

# Workforce/Compensation

## SUMMARY OF FY12 RECOMMENDATIONS

### A. SUMMARY OF AGENCY REQUESTS

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

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

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

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

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

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

### B. COUNTY GOVERNMENT SALARY AND WAGES

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

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

---

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

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

### **C. COUNTY GOVERNMENT: EMPLOYEE BENEFITS**

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

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

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

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

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

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

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

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

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

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

<b>Proposed FY12 Retiree Health Benefits Trust Contributions</b>	
<b>Montgomery County Government (MCG)</b>	<b>FY12</b>
<i>General Fund:</i>	
Retiree Health Benefits Trust NDA	\$26,075,000
<i>Proprietary Funds:</i>	
Bethesda Parking District	\$305,710
Wheaton Parking District	31,630
Silver Spring Parking District	210,840
Solid Waste Collection	52,710
Solid Waste Disposal	790,640
Liquor Control	3,225,800
Permitting Services	1,929,150
Community Use of Public Facilities	284,630
Motor Pool	2,097,810
Risk Management	115,960
Central Duplicating	316,250
<i>Participating Agency Contributions</i>	\$2,737,300
<b>Total MCG Trust Contributions</b>	<b>\$38,173,430</b>
<b>Montgomery County Public Schools Trust Fund*</b>	<b>\$47,600,000</b>
<b>Montgomery College Trust Fund</b>	<b>\$1,000,000</b>
<b>Park and Planning Commission Trust Fund</b>	<b>\$2,659,860</b>
<b>Total Contributions/Assets Held in Trust</b>	<b>\$89,333,280</b>
* The County Executive has recommended a MCPS contribution of at least \$20 million in FY12; MCPS has budgeted \$47.6 million.	

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

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

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

**Retirement Plans:**

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

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

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

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

---

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

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

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

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

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

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

## **COLLECTIVE BARGAINING**

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

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

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

---

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

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

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

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

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

## **WORKFORCE ANALYSIS**

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

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

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

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

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

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

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

**MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES**

HEALTH PLAN	2010					2011					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% Dif
Carefirst POS	1,806	1,315	2,306	5,427	62.0%	1,645	1,239	2,332	5,216	61.8%	(161)	(76)	26	(211)	-0.2%
Carefirst POS Std	163	88	113	364	4.2%	160	103	132	395	4.7%	(3)	15	19	31	0.5%
Kaiser	494	284	426	1,204	13.8%	474	264	435	1,173	13.9%	(20)	(20)	9	(31)	0.1%
United Healthcare	538	432	785	1,755	20.1%	475	394	786	1,655	19.6%	(63)	(38)	1	(100)	-0.4%
Grand Total				8,750					8,439					(311)	

**RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES**

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

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

	POSITIONS		WORKYEARS		TOTAL WYs
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	
<b>FY11 APPROVED COMPLEMENT</b>	<b>8,621</b>	<b>910</b>	<b>7,374.2</b>	<b>1,586.3</b>	<b>8,960.5</b>
<b>FY12 RECOMMENDED COMPLEMENT</b>	<b>8,497</b>	<b>864</b>	<b>7,338.6</b>	<b>1,653.0</b>	<b>8,991.6</b>
<b>CHANGE IN WORKFORCE (GROSS)</b>	<b>(124)</b>	<b>(46)</b>	<b>(35.6)</b>	<b>66.7</b>	<b>31.1</b>
Percentage Change	(1.4%)	(5.1%)	(0.5%)	4.2%	0.3%

