
Workforce/Compensation

SUMMARY OF FY17 RECOMMENDATIONS

A. SUMMARY OF AGENCY REQUESTS

Montgomery County Public Schools (MCPS): The MCPS workforce for FY17, as recommended by the Board of Education (BOE), is 22,248.73 FTEs, or 801.48 FTEs greater than the approved FY16 workforce of 21,447.25 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 \$76.0 million, for a cost of living increase of 2.0 percent effective September 2016, a 3.0 percent step increase, and a second 3.0 percent step increase for eligible employees in March 2017. For more information on compensation and workforce changes, please see the Board of Education FY17 recommended budget document.

Montgomery College (MC): There is an increase of 12.0 FTEs in the size of the Montgomery College complement for FY17, as requested by the College and its Board of Trustees. This is accompanied by an increase in personnel costs of about \$12.0 million. The primary factors for these cost increases are compensation enhancements, including a 3.5 percent service increment and a 2.75 percent general wage adjustment, reclassifications, promotions, and benefit changes. For more information on compensation and workforce changes, please consult the Adopted FY17 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 FY17, as recommended by the Planning Board, is an increase of 37.85 FTEs. The Commission's requested budget includes a decrease in personnel costs of \$1.2 million. The decrease also includes retirement and group insurance adjustments and a compensation placeholder (to address collectively bargained compensation increases and pass through costs). For more information on compensation and workforce changes, please see the M-NCPPC FY17 requested budget document.

Montgomery County Government (MCG): The net impact on the County government workforce for FY17, as recommended by the Executive, is an increase of 69 positions.

The recommended budget contains a decrease in total personnel costs of \$7.0 million, or 0.6 percent. The primary factors in these changes are:

	<u>Millions</u>
• General Wage Adjustment	\$6.9
• Decrease in required retirement contribution	-\$40.0
• Increase in group insurance contribution	\$21.2
• Service increments and longevity	\$7.5
• Other negotiated increases	\$4.3
• Net decrease in positions and other changes in personnel costs, including annualization of positions, turnover, and lapse	-\$6.9

The decrease in required retirement contribution is primarily due to revised actuarial assumptions and changes to the amortization period based on the County's five-year experience study, resulting in a reduced required County contribution into the retirement plans.

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 FY17: 0.5 percent effective the first full pay period after July 1, 2016 and 0.5 percent effective the first full pay period after January 1, 2017 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, and all non-represented employees, including Management Leadership Service (MLS) employees. For all employees in the Fire and Rescue bargaining unit and Fire and Rescue uniformed managers, 1 percent effective the first full pay period after July 1, 2016 and 1 percent effective the pay period starting February 5, 2017.

LUMP-SUM PAYMENTS: The Executive recommends a bonus payment equal to 1 percent of salary for employees who are not moving into a longevity step but are at the maximum salary for their grade. The bonus will be paid to County employees represented by MCGEO and non-represented employees not in MLS. These payments will not be added to base salary.

FY17 salary schedules can be found on the County's website at <http://www.montgomerycountymd.gov/HR/compensation/Compensation.html>.

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

LONGEVITY INCREMENTS: The Executive recommends longevity increments in FY17 for all eligible employees.

PERFORMANCE-BASED PAY: The Executive recommends \$1,627,283 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 2016 and projected changes for 2017. 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 \$11,651 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 FY17 and FY22. 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 6,380 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.

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 \$1.8 billion – approximately thirty-one percent of the total FY17 budget for all agencies.

