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MEMORANDUM

April 15, 2010

TO: Management and Fiscal Policy Committee

FROM: Stephen B. Farber, Council Staff Director *SBF*

SUBJECT: Compensation and Benefits for All Agencies

This worksession on compensation and benefits for all agencies in the FY11 operating budget is to review issues in six separate areas: (1) budget and compensation context, (2) recommended pay changes in the region and the County, (3) retirement, (4) County Government compensation-related Non-Departmental Accounts (NDAs), (5) group insurance, and (6) other compensation issues.

This packet contains extensive information on compensation issues. The **appendix** to this packet (MFP Committee #2) contains additional background information, including the Personnel Management Reviews and related data prepared by the agencies.¹

Budget and human resources staff from all agencies have provided valuable assistance once again this year and will be present to answer the Committee's questions. Representatives of employee organizations and others concerned with compensation issues will also be present.

At this worksession the Committee will review the full range of compensation issues. On April 22 the Committee will meet to make recommendations to the Council.

1. BUDGET AND COMPENSATION CONTEXT²

Reflecting the state of the County's economy and revenue collections, the Executive's recommended overall FY11 tax-supported operating budget is **\$3.681 billion, down \$166 million (4.3 percent)** from the Council-approved FY10 budget. The total recommended budget (including debt service, grants, and enterprise funds) is **\$4.304 billion, down \$170 million (3.8 percent)** from the FY10 approved budget. This is the first annual decline in the County budget since the current Charter was approved in 1968.³

¹ See http://www.montgomerycountymd.gov/content/council/pdf/agenda/cm/2010/100419/20100419_mfp2.pdf.

² Parts of this section are excerpted from my April 13 FY11 budget overview packet. For the complete packet, see http://www.montgomerycountymd.gov/content/council/pdf/agenda/col/2010/100413/20100413_AG.pdf.

³ The FY10 approved budget included \$79.5 million for MCPS that was reimbursed to County Government for debt service payments for school construction projects. The FY11 recommended budget does not include this amount. Thus, on an apples-to-apples basis, both the tax-supported and the total budgets are about 2 percent larger than they appear. Even on this basis, however, both remain lower than the FY10 approved budget.

The contrast with many past County budgets is stark. For example:

- The FY05-07 tax-supported increases for County Government, reflecting rapid revenue growth, were 11.0, 11.4, and 14.1 percent. The FY08-10 changes, reflecting rapid revenue decline, were 6.7, 1.5, and -2.2 percent. The proposed FY11 change is -6.1 percent.
- In FY99-09 base salary increases for County Government employees who had not reached the top of their grade – including general wage adjustments (COLAs) and service increments (steps) but not including increases due to promotions or special pay categories – rose about 100 percent on average, while the CPI was up by 37 percent. By contrast, in FY10 there was no COLA, and the Executive’s FY11 budget funds neither COLAs nor steps.
- In FY97-07 County Government added 2,200 jobs (28 percent) while population rose 15 percent. MCPS added 5,000 jobs (30 percent) while enrollment rose 7 percent. The tax-supported budget rose 80 percent. Similar increases since then have not been possible.

Comparison with Budgets Elsewhere

The measures proposed to balance the County’s FY11 budget go well beyond those taken in the early 1990s, as hard as those years were. State and local budgets elsewhere include similar measures, and even more serious ones. FY11 would mark the first year in this recession for a **complete pay freeze and furloughs** here, but for the State and many counties in the region, it will be the third year. While the County budget would maintain full contributions to group insurance and retirement programs for current employees, many budgets elsewhere do not.

Many public and private sector budgets, both here and abroad, include sharp cuts in salaries and benefits. The new Baltimore Symphony Orchestra contract freezes pay in FY11 but reduces it by 16.6 percent in FY12-13, bringing it to the FY01 level. Facing a severe financial crisis, the Irish government has cut salaries by 5 percent for employees earning up to \$40,000, and more for higher-paid employees.¹

FY11 Agency Compensation Requests

Employee salaries and benefits are always a key fiscal building block. As the Executive notes, they account once again for **80 percent** of the recommended budget. For details, see the tables on ©1-15, prepared by Legislative Analyst Chuck Sherer, on **agency requests** for the FY11 **tax-supported** budget. **Note that the numbers for MCPS, the College, and M-NCPPC do not reflect the lower compensation totals that the Executive’s reduced budget allocations would require.**

Requested tax-supported **workyears** for all agencies are **down 1.0 percent** to 30,001. Workyears are **down 8.5 percent** for County Government and up slightly for the other agencies’ requests, but as noted above, their workyear totals will decline in the final FY11 approved budget. Workyears also fell in FY10. This is in stark contrast to the explosive workforce growth of prior years.

