



Workforce/Compensation

SUMMARY OF FY23 RECOMMENDATIONS

A. SUMMARY OF AGENCY REQUESTS

Montgomery County Public Schools (MCPS): The MCPS workforce for FY23, as recommended by the Board of Education (BOE), is 23,976.4935 FTEs, or 130.7375 FTEs greater than the Board of Education adopted FY22 workforce of 23,845.7560 FTEs. MCPS is in negotiations with the public schools' bargaining units, the Service Employees International Union (SEIU), the Montgomery County Education Association (MCEA), the Montgomery County Association of Administrators and Personnel (MCAAP), and the Montgomery County Business and Operations Administrators (MCBOA). The potential impact on the FY23 budget is unknown. For more information on compensation and workforce changes, please see the Board of Education's FY23 requested budget document.

Montgomery College (MC): The College and its Board of Trustees have proposed a maintenance of effort budget that continues its current core staff complement at the FY22 level with the exception of adding 10.5 FTE to support a new East County Education Center. The FY23 Current Fund increase in personnel costs of roughly \$4.0 million will support these new positions while providing other College employees with a modest compensation increase. College faculty and staff did not receive compensation increases in FY22 due to budget austerity. Negotiations with the bargaining units are ongoing, however, merit and general wage adjustment increases are not known at the time of this publication. For more information on compensation and workforce changes, please consult the Adopted FY23 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 FY23, as recommended by the Planning Board, is an increase of 11.13 FTEs. The Commission's requested budget includes an increase in personnel costs of \$5.4 million. The increase also includes retirement and group insurance adjustments, a compensation placeholder (to address collectively bargained compensation increases and pass-through costs), and a reclassification placeholder. For more information on compensation and workforce changes, please see the M-NCPPC FY23 requested budget document.

Montgomery County Government (MCG): The net impact on the County government workforce for FY23, as recommended by the Executive, is an increase of 240 positions.

The recommended budget contains an increase in total personnel costs of \$78.5 million, or 6.5 percent. The increase in FY23 related only to FY23 compensation and benefits adjustments totaled \$31.5 million, or 2.6 percent. The primary factors in these changes are:

Factor	Millions
General Wage Adjustment	\$11.4
Decrease in required retirement contribution	-\$20.0
Increase in group insurance	\$12.6
Service increments and longevity	\$8.0
Annualization of FY22 Compensation Adjustments	\$20.7

Other FY23 Compensation Adjustments	\$19.6
New positions in FY23	\$20.0
Position eliminations in FY23	-\$0.7
Other changes in personnel costs, including turnover savings and annualization of positions	\$7.0

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 the 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 FY23: 3.5 percent effective the first full pay period after July 3, 2022 and 3.0 percent effective the first full pay period after January 1, 2023 for all employees in the Police bargaining unit; 4.0 percent effective the first full pay period after October 9, 2022 and 1.0 percent effective the first full pay period after January 1, 2023 for all employees in the Fire and Rescue bargaining unit and Fire and Rescue uniformed management; \$4,333 effective the last pay period after June 2023 for all employees in the Office, Professional, and Technical (OPT), and Service, Labor, and Trades (SLT) units, as well as all employees on the Deputy Sheriffs and Correctional Officers Uniform Salary Schedules, and all non-represented employees, including Management Leadership Service (MLS) and Police Leadership Service (PLS) employees.

FY23 salary schedules can be found on the County's website at:

<http://www.montgomerycountymd.gov/HR/compensation/Compensation.html>.

Lump-Sum Payments: The Executive recommends a lump-sum bonus payment of \$600 for employees in the OPT and SLT units, as well as on the Deputy Sheriffs and Correctional Officers schedules, who are not eligible for a full service increment in FY23.

Service Increments: The Executive recommends service increments of 3.5 percent for all eligible employees.

Longevity Increments: The Executive recommends longevity increments in FY23 for all eligible employees; adjustments to longevity steps to be awarded after 15, 17, and 20 years of service for all employees in the Police bargaining unit; adjustments to longevity steps to be awarded after 17, 20, and 24 years of service for all employees in the Fire and Rescue bargaining unit and Fire and Rescue uniformed management.

Performance-Based Pay: The Executive recommends \$2,000,000 in the Compensation Adjustment and Employee Benefits NDA to fund performance-based pay increases for MLS and PLS 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 2022 and projected changes for 2023. The employer rates of 6.2 percent for social security and 1.45 percent for Medicare 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, and 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 \$13,893 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 seven percent annually between FY23 and FY28. 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.