Proposed FY17 Consolidated Retiree Health Benefits Trust Contributions	
Montgomery County Government (MCG)	<u>FY17</u>
<i>General Fund:</i>	
Retiree Health Benefits Trust NDA	\$43,513,550
<i>Proprietary Funds:</i>	
Bethesda Parking District	\$152,610
Wheaton Parking District	15,790
Silver Spring Parking District	105,240
Solid Waste Collection	21,050
Solid Waste Disposal	399,930
Liquor Control	2,157,520
Permitting Services	1,062,970
Community Use of Public Facilities	142,080
Motor Pool	1,057,710
Risk Management	52,620
Central Duplicating	163,130
<i>Participating Agency Contributions</i>	<i>\$1,516,800</i>
Total MCG Trust Contributions	\$50,361,000
Consolidated Trust: Montgomery County Public Schools	\$63,055,000
Consolidated Trust: Montgomery College	\$1,524,000
Park and Planning Commission Trust Fund*	\$1,908,226
Total Contributions/Assets Held in Trust	\$116,848,226
* MNCPPC's contribution from tax supported funds is \$1,827,601.	

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", is estimated at \$119.2 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 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. In FY 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 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 County achieved full pre-funding in FY15, consistent with Council resolution No. 16-555. In FY16, these contributions were \$43.5 million (County General Fund), \$61.7 million (MCPS Consolidated Trust), and \$1.4 million (Montgomery College Consolidated Trust). A detailed breakdown of FY17 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. 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 FY17.

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, 2015, there were 6,380 retirees and survivors and 5,541 active members, including 1,352 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 124 and the number of public safety employees increased by 41, for a combined total active enrollment of 4,189. GRIP membership increased by 89 employees, to 1,352 in FY16. The RSP had 171 more active employees enrolled in FY16 than in FY15, for a total FY16 enrollment of 3,756.

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 expires on June 30, 2016. The negotiated agreement becomes effective July 1, 2016, and expires on June 30, 2017. The agreement's salient economic terms include:

- ❖ Assignment pay differentials. An increase was added to the ALS provider differential of \$250 for EMT's with 0-4 years of service, \$500 for EMT's with 5-8 years of service, and \$750 for EMT's with more than 8 years of service.
- ❖ Longevity step increases. A longevity step increase will be paid to eligible employees.
- ❖ General Wage Adjustment. A 1 percent GWA will be paid the first full pay period following July 1, 2016, and a 1 percent GWA will be paid effective the pay period beginning February 5, 2017.
- ❖ Service Increments. A service increment of 3.5 percent will be paid in FY17 for eligible unit members.
- ❖ Sick Leave Donor Program. Bargaining unit members using donated leave from the Sick Leave Donor Program are not entitled to accrue annual or sick leave while using donated sick leave.
- ❖ Working Out of Class Pay. Firefighter/Rescuers II, III, and Master Firefighters/Rescuers are not eligible for working out of class pay while assigned to ALS transport Units.

MCGEO Bargaining Unit:

The current agreement expires on June 30, 2016. The negotiated agreement becomes effective July 1, 2016, and expires on June 30, 2017. The agreement's salient economic terms include:

- ❖ General Wage Adjustment. A 0.5 percent GWA will be paid the first full pay period following July 1, 2016, and a 0.5 percent GWA will be paid the first full pay period following January 1, 2017.
- ❖ Longevity step increases. A longevity step increase will be paid to eligible employees.
- ❖ Lump sum payment. A 1 percent lump sum payment will be paid in FY17 to bargaining unit members who are at the top of their pay grade and actively employed by the County on July 1, 2016. Employees who are scheduled to receive a longevity step during FY17 are not eligible. The payment is not added to the employees' base salary.
- ❖ Service Increments. A service increment of 3.5 percent will be paid in FY17 for eligible unit members.
- ❖ Eligible employees due a postponed increment will receive a 3.5 percent salary adjustment effective the first full pay period following May 1, 2017.
- ❖ Seasonal Wage Adjustment. A \$0.25 an hour adjustment effective the first full pay period after July 1, 2016 for seasonal employees not impacted by the County minimum wage increase.

Police Bargaining Unit:

The current agreement expires on June 30, 2016. The negotiated agreement becomes effective July 1, 2016, and expires on June 30, 2017. The agreement's salient economic terms include:

- ❖ Service Increments. A service increment of 3.5 percent will be paid in FY17 for eligible unit members.
- ❖ Eligible employees due a postponed increment will receive a 3.5 percent salary adjustment effective the first full pay period following July 1, 2016.
- ❖ Longevity step increases. A longevity step increase will be paid to eligible employees.
- ❖ General Wage Adjustment. A 0.5 percent GWA will be paid the first full pay period following July 1, 2016, and a 0.5 percent GWA will be paid the first full pay period following January 1, 2017.

