
Workforce/Compensation

SUMMARY OF FY16 RECOMMENDATIONS

A. SUMMARY OF AGENCY REQUESTS

Montgomery County Public Schools (MCPS): The MCPS workforce for FY16, as recommended by the Board of Education (BOE), is 21,850.6 FTEs, or 269.6 FTEs greater than the approved FY15 workforce of 21,581.0 FTEs. In FY15, the BOE completed labor negotiations with the public schools' bargaining units through FY17, 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). MCPS' budget request contains \$59.5 million, net of other savings in employee benefits, for a cost of living increase of 2.0 percent effective October 2015 and step increases for eligible employees in FY16. For more information on compensation and workforce changes, please see the Board of Education FY16 recommended budget document.

Montgomery College (MC): There is an increase of 24.0 FTEs in the size of the Montgomery College complement for FY16, as requested by the College and its Board of Trustees. This is accompanied by an increase in personnel costs of about \$8.8 million. The primary factors for these cost increases are compensation enhancements, including service increments and general wage adjustments, reclassifications, promotions, and benefit changes. For more information on compensation and workforce changes, please consult the Adopted FY16 Montgomery College Operating Budget Request, available on the College's website.

Maryland-National Capital Park & Planning Commission (M-NCPPC): The net impact on the M-NCPPC workforce for FY16, as recommended by the Planning Board, is an increase of 37.0 FTEs. The Commission's requested budget includes an increase in personnel costs of \$4.6 million. The increase also includes retirement and group insurance adjustments and a compensation place holder (to address collectively bargained compensation increases and pass through costs). For more information on compensation and workforce changes, please see the M-NCPPC FY16 requested budget document.

Montgomery County Government (MCG): The net impact on the County government workforce for FY16, as recommended by the Executive, is an increase of 103 positions.

The recommended budget contains an increase in total personnel costs of \$12.3 million, or 1.2 percent. The primary factors in these changes are:

	<u>Millions</u>
• General Wage Adjustment	\$16.2
• Decrease in group insurance and retirement	-\$9.9
• Service increments and longevity	\$7.6
• Net decrease in positions and other changes in personnel costs, including annualization of positions, turnover, and lapse	-\$1.7

The recommendations in the remainder of this section are for the County government and are based upon the bargained agreements with the United Food and Commercial Workers, Local 1994 (Municipal and County Government Employees Organization – MCGEO), the International Association of Fire Fighters (IAFF), Local 1664, the Fraternal Order of Police (FOP), Lodge 35, and Montgomery County Volunteer Fire and Rescue Association (MCVFRA). Certain provisions of the agreements have been extended to unrepresented employees, as noted below.

B. COUNTY GOVERNMENT SALARY AND WAGES

GENERAL WAGE ADJUSTMENT: The Executive recommends the following general wage adjustments (GWA) in FY16: 2 percent for all employees in the Office, Professional, and Technical (OPT) and Service, Labor, and Trades (SLT) units, all employees in the Police bargaining unit and Police uniformed managers, all employees in the Fire and Rescue bargaining unit and Fire and Rescue uniformed managers, and all non-represented employees, including Management Leadership Service (MLS) employees, effective the first full pay period after July 1, 2015.

FY16 salary schedules can be found on the County's website at <http://www.montgomerycountymd.gov/ohr/classification/classcomp.html>.

SERVICE INCREMENTS: The Executive recommends service increments of 3.5 percent for all eligible employees.

LONGEVITY INCREMENTS: The Executive recommends longevity increments in FY16 for all eligible employees.

PERFORMANCE-BASED PAY: The Executive recommends \$1,611,171 in the Compensation Adjustment and Employee Benefits NDA to fund performance-based pay increases for MLS 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 2015 and projected changes for 2016. The employer rates are 6.2 percent for social security and 1.45 percent for Medicare and are not expected 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 exposures, past and projected claims experience along with administrative expenses.

Group Insurance Benefits: The contributions for health insurance are based on an actuarially determined countywide average fixed rate of \$11,026 per position, 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 nine percent annually between FY16 and FY20. 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 Employees' Retirement System, which currently provides benefits to approximately 6,242 retirees and survivors, is administered by Montgomery County Employee Retirement Plans (MCERP). MCERP oversees all facets of the retirement plans including investments, administration, and accounting. Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated with MCERP in consultation with the Office of Human Resources, the County's actuaries, the Finance Department, and the Office of Management and Budget.

Consolidated Retiree Health Benefits Trust: Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to the County's 50 year-old practice of prefunding for retiree pension benefits. The reasons for doing this are simple: Due to exponential growth in expected retiree health costs, the cost of funding these benefits, which

were being paid out as the bills came due, would soon become unaffordable. Setting aside money now and investing it in a Trust Fund, which is 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.