¹ If the salary base for all four tax-supported County agencies were cut by 1 percent, the savings (including wages, social security, and retirement) would be about \$24 million.

Requested **total compensation costs** for all agencies' active employees are **up 1.3 percent** to **\$2.736 billion**. Costs are **down 5.1 percent** for County Government and up for the other agencies' requests, but once again the final FY11 approved budget will have lower numbers.

Requested costs for **retiree benefits** for all agencies are **up 51.3 percent** to **\$123.1 million**. This number reflects increases of 19.4 percent for County Government, 72.2 percent for MCPS, 25.0 percent for the College, and 4.4 percent for M-NCPPC. Higher annual pay-as-you-go costs are one factor, but the chief cause is that MCPS and the College included pre-funding of retiree health benefits (OPEB), while County Government and M-NCPPC did not. The MCPS increase for OPEB is \$30.9 million, while the College's is \$0.7 million. Once again, the final FY11 approved budget will not include these amounts.

COLAs and Step Increases

The Executive proposes **no pay increases** for County Government employees – including general wage adjustments (GWAs, or COLAs), service increments (step increases), and increases for longevity or performance – and urges the other agencies' governing boards to take the same approach. He states that while he regrets this action, the alternative would be further layoffs and service cuts, which he views not “appropriate, fair, or good public policy.” (The Executive also proposes no funds for tuition assistance for any County Government employee.) The total savings on COLAs – using the amount for COLAs not funded in FY10 – is **\$123 million**.¹ The total savings on step increases is **\$35 million**.

COLA reductions for County agencies are rare. In the deep recession of the early 1990s, County Government employees had no COLAs for three consecutive years. In FY04 COLAs for all agencies were deferred for four months. In FY10 they were eliminated (except for Park Police). **Agency step increases have always been funded in the past**, even in the difficult budget years of the early 1990s, FY04, and FY10.

The Executive's budget does not reflect the arbitration award for FOP Lodge 35, which supported service increments and tuition assistance, or the final year of the contract with IAFF Local 1664, which includes a 3.5 percent COLA, a 3.5 percent pay plan adjustment, and a 3.5 percent service increment.

These proposals contrast sharply with past contracts with agency bargaining units, which have generally have resulted in consistent improvement in salaries and benefits.² OHR's annual surveys show that for almost all job categories, County agencies' salaries and benefits compare favorably with those in other jurisdictions and the private sector. The layoffs that may result from the FY11 budget are a major change for County agencies; historically our employees have had excellent job security – until now, far more than private sector employees pummeled by hard times.

¹ Inflation in recent periods has been minimal. The November 2008-November 2009 increase used to calculate the Charter limit on property tax revenue was 0.2 percent. The January 2009-January 2010 increase was 2.6 percent.

² For example, the three-year contracts negotiated for FY08-10 with the MCPS unions, and with FOP Lodge 35 and MCGEO Local 1994 in County Government, provided compounded salary increases in the 26-29 percent range for the two-thirds of employees who are eligible for annual service increments. The 2008 MCGEO reopener on benefits also increased the County contribution to employees' 401(a) accounts from 6 to 8 percent and gave employees the option to switch to a cash balance plan with a guaranteed annual return of 7.25 percent starting July 1, 2009. Overall, the County's excellent benefits cost more than one-third of salary for MCGEO and more than half for the FOP and IAFF.

Reduction in Force/Discontinued Service Retirements/Retirement Incentive Program

The recommended budget abolishes 452 County Government positions, 220 vacant and 232 filled. The County must therefore implement a formal Reduction-in-Force (RIF) process. To minimize the number of layoffs, the Executive proposes two main strategies: Discontinued Service Retirements (DSR) and a Retirement Incentive Program (RIP) offered to employees who belong to the occupational classes affected by the RIF. Both DSRs and the RIP are incentives for members of the Employees' Retirement System, the defined benefit pension plan for employees hired before October 1, 1994, to retire voluntarily. In turn, these voluntary retirements would reduce the number of employees who are vulnerable to layoff. OLO has reviewed the Executive's recommended RIF and associated use of DSRs and RIP and will report at this worksession. OLO's analysis includes:

- a breakdown of the number of proposed filled position abolishments by department and by occupational class and grade;
- details of the RIP, including eligibility criteria and the different incentive options;
- details of the RIF process and the associated process for using DSRs and the RIP; and
- a fiscal analysis of the short and long-term costs and savings resulting from the use of DSRs and the RIP.

