$0 | \$400 |
| Top of range adjustment | - | - | - | - | - | - | - | - | - | - | - |
| Admin. and Supervisory Personnel (MCAAP) | | | | | | | | | | | |
| Increment | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.00% | 0% | (w) |
| Increment-weighted average (a) (d) | 1.0% | 0.9% | 0.8% | 0.9% | 1.1% | 0.9% | 1.1% | 1.2% | 1.1% | 0.0% (u) | (w) |
| Negotiated salary schedule increase | 3.0% | 3.0% | 3.0% (j) | 2.0%(m) | 2.0%(n) | 4.0%(o) | 4.8%(p) | 5.0%(q) | 0.0%(t) | 0.0%(u) | 0.0%(v) |
| Lump-sum payment | - | - | - | \$1,500(l) | \$1,500(l) | \$1,500- | \$1,500- | \$1,500- | \$1,500- | \$1,500- | \$1,500- |
| Top of range adjustment | - | - | - | - | - | \$3,000(l) | \$3,000(l) | \$3,000(l) | 3,000(l) | 3,000(l) | 3,000(l) |
| Business and Operations Administrators (MCBOA) | | | | | | | | | | | |
| Increment | | | | | | | | (r) | 3.00% | 0.0% | (w) |
| Increment-weighted average | | | | | | | | (r) | 1.6% | 0.0% (u) | (w) |
| Negotiated salary schedule increase | | | | | | | | (r) | 0.0%(t) | 0.0%(u) | 0.0%(v) |
| Lump-sum payment | | | | | | | | - | - | - | - |
| Top of range adjustment | | | | | | | | (r) | \$1,500- \$4,500(s) | \$1,500- \$4,500(s) | \$1,500- \$4,500(s) |
| Supporting Services Employees (SEIU Local 500) | | | | | | | | | | | |
| Increment | 1.7-5.5% | 1.7-5.6% | 1.6-5.6% | 1.6-5.6% | 1.6-5.6% | 1.9-5.6% | 1.9-5.6% | 1.9-5.5% | 1.9-5.5% | 0% | (w) |
| Increment-weighted average (a) | 1.7% | 1.8% | 1.9% | 1.8% | 1.9% | 1.6% | 1.9% | 1.8% | 1.7% | 0.0% (u) | (w) |
| Negotiated salary schedule increase | 3.0% | 3.0% | 3.0% (k) | 2.0% | 2.75% | 4.0%(o) | 4.8%(p) | 5.0%(q) | 0.0%(t) | 0.0%(u) | 0.0%(v) |
| Lump-sum payment (c) | \$100 | \$100 | \$100 | \$100 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 |
| Top of range adjustment | - | - | - | - | - | - | - | - | - | - | - |
| Non-Represented | | | | | | | | | | | |
| Increment | All non-represented employees (except 18 nonscheduled employees including Executive staff, Board staff, and the chief negotiator) receive the same increments and other salary adjustments as the bargaining units for which these positions are covered. | | | | | | | | | | |
| Negotiated salary schedule increase | | | | | | | | | | | |
| Lump-sum payment | | | | | | | | | | | |
| Top of range adjustment | | | | | | | | | | | |

- (a) The number provided in the chart represents the weighted average increase received by eligible employees. It is based on the number of employees who receive the step increment at various points (anniversary dates) in the year. An average annual cost of the salary increments is used for this analysis.
- (b) For FY 1996 through FY 1999, a bonus payment of \$300 was provided to any substitute teacher who worked 100 or more days. Beginning FY 2002, an incentive payment of \$400 is provided to any substitute teacher who works 45 or more days within a semester. In conjunction with this change, the retiree substitute incentive plan was eliminated in FY 2002.
- (c) A lump sum net payment of \$100 each year for employees with 22 or more years of service. This amount increased to \$200 for FY 2006.
- (d) The negotiated agreement with MCAAP provided for the addition of one step on salary scales N through Q beginning July 1, 1997 (FY 1998) and July 1, 1999 (FY 2000). The amount of this impact is included in the increment-weighted average for each year.

- (e) In FY 2000, the negotiated agreement with MCEA provided salary scale changes for an average increase in the salary schedule of 3%. Beginning FY 2000, the agreement also provides a \$2,000 salary supplement to teachers who achieve and maintain a national certification standard.
- (f) In FY 2000, the negotiated agreement with MCAAP provided for a salary increase of 2% effective November 27, 1999, resulting in a 1% salary impact.
- (g) The negotiated agreement with MCEA provided salary scale changes for an average increase in the salary schedule of 5.0% for FY 2001 and 4.0% for FY 2002 while an additional 1.0% from the State was applied to this salary schedule each year for a net increase of 6.0% for FY 2001 and 5.0% for FY 2002. For FY 2003 and FY 2004, the negotiated agreement with MCEA provided salary scale changes for an average increase in the salary schedule of 4.0% and added two more days to the work year for 10-month employees for an equivalent of an additional 1.0% applied to the salary schedule for a net increase of 5.0% for each year. The FY 2004 negotiated agreement with MCEA provided for a salary schedule increase of 4.0% implemented on 10/31/03 for 12-month unit members and 12/1/03, for 10-month unit members, resulting in a 3.66% salary impact.
- (h) In FY 2001, a 2.25% longevity payment was negotiated for teachers who have been at the top of the scale for 6 years.
- (i) In FY 2001, the salary increase was funded in part through a change in the employee benefits program and structure for a net budgetary increase of 5% for salary.
- (j) For FY 2004, the negotiated agreement with MCAAP provided for a salary schedule increase of 3.0% implemented on 10/7/03, for 12-month unit members and 11/8/03, for 11-month assistant school administrators, resulting in a 1.87% salary impact.
- (k) For FY 2004, the negotiated agreement with SEIU Local 500 provided for a salary schedule increase of 3.0% implement on 10/7/03 for 12 month unit members and 11/8/03, for all other unit members, resulting in a 2.05% salary impact.
- (l) Effective October 1, 2004, the negotiated agreement with MCAAP provided an annual longevity supplement of \$1,500 for each unit member who completed ten or more years as an administrator and/or supervisor with MCPS. Effective December 1, 2006, the negotiated agreement with MCAAP provided an annual longevity supplement of \$1,500 for each unit member who completed five or more years as an administrator and/or supervisor with MCPS. Subsequent to that date, the negotiated agreement with MCAAP provided an annual longevity supplement of \$3,000 for each unit member who completed ten or more years as an administrator and/or supervisor with MCPS. Payments are deferred for employees who first became eligible for lump sum payments in FY 2011.
- (m) For FY 2005, the negotiated agreement with MCAAP provided for a salary schedule increase of 2.0% implemented on 10/2/04, for 12-month unit members and 11/13/04, for 11-month assistant school administrators, resulting in a 1.49% salary impact.
- (n) For FY 2006, the negotiated agreement with MCAAP provided for a 2% salary schedule increase and salary scale adjustments equivalent to an average of an additional 0.75%.
- (o) For FY 2007, the negotiated agreement with MCEA and SEIU Local 500 provided for a salary schedule increase of 3.0% on 7/1/06 and an additional 1.0% effective mid-year, resulting in a 3.5% salary impact. The negotiated agreement with MCAAP provided for a salary schedule increase of 4.0% and scale adjustments effective November 1, 2006, resulting in a 3.5% average salary impact.
- (p) For FY 2008, the negotiated agreement with MCAAP, MCEA, and SEIU Local 500 provided for a 4.8% salary schedule increase and other compensation changes equivalent to an average of an additional 0.2% for a total of 5.0%.
- (q) For FY 2009, the negotiated agreement with MCAAP, MCEA, and SEIU Local 500 provided for a 5.0% salary schedule increase.
- (r) During FY 2008, the BOE approved the formation of a fourth bargaining unit - The Montgomery County Business and Operations Administrators (MCBOA). In FY 2009, the compensation for these employees was included in the SEIU salary numbers.
- (s) Unit members receive a \$1,500 longevity supplement at 5, 10, and 15 years of service.
- (t) The 2008-2010 contracts with MCAAP, MCBOA, MCEA, and SEIU Local 500 included, for FY 2010, a 5.3% COLA and other salary-related improvements. Due to the fiscal situation, the unions agreed to forgo the FY 2010 COLA and salary-related improvements.
- (u) Due to the fiscal situation, there was no COLA or increments for FY 2011.
- (v) Due to the fiscal situation, there is no COLA budgeted for FY 2012.
- (w) Rates for increments and average increments to be determined in final action on the FY 2012 Budget.