Proposed FY16 Consolidated Retiree Health Benefits Trust Contributions	
Montgomery County Government (MCG)	FY16
<u>General Fund:</u>	
Retiree Health Benefits Trust NDA	\$43,520,060
<u>Proprietary Funds:</u>	
Bethesda Parking District	\$152,630
Wheaton Parking District	15,790
Silver Spring Parking District	105,260
Solid Waste Collection	21,050
Solid Waste Disposal	399,990
Liquor Control	2,157,840
Permitting Services	1,063,130
Community Use of Public Facilities	142,100
Motor Pool	1,057,870
Risk Management	52,630
Central Duplicating	163,150
<u>Participating Agency Contributions</u>	\$1,534,500
Total MCG Trust Contributions	\$50,386,000
Consolidated Trust: Montgomery County Public Schools	\$61,733,000
Consolidated Trust: Montgomery College	\$1,428,000
Park and Planning Commission Trust Fund*	\$1,860,322
Total Contributions/Assets Held in Trust	\$115,407,322
* MNCPPC's contribution from tax supported funds is \$1,789,414.	

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 and any accrued interest on unfunded liability. This amount, known as an Annual OPEB Cost or "AOC," 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 committed to an approach of "ramping up" to the AOC amount over several years, with the amount set aside each year increasing steadily until the full AOC 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 AOC. 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, but did resume contributions in FY12. For FY12, the County contributed

\$26.1 million from the General Fund to the Retiree Health Benefits Trust. In addition, on June 26, 2011, the County Council enacted Bill 17-11 which established the Consolidated Retiree Health Benefits Trust. The bill amended existing law and provided a funding mechanism to pay for other post employment benefits for employees of Montgomery County Public Schools and Montgomery County College. In FY12, the County appropriated \$20 million and \$1 million for contributions on behalf of MCPS and the College, respectively. In FY13, these contributions were \$41.4 million (County General Fund), \$58.9 million (MCPS Consolidated Trust), and \$1.8 million (Montgomery College Consolidated Trust). In FY14, these contributions were \$48.9 million (County General Fund), \$83.7 million (MCPS Consolidated Trust), and \$2.4 million (Montgomery College Consolidated Trust). In FY15, these contributions were \$38.6 million (County General Fund), \$85.5 million (MCPS Consolidated Trust), and \$2.0 million (Montgomery College Consolidated Trust). These contributions allowed the County to achieve full pre-funding in FY15. A detailed breakdown of FY16 recommended contributions to the Consolidated Retiree Health Benefit Trust for County Government tax supported agencies, participating agencies, Montgomery County Public Schools, and Montgomery College is displayed in the table above. In FY15, the County and all other agencies implemented the Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015. This will reduce retiree drug insurance costs and the County's OPEB liability. The Executive is recommending that the Retiree Health Benefits Trust provide \$27.2 million to Montgomery County Public Schools for the payment of retiree health insurance claims in FY16.

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, 2014, there were 6,242 retirees and survivors and 5,535 active members, including 1,263 in the Guaranteed Retirement Income Plan (GRIP). Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated by the MCERP staff, in consultation with the County's actuaries, the Office of Human Resources, 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 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 regular 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 based on each employee's selection of an investment vehicle(s) 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 based on each employee's selection of an investment vehicle(s) 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.

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, and Management and Budget; the Council Administrator; 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: The number of active non-public safety in the ERS declined by 134 and the number of public safety employees increased by 173, for a combined total active enrollment of 4,272. GRIP membership increased by 61 employees, to 1,263 in FY14. The RSP had 115 more active employees enrolled in FY15 than in FY14, for a total FY15 enrollment of 3,585.

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. The County uses multiple contribution rates designating the percentage of payroll for the various employee groups to determine the retirement contribution.

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 various financial markets 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 the MCERP staff, as well as staff from Finance and Human Resources.

COLLECTIVE BARGAINING

Fire and Rescue Bargaining Unit:

The current agreement became effective on July 1, 2013, and expires on June 30, 2016. The agreement's salient economic terms for FY16 include:

- ❖ Reopener for the third year (FY16) of the contract. Negotiations covered the following topics: wages, service increments, longevity, special duty differentials, casual leave, and Workers' Compensation and disability leave.
- ❖ Assignment pay differentials. An additional differential of \$2,037 was added for Meter Technician and Air Compressor Technician.
- ❖ Longevity step increases. A longevity step increase will be paid to eligible employees.
- ❖ General Wage Adjustment. A 2 percent GWA will be paid the first full pay period following July 1, 2015.
- ❖ Service Increments. A service increment of 3.5 percent will be paid in FY16 for eligible unit members.