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 pre-funding for retiree pension benefits. Due to exponential growth in expected retiree health costs, the County had determined the cost of funding these benefits, which were being paid out as the bills came due, would become unaffordable. Setting aside money now and investing it in a Trust Fund, which is invested in a similar manner as the pension fund, is a prudent and responsible approach that will result in significant savings over the long-term.

County agencies develop 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 \$2.3 billion - approximately 33.6 percent of the total FY23 budget for all agencies.

Proposed FY23 Consolidated Retiree Health Benefits Trust Contributions		
Montgomery County Government (MCG)		<u>FY23</u>
<i>General Fund:</i>		
Retiree Health Benefits Trust NDA		\$0
<i>Proprietary Funds:</i>		
Bethesda Parking District		\$0
Wheaton Parking District		0
Silver Spring Parking District		0
Solid Waste Collection		0
Solid Waste Disposal		0
Alcohol Beverage Services		0
Permitting Services		0
Community Use of Public Facilities		0

The County's approach to address retiree health benefits funding has been 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 Actuarially Determined Contribution or "ADC", is estimated at \$65.9 million. This amount normally consists of two pieces - the annual amount the County would usually pay out for health benefits for current retirees

Motor Pool	0	(the pay as you go amount), plus the additional amount estimated 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.
Risk Management	0	
Central Duplicating	0	
<u>Participating Agency Contributions</u>	\$0	
Total MCG Trust Contributions	\$0	
Consolidated Trust: Montgomery County Public Schools	\$57,424,677	
Consolidated Trust: Montgomery College	\$1,704,000	
Park and Planning Commission Trust Fund*	\$3,861,796	
Total Contributions/Assets Held in Trust	\$62,990,473	
* MNCPPC's contribution from tax supported funds is \$3,684,208.		

The County's policy has been to pay the full amount of ADC each year. In FY11, 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 (OPEB) for employees of MCPS and MC. 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 has reduced 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 FY22, these contributions were budgeted at \$10.8 million (County General Fund), \$73.0 million (MCPS Consolidated Trust), and \$5.6 million (MC Consolidated Trust).

In planning for FY23, actuarial analysis assumed a utilization of Trust assets due to the funded status of plan, and the pay-as-you-go amount was determined to be higher than the ADC. The County Executive has determined that the magnitude of the assets in the OPEB Trust requires a shift from the policy of paying the full amount of the ADC each year, to a policy that utilizes the Trust to pay a portion of the retiree health benefits while maintaining the assets necessary to support consistent and continued utilization through sustained investment growth and contributions as required.

A detailed breakdown of FY23 recommended contributions to the Consolidated Retiree Health Benefit Trust for County government tax supported agencies, participating agencies, MCPS, and MC is displayed in the table above. The Executive is recommending that the Retiree Health Benefits Trust provide \$20.0 million to the County's Employee Group Health Insurance fund and \$27.2 million to MCPS for the payment of retiree health insurance claims in FY23.

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 6,843 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.

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, 2021, there were 6,843 retirees and survivors and 6,214 active members, including 2,710 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 United Food and Commercial Workers Local 1994 MCGEO. Eligibility to participate has been passed through to non-represented employees and participants of participating agencies. All full-time 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 County Council Executive Director; 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 decreased by 69 and the number of public safety employees decreased by 110, for a combined total active enrollment of 3,504 in FY22. GRIP membership increased by 189 employees to 2,710 in FY22. The RSP had the same number of active employees enrolled in FY22 as in FY21, for a total FY22 enrollment of 3,328.

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 Workforce/Compensation

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, 2022. The negotiated agreement becomes effective July 1, 2022, and expires on June 30, 2024. The agreement's salient economic terms include:

- General Wage Adjustment. A 4.0 percent and a 1.0 percent GWA will be paid in October 2022 and January 2023, respectively.
- Service Increments. A service increment of 3.5 percent will be paid in FY23 up to the maximum base salary for the grade for eligible unit members.
- Longevity step increases. Longevity step increases will be paid to eligible employees; effective July 2023, a third longevity step will be added, and longevity steps will be adjusted to be awarded after completion of 17, 20, and 24 years of service.
- Military Service Credit. A military service credit will be paid to eligible Group G members.