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:

- ❖ Nominal fee. A nominal fee increase will be paid in FY17. The nominal fee for eligible volunteers increases in July 2016 by \$75 to \$425 and by \$25 to \$625, depending on level of service.
- ❖ Association funding. Funding for the Association will increase by 1.5% 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 FY17 Operating Budget for the County government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY16, which began on July 1, 2015. 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 FY17 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, 2016; and technical changes.

Summary: The recommended budget includes funding for 9,245 full-time positions, a net increase of 71 from the approved FY16 Personnel Complement of 9,174 full-time positions. Funding for 968 part-time positions is also included, a net decrease of 2 position from the approved FY16 Personnel Complement of 970 positions. FTEs increased by 72.5 to 9,968.0.

Detailed below are the significant net changes in the number of positions in the FY17 Recommended Budget.

<u>Workforce Changes</u>	<u>Position Change</u>
<ul style="list-style-type: none">• Recreation – Change is due to the change in status of temporary positions to permanent positions.	18
<ul style="list-style-type: none">• Police – Change is due to the addition of six new officers for the Mary Sector of Germantown/Damascus, three new positions for the Emergency Communications Center, two new positions for the Animal Services Division, two new part-time crossing guards, and a technical correction of three positions mistakenly excluded in the prior year. This is offset by a reduction of one Patrol Services Assistant position.	15
<ul style="list-style-type: none">• Technology Services - Change due to the conversion of long-term contractor resources to full-time County merit positions for essential functions, including ERP support, cybersecurity, and applications development.	12
<ul style="list-style-type: none">• Correction and Rehabilitation - Change is due to the addition of a post at the Central Processing Unit due address the requirements of changes to State law on the processing of arrestees and the addition of a post at the Montgomery County Correctional Facility to address the increasing needs of the mentally ill.	11

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES

HEALTH PLAN	2015					2016					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	%Dif
Carefirst POS	1,428	1,002	2,014	4,444	52.7%	1,371	983	1,934	4,288	50.3%	(57)	(19)	(80)	(156)	-2.4%
Carefirst POS Std	256	144	205	605	7.2%	268	142	243	653	7.7%	12	(2)	38	48	0.5%
Kaiser	675	333	504	1,512	17.9%	730	351	557	1,638	19.2%	55	18	53	126	1.3%
United Healthcare	615	404	857	1,876	22.2%	638	414	894	1,946	22.8%	23	10	37	70	0.6%
Grand Total				8,437					8,525					88	

**MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY
COUNTY EXECUTIVE RECOMMENDED: FY17**

	POSITIONS		FULL-TIME EQUIVALENTS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL
FY16 APPROVED COMPLEMENT	9,174	970	8,121.0	1,774.5	9,895.5
FY17 RECOMMENDED COMPLEMENT	9,245	968	8,141.2	1,826.8	9,968.0
CHANGE IN WORKFORCE (GROSS)	71	(2)	20.2	52.3	72.5
Percentage Change	0.8%	(0.2%)	0.2%	2.9%	0.7%

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES

Employee Retirement System Plans	Number Employees (7/1/14)	Fiscal 2016	Number Employees (7/1/15)	Fiscal 2017	Number Employees (7/14 v. 7/15)	Contribution Rate (7/14 v. 7/15)
		Contribution Rate %		Contribution Rate %		
Public Safety	2,946	37.73%	2,987	23.51%	41	
Non-Public Safety	1,326	40.02%	1,202	42.71%	(124)	
Guaranteed Retirement Income Plan	1,263	6.61%	1,352	5.35%	89	-1.26%
Total ERS System Plans	5,535		5,541		6	
Retirement Savings Plan	3,585	8.00%	3,756	8.00%	171	0.00%

Source: Montgomery County Employees' Retirement System, 2014 and 2015 Actuarial Valuation Reports for Plan Years Beginning July 1, 2014, and July 1, 2015, respectively. RSP data provided by the Montgomery County Employee Retirement Plans.

PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT							
ITEM	FY15 APPR	FY15 ACT	FY16 APPR	FY16 EST	FY17 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	102,390	123,929	190,000	140,000	183,344	(6,656)	(3.5%)
Professional Services	3,085	15,109	7,200	5,700	6,000	(1,200)	(16.7%)
Due Diligence/Education	2,000	2,121	3,600	3,600	3,600	0	0.0%
Office Management	6,650	12,292	9,000	8,800	9,000	0	0.0%
Investment Management fees	9,000	5,438	6,000	6,000	6,000	0	0.0%
TOTAL EXPENSES	\$123,125	\$158,889	\$215,800	\$164,100	\$207,944	(7,856)	(3.6%)

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	FY15 APPR	FY15 ACT	FY16 APPR	FY16 EST	FY17 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	269,920	169,713	341,690	271,690	343,180	1,490	0.4%
Professional Services	152,500	76,217	80,000	305,000	80,000	0	0.0%
Due Diligence/Education	48,000	22,003	48,000	45,000	50,000	2,000	4.2%
Office Management	15,000	13,394	20,000	17,000	20,000	0	0.0%
Investment Management fees	2,710,000	2,437,097	3,100,000	2,700,000	3,400,000	300,000	9.7%
TOTAL EXPENSES	\$3,195,420	\$2,718,424	\$3,589,690	\$3,338,690	\$3,893,180	\$303,490	8.5%

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM							
ITEM	FY15 APPR	FY15 ACT	FY16 APPR	FY16 EST	FY17 REC	FY17 vs. FY16 Appr.	
						\$	%
REVENUE							
Contributions	143,900,000	177,929,360	136,200,000	164,400,000	116,400,000	(19,800,000)	(14.5%)
Investment Income	261,000,000	88,488,213	279,000,000	(23,000,000)	270,000,000	(9,000,000)	(3.2%)
Miscellaneous Income	950,000	1,088,620	1,300,000	1,000,000	950,000	(350,000)	(26.9%)
TOTAL REVENUE	\$ 405,850,000	\$ 267,506,193	\$ 416,500,000	\$ 142,400,000	\$ 387,350,000	(29,150,000)	(7.0%)
EXPENSES							
OPERATING EXPENSES							
Retirement Benefits	254,500,000	233,521,086	265,000,000	244,600,000	256,830,000	(8,170,000)	(3.1%)
Investment Management fees	25,000,000	22,506,400	25,000,000	24,000,000	25,000,000	0	0.0%
SUBTOTAL	279,500,000	256,027,486	290,000,000	268,600,000	281,830,000	(8,170,000)	(2.8%)
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	1,785,000	1,358,914	1,972,000	1,702,000	1,984,000	12,000	0.6%
Professional Services	942,400	771,876	1,208,500	1,002,500	1,019,500	(189,000)	(15.6%)
Benefit Processing	140,000	130,333	140,000	135,000	140,000	0	0.0%
Due Diligence/Education	63,700	28,432	62,500	55,300	65,500	3,000	4.8%
Office Management	103,000	395,005	443,500	426,500	433,000	(10,500)	(2.4%)
SUBTOTAL	3,034,100	2,684,560	3,826,500	3,321,300	3,642,000	(184,500)	(4.8%)
TOTAL EXPENSES	\$282,534,100	\$258,712,046	\$293,826,500	\$271,921,300	\$285,472,000	-8,354,500	(2.8%)
NET REVENUE	\$123,315,900	\$8,794,147	\$122,673,500	(\$129,521,300)	\$101,878,000	(20,795,500)	(17.0%)