MC GEO Bargaining Unit:

The current agreement expires on June 30, 2016. The agreement's salient economic terms for FY16 include:

- ❖ A reopener for the third year (FY16) of the contract. Negotiations covered the following topics: wages, service increments, longevity, any Workers' Compensation and disability leave issues not resolved within the Labor Management Wellness Committee, and the inclusion of a DROP program in the Public Safety Retirement Plan.
- ❖ General Wage Adjustment. A 2 percent GWA will be paid the first full pay period following July 1, 2015.
- ❖ Longevity step increases. A longevity step increase will be paid to eligible employees.
- ❖ Service Increments. A service increment of 3.5 percent will be paid in FY16 for eligible unit members.
- ❖ DROP. The creation of a DROP program in the Public Safety Retirement Plan (Group E) for sworn deputy sheriffs and uniformed correctional officers.
- ❖ Retirement plans. The default retirement selection for new MC GEO members hired after July 1, 2015 will be the GRIP. RSP participants will have the option to purchase an annuity from the ERS.

Police Bargaining Unit:

The current agreement expires on June 30, 2015. The negotiated agreement becomes effective July 1, 2015, and expires on June 30, 2016. The agreement's salient economic terms include:

- ❖ Service Increments. A service increment of 3.5 percent will be paid in FY16 for eligible unit members.
- ❖ Longevity step increases. A longevity step increase will be paid to eligible employees.
- ❖ General Wage Adjustment. A 2 percent GWA will be paid the first full pay period following July 1, 2015.
- ❖ Prescription Drug Plan. Beginning January 1, 2016, the Prescription Drug Plan will include additional Pharmacy Benefit Management programs.
- ❖ Line of Duty Death Benefits. The benefit provided in the event of a line-of-duty death of a bargaining unit member will be no less than a Police Officer III pay grade P4, Step 5.

Volunteer Fire and Rescue Bargaining Unit:

The current agreement became effective on July 1, 2014, and expires on June 30, 2017. The agreement's salient economic terms include:

- ❖ A reopener from June 1, 2015 to July 31, 2015. Negotiations will be over length of service modifications.
- ❖ Nominal fee. A nominal fee increase will be paid in FY16 and FY17. The nominal fee for eligible volunteers increases in July 2015 by \$50 to \$350 and by \$100 to \$600, depending on level of service.
- ❖ Association funding. Funding for the Association will increase by 1.5 percent on July 1, 2015 and on July 1, 2016.

WORKFORCE ANALYSIS

Basis: Workforce analysis has been performed on changes to tax supported and non-tax supported full-time equivalent (FTE) positions in the Executive's Recommended FY16 Operating Budget for the County government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY15, which began on July 1, 2014. Changes shown reflect such factors as the addition of grant-funded positions; abolishments and creations to implement approved job sharing agreements; and other miscellaneous changes. Changes recommended by the Executive for FY16 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, 2015; and technical changes.

Summary: The recommended budget includes funding for 9,139 full-time positions, a net increase of 104 from the approved FY15 Personnel Complement of 9,035 full-time positions. Funding for 962 part-time positions is also included, a net decrease of 1 position from the approved FY15 Personnel Complement of 963 positions. FTEs increased by 171.8 to 9,850.7.

Detailed below are the significant net changes in the number of positions in the FY16 Recommended Budget.

<u>Workforce Changes</u>	<u>Position Change</u>
• Liquor Control – Change is due to additional positions approved during FY15 to improve operations and the addition of three new retail stores in FY16.	44
• Fire and Rescue Services – Increase is due to upstaffing in Sandy Spring to improve Advanced Life Support response time and to add a second shift at the apparatus maintenance facility to improve vehicle availability.	25
• Police - Change is due to year one of a three year plan to consolidate and civilianize the Emergency Communications Center and positions added to manage the body camera program.	24

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES															
HEALTH PLAN	2014					2015					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% Dif
Carefirst POS	1,421	1,041	2,032	4,494	100.0%	1,428	1,002	2,014	4,444	100.0%	7	(39)	(18)	(50)	0.0%
Carefirst POS Std	228	140	193	561	12.5%	256	144	205	605	13.6%	28	4	12	44	1.1%
Kaiser	604	318	488	1,410	31.4%	675	333	504	1,512	34.0%	71	15	16	102	2.6%
United Healthcare	562	401	843	1,806	40.2%	615	404	857	1,876	42.2%	53	3	14	70	2.0%
Grand Total				8,271					8,437					166	

MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY COUNTY EXECUTIVE RECOMMENDED: FY16					
	POSITIONS		FULL-TIME EQUIVALENTS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL
FY15 APPROVED COMPLEMENT	9,035	963	7,989.7	1,689.2	9,678.8
FY16 RECOMMENDED COMPLEMENT	9,139	962	8,076.1	1,774.5	9,850.7
CHANGE IN WORKFORCE (GROSS)	104	(1)	86.5	85.4	171.8
Percentage Change	1.2%	(0.1%)	1.1%	5.1%	1.8%

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES

Employee Retirement System Plans	Number	Fiscal 2015	Number	Fiscal 2016	Number	Contribution
	<u>Employees</u>	<u>Contribution</u>	<u>Employees</u>	<u>Contribution</u>	<u>Employees</u>	<u>Rate</u>
	(7/1/13)	%	(7/1/14)	%	(7/13 v. 7/14)	(7/13 v. 7/14)
Public Safety						
Optional, Nonintegrated ¹	1	1712.49%	1	983.25%	-	-729.24%
Optional, Integrated	1	0.00%	1	0.00%	-	0.00%
Mandatory Integrated	2,771	44.65%	2,944	37.28%	173	-7.37%
Subtotal Public Safety	2,773	45.17%	2,946	37.73%	173	
Non-Public Safety						
Optional, Nonintegrated	20	137.47%	16	191.37%	(4)	53.90%
Optional, Integrated	37	157.58%	31	223.16%	(6)	65.58%
Mandatory Integrated	1,403	36.89%	1,279	34.95%	(124)	-1.94%
Subtotal Non-Public Safety	1,460	41.04%	1,326	40.02%	(134)	
Guaranteed Retirement Income Plan	1,202	6.72%	1,263	6.61%	61	-0.11%
Total ERS System Plans	5,435		5,535		100	
Retirement Savings Plan	3,470	8.00%	3,585	8.00%	115	0.00%

PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT							
ITEM	FY14 APPR	FY14 ACT	FY15 APPR	FY15 EST	FY16 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	125,700	112,448	102,390	156,000	190,000	87,610	85.6%
Professional Services	5,000	21,218	3,085	12,400	7,200	4,115	133.4%
Due Diligence/Education	2,000	1,237	2,000	3,100	3,600	1,600	80.0%
Office Management	6,700	5,175	6,650	8,500	9,000	2,350	35.3%
Investment Management	9,000	4,800	9,000	5,500	6,000	(3,000)	(33.3%)
TOTAL EXPENSES	\$148,400	\$144,878	\$123,125	\$185,500	\$215,800	92,675	74.1%

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	FY14 APPR	FY14 ACT	FY15 APPR	FY15 EST	FY16 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	211,110	243,066	269,920	239,920	341,690	71,770	26.6%
Professional Services	75,000	746	152,500	152,460	80,000	(72,500)	(47.5%)
Due Diligence/Education	48,000	17,204	48,000	40,000	48,000	0	0.0%
Office Management	9,400	10,864	15,000	20,000	20,000	5,000	33.3%
Investment Management	1,500,000	1,104,977	2,710,000	2,200,000	3,100,000	390,000	14.4%
TOTAL EXPENSES	\$1,843,510	\$1,376,857	\$3,195,420	\$2,652,380	\$3,589,690	\$394,270	12.3%

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM							
ITEM	FY14 APPR	FY14 ACT	FY15 APPR	FY15 EST	FY16 REC	FY16 vs. FY15 Appr. \$ Change	% Change
REVENUE							
Contributions	146,400,000	171,172,514	143,900,000	164,000,000	136,200,000	(7,700,000)	(5.4%)
Investment Income	241,000,000	553,599,474	261,000,000	90,000,000	279,000,000	18,000,000	6.9%
Miscellaneous Income	950,000	1,156,078	950,000	1,100,000	1,300,000	350,000	36.8%
TOTAL REVENUE	\$ 388,350,000	\$ 725,928,066	\$ 405,850,000	\$ 255,100,000	\$ 416,500,000	10,650,000	2.6%
EXPENSES							
OPERATING EXPENSES							
Retirement Benefits	245,000,000	233,994,554	254,500,000	245,000,000	265,000,000	10,500,000	4.1%
Investment Management	23,000,000	20,357,819	25,000,000	23,000,000	25,000,000	0	0.0%
SUBTOTAL	268,000,000	254,352,373	279,500,000	268,000,000	290,000,000	10,500,000	3.8%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	1,582,700	1,343,377	1,785,000	1,585,000	1,972,000	187,000	10.5%
Professional Services	895,900	1,441,471	942,400	1,052,000	1,208,500	266,100	28.2%
Benefit Processing	130,000	114,016	140,000	130,000	140,000	0	0.0%
Due Diligence/Education	64,700	34,253	63,700	54,300	62,500	(1,200)	(1.9%)
Office Management	99,300	91,283	103,000	439,500	443,500	340,500	330.6%
SUBTOTAL	2,772,600	3,024,400	3,034,100	3,260,800	3,826,500	792,400	26.1%
TOTAL EXPENSES	\$270,772,600	\$257,376,773	\$282,534,100	\$271,260,800	\$293,826,500	11,292,400	4.0%
NET REVENUE	\$117,577,400	\$468,551,293	\$123,315,900	(\$16,160,800)	\$122,673,500	(642,400)	(0.5%)