MC GEO Bargaining Unit: The current agreement became effective July 1, 2020, and expires on June 30, 2023. A limited scope reopener agreement became effective July 1, 2021 and will expire on June 30, 2023. The limited scope reopener agreement's salient economic terms for FY23 include:

- General Wage Adjustment. A \$4,333 GWA will be paid the last pay period of June 2023.
- Service Increments. A service increment of 3.5 percent will be paid in FY23 up to the maximum base salary for the grade for eligible unit members.
- Deferred Service Increment. A service increment of 3.5 percent for any eligible bargaining unit member who was scheduled to receive a service increment in FY11, but which was not funded by the County Council, was split into three phases; the third phase of 1.25 percent will be paid in FY23 to eligible unit members the first full pay period following July 1, 2022.
- Longevity step increases. Longevity step increases will be paid to eligible employees.
- Lump sum payment. A \$600 lump sum payment for eligible unit members who are not eligible for a service increment in FY23 will be paid the first full pay period following July 1, 2022.
- Seasonal Wage Adjustment. A \$0.50 an hour adjustment will be provided effective the first full pay period after July 1, 2022, and a \$0.50 an hour adjustment effective the last pay period in June 2023 for seasonal employees not affected by the County minimum wage increase.

Police Bargaining Unit: The current agreement became effective July 1, 2020, and expires on June 30, 2023. A limited scope reopener agreement will become effective July 1, 2022 and expire on June 30, 2023. The agreement's salient economic terms include:

- General Wage Adjustment. A 3.5 percent and a 3.0 percent GWA will be paid in July 2022 and January 2023, respectively.
- Service Increments. A service increment of 3.5 percent will be paid in FY23 up to the maximum base salary for the grade for eligible unit members.
- Longevity step increases. Longevity step increases will be paid to eligible employees; effective July 2023, a third longevity step will be added, and longevity steps will be adjusted to be awarded after completion of 15, 17, and 20 years of service.
- Field Training Officer Pay Differential. An increase to the Field Training Officer (FTO) pay from \$3.50 per hour to \$6.00 per hour for eligible unit members.
- Salary Schedule Adjustment. A salary schedule adjustment of 3.5 percent for all eligible unit members receiving less than the maximum base salary will be paid the first full pay period following July 1, 2022.

Volunteer Fire and Rescue Bargaining Unit: The current agreement became effective on July 1, 2020, and expires on June 30, 2023. The agreement's salient economic terms include:

- Nominal fee. A nominal fee increase will be paid in FY23. The nominal fee for eligible volunteers increases in July 2022 to \$550 and to \$1,000, depending on level of service.
- Association funding. Funding for the Association will increase to \$14,059 on July 1, 2022.
- Training. Funding in the amount of \$21,000 will be provided for Volunteer Basic Orientation Course training, and \$15,000 will be provided for training and Pro-Board certification.
- Length of Service Award Program (LOSAP). An increase in LOSAP of 2.5 percent will be made for certain active members, on July 1, 2022.

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 FY23 Operating Budget for the County government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY22, which began on July 1, 2021. Changes shown reflect 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 FY23 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, 2022, and technical changes.

Summary: The recommended budget includes funding for 10,081 full-time positions, a net increase of 244 from the approved FY22 Personnel Complement of 9,837 full-time positions. Funding for 982 part-time positions is also included, a net decrease of 4 positions from the approved FY22 Personnel Complement of 986 positions. FTEs increased by 287.0 to 10,901.4.

MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY					
COUNTY EXECUTIVE RECOMMENDED: FY23					
	POSITIONS		FULL-TIME EQUIVALENTS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL
FY22 APPROVED COMPLEMENT	9,837	986	8,708.9	1,905.5	10,614.3
FY23 RECOMMENDED COMPLEMENT	10,081	982	9,005.8	1,895.6	10,901.4
CHANGE IN WORKFORCE (GROSS)	244	(4)	296.9	(9.9)	287.0
Percentage Change	2.5%	(0.4%)	3.4%	(0.5%)	2.7%

Detailed below are the significant net changes in the number of positions in the FY23 Recommended Budget.

Workforce Changes	Position Change
Health and Human Services - Change is related to staff added to support Mental Health Services at Montgomery County Public Schools; staff to support a new Wellness Center; additions for existing and new programs in Children, Youth and Families; support for programs in Services to End and Prevent Homelessness; additional Public Health staff to support Montgomery County Public Schools; and staff to support increased work demand in Aging and Disability Services.	62
County Council - Change is due to the addition of two new Councilmembers that was approved by the voters in the 2020 election, their staff, and the impact this voter-approved change will have on Council operations.	26