MONTGOMERY COLLEGE

| | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | REC FY12 |
|--|---------|----------------|----------------|-----------------|----------------|---------------|----------------|----------------|------------|------|-------------|
| Faculty (AAUP) | | | | | | | | | | (k) | |
| Increment | - | - | \$1,167 | - | - | - | - | - | - | - | - |
| General adjustment (COLA) | 6.0%(a) | 6.5%(b) | 3.625%(d) | 1.6% | 2.75% | 3.75% | 5.3% | 5.5% | - | - | - |
| Lump-sum payment | - | - | - | \$1,879 | \$1,931 | \$2,019 | \$2,125 | \$2,242 | \$2,372(j) | - | - |
| Top of range adjustment | - | - | (e) | 1.6%(g) | 2.75%(h) | 3.75%(i) | 5.3% | 5.5% | - | - | - |
| Administrators | | | | | | | | | | (l) | |
| Increment | 6.0% | 4.0%- 6.25% | 2.5%- 4.25% | 3.65%- 4.15% | 4.75%- 5.5% | 3.75% 6.5% | 4.75%- 7.5% | 4.75%- 7.0% | 0% | - | - |
| General adjustment (COLA) | - | - | - | - | - | - | - | - | - | - | - |
| Lump-sum payment | - | - | (f) | - | - | - | - | - | - | - | - |
| Top of range adjustment | 4.0% | 4.0% | 3.6% | 2% | 2.75% | 3.75% | 4.75% | 5.0% | - | - | - |
| Staff - Non-Bargaining and Bargaining | | | | | | | | | | (m) | |
| Increment | 2.25% | (c) | 2.0% | 3.25% | 2.75% | 2.75% | 3.0% | 3.0% | 3.0% | - | - |
| General adjustment (COLA) | 4.0% | 4.0% | 3.6%(d) | 2.0% | 2.75% | 3.75% | 4.75% | 5.0% | - | - | - |
| Lump-sum payment | - | (c) | - | - | - | - | - | - | \$500(j) | - | - |
| Top of range adjustment | - | - | 3.6% | 2.0% | 2.75% | 3.75% | 4.75% | 5.0% | - | - | - |

- (a) Faculty earning the maximum salary received a 5% increase to \$72,689. Faculty below the maximum received an increase of 3.6% plus \$1,870 up to a new maximum of \$72,689.
- (b) Faculty earning the maximum salary received a 5% increase to \$76,323. Faculty below the maximum received an increase of 3.71% plus \$1,964 up to a new maximum of \$76,323.
- (c) Non-bargaining support staff received \$1,190; AFSCME staff received an increment of 2.25% instead.
- (d) Delayed by 4.6 months of fiscal year.
- (e) Not to exceed \$79,090.
- (f) Up to \$2,000 based on performance for those at top of range.
- (g) Not to exceed \$80,355 or \$81,955 for those eligible for a one-time longevity increase.
- (h) Not to exceed \$82,565 or \$84,165 for those eligible for a one-time longevity increase.
- (i) Not to exceed \$85,661 or \$87,261 for those eligible for a one-time longevity increase. COLA – 3% effective 7/1/06 plus 1.5% effective 1/1/07.
- (j) Staff- lump sum one-time payment of \$500 for employees at top of scale; faculty – lump sum one-time payment ranging from \$500-1,000 depending on salary; base pay increase of \$2,372 is delayed until October 23, 2009.
- (k) Faculty furloughed 3 days based on academic year calendar (equivalent to 4 staff days).
- (l) Administrators furloughed 8 days.
- (m) Staff furloughed 4 days below grade N; 8 days grade N and above.

02

MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

| | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | REC FY12 |
|--|------|------|----------|------|------|------|-------|-------|------|------|-------------|
| Non-Represented | | | | | | | | | | | |
| Increment | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 0.0% | 3.5%(m) |
| General adjustment (COLA) | (b) | (c) | 2.5% (e) | 2.7% | 2.8% | 3.0% | 3.25% | 3.25% | 0.0% | 0.0% | 0.0% |
| Lump-sum payment | - | - | - | - | - | - | - | - | - | - | - |
| Top of range adjustment | - | - | - | - | - | (h) | - | - | - | - | - |
| Service/Labor, Trades, and Office/Clerical Bargaining Units (MCGEO, Local 1994) | | | | | | | | | | | |
| Increment | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | (l) | 0.0% | 3.5%(m) |
| General adjustment (COLA) | (b) | (c) | 2.5% (e) | 2.7% | 2.8% | 3.0% | 3.25% | 3.25% | (l) | 0.0% | 3.0%(m) |
| Lump-sum payment | - | - | - | - | - | - | - | - | - | - | - |
| Top of range adjustment | - | - | - | - | - | (h) | (h) | - | - | - | - |
| Park Police (FOP, Lodge 30) | | | | | | | | | | | |
| Increment | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 0.0% | 3.5%(m) |
| General adjustment (COLA) | (a) | (d) | (d) | (f) | (g) | (i) | (j) | (k) | (k) | 0.0% | 0.0% |
| Lump-sum payment | - | - | - | - | - | - | - | - | - | - | - |
| Top of range adjustment | - | - | - | (f) | - | - | - | - | - | - | - |

- (a) 2.25% COLA effective from 2/1/01 to 1/31/02; 3% from 2/1/02; 1% from 11/1/02.
- (b) 2.6% COLA effective 7/8/01; 0.5% COLA effective 1/6/02.
- (c) 2.5% COLA effective 7/02; .75% COLA effective 10/02.
- (d) 2.5% COLA effective 02/03; 2.75% effective 02/04.
- (e) COLA was effective 9/14/2003.
- (f) 2.5% COLA for officers below the rank of Sergeant effective 5/2005. Sergeants were granted a 5.0% COLA effective 5/2005. One 2.5% step added for Sergeants (P05) only.
- (g) 2.5%COLA effective 7/05. Additionally, in exchange for officers covered by Long Term Disability or the Comprehensive Disability Benefit Program increasing their premium from 15% to 100% or 20% to 80%, respectively, a 1% COLA is provided effective 4/06.
- (h) The primary pay scale for non-represented employees was elongated by the equivalent of two 3.5% step increases. The IT scale was elongated by 3.5%, pending a salary survey to determine whether the special pay scale should continue. The pay scales for MCGEO employees were elongated by 3.5% in both FY07 and FY08.
- (i) 3.5% effective 7/06, plus an additional 1% increase in 7/06, predicated again on increasing the officers' percentage share of disability premiums.
- (j) 3.5% effective 7/07, plus an additional 1% increase in 7/07, predicated as above.
- (k) 3.25% COLA effective first pay period after July 1, 2008 and 3.75% COLA effective first pay period after July 1, 2009.
- (l) FY10: replacing a normal COLA and merit, a \$1,420 (pro-rated) wage adjustment instead was provided to each MCGEO member (applied up to, but not beyond the top of the grade), effective first pay period following July 1, 2009. Of the \$1,420, \$640 is distributed to every MCGEO member, and the rest \$780 (maximum assuming satisfactory performance rating) was pro-rated based on anniversary date and adjusted based on performance rating.
- (m) Commission is projected to determine the COLA and/or merits for MCGEO and the merit increments for all career staff by June. The Commission started re-openers of the two existing contracts with MCGEO and FOP, and is uncertain about the potential negotiation results as well as the two County Councils' budget decisions on compensation in May 2011. The proposed budget included funding for potential merit and COLA based on ratified contracts for MCGEO and the same merit assumptions for FOP and non-represented employees as MCGEO employees.

WASHINGTON SUBURBAN SANITARY COMMISSION

| | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | REC FY12 |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| AFSCME | | | | | | | | | | |
| Merit pay adjustment (a) | 0%(d) | 3.5%(c)(g) | 3.5%(c)(g) | 3.5%(c)(g) | 3.5%(c)(g) | 3.5%(c)(g) | 3.0%(c)(g) | 3.0%(c)(g) | 3.0%(c)(g) | 3.0%(c)(g) |
| General adjustment (COLA) | 0%(d) | 3.0%(f) | 2.0% | 2.0% | 3.5% | 3.75% | 3.5% | 0.0% | 0.0% | 2.0%(h) |
| Lump-sum payment | \$2,256(e) | - | - | - | - | - | - | - | - | - |
| Top of range adjustment | - | - | - | - | - | - | - | - | - | - |
| Non-Represented | | | | | | | | | | |
| Merit pay adjustment (a) | 0%(d) | 3.5%(c)(g) | 3.5%(c)(g) | 3.5%(c)(g) | 3.5%(c)(g) | 3.5%(c)(g) | 3.0%(c)(g) | 3.0%(c)(g) | 0.0% | 0.0% |
| General adjustment (COLA) | 0%(d) | 3.0%(f) | 2.0% | 2.0% | 3.5% | 3.75% | 3.5% | 0.0% | 0.0% | 0.0% |
| Lump-sum payment | \$2,256(e) | - | - | - | - | - | - | - | - | - |
| Top of range adjustment | - | - | - | - | - | - | - | - | - | - |

(a) WSSC has a performance based merit pay system. Adjustments to base pay are based upon annual employee evaluations. In FY09, a new Performance Management System applies to all employees except those reporting directly to the Commissioners or in a bargaining unit. A rating of 3.0 and above will result in a corresponding percentage pay increase. A rating below 3.0 will result in a Performance Improvement Plan (PIP). Employees rated below a 2.0 numerical rating or employees who do not successfully complete their PIP are subject to release.