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN							
ITEM	FY14 APPR	FY14 ACT	FY15 APPR	FY15 EST	FY16 REC	FY16 vs. FY15 Appr. \$ Change	% Change
REVENUE							
Investment Income	600	1,600	600	1,000	1,200	600	100.0%
Miscellaneous Income	90,000	396,592	235,000	300,000	250,000	15,000	6.4%
TOTAL REVENUE	90,600	398,192	235,600	301,000	251,200	15,600	6.6%
EXPENSES							
OPERATING EXPENSES							
Investment Management	9,000	4,800	9,000	5,500	6,000	(3,000)	(33.3%)
SUBTOTAL	9,000	4,800	9,000	5,500	6,000	(3,000)	(33.3%)
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	157,400	139,885	200,000	200,000	237,000	37,000	18.5%
Professional Services	89,200	51,123	79,700	65,400	60,700	(19,000)	(23.8%)
Due Diligence/Education	2,000	1,237	2,000	3,100	3,600	1,600	80.0%
Office Management	6,700	5,208	6,650	8,500	9,000	2,350	35.3%
SUBTOTAL	255,300	197,453	288,350	277,000	310,300	21,950	7.6%
TOTAL EXPENSES	\$264,300	\$202,253	\$297,350	\$282,500	\$316,300	18,950	6.4%

Source: Montgomery County Employee Retirement Plans

Fraternal Order of Police County Lodge 35, Inc. Fiscal Impact Summary*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY16</u>	<u>Annual Cost Beyond FY16</u>
24	Insurance	Inclusion of Pharmacy Benefit Management	-\$117,089	-\$234,179
	Coverage	Programs		
28	Service	Service Increment of 3.5 Percent for Eligible	\$1,541,890	\$2,471,441
	Increments	Employees		
28	Longevity	Longevity Step Increase of 3.5 Percent for Eligible	\$74,348	\$99,625
		Employees		
36	Wages	2 Percent General Wage Adjustment in July 2015	\$2,595,501	\$2,595,501
Total			\$4,094,651	\$4,932,388

Police Uniformed Management Pass-Through Estimates**

<u>Item</u>	<u>Description</u>	<u>FY16</u>	<u>Annual Cost Beyond FY16</u>
Wages	2 Percent General Wage Adjustment in July 2015	\$183,875	\$183,875
Longevity	Longevity Step Increase of 3.5 Percent for Eligible	\$9,549	\$11,740
	Employees		
Insurance	Inclusion of Pharmacy Benefit Management	-\$5,003	-\$10,006
Coverage	Programs		
Total		\$188,421	\$185,610

* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.

**No Police Uniformed Management is currently eligible to receive a service increment in FY16.

Note: Line of duty death benefit is not anticipated to have a fiscal impact.

Montgomery County Career Fire Fighters Association, Inc International Association of Fire Fighters, Local 1664 Fiscal Impact Summary*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY16</u>	<u>Annual Cost Beyond FY16</u>
6.16	Leave Slots	Leave Slots for the Fire & Explosives Investigation Section	-\$13,100	-\$13,100
17.1	Special Duty Differentials	Assignment Pay Differentials for Meter Technicians and Air Compressor Technicians at \$2,037**	\$12,096	\$12,096
19.1	Wages	2 Percent General Wage Adjustment in July 2015	\$2,387,598	\$2,387,598
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$97,007	\$157,821
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$982,053	\$1,909,740
Total			\$3,465,654	\$4,454,156

Fire and Rescue Uniformed Management Pass-Through Estimates***

<u>Item</u>	<u>Description</u>	<u>FY16</u>	<u>Annual Cost Beyond FY16</u>
Wages	2 Percent General Wage Adjustment in FY 15	\$151,895	\$151,895
Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$16,186	\$38,360
Total		\$168,081	\$190,255

* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.