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN							
ITEM	FY15 APPR	FY15 ACT	FY16 APPR	FY16 EST	FY17 REC	FY17 vs. FY16 Appr.	
						\$ Change	% Change
REVENUE							
Investment Income	600	1,322	1,200	1,200	1,000	(200)	(16.7%)
Miscellaneous Income	235,000	447,749	250,000	300,000	250,000	0	0.0%
TOTAL REVENUE	235,600	449,071	251,200	301,200	251,000	(200)	(0.1%)
EXPENSES							
OPERATING EXPENSES							
Investment Management fees	9,000	5,437	6,000	6,000	6,000	0	0.0%
SUBTOTAL	9,000	5,437	6,000	6,000	6,000	0	0.0%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	200,000	156,820	237,000	187,000	227,100	(9,900)	(4.2%)
Professional Services	79,700	67,759	60,700	63,200	61,000	300	0.5%
Due Diligence/Education	2,000	2,185	3,600	3,600	3,600	0	0.0%
Office Management	6,650	8,536	9,000	8,800	9,000	0	0.0%
SUBTOTAL	288,350	235,300	310,300	262,600	300,700	(9,600)	(3.1%)
TOTAL EXPENSES	\$297,350	\$240,737	\$316,300	\$268,600	\$306,700	(9,600)	(3.0%)

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY17</u>	<u>Annual Cost Beyond FY17</u>
28	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,409,770	\$2,120,082
28	Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$77,164	\$117,515
28	Service Increment	FY12 Increment - 3.5 Percent Paid in July 2016	\$1,313,545	\$1,313,545
36	Wages	0.5 Percent General Wage Adjustment in July 2016 and 0.5 Percent General Wage Adjustment in January 2017	\$934,849	\$1,246,466
Total			\$3,735,328	\$4,797,608

Police Uniformed Management Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>FY17</u>	<u>Annual Cost Beyond FY17</u>
Wages	0.5 Percent General Wage Adjustment in July 2016 and 0.5 Percent General Wage Adjustment in January 2017	\$78,729	\$104,972
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$3,116	\$5,218
Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$11,844	\$17,066
Total		\$93,689	\$127,256

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

**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>FY17</u>	<u>Annual Cost Beyond FY17</u>
7.14	Sick Leave	Accrual of Leave while on Donated Leave	-\$3,300	-\$3,300
17.2	Special Duty Differentials	Assignment Pay Differentials for ALS Providers**	\$200,463	\$200,463
19.1	Wages	1 Percent General Wage Adjustment in July 2016 and 1 Percent General Wage Adjustment in February 2017	\$1,473,716	\$2,085,128
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$80,574	\$80,574
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$795,865	\$1,652,521
Appendix IV	Working Out of Class	Working Out of Class Pay Eligibility	-\$45,300	-\$45,300
Total			\$2,502,018	\$3,970,086

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

<u>Item</u>	<u>Description</u>	<u>FY17</u>	<u>Annual Cost Beyond FY17</u>
Wages	1 Percent General Wage Adjustment in July 2016 and 1 Percent General Wage Adjustment in February 2017	\$98,430	\$139,266
Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$20,225	\$20,225
Total		\$118,655	\$159,491

* 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 FY17.

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>FY17</u>	<u>Annual Cost</u>
				<u>Beyond FY17</u>
5	Wages	0.5 Percent General Wage Adjustment in July 2016 and 0.5 Percent General Wage Adjustment in January 2017	\$2,732,914	\$3,643,885
5.1	Longevity	Longevity Step Increase of 3 Percent for Eligible Employees	\$86,226	\$172,618
5.2	Lump Sum	1 Percent Lump Sum Payment for Eligible Employees at top of grade	\$1,241,241	\$0
6	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$3,712,403	\$7,341,114
6.9	Service Increments	Postponed Increment - 3.5 Percent Paid in May 2017	\$718,336	\$4,669,183
9	Classification Studies	25 Individual and 7 Job Classification Studies	\$25,000	\$0
21	Insurance Coverage	Inclusion of Pharmacy Benefit Management Programs	-\$202,564	-\$270,085
21	Insurance Coverage	Domestic Partner Coverage, effective January 2017	\$251,956	\$503,912
53	Seasonal Employees	Additional \$0.25 for Eligible Seasonal Employees	\$116,699	\$116,699
Total			\$8,682,212	\$16,177,326