The merit pay salary adjustments associated with each performance rating category FY94-FY08 were:

| | FY94 | FY95 | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 |
|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Superior | 5.0% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 0.0% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% |
| Commendable | - | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 0.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Fully satisfactory | 4.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 0.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| Needs improvement | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Unsatisfactory | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

- (b) Employees within 1% of the maximum of their grade who received either commendable or superior evaluations would receive up to a \$500 or \$1000 cash payment.
- (c) Merit pay adjustment was replaced with skill-based compensation for some bargaining unit employees in FY02.
- (d) The FY03 Budget included \$2.1 million for salary enhancements. COLAs and merit increases for WSSC employees were limited by State Law to no more than what State employees receive. Since State employees received no COLAs or merit increases in FY'03, WSSC employees also received no increases. In response to this limitation, WSSC implemented a \$750 lump-sum payment in FY'03 and a \$500 deferred compensation match.
- (e) In addition to the \$750 lump-sum payment (see note (d) above), employees received a \$1,506 gain-share payment in FY'03 for reducing spending below pre-determined Spending and Workyear Targets, which produced a permanent savings in FY'04. This payment was made in FY'04.
- (f) General adjustment (COLA) was effective October 2003 when COLAs and merit increases were no longer limited by State Law.
- (g) Employees at grade maximum who receive above average evaluations may receive a onetime cash payment.
- (h) Contract ratified by the union and approved by the Commission includes a 2.0% COLA for represented employees.

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**MONTGOMERY COUNTY GOVERNMENT
GENERAL SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>MINIMUM</u> | <u>MID-POINT</u> | <u>MAXIMUM</u> | <u>PERFORMANCE LONGEVITY MAXIMUM*</u> |
|--------------|----------------|------------------|----------------|---|
| 5 | \$24,239 | \$30,842 | \$37,444 | \$38,193 |
| 6 | \$25,167 | \$32,085 | \$39,003 | \$39,784 |
| 7 | \$26,148 | \$33,410 | \$40,672 | \$41,486 |
| 8 | \$27,165 | \$34,844 | \$42,522 | \$43,373 |
| 9 | \$28,238 | \$36,353 | \$44,468 | \$45,358 |
| 10 | \$29,371 | \$37,969 | \$46,567 | \$47,499 |
| 11 | \$30,558 | \$39,658 | \$48,758 | \$49,734 |
| 12 | \$31,797 | \$41,430 | \$51,062 | \$52,084 |
| 13 | \$33,107 | \$43,295 | \$53,483 | \$54,553 |
| 14 | \$34,484 | \$45,257 | \$56,030 | \$57,151 |
| 15 | \$35,923 | \$47,308 | \$58,693 | \$59,867 |
| 16 | \$37,457 | \$49,478 | \$61,498 | \$62,728 |
| 17 | \$39,157 | \$51,799 | \$64,441 | \$65,730 |
| 18 | \$40,952 | \$54,243 | \$67,533 | \$68,884 |
| 19 | \$42,883 | \$56,828 | \$70,773 | \$72,189 |
| 20 | \$44,900 | \$59,541 | \$74,181 | \$75,665 |
| 21 | \$47,028 | \$62,392 | \$77,756 | \$79,312 |
| 22 | \$49,253 | \$65,383 | \$81,513 | \$83,144 |
| 23 | \$51,598 | \$68,531 | \$85,463 | \$87,173 |
| 24 | \$54,054 | \$71,825 | \$89,596 | \$91,388 |
| 25 | \$56,631 | \$75,288 | \$93,944 | \$95,823 |
| 26 | \$59,345 | \$78,929 | \$98,513 | \$100,484 |
| 27 | \$62,168 | \$82,739 | \$103,309 | \$105,376 |
| 28 | \$64,960 | \$86,652 | \$108,343 | \$110,510 |
| 29 | \$67,890 | \$90,759 | \$113,628 | \$115,901 |
| 30 | \$70,971 | \$95,077 | \$119,183 | \$121,567 |
| 31 | \$74,206 | \$99,608 | \$125,010 | \$127,511 |
| 32 | \$77,596 | \$103,216 | \$128,836 | \$131,413 |
| 33 | \$81,161 | \$106,913 | \$132,664 | \$135,318 |
| 34 | \$84,904 | \$110,700 | \$136,495 | \$139,225 |
| 35 | \$88,837 | \$114,580 | \$140,322 | \$143,129 |
| 36 | \$92,966 | \$118,560 | \$144,153 | \$147,037 |
| 37 | \$97,296 | \$122,637 | \$147,977 | \$150,937 |
| 38 | \$101,846 | \$126,614 | \$151,381 | \$154,409 |
| 39 | \$106,622 | \$130,116 | \$153,610 | \$156,683 |
| 40 | \$111,640 | \$133,739 | \$155,837 | \$158,954 |

*A one-time 2.0 percent performance-based longevity increment is provided to employees who have received performance ratings of "exceptional" or "highly successful" for the two most recent consecutive years, are at the top of their pay grade, and have 20 years completed service.

*Note - FY2012: No GWA

No Service Increment for Non-represented General Salary Schedule employees
There is no movement to the Longevity/Performance maximum for Non-represented General Salary Schedule employees, however employees who are currently receiving a longevity performance increment will continue to receive the longevity/performance increment.

**MONTGOMERY COUNTY GOVERNMENT
MANAGEMENT LEADERSHIP SERVICE
SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>MLS LEVEL</u> | <u>MINIMUM</u> | <u>CONTROL POINT</u> | <u>MAXIMUM</u> |
|--------------|----------------------|----------------|----------------------|----------------|
| M1 | MANAGEMENT LEVEL I | \$84,407 | \$143,367 | \$149,917 |
| M2 | MANAGEMENT LEVEL II | \$73,811 | \$127,974 | \$133,992 |
| M3 | MANAGEMENT LEVEL III | \$63,411 | \$110,652 | \$115,901 |

***Note - FY2012: No GWA**

No Performance Based Pay for MLS

**MONTGOMERY COUNTY GOVERNMENT
MEDICAL DOCTORS
SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>MEDICAL JOB CLASS</u> | <u>MINIMUM</u> | <u>MID-POINT</u> | <u>MAXIMUM</u> |
|---------------------|---------------------------------|-----------------------|-------------------------|-----------------------|
| MD I | MEDICAL DOCTOR I | \$94,692 | \$119,354 | \$144,015 |
| MD II | MEDICAL DOCTOR II | \$104,160 | \$131,288 | \$158,416 |
| MD III | MEDICAL DOCTOR III | \$114,575 | \$144,416 | \$174,256 |
| MD IV | MEDICAL DOCTOR IV | \$126,033 | \$158,858 | \$191,682 |

Medical job class designation is based upon the requirements of the position

MD I - Not eligible for Board Certification

MD II - Board Eligible

MD III - Board Certified

MD IV - Board Certified in a sub-specialty

***Note: FY2012- No Service Increment for Medical Doctors
No GWA**

**MONTGOMERY COUNTY GOVERNMENT
MINIMUM WAGE / SEASONAL
SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>MINIMUM</u> | | <u>MAXIMUM</u> | |
|------------------|----------------|---------------|----------------|---------------|
| | <u>ANNUAL</u> | <u>HOURLY</u> | <u>ANNUAL</u> | <u>HOURLY</u> |
| Grade S1* | \$14,560 | \$7.0000 | \$17,943 | \$8.6264 |
| Grade S2 | \$16,322 | \$7.8471 | \$20,435 | \$9.8245 |
| Grade S3 | \$18,378 | \$8.8351 | \$23,111 | \$11.1106 |
| Grade S4 | \$20,435 | \$9.8245 | \$25,786 | \$12.3971 |
| Grade S5 | \$23,180 | \$11.1442 | \$29,352 | \$14.1111 |
| Grade S6 | \$28,666 | \$13.7817 | \$36,482 | \$17.5394 |
| Grade S7 | \$34,236 | \$16.4596 | \$43,728 | \$21.0226 |
| Grade S8 | \$39,987 | \$19.2245 | \$51,202 | \$24.6163 |

The following job classes are assigned to the Minimum Wage/Seasonal Salary Schedule:

- Conservation/Service Corps Trainee (S1)
- County Government Aide (MW) (S1)
- Recreation Assistant 1 (S1)
- Community Correctional Intern (S1)
- Library Page (S2)
- Recreation Assistant II (S2)
- Conservation Corps Assistant Crew Leader (S3)
- Public Service Guide (S3)
- Nutrition Program Aide (S3)
- Recreation Assistant III (S3)
- Recreation Assistant IV (S4)
- Recreation Assistant V (S5)
- Recreation Assistant VI (S6)
- Recreation Assistant VII (S7)
- Recreation Assistant VIII (S8)

***Note - FY2012: No Service Increment for Minimum Wage-Seasonal Salary schedule employees.**

Fed/State Minimum wage - \$7.25 per hour- unchanged from last year

***Although salary schedule has not changed for three years, employees on the minimum wage salary schedule are not to be paid less than the current minimum wage of \$7.25 per hour.**