** For a complete list of special duty differential increases, please refer to the Collective Bargaining - Fire and Rescue Bargaining Unit section of the chapter.

*** No Fire and Rescue Uniformed Management is currently eligible to receive a service increment in FY16.

**Municipal and County Government Employees Organization
United Food and Commercial Workers, Local 1994
Fiscal Impact Summary***

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY16</u>	<u>Annual Cost Beyond FY16</u>
5	Wages	2 Percent General Wage Adjustment in July 2015	\$6,751,208	\$6,751,208
5.1	Longevity	Longevity Step Increase of 3 Percent for Eligible Employees	\$88,981	\$229,595
6	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$3,628,623	\$7,173,198
41.11	DROP	DROP Program for Sworn Deputy Sheriffs and Uniformed Correctional Officers in Group E Retirement Plan	\$0	\$85,825 to \$230,505
Total			\$10,468,812	\$14,239,826 to \$14,384,506

Non-Represented Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>FY16</u>	<u>Annual Cost Beyond FY16</u>
Wages	2 Percent General Wage Adjustment in July 2015	\$4,141,812	\$4,141,812
Longevity	Longevity Step Increase of 2 Percent for Eligible Employees	\$42,631	\$76,176
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,161,942	\$2,233,397
DROP	DROP Program for Sworn Deputy Sheriff Management and Uniformed Correctional Officer Management in Group E Retirement Plan	\$0	-\$1,150 to \$23,174
Total		\$5,346,385	\$6,450,235 to \$6,474,559

* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.

Notes: Both the RSP annuity and GRIP default are expected to be cost neutral.

One time estimated cost of \$40,000 to accommodate system changes necessary for GRIP and DROP. Fidelity will charge a one time \$30,000 fee for DROP implementation.

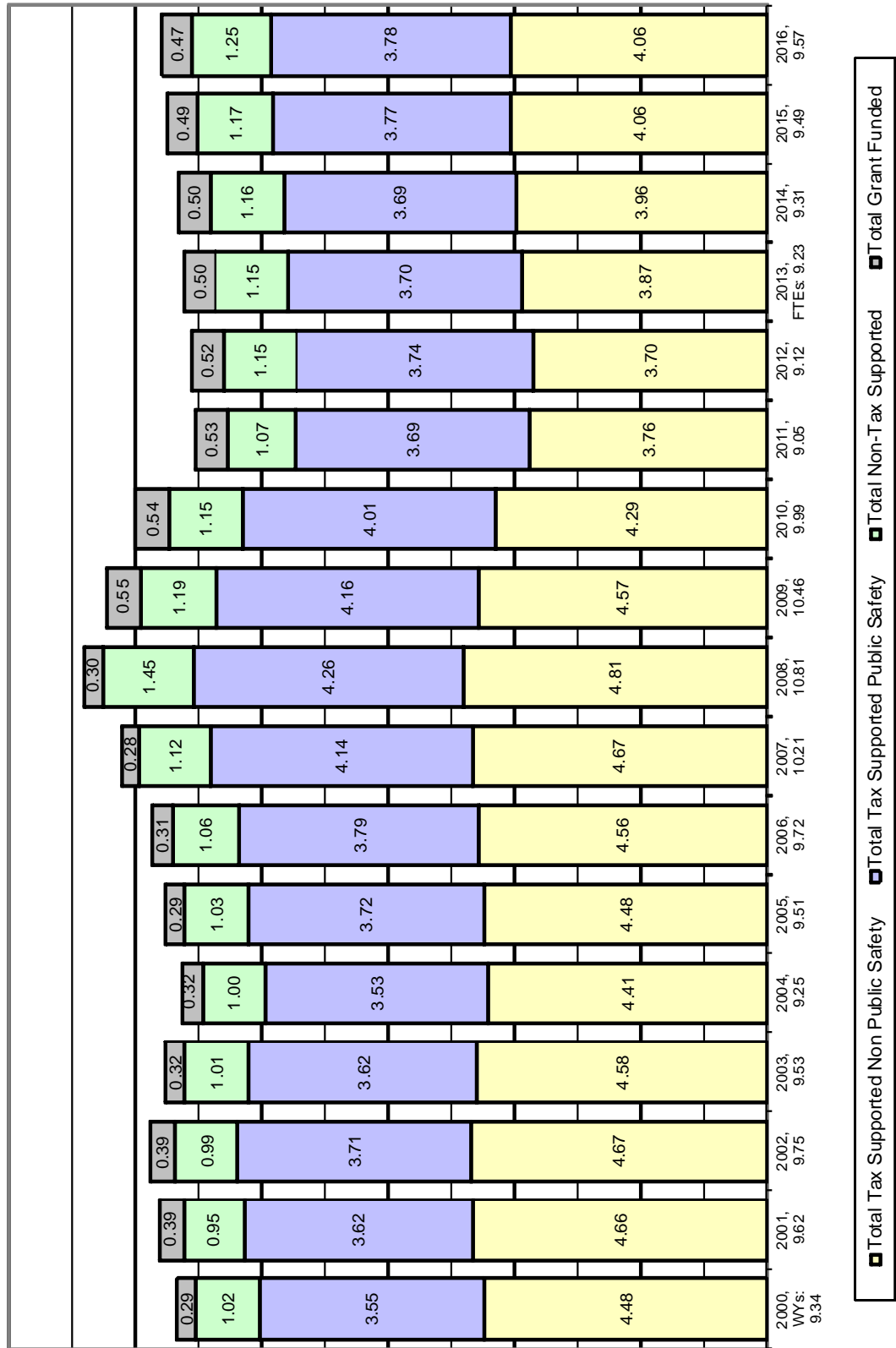
Range shown is due to varying assumptions related to age at entry into DROP and at retirement.