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

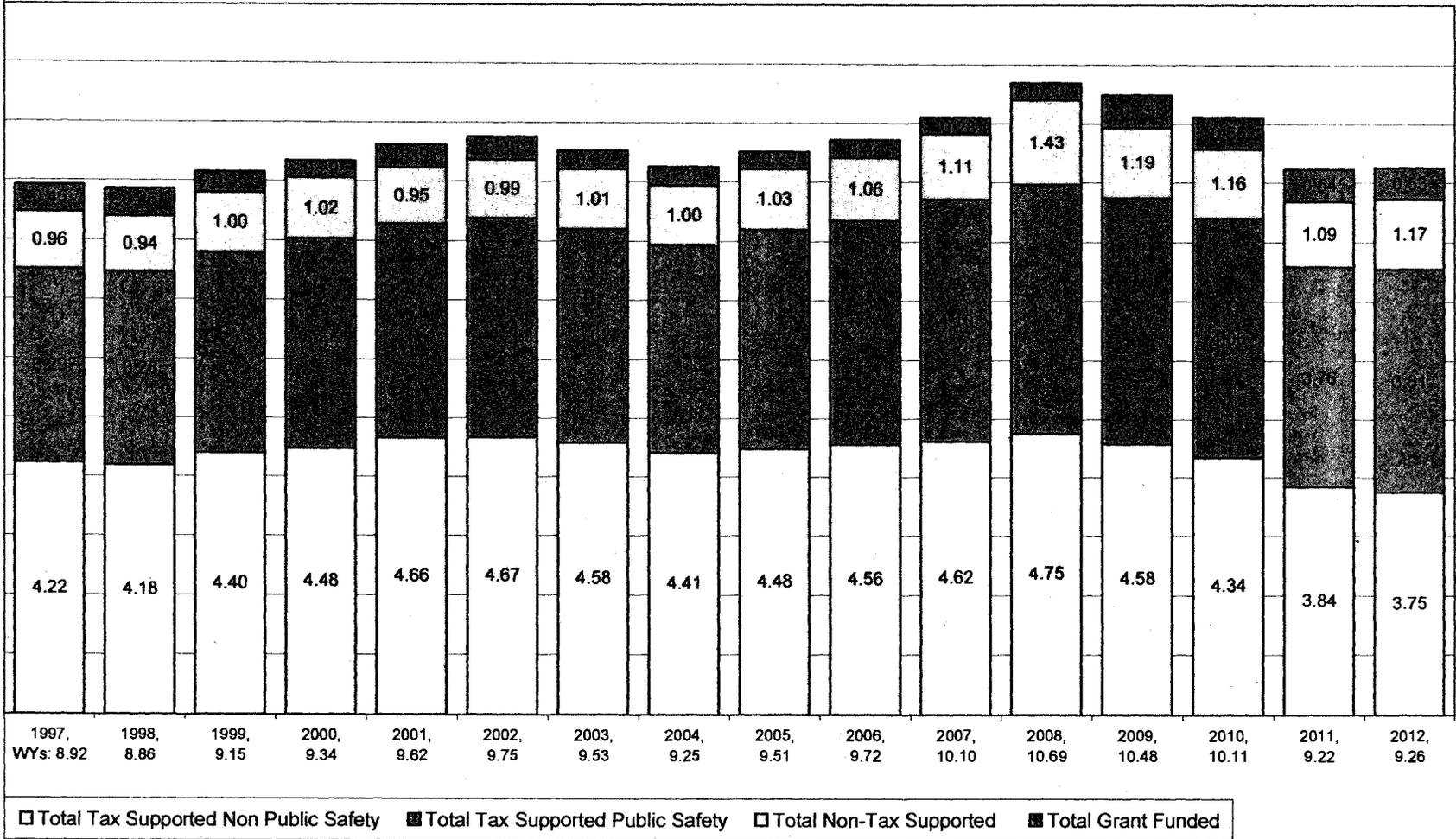
Amounts shown above are not charged to the Deferred Compensation Plan trust but are instead appropriated and charged to the General Fund Compensation and Employee Benefits Adjustments Non-Departmental Account.

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

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

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

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



Source: D-3

# TOTAL COUNTY COST OF EMPLOYEE BENEFITS

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

# TOTAL COUNTY COST OF EMPLOYEE BENEFITS

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