**MONTGOMERY COUNTY GOVERNMENT
OFFICE, PROFESSIONAL & TECHNICAL BARGAINING UNIT
AND
SERVICE, LABOR & TRADES BARGAINING UNIT
SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>MINIMUM</u> | <u>MID-POINT</u> | <u>MAXIMUM</u> | <u>L1*</u> |
|--------------|----------------|------------------|----------------|------------|
| 5 | \$24,239 | \$30,842 | \$37,444 | \$38,568 |
| 6 | \$25,167 | \$32,085 | \$39,003 | \$40,174 |
| 7 | \$26,148 | \$33,410 | \$40,672 | \$41,893 |
| 8 | \$27,165 | \$34,844 | \$42,522 | \$43,798 |
| 9 | \$28,238 | \$36,353 | \$44,468 | \$45,803 |
| 10 | \$29,371 | \$37,969 | \$46,567 | \$47,965 |
| 11 | \$30,558 | \$39,658 | \$48,758 | \$50,221 |
| 12 | \$31,797 | \$41,430 | \$51,062 | \$52,594 |
| 13 | \$33,107 | \$43,295 | \$53,483 | \$55,088 |
| 14 | \$34,484 | \$45,257 | \$56,030 | \$57,711 |
| 15 | \$35,923 | \$47,308 | \$58,693 | \$60,454 |
| 16 | \$37,457 | \$49,478 | \$61,498 | \$63,343 |
| 17 | \$39,157 | \$51,799 | \$64,441 | \$66,375 |
| 18 | \$40,952 | \$54,243 | \$67,533 | \$69,559 |
| 19 | \$42,883 | \$56,828 | \$70,773 | \$72,897 |
| 20 | \$44,900 | \$59,541 | \$74,181 | \$76,407 |
| 21 | \$47,028 | \$62,392 | \$77,756 | \$80,089 |
| 22 | \$49,253 | \$65,383 | \$81,513 | \$83,959 |
| 23 | \$51,598 | \$68,531 | \$85,463 | \$88,027 |
| 24 | \$54,054 | \$71,825 | \$89,596 | \$92,284 |
| 25 | \$56,631 | \$75,288 | \$93,944 | \$96,763 |
| 26 | \$59,345 | \$78,929 | \$98,513 | \$101,469 |
| 27 | \$62,168 | \$82,739 | \$103,309 | \$106,409 |
| 28 | \$64,960 | \$86,652 | \$108,343 | \$111,594 |

*Completion of 20 years of service and at maximum for paygrade.

*Note - FY2012: No GWA

No Service Increment for OPT/SLT Bargaining Unit employees.

There is no movement to L1 for OPT/SLT Bargaining Unit employee, however employees who are currently receiving a L1 increment will continue to receive the longevity increment.



**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>RANK</u> | <u>MINIMUM</u> | <u>MAXIMUM</u> | <u>LONGEVITY*</u> |
|--------------|---------------------------|----------------|----------------|-------------------|
| D2 | DEPUTY SHERIFF LIEUTENANT | \$60,460 | \$94,571 | \$97,409 |
| D3 | DEPUTY SHERIFF CAPTAIN | \$72,553 | \$114,215 | \$117,642 |
| D4 | DEPUTY SHERIFF COLONEL | \$83,436 | \$131,762 | \$135,715 |

* Completion of 20 Years Service and At Maximum of Paygrade

* Longevity is 3% for public safety

***Note - FY2012: No GWA**

No Service Increment for Deputy Sheriff Management

There is no movement to Longevity for Deputy Sheriff Management, however, employees who are currently receiving longevity will continue to receive the longevity increment.

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>YEAR</u> | <u>STEP</u> | <u>DS I</u> | <u>DS II</u> | <u>DS III</u> | <u>SGT</u> |
|-------------|-------------|-------------|--------------|---------------|------------|
| 1 | 0 | \$43,642 | \$46,697 | \$49,966 | \$54,963 |
| 2 | 1 | \$45,170 | \$48,332 | \$51,715 | \$56,887 |
| 3 | 2 | \$46,751 | \$50,024 | \$53,526 | \$58,879 |
| 4 | 3 | \$48,388 | \$51,775 | \$55,400 | \$60,940 |
| 5 | 4 | \$50,082 | \$53,588 | \$57,339 | \$63,073 |
| 6 | 5 | \$51,835 | \$55,464 | \$59,346 | \$65,281 |
| 7 | 6 | \$53,650 | \$57,406 | \$61,424 | \$67,566 |
| 8 | 7 | \$55,528 | \$59,416 | \$63,574 | \$69,931 |
| 9 | 8 | \$57,472 | \$61,496 | \$65,800 | \$72,379 |
| 10 | 9 | \$59,484 | \$63,649 | \$68,103 | \$74,913 |
| 11 | 10 | | \$65,877 | \$70,487 | \$77,535 |
| 12 | 11 | | \$68,183 | \$72,955 | \$80,249 |
| 13 | 12 | | | \$75,509 | \$83,058 |
| 14-20 | 13 | | | \$78,152 | \$85,966 |
| 21+ | L1* | \$61,269 | \$70,229 | \$80,497 | \$88,545 |

*Completion of 20 years of service and at maximum for paygrade.

*Starting salary for Deputy Sheriff Candidate is \$43,642

***Note - Due to no GWAs or service increments paid in FY2011 and FY2012, Deputy Sheriffs may not receive the salary corresponding to the year as indicated on the salary schedule.**

- No Service Increment for Deputy Sheriffs, therefore Deputy Sheriffs will not move to the next step on their increment date during FY2012.

-There is no movement to L1 for Deputy Sheriffs, however, Deputy Sheriffs who are currently receiving L1 will continue to receive the longevity increment.

**MONTGOMERY COUNTY GOVERNMENT
FIRE/RESCUE MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>RANK</u> | <u>MINIMUM</u> | <u>MAXIMUM</u> | <u>LONGEVITY (LS1)*</u> | <u>LONGEVITY (LS2)**</u> |
|--------------|-----------------------------|----------------|----------------|-------------------------|--------------------------|
| B3 | FIRE/RESCUE BATTALION CHIEF | \$70,212 | \$116,680 | \$120,764 | \$124,848 |
| B4 | FIRE/RESCUE ASSISTANT CHIEF | \$76,675 | \$128,339 | \$132,831 | \$137,323 |
| B6 | FIRE/RESCUE DIVISION CHIEF | \$87,647 | \$145,517 | \$150,611 | \$155,704 |

LS1 * Completion of 20 years of service

LS2** **Completion of 28 years of service

***Note- FY2012: No GWA for Fire/Rescue Management**

No Service Increment for Fire/Rescue Management

There is no movement to LS1 or LS2 for Fire/Rescue Management, however employees who are currently receiving LS1 and LS2 will continue to receive the longevity increment.

**MONTGOMERY COUNTY GOVERNMENT
FIRE/RESCUE BARGAINING UNIT
SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>F1 FIRE FIGHTER RESCUER I</u> | <u>F2 FIRE FIGHTER RESCUER II</u> | <u>F3 FIRE FIGHTER RESCUER III</u> | <u>F4 MASTER FIRE FIGHTER RESCUER</u> | <u>B1 FIRE/RESCUE LIEUTENANT</u> | <u>B2 FIRE/RESCUE CAPTAIN</u> |
|--------------|--|---|--|---|--|---------------------------------------|
| A | \$41,613 | \$43,694 | \$45,879 | \$50,467 | \$55,519 | \$62,605 |
| B | \$43,070 | \$45,224 | \$47,485 | \$52,234 | \$57,463 | \$64,797 |
| C | \$44,578 | \$46,807 | \$49,147 | \$54,063 | \$59,475 | \$67,065 |
| D | \$46,139 | \$48,446 | \$50,868 | \$55,956 | \$61,557 | \$69,413 |
| E | \$47,754 | \$50,142 | \$52,649 | \$57,915 | \$63,712 | \$71,843 |
| F | \$49,426 | \$51,897 | \$54,492 | \$59,943 | \$65,942 | \$74,358 |
| G | \$51,156 | \$53,714 | \$56,400 | \$62,042 | \$68,250 | \$76,961 |
| H | \$52,947 | \$55,594 | \$58,374 | \$64,214 | \$70,639 | \$79,655 |
| I | \$54,801 | \$57,540 | \$60,418 | \$66,462 | \$73,112 | \$82,443 |
| J | \$56,720 | \$59,554 | \$62,533 | \$68,789 | \$75,671 | \$85,329 |
| K | \$58,706 | \$61,639 | \$64,722 | \$71,197 | \$78,320 | \$88,316 |
| L | \$60,761 | \$63,797 | \$66,988 | \$73,689 | \$81,062 | \$91,408 |
| M | \$62,888 | \$66,030 | \$69,333 | \$76,269 | \$83,900 | \$94,608 |
| N | \$65,090 | \$68,342 | \$71,760 | \$78,939 | \$86,837 | \$97,920 |
| O | \$67,369 | \$70,734 | \$74,272 | \$81,702 | \$89,877 | \$101,348 |
| LS1* | \$69,727 | \$73,210 | \$76,872 | \$84,562 | \$93,023 | \$104,896 |
| LS2** | \$72,085 | \$75,686 | \$79,472 | \$87,422 | \$96,169 | \$108,443 |

* Completion of 20 years of service.