Montgomery County Volunteer Fire and Rescue Association Fiscal Impact Summary*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>Annual Cost Beyond FY17</u>
5	Printed Contracts	75 printed contracts in FY15	\$300	\$0	\$0	\$0
11	Uniforms & Equipment	Include leather boots and jacket as new gear, provide gear bags in FY15	\$93,100	\$69,000	\$69,000	\$0
12	Nominal Fee	Nominal fee of \$300/\$500 in FY15, \$350/\$600 in FY16, and \$425/\$625 in FY17**	\$114,544	\$201,740	\$249,241	\$0
16	Training	Provide \$10,000 funding for training and \$5,000 for Pro-Board certification	\$15,000	\$15,000	\$15,000	\$0
22	Volunteer Basic Orientation Course	Training fee not to exceed \$18,000 each year of the agreement	\$2,000	\$2,000	\$2,000	\$0
Side Letter	Association Operating Funds	Association funding effective July 1 each year of the agreement	\$11,750	\$15,275	\$18,853	\$0
Total			\$236,694	\$303,015	\$354,094	\$0

* Estimates reflect the impact to all funds.
 ** Nominal fee paid to eligible volunteers on July 1 of the fiscal year.

HISTORY OF APPROVED COUNTY GOVERNMENT POSITIONS PER 1,000 POPULATION BY FUNDING CATEGORY FY00-FY15 Approved Workyears and FTEs, FY16 Recommended FTEs¹



¹ From FY00 through FY12, workyears are used; beginning in FY13, full-time equivalent (FTE) positions will be used.



MONTGOMERY COUNTY PRODUCTION REPORT
FY16 CE OMB Recommended
TOTAL COUNTY COST OF EMPLOYEE BENEFITS

	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
General Fund				
General Government				
Board of Appeals (02D)	30,034	44,104	64,054	138,191
Board of Elections (24D)	218,236	305,315	174,774	698,325
Circuit Court (10D)	481,566	978,484	921,967	2,382,017
Community Engagement Cluster (16D)	154,288	233,258	241,803	629,349
County Attorney (30D)	259,828	394,777	748,759	1,403,363
County Council (01D)	562,513	930,446	1,137,026	2,629,985
County Executive (15D)	229,874	342,725	486,100	1,058,698
Ethics Commission (19D)	21,066	33,078	19,617	73,761
Finance (32D)	637,048	1,026,310	1,065,140	2,728,498
General Services (36D)	856,398	1,657,105	1,974,000	4,487,503
Human Resources (33D)	303,836	477,025	514,434	1,295,294
Human Rights (46D)	56,949	88,208	79,980	225,137
Inspector General (06D)	41,486	44,104	38,838	124,427
Intergovernmental Relations (20D)	42,074	58,438	65,634	166,146
Legislative Oversight (03D)	75,030	115,540	175,593	366,163
Management and Budget (31D)	207,230	295,840	376,466	879,535
Merit System Protection Board (04D)	8,512	22,052	4,261	34,825
Public Information (23D)	219,965	457,209	383,135	1,060,309
State's Attorney (11D)	832,935	1,497,657	1,284,516	3,615,108
Technology Services (34D)	1,160,620	1,533,301	2,177,629	4,871,550
Zoning and Administrative Hearings (05D)	29,685	44,104	29,950	103,739
Total General Government	6,429,171	10,579,078	11,963,673	28,971,922
Public Safety				
Consumer Protection (39D)	113,735	180,903	451,433	746,071
Correction and Rehabilitation (42D)	3,270,463	5,675,957	11,435,948	20,382,368
Emergency Management and Homeland Security (49D)	61,894	99,234	119,960	281,088
Police (47D)	11,519,152	21,434,084	40,391,107	73,344,343
Sheriff (48D)	1,046,804	1,892,842	3,992,954	6,932,600
Total Public Safety	16,012,047	29,283,020	56,391,402	101,686,470
Transportation				
Transportation (50D)	1,088,278	2,461,216	2,782,404	6,331,899
Health and Human Services				
Health and Human Services (60D)	6,435,033	12,853,374	12,836,938	32,125,345
Libraries, Culture, and Recreation				
Public Libraries (71D)	1,690,925	4,471,345	4,012,899	10,175,170
Community Development and Housing				
Economic Development (78D)	227,043	337,947	410,510	975,500
Housing and Community Affairs (76D)	254,687	438,212	602,763	1,295,661
Total Community Development and Housing	481,730	776,159	1,013,272	2,271,161



