

MEMORANDUM

TO: County Council

FROM: Robert H. Drummer, Legislative Attorney
MF Michael Faden, Senior Legislative Attorney 

SUBJECT: **Introduction:** Expedited Bill 6-08, Personnel – Retirement – Group I

Expedited Bill 6-08, Personnel – Retirement – Amendments, sponsored by the Council President at the request of the County Executive, is scheduled to be introduced on April 8. A public hearing is tentatively scheduled for April 29 at 1:30 p.m.

Bill 6-08 would implement the retirement plan amendments negotiated by the Executive and the Municipal & County Government Employees Organization/United Food and Commercial Workers Union Local 1994 pursuant to the “reopener” for the second year of the current Agreement. The Bill would require the County to make employee contributions for an employee who leaves employment for certain military leave. It would also add certain public members and representatives of certain employee organizations to the membership of the Board of Investment Trustees. Finally, the Bill would increase the percent of employee and employer contributions to the Retirement Savings Plan for Group I members and generally amend the County retirement law.

<u>This packet contains:</u>	<u>Circle #</u>
Expedited Bill 6-08	1
Legislative Request Report	10
Memo from County Executive	11

Expedited Bill No. 6-08
Concerning: Personnel – Retirement –
Amendments
Revised: 4/2/08 Draft No. 2
Introduced: April 8, 2008
Expires: October 8, 2009
Enacted: _____
Executive: _____
Effective: July 1, 2008
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) require the County to make employee contributions for an employee who leaves employment for certain military leave;
- (2) revise the membership of the Board of Investment Trustees by adding certain public members and representatives of certain employee organizations;
- (3) increase the percent of certain contributions to the Retirement Savings Plan for Group I members; and
- (4) generally amend the County retirement law.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-21, 33-35, 33-41, 33-59, 33-116, 33-117, and 33-119

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act

27 interest must receive service credit for periods of active military
28 service if the member:

29 (A) does not remain in the military service for more than 5
30 years, not including any military service described in
31 Section 4312(c) of Title 38 of the United States Code;
32 and

33 (B) reports for County service or applies for reemployment
34 and submits proof of military service:

35 (i) within [90 days] one year after completing the
36 military service and without any other employment
37 after discharge from the military service; or

38 (ii) within 2 years after completing the military
39 service, if the member was hospitalized or
40 convalescing from an illness or injury incurred in,
41 or aggravated during, [the period of] military
42 service[; and].

43 [(C) makes up employee contributions missed during the
44 period of military service.]

45 (2) [A member who does not make up all of the employee
46 contributions missed during the period of military service must
47 not receive credited service for a proportion of the total period
48 of military service equal to the ratio of the actuarial value of the
49 remaining missed employee contributions to the actuarial value
50 of the total employer and employee contributions for the period
51 of military service.] A member who withdraws member
52 contributions and redeposits the withdrawn contributions with
53 interest at a rate of 6.5% must receive the credited service under

54 this Section. The member must make the repayment while
 55 employed by the County, and not later than the earlier of the
 56 period of military service or 5 years, beginning on the date of
 57 reemployment.

58 * * *

59 **33-119. Credited service.**

60 * * *

61 (b) County service includes any period of compulsory or voluntary
 62 service in the armed forces of the United States, [or] a state militia, or
 63 other military service covered under the Uniformed Services
 64 Employment and Reemployment Rights Act if the participant:

65 (1) was a member of the Retirement Savings Plan, the optional
 66 retirement plan, or the integrated plan when the military service
 67 began;

68 (2) applied for reemployment or returned to County service within:

69 (A) [90 days of] 1 year after discharge from the military
 70 service, and the participant does not take other
 71 employment; [or]

72 (B) [within] 2 years after [completion of] completing military
 73 service if the member was hospitalized or convalescing
 74 from an illness or injury incurred or aggravated during
 75 military service, and the participant does not take other
 76 employment; or

77 (C) more than 2 years if circumstances beyond the control of
 78 the participant make it impossible or unreasonable for the
 79 participant to apply for reemployment within 2 years, and
 80 the participant does not take other employment; and

- 81 (3) the total period of military service did not exceed 5 years,
 82 [except that the 5-year limitation does not include periods] not
 83 including any period of military service described under Section
 84 4312(c) of Title 38, United States Code.