Environmental Protection - Change is due to adding positions to create a Building Energy Performance Standards program, address flooding and stormwater management activities, and to implement other climate efforts.	24
Police - Change is due to the consolidation of Fire Dispatch at the 911 Call Center, additional staffing to support the review and dissemination of Public Information, and to support police recruitment.	24
Recreation - Change is due to staffing associated with the opening of the South County Regional Recreation and Aquatic Center, support of the Newcomers Enhancements and Assistants programs, expansion of Out-of-School-Time programs, and new positions to support the mission of the department and to improve service delivery and operational efficiency.	23
Fire and Rescue Service - Change is due to the addition of positions to support emergency medical service enhancements and infrastructure improvements supported by new Emergency Service Transporter Supplemental Payment Program revenues, which are offset in part by the elimination of 14 long-term vacant lapsed positions.	19
Human Resources - Change is due to adding positions to address gaps in service delivery, enhance the customer experience, address critical areas of improvement, and strengthen partnerships within the Human Resources community.	11

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES															
HEALTH PLAN	2021					2022					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	%Dif
Carefirst POS	1,296	1,011	1,847	4,154	46.2%	1,335	1,035	1,776	4,146	46.3%	39	24	(71)	(8)	0.1%
Carefirst POS Std	450	206	398	1,054	11.7%	506	219	432	1,157	12.9%	56	13	34	103	1.2%
Kaiser	841	410	605	1,856	20.6%	792	390	593	1,775	19.8%	(49)	(20)	(12)	(81)	-0.8%
United Healthcare	681	425	829	1,935	21.5%	663	428	790	1,881	21.0%	(18)	3	(39)	(54)	-0.5%
Grand Total				8,999					8,959					(40)	

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES						
Employee Retirement System Plans	Number	Fiscal 2022	Number	Fiscal 2023	Number	Contribution
	<u>Employees</u> (7/1/20)	<u>Rate</u> %	<u>Employees</u> (7/1/21)	<u>Rate</u> %	<u>Employees</u> (7/20 v. 7/21)	<u>Rate</u> (7/20 v. 7/21)
Public Safety	2,869	18.34%	2,759	15.32%	(110)	-3.02%
Non-Public Safety	814	14.41%	745	1.64%	(69)	-12.77%
Guaranteed Retirement Income Plan	2,521	6.29%	2,710	6.12%	189	-0.17%
Total ERS System Plans	6,204		6,214		10	
Retirement Savings Plan	3,328	8.00%	3,328	8.00%	-	0.00%

Source: Montgomery County Employees' Retirement System, 2020 and 2021 Actuarial Valuation Reports for Plan Years Beginning July 1, 2020, and July 1, 2021, respectively. RSP data provided by the Montgomery County Employee Retirement Plans.

PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT							
ITEM	FY21 APPR	FY21 ACT	FY22 APPR	FY22 EST	FY23 REC	\$ Change	%Change
EXPENSES							
Salaries and Benefits	191,000	143,787	187,000	172,000	196,500	9,500	5.1%
Professional Services	63,700	49,001	52,300	51,000	53,000	700	1.3%
Due Diligence/Education	3,600	42	2,800	1,500	2,800	0	0.0%
Office Management	9,600	4,089	8,000	7,100	8,000	0	0.0%
Investment Management fees	5,800	5,870	6,000	8,500	9,800	3,800	63.3%
TOTAL EXPENSES	\$273,700	\$202,789	\$256,100	\$240,100	\$270,100	\$14,000	5.5%

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	FY21 APPR	FY21 ACT	FY22 APPR	FY22 EST	FY23 REC	\$ Change	%Change
EXPENSES							
Salaries and Benefits	539,000	452,656	526,000	490,000	565,000	39,000	7.4%
Professional Services	209,200	200,014	174,042	173,100	176,500	2,458	1.4%
Due Diligence/Education	40,000	2,769	27,000	14,000	26,000	(1,000)	(3.7%)
Office Management	17,000	16,083	14,300	11,700	14,000	(300)	(2.1%)
Investment Management fees	5,627,000	7,067,375	7,088,250	6,324,000	8,451,000	1,362,750	19.2%
TOTAL EXPENSES	\$6,432,200	\$7,738,897	\$7,829,592	\$7,012,800	\$9,232,500	\$1,402,908	17.9%