MONTGOMERY COUNTY PRODUCTION REPORT
FY16 CE OMB Recommended
TOTAL COUNTY COST OF EMPLOYEE BENEFITS

	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
Environment				
Environmental Protection (80D)	84,395	132,787	191,370	408,552
Other County Government Functions				
NDA - Compensation and Employee Benefit Adjustments (99V05)	9,166	14,339	9,904	33,410
NDA - Conference Center (99V19)	7,097	11,026	7,422	25,544
NDA - Legislative Branch Communications Outreach (99V44)	11,112	22,052	10,467	43,632
NDA - State Positions Supplement (99V03)	4,318	0	0	4,318
Total Other County Government Functions	31,693	47,417	27,793	106,904
Total General Fund	32,253,272	60,604,398	89,219,752	182,077,421
Special Funds - Tax Supported				
Fire (C01)	9,076,269	13,726,836	37,557,742	60,360,847
Recreation (C02)	1,204,297	1,197,599	1,592,604	3,994,499
Bethesda Urban District (C03)	6,598	11,026	33,764	51,387
Silver Spring Urban District (C04)	122,460	399,492	202,933	724,885
Wheaton Urban District (C05)	74,382	241,315	86,355	402,053
Mass Transit (C06)	3,886,918	8,974,279	5,696,416	18,557,612
Economic Development Fund (C09)	7,815	11,026	8,172	27,013
Total Special Funds - Tax Supported	14,378,738	24,561,574	45,177,985	84,118,297
Total Tax Supported Funds	46,632,010	85,165,971	134,397,738	266,195,718
Special Funds - NonTax Supported				
Montgomery Housing Initiative (C10)	97,355	166,465	212,045	475,865
Cable TV (C11)	210,783	336,293	482,124	1,029,200
Water Quality Protection (C12)	469,789	837,865	788,182	2,095,836
Grant Fund (C90)	2,889,045	6,269,482	5,036,474	14,195,000
Total Special Funds - NonTax Supported	3,666,972	7,610,105	6,518,825	17,795,902
Enterprise Funds				
Liquor (C30)	1,740,940	4,822,325	2,445,839	9,009,104
Solid Waste Disposal (C31)	545,019	990,200	1,121,573	2,656,792
Solid Waste Collection (C32)	74,594	127,225	136,341	338,160
Leaf Vacuuming (C33)	176,545	345,136	239,503	761,185
Community Use of Public Facilities (C34)	156,321	305,702	315,696	777,719
Bethesda Parking (C35)	121,929	227,759	260,678	610,366
Silver Spring Parking (C36)	133,773	255,544	287,564	676,881
Montgomery Hills Parking (C37)	2,720	5,388	4,849	12,957
Wheaton Parking (C38)	20,277	38,162	48,291	106,730
Permitting (C39)	1,357,258	2,175,292	3,446,488	6,979,039
Total Enterprise Funds	4,329,376	9,292,734	8,306,823	21,928,933
Total Non-Tax Supported	7,996,348	16,902,839	14,825,648	39,724,835



MONTGOMERY COUNTY PRODUCTION REPORT
FY16 CE OMB Recommended
TOTAL COUNTY COST OF EMPLOYEE BENEFITS

	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
Internal Service Funds				
Motor Pool (C50)	1,163,663	2,194,748	1,595,497	4,953,908
Central Duplicating (C51)	129,150	317,812	277,304	724,266
Risk Management (C52)	228,354	336,563	456,328	1,021,245
Employee Health Self Insurance (C53)	134,707	249,167	142,104	525,978
Total Internal Service Funds	1,655,874	3,098,290	2,471,233	7,225,396