** Completion of 28 years of service.

***Note - FY2012: No GWA for Fire/Rescue Bargaining Unit**

No Service Increment for Fire/Rescue Bargaining unit, therefore employees will not move to the next grade on their increment date during FY2012. There is no movement to LS1 or LS2 for Fire/Rescue Bargaining Unit, however employees who are currently receiving LS1 and LS2 will continue to receive the longevity increment.

**POLICE MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>RANK</u> | <u>MINIMUM</u> | <u>MAXIMUM</u> | <u>LONGEVITY*</u> |
|--------------|-------------------|----------------|----------------|-------------------|
| A2 | POLICE LIEUTENANT | \$74,352 | \$111,992 | \$115,912 |
| A3 | POLICE CAPTAIN | \$84,677 | \$127,934 | \$132,412 |

* Completion of 20 Years of Service
Longevity is 3.5% for Public Safety

***Note - FY2012: No GWA**

**No Service Increment for Police Management
There is no movement to Longevity for Public Safety Management,
however employees who are currently receiving longevity will continue
to receive the longevity increment.**

**MONTGOMERY COUNTY GOVERNMENT
POLICE BARGAINING UNIT
UNIFORM SALARY SCHEDULE**

**FISCAL YEAR 2012
EFFECTIVE JULY 3, 2011**

| <u>STEP</u> | <u>YEAR</u> | <u>PO I</u> | <u>PO II</u> | <u>PO III</u> | <u>MPO</u> | <u>SGT</u> |
|-------------|-------------|-------------|--------------|---------------|------------|------------|
| 0 | 1 | \$46,972 | \$49,321 | \$51,788 | \$54,378 | \$59,816 |
| 1 | 2 | \$48,617 | \$51,048 | \$53,601 | \$56,282 | \$61,910 |
| 2 | 3 | \$50,319 | \$52,835 | \$55,478 | \$58,252 | \$64,077 |
| 3 | 4 | \$52,081 | \$54,685 | \$57,420 | \$60,291 | \$66,320 |
| 4 | 5 | \$53,904 | \$56,599 | \$59,430 | \$62,402 | \$68,642 |
| 5 | 6 | \$55,791 | \$58,580 | \$61,511 | \$64,587 | \$71,045 |
| 6 | 7 | \$57,744 | \$60,631 | \$63,664 | \$66,848 | \$73,532 |
| 7 | 8 | \$59,766 | \$62,754 | \$65,893 | \$69,188 | \$76,106 |
| 8 | 9 | \$61,858 | \$64,951 | \$68,200 | \$71,610 | \$78,770 |
| 9 | 10 | \$64,024 | \$67,225 | \$70,587 | \$74,117 | \$81,527 |
| 10 | 11 | \$66,265 | \$69,578 | \$73,058 | \$76,712 | \$84,381 |
| 11 | 12 | \$68,585 | \$72,014 | \$75,616 | \$79,397 | \$87,335 |
| 12 | 13 | \$70,986 | \$74,535 | \$78,263 | \$82,176 | \$90,392 |
| 13 | 14 | \$73,471 | \$77,144 | \$81,003 | \$85,053 | \$93,556 |
| 14 | 15 | \$76,043 | \$79,845 | \$83,839 | \$88,030 | \$96,831 |
| L1* | 21+ | \$78,705 | \$82,640 | \$86,774 | \$91,112 | \$100,221 |

* Starting salary for Police Officer Candidate is \$46,972

* Completion of 20 years of service.

* **Note - Due to no GWAs or service increments paid in FY2011 and FY2012, Police Officers may not receive the salary corresponding to the year as indicated on the salary schedule.**

- No Service Increment for Police Officers, therefore Police Officers will not move to the next step on their increment date during FY2012.

-There is no movement to L1 for Police Officers, however, Police Officers who are currently receiving L1 will continue to receive the longevity increment.

**MONTGOMERY COUNTY GOVERNMENT
UNIFORMED CORRECTIONAL MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>GRADE</u> | <u>RANK</u> | <u>MINIMUM</u> | <u>MAXIMUM</u> | <u>LONGEVITY*</u> |
|--------------|-----------------------------------|----------------|----------------|-------------------|
| C1 | CORRECTIONAL SHIFT COMMANDER (LT) | \$56,914 | \$92,136 | \$94,901 |
| C2 | CORRECTIONAL TEAM LEADER (CAPT) | \$62,606 | \$101,350 | \$104,391 |

* Completion of 20 Years Service and At Maximum of Paygrade

***Note - FY2012: No GWA**

No Service Increment for Uniform Correctional Management

**There is no movement to Longevity for Uniform Correctional Management,
however, employees who are currently receiving longevity will continue to receive
the longevity increment.**

**MONTGOMERY COUNTY GOVERNMENT
CORRECTIONAL OFFICER
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2012

EFFECTIVE JULY 3, 2011

| <u>STEP</u> | <u>YEAR</u> | <u>CO I</u> | <u>CO II</u> | <u>CO III</u> | <u>SGT</u> |
|-------------|-------------|-------------|--------------|---------------|------------|
| 1 | 0 | \$40,538 | \$42,565 | \$46,822 | \$51,739 |
| 2 | 1 | \$41,957 | \$44,055 | \$48,461 | \$53,550 |
| 3 | 2 | \$43,426 | \$45,597 | \$50,158 | \$55,425 |
| 4 | 3 | \$44,946 | \$47,193 | \$51,914 | \$57,365 |
| 5 | 4 | \$46,520 | \$48,845 | \$53,731 | \$59,373 |
| 6 | 5 | \$48,149 | \$50,555 | \$55,612 | \$61,452 |
| 7 | 6 | \$49,835 | \$52,325 | \$57,559 | \$63,603 |
| 8 | 7 | \$51,580 | \$54,157 | \$59,574 | \$65,830 |
| 9 | 8 | \$53,386 | \$56,053 | \$61,660 | \$68,135 |
| 10 | 9 | \$55,255 | \$58,015 | \$63,819 | \$70,520 |
| 11 | 10 | \$57,189 | \$60,046 | \$66,053 | \$72,989 |
| 12 | 11 | \$59,191 | \$62,148 | \$68,365 | \$75,544 |
| 13 | 12 | | \$64,324 | \$70,758 | \$78,189 |
| 14 | 13 | | | | \$80,926 |
| 15 | 14-20 | | | | \$83,759 |
| L1* | 21+ | \$60,967 | \$66,254 | \$72,881 | \$86,272 |

* Completion of 20 years of service and at maximum for paygrade.

* Starting salary for Correctional Officer 1 (Private) is \$40,538

***Note - Due to no GWAs or service increments paid in FY2011 and FY2012, Correctional Officers may not receive the salary corresponding to the year as indicated on the salary schedule.**

- No Service Increment for Uniform Correctional Officers, therefore Correctional Officers will not move to the next step on their increment date during FY2012.

-There is no movement to L1 for Uniform Correctional Officers, however, Correctional Officers who are currently receiving L1 will continue to receive the longevity increment.

Compensation and Employee Benefits Adjustments

This NDA contains a General Fund appropriation only, and provides funding for certain personnel costs related to adjustments in employee and retiree benefits, pay-for-performance awards for employees in the Management Leadership Service and non-represented employees, deferred compensation management, and unemployment insurance.

Non-Qualified Retirement Plan: This provides funding for that portion of a retiree's benefit payment that exceeds the Internal Revenue Code's §415 limits on payments from a qualified retirement plan. Payment of these benefits from the County's Employees' Retirement System (ERS) would jeopardize the qualified nature of the County's ERS. The amount in this NDA will vary based on future changes in the Consumer Price Index (CPI) affecting benefit payments, new retirees with a non-qualified level of benefits, and changes in Federal law governing the level of qualified benefits.

Deferred Compensation Management: These costs are for management expenses required for administration of the County's Deferred Compensation program. Management expenses include legal and consulting fees, office supplies, printing and postage, and County staff support.

Management Leadership Service Performance-Based Pay Awards: In FY99, the County implemented the Management Leadership Service (MLS) which includes high level County employees with responsibility for developing and implementing policy and managing County programs and services. The MLS was formed for a number of reasons, including improving the quality and effectiveness of service delivery through management training, performance accountability, and appropriate compensation; providing organizational flexibility to respond to organizational needs; allowing managers to seek new challenges; and developing and encouraging a government-wide perspective among the County's managers. MLS employees are not eligible for service increments. Performance-Based awards for MLS employees are not funded in FY12.