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM							
ITEM	FY21 APPR	FY21 ACT	FY22 APPR	FY22 EST	FY23 REC	\$ Change	%Change
REVENUE							
Contributions	91,900,000	101,588,846	91,500,000	91,500,000	75,175,000	(16,325,000)	(17.8%)
Investment Income	337,600,000	1,166,428,940	322,000,000	381,000,000	395,000,000	73,000,000	22.7%
Miscellaneous Income	1,058,000	829,084	1,050,000	815,000	876,000	(174,000)	(16.6%)
TOTAL REVENUE	\$430,558,000	\$1,268,846,870	\$414,550,000	\$473,315,000	\$471,051,000	\$56,501,000	13.6%
EXPENSES							
OPERATING EXPENSES							
Retirement Benefits	280,170,000	277,169,709	285,420,000	298,503,000	312,458,000	27,038,000	9.5%
Investment Management fees	22,200,000	26,117,250	24,582,000	20,684,000	28,174,000	3,592,000	14.6%
SUBTOTAL	302,370,000	303,286,959	310,002,000	319,187,000	340,632,000	30,630,000	9.9%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	2,584,000	1,947,231	2,550,000	2,384,000	2,823,000	273,000	10.7%
Professional Services	1,173,000	925,708	1,013,900	990,000	1,024,200	10,300	1.0%
Benefit Processing	128,000	124,549	129,800	125,000	132,300	2,500	1.9%
Due Diligence/Education	55,500	3,141	33,700	18,000	33,700	0	0.0%
Office Management	105,500	88,281	88,300	76,400	88,300	0	0.0%
SUBTOTAL	4,046,000	3,088,910	3,815,700	3,593,400	4,101,500	285,800	7.5%
TOTAL EXPENSES	\$306,416,000	\$306,375,869	\$313,817,700	\$322,780,400	\$344,733,500	\$30,915,800	9.9%
NET REVENUE	\$124,142,000	\$962,471,001	\$100,732,300	\$150,534,600	\$126,317,500	\$25,585,200	25.4%

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN							
ITEM	FY21 APPR	FY21 ACT	FY22 APPR	FY22 EST	FY23 REC	\$ Change	%Change
REVENUE							
Investment Income	3,100	262	5,000	1,200	1,600	(3,400)	(68.0%)
Miscellaneous Income	132,000	358,770	150,000	357,000	312,000	162,000	108.0%
TOTAL REVENUE	\$135,100	\$359,032	\$155,000	\$358,200	\$313,600	\$158,600	102.3%
EXPENSES							
OPERATING EXPENSES							
Investment Management fees	5,800	5,870	6,000	8,500	9,800	3,800	63.3%
SUBTOTAL	5,800	5,870	6,000	8,500	9,800	3,800	63.3%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	217,000	176,911	213,000	199,000	224,500	11,500	5.4%
Professional Services	85,700	71,661	66,700	66,000	75,000	8,300	12.4%
Due Diligence/Education	3,600	42	2,800	1,500	2,800	0	0.0%
Office Management	9,600	4,239	7,300	5,300	7,300	0	0.0%
SUBTOTAL	315,900	252,853	289,800	271,800	309,600	19,800	6.8%
TOTAL EXPENSES	\$321,700	\$258,723	\$295,800	\$280,300	\$319,400	\$23,600	8.0%

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY23</u>	<u>Annual Cost Beyond FY23</u>	<u>Estimated # affected***</u>
5	Tech Pay	Increase Field Training Differential from \$3.50 per hour to \$6.00 per hour for Eligible Employees	\$59,092	\$64,324	--
28	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,000,025	\$1,482,665	561
28	Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$285,565	\$487,125	117
28	Longevity	Adjustment of Longevity Steps to after 15, 17, and 20	\$2,591,421	\$2,841,990	623
36	Wages	Salary Schedule Adjustment of 3.5 Percent for Eligible Employees	\$1,493,033	\$1,595,900	531
36	Wages	3.5 and 3.0 Percent General Wage Adjustment in July 2022 and January 2023, respectively	\$5,834,029	\$7,687,515	1,193
Total			\$11,263,166	\$14,159,518	1,193

Police Uniformed Management Pass-Through Estimates**

<u>Item</u>	<u>Description</u>	<u>FY23</u>	<u>Annual Cost Beyond FY23</u>	<u>Estimated # affected***</u>
Wages	\$4,333 General Wage Adjustment in the Last Pay Period of June 2023	\$9,784	\$254,266	52
Total		\$9,784	\$254,266	

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

** Police Management converted to a new Police Leadership Service (PLS) Schedule in FY19.

***The estimated number of employees affected by the economic item is identified where known.

**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>Annual Cost</u>		<u>Estimated # affected**</u>
			<u>FY23</u>	<u>Beyond FY23</u>	
19.1	Wages	4.0 and 1.0 Percent General Wage Adjustment in October 2022 and January 2023, respectively.	\$3,815,894	\$5,886,151	1,211
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$164,311	\$318,731	58
19	Longevity	Adjustment of Longevity Steps to after 17, 20, and 24 Years of Service	\$1,689,691	\$2,079,292	1,098
51	Pensions	Military Service Credit for Eligible Group G Members	\$337,073	\$337,073	–
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$900,712	\$1,665,475	688
Total			\$6,907,680	\$10,286,722	1,211