85 * * *

86 **Sec. 2. Section 33-59 is amended as follows:**

87 **33-59. Board of investment trustees.**

88 * * *

89 (b) Membership.

- 90 (1) The Board has [13] 16 trustees.
- 91 (2) The County Executive must appoint [4] 5 voting, *ex officio*
 92 members of the Board, subject to County Council confirmation
 93 as members, who serve indefinitely while each holds the
 94 respective office. These *ex officio* trustees should be:
- 95 (A) the Director of Management and Budget;
- 96 (B) the Director of Finance;
- 97 (C) the Director of Human Resources; [and]
- 98 (D) the Council Staff Director [of the County Council.]; and
- 99 (E) the president of the certified representative of the Office,
 100 Professional, and Technical and Service, Labor and
 101 Trades bargaining units.
- 102 (3) The following [9] 11 trustees must be appointed by the
 103 Executive and confirmed by the Council:
- 104 (A) [Three] Four individuals recommended by the employee
 105 organizations certified under Articles V, VII or X. Two
 106 of the individuals must be active County employees, each
 107 of whom is a member of a different collective bargaining

108 unit, and who are vested members of the retirement
 109 system, or individuals recommended by each employee
 110 organization certified under Articles V[, VII, or] and X.
 111 The other 2 individuals must be active County
 112 employees, each of whom is a member of a different
 113 bargaining unit, and who are vested members of the
 114 retirement system, or individuals recommended by the
 115 employee organization certified under Article VII. Each
 116 employee organization may recommend 3 to 5
 117 individuals for the respective trustee [position] positions.
 118 Before appointing these trustees, the Executive must
 119 consider, and should select from, the individuals
 120 recommended by the employee organizations. [The
 121 Executive must not appoint more than one person from
 122 each employee organization.] The Executive must notify
 123 the Council when appointing an individual not
 124 recommended by an employee organization. A 3-year
 125 term for these trustees ends on March 1 of every third
 126 year after each trustee is confirmed by the Council.

127 * * *

- 128 (E) [Two] Three individuals knowledgeable in pensions,
 129 investments, or financial matters. Before nominating these
 130 trustees, the Executive must consider, and should select
 131 from, individuals recommended by citizens or countywide
 132 citizens' groups. An individual recommended by a
 133 citizens' group need not be a member of the group. The
 134 Executive must notify the Council when nominating an

135 individual not recommended by a citizens' group. A 3-
 136 year term for these trustees ends on March 1 of every third
 137 year after each trustee's appointment is confirmed by the
 138 Council.

139 * * *

140 (h) Meetings and actions.

141 (1) The Board must meet at least once during each calendar
 142 quarter. The chair, or [7] 9 members of the Board, may call a
 143 meeting of the Board, in the manner and at times and places
 144 provided under the policies of the Board. The Board is a public
 145 body under the State Open Meetings Act.

146 (2) [A.] (A) [Seven] Nine trustees constitute a quorum.

147 [B.] (B) Each trustee has one vote.

148 [C.] (C) [Seven] Nine trustees must agree for the Board to act.

149 * * *

150 **Sec. 3. Sections 33-116 and 33-117 are amended as follows:**

151 **33-116. Participant contributions.**

152 (a) Percent of participant contributions.

153 (1) (A) Group I. Each participant in Group I [or Group II] must
 154 contribute, through regular payroll deductions, [3
 155 percent] 4% of regular earnings less than or equal to the
 156 Social Security wage base and [6 percent] 8% of regular
 157 earnings that exceed the Social Security wage base.