Unemployment Insurance: The County is self-insured for unemployment claims resulting from separations of service. Unemployment insurance is managed by the Office of Human Resources through a third party administrator who advises the County and monitors claims experience.

| FY12 Recommended Changes | Expenditures | WYs |
|--|---------------------|------------|
| FY11 Approved | 1,728,780 | 1.6 |
| Shift: Group Insurance Adjustment - Countywide Vision Insurance Program | 322,530 | 0.0 |
| Increase Cost: Annualization of FY11 Personnel Costs | 5,820 | 0.0 |
| Increase Cost: Restore Personnel Costs - Furloughs | 2,440 | 0.0 |
| Increase Cost: Help Desk - Desk Side Support | 170 | 0.0 |
| Increase Cost: Printing and Mail Adjustment | 80 | 0.0 |
| Decrease Cost: Retirement Adjustment | -5,820 | 0.0 |
| Decrease Cost: Group Insurance Adjustment | -7,560 | 0.0 |
| Shift: Human Resources Specialist in the Performance Management Program Transferred to the Office of Human Resources | -95,840 | -1.0 |
| Decrease Cost: Elimination of One-Time Items Approved in FY11 | -919,750 | 0.0 |
| FY12 CE Recommended | 1,030,850 | 0.6 |

Group Insurance for Retirees

Group insurance is provided to an estimated 4,464 retired County employees and survivors, as well as retirees of participating outside agencies. Employees hired before January 1, 1987, are eligible upon retirement to pay 20 percent of the premium for health and life insurance for the same number of years (after retirement) that they were eligible to participate in the group insurance plan as an active employee. The County government pays the remaining 80 percent of the premium. Thereafter, these retirees pay 100 percent of the premium. Employees hired before January 1, 1987, are also offered the option at retirement to convert from the 20/80 arrangement to a lifetime cost sharing option.

Employees hired after January 1, 1987, are eligible upon retirement for a lifetime cost sharing option under which the County pays 70 percent of the premium and the retiree pays 30 percent of the premium for life for retirees who were eligible to participate in the County group insurance plan for 15 or more years as active employees. Minimum participation eligibility of five years as an active employee is necessary to be eligible for the lifetime plan. The County will pay 50 percent of the premium for retirees with five years of participation as an active employee. The County contribution to the payment of the premium increases by two percent for each additional year of participation up to the 70 percent maximum.

On March 5, 2002, the County Council approved a one-time opportunity for retirees still under the 20/80 arrangement with an expiration date to elect the lifetime cost sharing arrangement. The new percentage paid by the County for those electing this arrangement ranges from 50 percent to 68 percent, depending upon years of active eligibility under the plan and years since retirement. The cost sharing election process has been completed.

The budget does not include employer contributions from participating outside agencies.

| FY12 Recommended Changes | Expenditures | WYs |
|---|---------------------|------------|
| FY11 Approved | 31,096,730 | 0.0 |
| Increase Cost: Group Insurance Adjustment | 1,365,720 | 0.0 |
| FY12 CE Recommended | 32,462,450 | 0.0 |

Judges Retirement Contributions

This NDA provides pensions for retired Judges who were on the bench prior to 1968 in the Circuit Court and the People's Court (District Court) of Montgomery County and for their surviving spouses.

The Circuit Court pension is calculated as one percent of the net supplement paid by the County to the salaries of the Circuit Court Judges as of May 31, 1968, multiplied by the number of years of active service as a Judge (up to a maximum of 20 years). The surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Section 12-10 of the Montgomery County Code.

The People's Court (District Court) pension is based on the current salary of a District Court Judge. A retired Judge receives 60 percent of the current salary of a District Court Judge, while a surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Article 73B, Section 63(b) of the Annotated Code of Maryland. This NDA may be increased to include a cost of living adjustment at a rate equal to that approved for District Court Judges by the General Assembly. If a cost of living adjustment is approved next fiscal year, the NDA will be adjusted as necessary by a year-end transfer.

| FY12 Recommended Changes | Expenditures | WYs |
|---|---------------------|------------|
| FY11 Approved | 3,500 | 0.0 |
| Decrease Cost: Adjust to Reflect Actual Expenditure Trend | -500 | 0.0 |
| FY12 CE Recommended | 3,000 | 0.0 |

Retiree Health Benefits Trust

Retiree Health Benefits Trust: Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to what we have been doing for retiree pension benefits for more than 50 years. The reasons for doing this are simple: due to exponential growth in expected retiree health costs, the cost of funding these benefits, which are currently paid out as the bills come due, may soon become unaffordable. Setting aside money now and investing it in a Trust Fund, which will be invested in a similar manner as the pension fund, not only is a prudent and responsible approach, but will result in significant savings over the long term.

As a first step in addressing the future costs of retiree health benefits, County agencies developed current estimates of the costs of health benefits for current and future retirees. These estimates, made by actuarial consultants, concluded that the County's total future cost of retiree health benefits if paid out today, and in today's dollars, is \$3.6 billion – more than half the total FY12 budget for all agencies.

One approach used to address retiree health benefits funding is to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefits. This amount, known as an Annual Required Contribution or "ARC", was calculated for County agencies last year to be \$255 million, or approximately \$212 million more than the previous annual payment for current retirees.

For FY12, the ARC has been recalculated and is now estimated at \$328 million. This amount consists of two pieces – the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated as needed to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

The County has adopted an approach of "ramping up" to the ARC amount over several years, with the amount set aside each year increasing steadily until the full ARC is reached. A total of \$31.9 million for all tax supported agencies was budgeted for this

purpose in FY08. In May 2008, the County Council passed resolution No. 16-555 which confirmed an eight-year phase-in approach to the ARC. Consistent with this approach and based on the County's economic situation, the County contributed \$14 million to the Trust in FY08, \$19.7 million in FY09, \$3.3 million in FY10, and \$7.3 million in FY11. Due to fiscal constraints, the County did not budget a contribution for the General Fund in FY10 and FY11. For FY12, the County is resuming contributions from the General Fund to the Retiree Health Benefits Trust in the amount of \$26 million.

| FY12 Recommended Changes | Expenditures | WYs |
|---|---------------------|------------|
| FY11 Approved | 0 | 0.0 |
| Increase Cost: Retiree Health Insurance Pre-Funding | 26,075,000 | 0.0 |
| FY12 CE Recommended | 26,075,000 | 0.0 |

State Positions Supplement

This NDA provides for the County supplement to State salaries and fringe benefits for secretarial assistance for the resident judges of the Maryland Appellate Court and for certain employees in the Office of Child Care Licensing and Regulation in the Maryland State Department of Human Resources.

| FY12 Recommended Changes | Expenditures | WYs |
|--|---------------------|------------|
| FY11 Approved | 133,150 | 0.0 |
| Increase Cost: Restore Personnel Costs - Furloughs | 5,240 | 0.0 |
| Increase Cost: Group Insurance Adjustment | 2,470 | 0.0 |
| Increase Cost: Retirement Adjustment | 1,410 | 0.0 |
| Decrease Cost: Annualization of FY11 Personnel Costs | -65,000 | 0.0 |
| FY12 CE Recommended | 77,270 | 0.0 |

State Retirement Contribution

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the State Retirement System until 1965.) The County contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.
- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

| FY12 Recommended Changes | Expenditures | WYs |
|--|---------------------|------------|
| FY11 Approved | 1,030,360 | 0.0 |
| Increase Cost: Amortized amount owed to the State Retirement based on actuarial cost to the plan | 51,330 | 0.0 |
| FY12 CE Recommended | 1,081,690 | 0.0 |

Compensation NDA Components

| <u>Tax Supported</u> | FY 11 | | | FY 12 | | | FY 11-12 |
|--|------------------|----------------|------------------|----------------|----------------|------------------|------------------|
| | <u>PC</u> | <u>OE</u> | <u>Total</u> | <u>PC</u> | <u>OE</u> | <u>Total</u> | <u>Change</u> |
| Unemployment Insurance | | 510,000 | 510,000 | | 513,770 | 513,770 | 3,770 |
| Non-qualified Retirement | | 20,200 | 20,200 | | 20,200 | 20,200 | - |
| Deferred Compensation Mgt | 71,810 | 35,510 | 107,320 | 77,340 | 22,010 | 99,350 | (7,970) |
| Collective Bargaining Actuarial Services | | 75,000 | 75,000 | | 75,000 | 75,000 | - |
| MLS Pay for Performance | - | - | - | - | - | - | - |
| Performance Management Program | 96,510 | - | 96,510 | - | - | - | (96,510) |
| Nonrep Pay for Performance | - | - | - | - | - | - | - |
| One-time RSP/GRIP Imputed Comp. Contrib. | 919,750 | - | 919,750 | - | - | - | (919,750) |
| Countywide Vision Insurance | | | | 322,530 | | | - |
| Subtotal | 1,088,070 | 640,710 | 1,728,780 | 399,870 | 630,980 | 1,030,850 | (697,930) |

(5)



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

MEMORANDUM

April 15, 2011

TO: Isiah Leggett, County Executive
FROM: Valerie Ervin, Council President
SUBJECT: FY12 Budget Resolution – Group Insurance Rates and Plan Changes

On March 21 you transmitted a proposed resolution to implement changes to County Government's group insurance benefit rates and plan features, as outlined in your March 15 recommended operating budget for FY12. The Council appreciates the efforts that you and your staff have made to craft a budget in these difficult fiscal times for our County. We agree that the FY12 budget must include structural changes, and we will assess those you recommended and other options as well.