Non-Represented Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>FY17</u>	<u>Annual Cost</u>
			<u>Beyond FY17</u>
Wages	0.5 Percent General Wage Adjustment in July 2016 and 0.5 Percent General Wage Adjustment in January 2017	\$1,542,247	\$2,056,329
Longevity	Longevity Step Increase of 2 Percent for Eligible Employees	\$20,497	\$42,026
Lump Sum	1 Percent Lump Sum Payment for Eligible Employees at top of grade	\$675,268	\$0
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,311,026	\$2,564,864
Service Increments	Postponed Increment - 3.5 Percent Paid in May 2017	\$190,314	\$1,237,043
Insurance Coverage	Inclusion of Pharmacy Benefit Management Programs	-\$186,927	-\$249,236
Insurance Coverage	Domestic Partner Coverage, effective January 2017	\$92,320	\$184,640
Total		\$3,644,745	\$5,835,667

* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.
Note: Transit Accident Review is estimated to have an impact of \$21,600 in FY17, paid through LMRC funds.
Fleet Safety Shoes can be provided within current equipment appropriation.

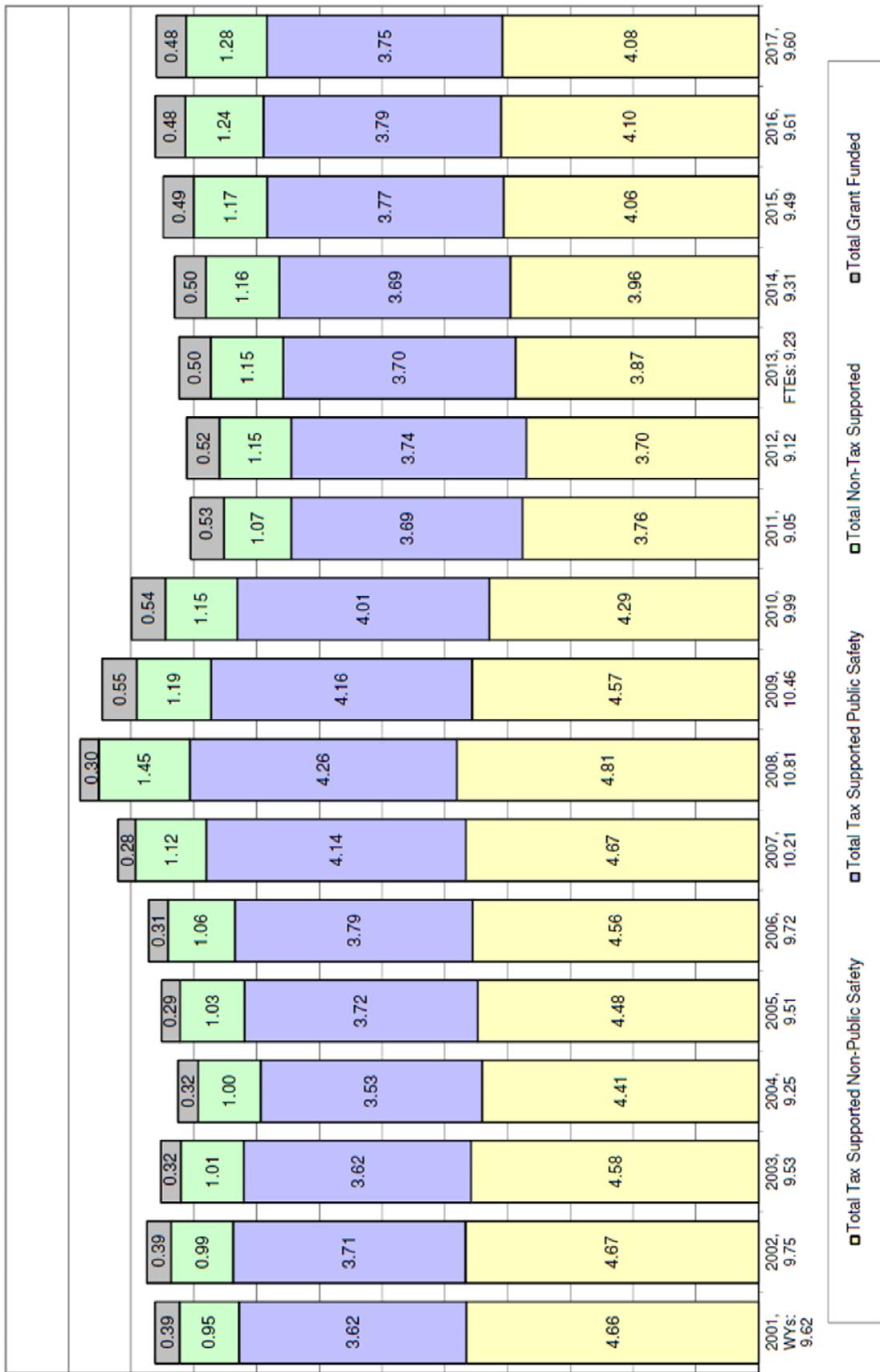
Montgomery County Volunteer Fire and Rescue Association Fiscal Impact Summary*