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

<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>		<u>Estimated # affected**</u>
		<u>FY23</u>	<u>Beyond FY23</u>	
Wages	4.0 and 1.0 Percent General Wage Adjustment in October 2022 and January 2023, respectively.	\$211,791	\$334,228	43
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$24,562	\$25,487	3
Total		\$236,353	\$359,715	43

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

** The estimated number of employees affected by the economic item is identified where known.

**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>FY23</u>	<u>Annual Cost Beyond FY23</u>	<u>Estimated # affected**</u>
5	Wages	\$4,333 General Wage Adjustment in the Last Pay Period of June 2023	\$1,038,608	\$27,003,808	5,004
5	Wages	\$600 Lump Sum to Eligible Employees not Eligible to Receive a Full Service Increment in FY23	\$1,055,791	\$0	1,700
5.1	Longevity	Longevity Step Increase of 2.5, 3, or 3.5 Percent for Eligible Employees	\$336,996	\$721,154	174
6	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$3,899,678	\$7,580,121	3,554
6	Deferred Increment	Deferred Service Increment from FY11 for Eligible Employees, Third Phase of 1.25% Effective July 2022	\$593,688	\$593,688	616
53	Seasonal Employees	Additional \$0.50 Adjustments Effective the First Full Pay Period in July 2022 and the Last Pay Period in June 2023	\$92,723	\$178,576	-
Total			\$7,017,483	\$36,077,347	

Non-Represented Pass-Through Estimates*

<u>Item</u>	<u>Description</u>	<u>FY23</u>	<u>Annual Cost Beyond FY23</u>	<u>Estimated # affected**</u>
Wages	\$4,333 General Wage Adjustment in the Last Pay Period of June 2023	\$425,957	\$11,069,072	2,153
Longevity	Longevity Step Increase of 2 Percent for Eligible Employees	\$32,008	\$70,036	30
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,380,749	\$2,594,696	665
Total		\$1,838,714	\$13,733,805	

* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.
 ** The estimated number of employees affected by the economic item is identified where known.