One issue of concern is your proposal to implement the group insurance changes on July 1, 2011. The Council will not complete action on the FY12 budget until late May, but the open season for the proposed July 1 group insurance year would have to begin in about two weeks. As a matter of fairness, our employees should have maximum lead time to fully evaluate their options under whatever changes in group insurance the Council approves. Moreover, employees could find it difficult to meet their current year plan requirements, such as deductibles and flexible spending account limits, by June 30. The Council will therefore be setting a later start date in its final action next month.

In your budget message you called on the governing boards of the other County-funded agencies to support a similar approach to benefits in FY12. The Council is strongly committed to the principle of equitable treatment of the employees of all agencies, and we will be working with the agencies' governing boards to achieve it.

The Council looks forward to working with you and your staff in the weeks ahead as we do our best to provide equity among our employees, protect essential services, and treat our taxpayers fairly.

c: Councilmembers

EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND

33

| FY12-17 FISCAL PROJECTION | | | | | | | | |
|--|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Budget - FY11 | Estimate - FY11 | Projected - FY12 | Projected - FY13 | Projected - FY14 | Projected - FY15 | Projected - FY16 | Projected - FY17 |
| BEGINNING BALANCE | 8,042,160 | 8,667,790 | 10,662,880 | 9,502,310 | 10,535,690 | 11,574,450 | 12,714,300 | 13,963,310 |
| REVENUES | | | | | | | | |
| Premium Contributions | 155,398,190 | 146,142,040 | 157,906,240 | 172,811,790 | 189,603,660 | 208,134,070 | 228,428,660 | 250,823,870 |
| Premium Contributions: Retiree Insurance NDA | 31,096,730 | 31,096,730 | 32,462,450 | 38,840,570 | 42,692,530 | 46,942,090 | 51,597,770 | 56,738,390 |
| Investment Income | 141,710 | 12,280 | 38,320 | 94,820 | 231,490 | 349,640 | 488,720 | 613,600 |
| TOTAL REVENUES | 186,636,630 | 177,251,050 | 190,407,010 | 211,747,180 | 232,527,680 | 255,425,800 | 280,515,150 | 308,175,860 |
| FUND TRANSFER TO THE GENERAL FUND | | | | | | | | |
| TOTAL FUNDS AVAILABLE | 194,678,790 | 185,918,840 | 201,069,890 | 221,249,490 | 243,063,370 | 267,000,250 | 293,229,450 | 322,139,170 |
| EXPENDITURES | | | | | | | | |
| Claims, Premiums, & Carrier Administration | 185,379,350 | 173,349,650 | 189,521,590 | 208,565,510 | 229,233,220 | 251,917,460 | 276,779,230 | 304,187,950 |
| Actives | 124,890,740 | 113,678,780 | 124,050,110 | 136,436,720 | 149,878,150 | 164,614,510 | 180,751,150 | 198,540,210 |
| Retirees | 60,488,610 | 59,670,870 | 65,471,480 | 72,128,790 | 79,355,070 | 87,302,950 | 96,028,080 | 105,647,740 |
| In-house expenses | 2,010,460 | 1,906,310 | 2,045,990 | 2,148,290 | 2,255,700 | 2,368,490 | 2,486,910 | 2,611,260 |
| TOTAL EXPENDITURES | 187,389,810 | 175,255,960 | 191,567,580 | 210,713,800 | 231,488,920 | 254,285,950 | 279,266,140 | 306,799,210 |
| ENDING BALANCE | 7,288,980 | 10,662,880 | 9,502,310 | 10,535,690 | 11,574,450 | 12,714,300 | 13,963,310 | 15,339,960 |
| TARGET FUND BALANCE (5% OF EXPENDITURES) | 9,369,490 | 8,762,800 | 9,578,380 | 10,535,690 | 11,574,450 | 12,714,300 | 13,963,310 | 15,339,960 |
| ENDING BALANCE AS % OF EXPENDITURES | 3.9% | 6.1% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |

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BUDGET SUMMARY

| | Actual FY10 | Budget FY11 | Estimated FY11 | Recommended FY12 | % Chg Bud/Rec |
|---|--------------------|--------------------|--------------------|---------------------|------------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 4,035,175 | 3,230,420 | 3,247,940 | 3,232,310 | 0.1% |
| Employee Benefits | 1,201,668 | 862,760 | 899,720 | 814,130 | -5.6% |
| County General Fund Personnel Costs | 5,236,843 | 4,093,180 | 4,147,660 | 4,046,440 | -1.1% |
| Operating Expenses | 2,155,315 | 1,989,620 | 1,874,310 | 1,850,100 | -7.0% |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| County General Fund Expenditures | 7,392,158 | 6,082,800 | 6,021,970 | 5,896,540 | -3.1% |
| PERSONNEL | | | | | |
| Full-Time | 80 | 74 | 74 | 70 | -5.4% |
| Part-Time | 6 | 6 | 6 | 6 | — |
| Workyears | 45.6 | 35.7 | 35.7 | 36.4 | 2.0% |
| REVENUES | | | | | |
| Federal Financial Participation (FFP) | 500 | 0 | 0 | 0 | — |
| County General Fund Revenues | 500 | 0 | 0 | 0 | — |
| EMPLOYEE HEALTH BENEFIT SELF INSURANCE FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 707,511 | 949,630 | 949,600 | 1,058,450 | 11.5% |
| Employee Benefits | 225,784 | 290,340 | 210,570 | 254,700 | -12.3% |
| Employee Health Benefit Self Insurance Fund Pers. Costs | 933,295 | 1,239,970 | 1,160,170 | 1,313,150 | 5.9% |
| Operating Expenses | 117,416,520 | 186,149,840 | 174,095,790 | 191,290,710 | 2.8% |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| Employee Health Benefit Self Insurance Fund Exp. | 118,349,815 | 187,389,810 | 175,255,960 | 192,603,860 | 2.8% |
| PERSONNEL | | | | | |
| Full-Time | 0 | 0 | 0 | 0 | — |
| Part-Time | 0 | 0 | 0 | 0 | — |
| Workyears | 11.8 | 11.5 | 11.5 | 12.7 | 10.4% |
| REVENUES | | | | | |
| Self Insurance Employee Health Income | 166,399,923 | 186,494,920 | 177,238,770 | 191,358,920 | 2.6% |
| Investment Income | 48,130 | 141,710 | 12,280 | 38,530 | -72.8% |
| Employee Health Benefit Self Insurance Fund Revenues | 66,448,053 | 186,636,630 | 177,251,050 | 191,397,450 | 2.6% |
| DEPARTMENT TOTALS | | | | | |
| Total Expenditures | 125,741,973 | 193,472,610 | 181,277,930 | 198,500,400 | 2.6% |
| Total Full-Time Positions | 80 | 74 | 74 | 70 | -5.4% |
| Total Part-Time Positions | 6 | 6 | 6 | 6 | — |
| Total Workyears | 57.4 | 47.2 | 47.2 | 49.1 | 4.0% |
| Total Revenues | 166,448,553 | 186,636,630 | 177,251,050 | 191,397,450 | 2.6% |
| EMPLOYEE HEALTH BENEFIT SELF INSURANCE FUND | | | | | |
| FY11 ORIGINAL APPROPRIATION | | | | 187,389,810 | 11.5 |
| Other Adjustments (with no service impacts) | | | | | |
| Increase Cost: Increase in Anticipated Claims, Carrier Administration, and In-house Administration Costs [Benefits and Information Management] | | | | 5,178,520 | 0.0 |
| Technical Adj: Net Personnel Funding Shifts into Health Fund and Other Miscellaneous Changes | | | | 48,340 | 0.8 |
| Increase Cost: Restore Personnel Costs - Furloughs [Benefits and Information Management] | | | | 19,580 | 0.4 |
| Decrease Cost: Retirement Adjustment | | | | -12,100 | 0.0 |
| Decrease Cost: Group Insurance Adjustment | | | | -20,290 | 0.0 |
| FY12 RECOMMENDED: | | | | 192,603,860 | 12.7 |

INTRODUCTION

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Councilmember Leventhal, Councilmember Elrich, Council President Ervin, and
Councilmember Navarro

SUBJECT: Task Force on Employee Wellness and Consolidation of Agency Group Insurance Programs

Background

1. The Council has historically provided strong support for the employee group insurance programs of the five County and bi-County agencies: Montgomery County Government, Montgomery County Public Schools, Montgomery College, the Maryland-National Capital Park and Planning Commission, and the Washington Suburban Sanitary Commission. The Council has also encouraged multiple measures to reduce costs. The Council recognizes that for the two bi-County agencies, M-NCPPC and WSSC, coordination with Prince George's County is required.
2. On December 9, 2003 the Council adopted Resolution No. 15-454, Policy Guidance for Agency Group Insurance Programs. The resolution endorsed a series of cost-reduction proposals made by the Council's 2003 Task Force on Health Benefit Improvements and by the Council's actuarial consultant, Bolton Partners. The agencies have followed through in several areas. For example, to achieve economies of scale, the agencies have jointly bid components of their group insurance programs. For new contracts that took effect on January 1, 2011, all five agencies jointly bid their medical, dental, vision, and life insurance programs.
3. Efforts to further contain increases in group insurance costs must remain a high priority. The combined FY11 group insurance budgets for all agencies (excluding WSSC) total \$393.6 million, \$314.6 million for active employees and \$79.0 million for retired employees. (Funding for retired employees is the annual pay-as-you-go amount only and does not include the much larger cost of pre-funding these benefits.) These costs are projected to continue to rise significantly in future years. The County Executive's FY12 Recommended Operating Budget projects that costs could increase an average of 10 percent annually through FY17.
4. The Cross-Agency Resource-Sharing (CARS) Committee, established in 2010, included employee benefits in its review of potential cost savings. Three components under review by a CARS subcommittee address consolidation and streamlining of agency group insurance programs:
 - Consolidate agency employee benefit plan offerings under fewer vendors;
 - Consolidate the offerings under one administrative unit; and
 - Consolidate the offerings under a uniform plan design.