<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
FY01-FY16 Approved Workyears and FTEs, FY17 Recommended FTEs¹**



¹ From FY01 through FY12, workyears are used; beginning in FY13, full-time equivalent (FTE) positions will be used.



**MONTGOMERY COUNTY PRODUCTION REPORT
FY17 CE Recommended Final
TOTAL COUNTY COST OF EMPLOYEE BENEFITS**

	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
General Fund				
General Government				
Board of Appeals (02D)	30,582	46,604	57,706	134,892
Board of Elections (24D)	226,430	357,768	178,715	762,912
Circuit Court (10D)	487,767	1,036,109	728,505	2,252,381
Community Engagement Cluster (16D)	156,539	240,308	218,490	615,336
County Attorney (30D)	286,540	461,277	615,319	1,363,136
County Council (01D)	559,605	964,858	1,022,979	2,547,442
County Executive (15D)	244,578	375,001	452,783	1,072,361
Ethics Commission (19D)	21,661	34,953	17,687	74,301
Finance (32D)	625,285	1,011,059	907,217	2,543,561
General Services (36D)	684,067	1,452,650	1,406,197	3,542,914
Human Resources (33D)	312,734	496,121	441,145	1,250,001
Human Rights (46D)	58,818	93,208	78,231	230,257
Inspector General (06D)	55,955	69,906	46,162	172,023
Intergovernmental Relations (20D)	43,451	61,750	57,898	163,099
Legislative Oversight (03D)	81,194	128,161	157,981	367,336
Management and Budget (31D)	216,960	324,875	344,384	886,219
Merit System Protection Board (04D)	12,686	23,302	8,525	44,513
Office of Agriculture (77D)	33,322	51,264	75,069	159,655
Office of Procurement (35D)	214,847	390,990	371,449	977,285
Public Information (23D)	221,267	471,788	299,291	992,345
State's Attorney (11D)	852,292	1,610,660	1,244,445	3,707,397
Technology Services (34D)	1,256,607	1,771,320	2,001,133	5,029,061
Zoning and Administrative Hearings (05D)	30,173	46,604	27,306	104,083
Total General Government	6,713,361	11,520,534	10,758,614	28,992,509
Public Safety				
Consumer Protection (39D)	101,930	179,877	306,258	588,065
Correction and Rehabilitation (42D)	3,367,719	6,119,598	5,750,461	15,237,778
Emergency Management and Homeland Security (49D)	60,472	104,859	77,266	242,597
Police (47D)	11,912,829	22,969,844	23,896,768	58,779,442
Sheriff (48D)	1,075,422	2,047,837	2,006,596	5,129,855
Total Public Safety	16,518,371	31,422,015	32,037,349	79,977,736
Transportation				
Transportation (50D)	1,149,635	2,727,138	2,336,570	6,213,343
Health and Human Services				
Health and Human Services (60D)	6,555,383	13,707,602	11,198,691	31,461,677
Libraries, Culture, and Recreation				
Public Libraries (71D)	1,739,669	4,764,636	3,547,115	10,051,419
Community Development and Housing				
Housing and Community Affairs (76D)	265,345	480,751	612,192	1,358,287