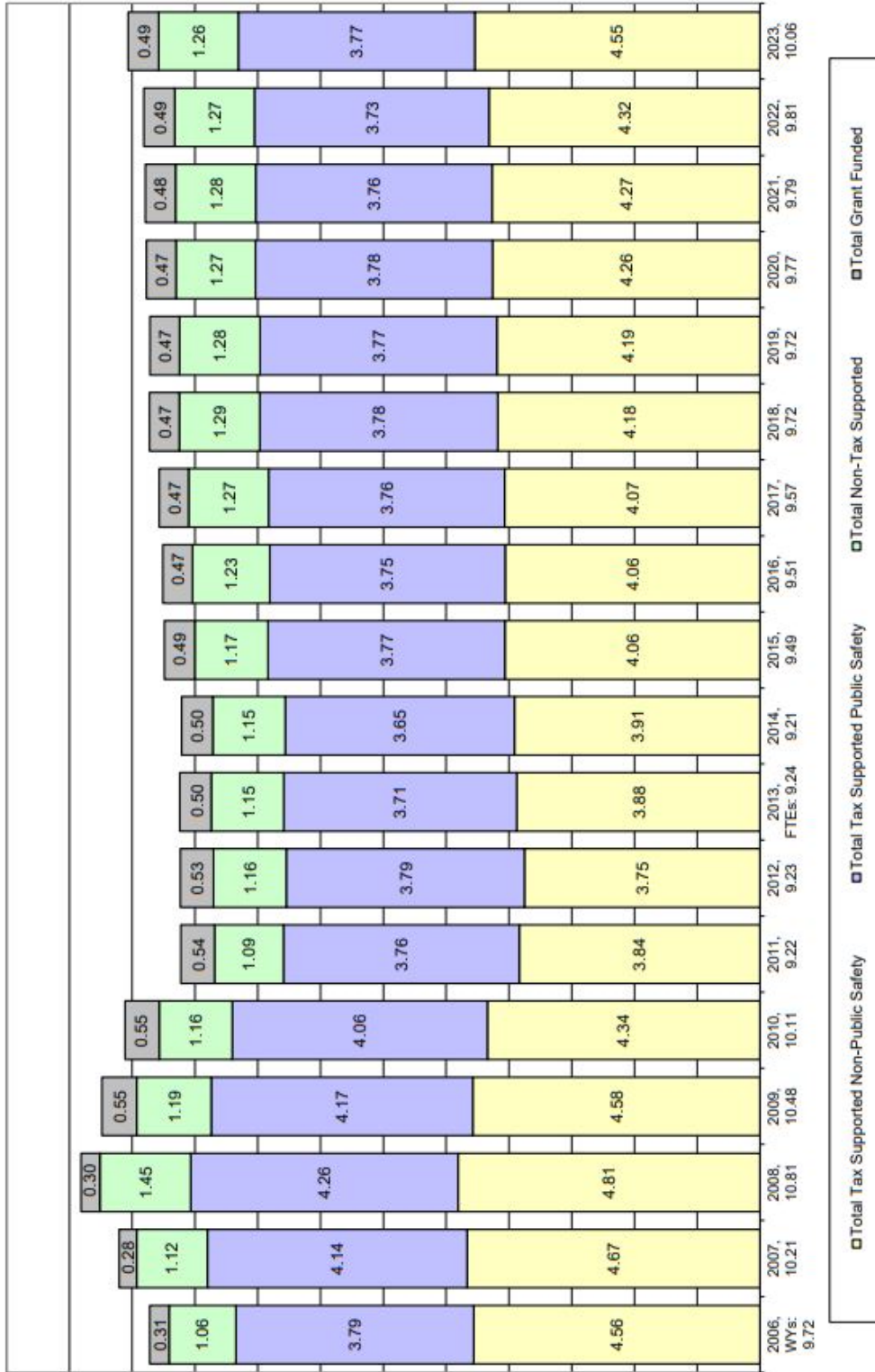
Montgomery County Volunteer Fire and Rescue Association Fiscal Impact Summary*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>	
			<u>FY23</u>	<u>Beyond FY23</u>
12	Nominal Fee	Nominal fee of \$550/1000 in FY23**	\$74,250	\$74,250
16	Training	Provide \$10,000 funding for training and \$5,000 for Pro-Board certification	\$15,000	\$15,000
22	Volunteer Basic Orientation	Training fee not to exceed \$21,000 each year of the agreement	\$21,000	\$21,000
25	Length of Service Award Program	Provide 2.5 percent increase for certain active members, on July 1, 2022	\$1,612	\$1,612
Side Letter	Association Operating Funds	Association funding effective July 1 each year of the agreement	\$14,059	\$14,059
Total			\$125,921	\$125,921

* 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
FY06-FY22 Approved Workyears and FTEs, FY23 Recommended FTEs¹**



¹ From FY06 through FY12, workyears are used; beginning in FY13, full-time equivalent (FTE) positions will be used.

MONTGOMERY COUNTY PRODUCTION REPORT

FY23 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
County General Fund				
General Government				
Board of Appeals	34,608	48,626	26,035	109,269
Board of Elections	282,665	458,529	194,867	936,061
Circuit Court	626,945	1,396,061	564,150	2,587,156
Community Engagement Cluster	339,035	780,367	237,969	1,357,371
County Attorney	345,993	525,511	272,131	1,143,635
County Council	835,697	1,462,239	653,501	2,951,437
County Executive	308,308	530,764	262,591	1,101,663
Ethics Commission	19,491	27,786	15,726	63,003
Finance	804,656	1,396,636	597,537	2,798,829
General Services	871,617	1,837,879	633,391	3,342,887
Grants Management	19,023	34,733	9,947	63,703
Human Resources	403,887	682,612	278,409	1,364,908
Human Rights	85,384	152,824	67,195	305,403
Inspector General	140,051	222,149	124,177	486,377
Intergovernmental Relations	52,692	83,358	39,346	175,396
Labor Relations	71,198	106,413	62,735	240,346
Legislative Oversight	124,668	192,418	91,154	408,240
Management and Budget	382,564	567,716	286,365	1,236,645
Merit System Protection Board	15,631	27,786	10,302	53,719
Peoples' Counsel	11,875	20,840	6,209	38,924
Procurement	271,479	518,983	199,424	989,886
Public Information	376,022	851,512	325,153	1,552,687
Racial Equity and Social Justice	54,905	104,198	44,480	203,583
State's Attorney	1,115,613	2,095,394	1,012,230	4,223,237
Technology and Enterprise Business Solutions	1,431,064	2,061,839	962,765	4,455,668
Zoning and Administrative Hearings	35,848	55,572	35,624	127,044
Total General Government	9,060,919	16,242,745	7,013,413	32,317,077
Public Safety				
Animal Services	408,181	994,306	306,450	1,708,937
Consumer Protection	140,409	243,535	92,265	476,209