158 (B) Group II. Each participant in Group II must contribute,
 159 through regular payroll deductions, 3% of regular
 160 earnings less than or equal to the Social Security wage
 161 base and 6% of regular earnings that exceed the Social

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Security wage base.

* * *

- (4) [A] The County must contribute on behalf of a participant who rejoins County service after military service that qualified under Section 33-119(b) as credited service [may contribute] an amount equal to the amount that the participant could have contributed if the participant had worked for the County during the period of military service.

[(A) The participant must contribute this amount in regular payments beginning on the date of reemployment and ending after the earlier of:

- (i) 3 times the period of military service; or
- (ii) 5 years.]

[(B)] (A) Contributions for the period of military service must be based on the [gross pay] regular earnings the participant would have earned during the period of military service. If this amount of [gross pay] regular earnings is not reasonably ascertainable, the [elective] contribution must be based on the participant's average [gross pay] regular earnings during a period immediately preceding military service. The averaging period is 12 months, or the full length of the participant's County service, whichever is shorter.

[(C)] (B) [Elective contributions] Contributions under this paragraph count toward the maximum annual contribution limits under the Internal Revenue

189 Code for the year for which the contributions [are
190 made, which the participant must designate] relate.

191 (D) (C) The participant is not entitled to any retroactive
192 allocation of forfeitures or any retroactive crediting
193 of earnings because of [elective] contributions
194 under this subparagraph.

195 * * *

196 **33-117. Employer contributions.**

197 (a) Amount of employer contributions.

198 (1) Group I participants. The County must contribute to the
199 retirement savings plan in quarterly installments, on behalf of
200 each Group I participant, an amount equal to [6%] 8% of that
201 participant's regular earnings while a Group I participant during
202 a plan year.

203 * * *

204 **Sec. 4. Expedited Effective Date.**

205 The Council declares that this legislation is necessary for the immediate
206 protection of the public interest. Section 33-116(a), as amended by Section 5 and
207 Section 33-117(a), as amended by Section 6 of this Act take effect on July 6, 2008.
208 The rest of the Act takes effect on July 1, 2008.

209 *Approved:*

210 _____
Michael J. Knapp, President, County Council Date

211 *Approved:*

212 _____
Isiah Leggett, County Executive Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 6-08, Personnel – Retirement – Amendments

DESCRIPTION: The requested legislation amends the County Retirement Law to (1) require the County to make employee contributions for an employee who leaves employment for certain military service; (2) revise the membership of the Board of Investment Trustees; (3) increase the percent of contributions to the Retirement Savings Plan for Group I by participants and the Employer; (4) generally amend the law regarding retirement and the composition of the Board of Investment Trustees; and (5) generally amend the law regarding the employees' retirement system and the retirement savings plan.

PROBLEM: The proposed legislation accomplishes the changes contained in the Memorandum of Agreement between the Montgomery County Government and the Municipal & County Government Employees Organization/United Food and Commercial Workers Union Local 1994 that was negotiated pursuant to the "reopener" for the second year under Section 49.2 of the current collective bargaining agreement.

GOALS AND OBJECTIVES: To statutorily implement the terms of the "reopener" agreement recently negotiated with MCGEO.

COORDINATION: Office of Human Resources

FISCAL IMPACT: Office of Management and Budget

ECONOMIC IMPACT: See OMB Fiscal Impact Statement.

EVALUATION: n/a



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 27, 2008

TO: Michael J. Knapp, President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Expedited Bill to Amend the County Retirement Law

Last month I transmitted for the Council's review the Memorandum of Agreement between the Montgomery County Government and the Municipal & County Government Employees Organization/United Food and Commercial Workers Union Local 1994 that was negotiated pursuant to the "reopener" for the second year under Section 49.2 of the current collective bargaining agreement. A fiscal impact statement was included in that packet. The attached expedited bill would amend the County Retirement Law to accomplish those negotiated changes. A bill establishing a Guaranteed Retirement Income Plan (GRIP) and other provisions that would become effective in July 2009 will be forwarded separately to the Council.

Attachments

IL: sw