**MONTGOMERY COUNTY PRODUCTION REPORT
FY17 CE Recommended Final
TOTAL COUNTY COST OF EMPLOYEE BENEFITS**

	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
Environment				
Environmental Protection (80D)	95,278	159,335	184,255	438,868
Other County Government Functions				
NDA - Compensation and Employee Benefit Adjustments (99V05)	8,878	13,975	7,354	30,208
NDA - Conference Center (99V19)	6,513	11,651	3,405	21,569
NDA - Legislative Branch Communications Outreach (99V44)	11,588	23,302	9,816	44,706
NDA - State Positions Supplement (99V03)	4,318	0	0	4,318
Total Other County Government Functions	31,296	48,928	20,576	100,800
Total General Fund	33,068,338	64,830,940	60,695,362	158,594,639
Special Funds - Tax Supported				
Fire (C01)	9,186,114	14,423,187	26,340,573	49,949,875
Recreation (C02)	1,282,894	1,466,242	1,413,858	4,162,994
Bethesda Urban District (C03)	6,647	11,651	28,811	47,109
Silver Spring Urban District (C04)	127,534	423,180	188,891	739,605
Wheaton Urban District (C05)	79,498	258,998	93,111	431,608
Mass Transit (C06)	3,941,857	9,398,333	5,270,893	18,611,084
Economic Development Fund (C09)	6,867	11,651	4,794	23,312
Total Special Funds - Tax Supported	14,631,412	25,993,243	33,340,932	73,965,587
Total Tax Supported Funds	47,699,750	90,824,182	94,036,294	232,560,226
Special Funds - NonTax Supported				
Montgomery Housing Initiative (C10)	99,900	175,528	194,294	469,722
Cable TV (C11)	216,473	355,356	432,934	1,004,763
Water Quality Protection (C12)	487,315	900,340	775,565	2,163,220
Grant Fund (C90)	2,902,489	6,566,150	3,977,355	13,445,995
Total Special Funds - NonTax Supported	3,706,177	7,997,374	5,380,149	17,083,700
Enterprise Funds				
Liquor (C30)	1,824,911	5,175,100	2,384,525	9,384,536
Solid Waste Disposal (C31)	569,653	1,073,965	1,058,170	2,701,788
Solid Waste Collection (C32)	81,751	145,033	138,443	365,227
Leaf Vacuuming (C33)	183,025	374,628	228,764	786,417
Community Use of Public Facilities (C34)	173,321	341,358	283,808	798,488
Bethesda Parking (C35)	121,108	236,980	235,780	593,867
Silver Spring Parking (C36)	134,134	266,787	257,562	658,483
Montgomery Hills Parking (C37)	2,348	4,876	4,290	11,514
Wheaton Parking (C38)	20,436	40,004	43,078	103,519
Permitting (C39)	1,558,968	2,674,511	3,175,470	7,408,950
Total Enterprise Funds	4,669,655	10,333,243	7,809,890	22,812,789
Total Non-Tax Supported	8,375,832	18,330,617	13,190,039	39,896,488



MONTGOMERY COUNTY PRODUCTION REPORT
FY17 CE Recommended Final
TOTAL COUNTY COST OF EMPLOYEE BENEFITS

	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
Internal Service Funds				
Motor Pool (C50)	1,189,372	2,322,310	1,535,843	5,047,526
Central Duplicating (C51)	128,471	324,423	230,541	683,435
Risk Management (C52)	229,861	356,172	409,547	995,580
Employee Health Self Insurance (C53)	148,058	274,518	141,819	564,394
Total Internal Service Funds	1,695,761	3,277,424	2,317,750	7,290,935