5. The CARS subcommittee estimates that the potential annual savings from the first component is \$2-4 million, depending on the degree of consolidation. The second and third components have the potential for additional savings, also depending on how they are constructed and implemented. One example of current agency consolidation is the Montgomery County Self-Insurance Program, which is administered by the Finance Department. The program provides comprehensive property and casualty insurance for the County and participating agencies and is funded through actuarially determined contributions they provide.
6. The Council strives to improve the health of all residents of Montgomery County and believes that health care plans should not just focus on how an employee's health care costs are paid for but how our health plans and programs can be used to improve the health and well-being of our employees. In addition, experts have told the Council that the cost of providing health care can also be reduced by increasing employee wellness, which will decrease the dollars needed for treatment and medications.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

Access to affordable health care for all employees and all residents of Montgomery County is a primary goal of the Council.

The Council will begin to work immediately to identify as much cost containment in employee health coverage as possible.

A Task Force on Employee Wellness and Consolidation of Agency Group Insurance Programs is established by the Council.

1. Members of the Task Force will include, but are not limited to, representatives from County Government's Office of Human Resources and Department of Health and Human Services, Montgomery County Public Schools, Montgomery College, M-NCPPC, WSSC, and bargaining unit representatives from the County and bi-County agencies. The Council will also seek members who are public health experts and representatives from County businesses with employee wellness programs. The Council will appoint a Chair and Vice Chair.
2. The Task Force will submit its report to the Council not later than December 15, 2011. The report should include:
 - a. A review of employee wellness programs currently in place in County and bi-County agencies.
 - b. Information on models of employee wellness programs in both the public and private sector, including the success and outcomes of programs and whether there is evidence that health care costs have been reduced over time.

- c. Recommendations for establishment of or improvements to employee wellness programs in the County and bi-County agencies. These recommendations should be developed in a framework that minimizes administration and the number of vendors that might be required.
- d. A comparison of the major provisions/benefits of the health plans currently offered to employees and retirees and an analysis of why costs may vary.
- e. Recommendations on how to streamline and reduce the current cost of administration, including how to:
 - Consolidate agency employee benefit plan offerings under fewer vendors;
 - Consolidate the offerings under one administrative unit; and
 - Consolidate the offerings under a uniform plan design.

In order to best use the time and expertise of Task Force members, the Task Force may be organized into committees to focus separately on the issues of: (1) employee wellness and disease prevention programs, and, (2) consolidation of plan design and administration.

The Council acknowledges that employee benefits are subject to bargaining for each bargaining unit.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

County Awards Summary (FY2011)

Run Date: 03/30/2011

| Department | Annual Leave (hrs) | Award Amount | | | | | | | Recruitment AL (hrs) | SL Bonus (hrs) | PTT (hrs) |
|---------------------------------------|--------------------|----------------|--------------|--------------|------------------|-----------------|----------------|------------------|----------------------|----------------|------------|
| | | Emp. of Year | Recognition | | ASE | | Recruitment | Total | | | |
| | | | Cash | Non-Cash | Exam | Master | | | | | |
| 01 - County Council | 1,736 | | | | | | | | | | |
| 03 - Legislative Oversight | 66 | | | | | | | | | | |
| 05 - Zoning & Administrative Hearings | 20 | | | | | | | | | | |
| 19 - Ethics Commission | 40 | | | | | | | | | | |
| 30 - County Attorney | 24 | | \$300 | | | | | \$300 | | | |
| 32 - Finance | | \$1,100 | | | | | | \$1,100 | | | |
| 36 - General Services | 300 | | \$300 | | \$92,200 | \$85,000 | | \$177,500 | | | |
| 42 - Correction & Rehabilitation | | | | | | | \$3,000 | \$3,000 | | | |
| 45 - Fire/Rescue Services | | | | | \$10,100 | \$11,000 | | \$21,100 | | | |
| 47 - Police | 1,096 | | | | | | | | 40 | | |
| 48 - Sheriff | 72 | | | | | | | | | 384 | |
| 50 - Transportation | 1,315 | \$7,500 | | | | | | \$7,500 | | | |
| 60 - Health & Human Services | 660 | \$750 | | | | | | \$750 | | | |
| 70 - Community Use Public Facilities | 40 | | | \$100 | | | | \$100 | | | |
| 85 - Liquor Control | | \$150 | | | | | | \$150 | | | |
| 99 - Investment Trustees | 80 | | | | | | | | | | |
| Total | 5,449 | \$9,500 | \$600 | \$100 | \$102,300 | \$96,000 | \$3,000 | \$211,500 | 40 | 648 | 384 |

WSSC COMPENSATION IN FY12

Prepared by Keith Levchenko, Senior Legislative Analyst

“Salaries and Wages” costs within the Operating Budget are estimated to increase by 3.5%. This is mostly due to a substantial increase in workyears assumed in the Proposed Operating Budget.

For FY12 WSSC is allocating \$772,579 in cost of living adjustments (COLA) and merit pay (also known as step increases or increments) for its represented employees only (about ¼ of its workforce). This would be the first COLA in three years for any WSSC employees. For FY11 merit pay was cut for all non-represented employees. This approach is followed again for FY12.

In recent years WSSC has utilized COLAs, merits, and other compensation strategies for various employee categories. The following chart presents these items and what has been funded in FY11 and requested for funding in FY12.

**Table 6:
Compensation Adjustments for FY11 Approved and FY12 (Proposed)***

| Type | FY11 | FY12 | Eligibility |
|--------------------------|----------------|------------------|--|
| Salary Adjustments | - | 691,924 | No COLA in FY11, 2% COLA for represented employees only (432) assumed for FY12 |
| Merit Increases | 47,103 | 80,655 | Merits for represented employees only not at top of grade for FY11 and FY12 (58) |
| Incentive Pay** | | - | No incentive pay in FY11 or assumed for FY12 (444 employees eligible in FY09) |
| Flexible Worker (FW) Pay | 578,192 | 470,200 | 105 employees eligible (increases based on skill assessments) |
| IT Bonus (contract) | | | No IT bonuses in FY11 or FY12 |
| Total | 625,295 | 1,242,779 | |

*Costs shown are total costs (oper & capital) with salary & wages w/o FICA. The rate-supported COLA and Merit increase totals are \$564,610 and \$65,814 respectively.

**Note: Incentive pay is "one-time" and does not change the base salary.

Incentive pay, which had previously been in place for customer care and production team employees, is also gone again for the third straight year. IT bonus pay is also zeroed out, as in FY11.

For FY12 the only other pay increase category funded is flexible worker pay (which is actually down from FY11 by 19% or \$108,000). This item was put in place a number of years ago as part of WSSC’s Competitive Action Program (CAP) initiative and is unique to WSSC. It provides increases to base pay for certain employees who achieve specific new skill certifications (thereby providing WSSC with more operations and maintenance flexibility).

WSSC’s personnel costs (and increases) are a small part of WSSC’s budget. The ratepayer impact of the COLA and merit increases is 0.14% (out of the 8.5 % proposed rate increase). Also, since WSSC’s budget is funded by ratepayers rather than by tax dollars, WSSC’s compensation increases do not directly compete for the same tax supported funding that covers other County agency employees.

However, both the Executive and the Council have expressed support for the concept of the equitable treatment of employees across agencies, especially in the context of annual pay increases. The Executive has recommended no pay increases for County Government employees for FY12 and additionally has recommended revising the cost sharing formulas for employee health and retirement benefits that will result in significant reductions in employee take-home pay. In this context, the Executive has recommended the elimination of WSSC’s proposed FY12 COLA for its represented employees, although he is silent on the issue of merit increases.

Council staff concurs with the Executive’s recommendation that the FY12 COLA be eliminated and recommends that the FY12 proposed merit increases should also be eliminated. Council staff concurs with the Executive’s recommendation to maintain the 8.5 percent rate increase and allow the compensation savings to be available for other WSSC spending needs within the “All-Other” category.