MONTGOMERY COUNTY PRODUCTION REPORT

FY23 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
Correction and Rehabilitation	3,839,421	7,369,526	3,151,455	14,360,402
Emergency Management and Homeland Security	95,883	163,516	76,819	336,218
Police	14,578,380	27,565,949	11,875,536	54,019,865
Sheriff	1,291,851	2,600,919	946,780	4,839,550
Total Public Safety	20,354,125	38,937,751	16,449,305	75,741,181
Transportation				
Transportation	1,396,453	3,049,543	874,518	5,320,514
Health and Human Services				
Health and Human Services	8,694,064	19,072,125	6,413,565	34,179,754
Culture and Recreation				
Public Libraries	2,059,804	5,810,054	1,173,618	9,043,476
Housing and Community Development				
Agriculture	44,788	71,549	24,808	141,145
Housing and Community Affairs	457,607	889,253	334,028	1,680,888
Total Housing and Community Developme	502,395	960,802	358,836	1,822,033
Environment				
Environmental Protection	179,153	316,877	134,276	630,306
Other County Functions				
NDA - Climate Change Planning	17,592	35,428	9,380	62,400
NDA - Compensation and Employee Benefit Adjustments	11,286	16,394	9,355	37,035
NDA - Conference Center	6,595	13,893	3,449	23,937
NDA - Early Care and Education	61,530	107,556	59,083	228,169
NDA - Guaranteed Income	6,269	13,893	9,916	30,078
NDA - Incubator Programs - Economic Development Partnership	32,712	59,045	23,428	115,185
NDA - Independent Audit	1,699	2,084	1,313	5,096
NDA - Legislative Branch Communications Outreach	85,515	170,189	64,724	320,428
NDA - State Positions Supplement	4,318	0	0	4,318
NDA - Vision Zero	8,343	13,893	8,725	30,961
Total Other County Functions	235,859	432,375	189,373	857,607
Total County General Fund	42,482,772	84,822,272	32,606,904	159,911,948
Special Funds - Tax Supported				
Bethesda Urban District	6,461	13,893	6,756	27,110
Economic Development Fund	10,167	13,893	10,632	34,692

MONTGOMERY COUNTY PRODUCTION REPORT

FY23 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
Fire	11,537,347	18,276,759	23,548,195	53,362,301
Mass Transit	5,102,669	12,400,265	3,713,158	21,216,092
Recreation	2,065,040	2,419,501	756,620	5,241,161
Silver Spring Urban District	156,613	488,049	105,890	750,552
Wheaton Urban District	106,806	312,124	84,889	503,819
Total Special Funds - Tax Supported	18,985,103	33,924,484	28,226,140	81,135,727
Total Tax Supported Funds	61,467,875	118,746,756	60,833,044	241,047,675
Special Funds - NonTax Supported				
Cable TV	257,789	410,539	187,046	855,374
Grant Fund	3,522,876	8,151,547	2,978,983	14,653,406
Montgomery Housing Initiative	140,005	251,323	115,741	507,069
Water Quality Protection	598,597	1,296,374	609,844	2,504,815
Total Special Funds - NonTax Supported	4,519,267	10,109,783	3,891,614	18,520,664
Enterprise Funds				
Bethesda Parking	140,505	283,237	99,631	523,373
Community Use of Public Facilities	215,746	433,925	177,467	827,138
Leaf Vacuuming	200,922	399,722	125,488	726,132
Liquor	2,208,703	6,284,006	1,531,283	10,023,992
Permitting Services	1,850,486	3,288,403	1,315,853	6,454,742
Silver Spring Parking	153,655	340,202	119,487	613,344
Solid Waste Collection	100,613	167,445	90,110	358,168
Solid Waste Disposal	691,205	1,361,949	548,121	2,601,275
Wheaton Parking	23,338	47,182	17,788	88,308
Total Enterprise Funds	5,585,173	12,606,071	4,025,228	22,216,472
Total Non Tax Supported Funds	10,104,440	22,715,854	7,916,842	40,737,136
Internal Service Funds				
Central Duplicating (Printing & Mail)	184,007	475,412	131,320	790,739
Employee Health Self Insurance	197,511	345,189	180,474	723,174
Motor Pool	1,525,755	2,877,154	1,229,585	5,632,494
Risk Management (Self Insurance - ISF)	285,911	449,495	229,691	965,097
Total Internal Service Funds	2,193,184	4,147,250	1,771,070	8,111,504
Total Benefits	73,765,499	145,609,860	70,520,956	289,896,315

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