Furloughs

The Executive proposes that except for public safety employees, full-time County Government employees be furloughed for 80 hours. The furlough for affected part-time employees would be prorated. The assumed savings is \$15 million. Furloughed employees' FY11 pay would be reduced by 3.8 percent. The Executive first proposed five fixed furlough days and five floating days selected by the employee (subject to supervisor approval). He has since proposed that all ten furlough days be floating. OLO has also reviewed the furlough plan and will report at this worksession. OLO's analysis includes:

- details of the recommended furlough and how it is being implemented;
- a fiscal analysis of the estimated savings;
- comparative information from other jurisdictions that have implemented furloughs on whether they achieved the anticipated savings;
- calculation of the percentage of the workforce that would be subject to the furlough, both within County Government and across all County-funded agencies; and
- an estimate of potential FY11 savings under alternative furlough structures, such as a progressive furlough like the one adopted by the State of Maryland.

The math of the proposed furlough is instructive. The 10 furlough days would apply to about 6,000 out of 9,000 County Government employees, chiefly those represented by MCGEO and non-represented employees, with each day saving \$1.5 million. One furlough day for all four tax-supported agencies would save \$9.9 million – \$2.3 million for County Government, \$6.7 million for MCPS, \$0.6 million for the College, and \$0.3 million for M-NCPPC. **Thus the \$15 million savings goal could also be achieved by furloughing the 30,000+ employees of all four County agencies for 1.5 days each.** This change would require collaboration with the police and firefighters unions in County Government and the unions and governing boards of MCPS, the College, and M-NCPPC.

The argument against this approach is understandable reluctance, especially in this year of pay freezes. The argument for it is that this is the time to break the mold for the sake of the larger community. Cases of school and public safety employees taking furloughs **without disrupting services** abound nationwide – for example, in Anne Arundel (schools) and Prince George's (public safety) Counties.

The issue is not the ability to do so but the will to do so. If the entire workforce agreed to take a 0.6 percent salary hit for 1.5 furlough days, then one-fifth of the workforce – including the people who help clear the snow, drive the buses, clean the buildings, and care for the poor and disabled – would not have to take a 3.8 percent hit. To protect lower-wage employees at all agencies, the furlough could be progressive, with high-wage employees absorbing more of the burden. This would be a powerful message of solidarity and community.

2. RECOMMENDED PAY CHANGES IN THE REGION AND THE COUNTY

This year's edition of our annual survey of pay changes in the region, compiled by Legislative Analyst Amanda Mihill, is attached on ©62-91. The FY11 data at this point reflect the recommendations of county executives or managers, not the final actions of governing boards, and in some cases are not yet available because of ongoing negotiations or other factors.

The predominant pattern in this difficult year is clear: pay freezes, and in many cases furloughs. With very limited exceptions, neither general wage adjustments (GWAs, or COLAs) nor step increases are included in the budgets of reporting jurisdictions, except for the federal government.

One unusual case is Frederick County, which is considering (but has not implemented) a **reverse COLA**. This would conceptually resemble the actions described above taken by the Baltimore Symphony Orchestra (cuts of 16.6 percent in FY12-13), the Irish government (cuts of 5 percent or more, depending on salary), and other public and private sector employers.

The State budget freezes pay, including performance bonuses, for the second straight year and again includes progressive furloughs of up to 10 days. State salary increases have consistently lagged, at least compared to County increases. The GWA was just 2.0 percent in FY08-09. It was also 2.0 percent for most employees in FY07 (with limited enhancements for some), 1.5 percent in FY06, and a flat dollar increase of \$752 in FY05, plus increments. In FY03-04 State employees received neither GWAs nor increments. In FY04 they also lost the State's deferred compensation match of up to \$500 and were required to pay more for prescription drugs.

The outlier again this year is the federal government. The President's FY11 federal budget again recommends a weighted average 1.5 percent increment. Despite record deficits and the economic downturn, the budget also recommends a 1.4 percent overall average general wage increase, which is to be allocated between an across-the-board increase and additional locality pay. The percentage increases in January 2000-2010 were 4.94, 3.81, 4.77, 4.27, 4.42, 3.71, 3.44, 2.64, 4.49, 4.78, and 2.42 percent, including the locality adjustment.

The step schedule for federal employees is variable; for County agencies it is annual. Both the GWAs and the step increases have been provided, even in the difficult years of the early 1990s and the early 2000s, not to mention last year and this one, when many local jurisdictions have frozen pay. This lack of fiscal restraint has been consistent.

County Government Pay Changes

As noted above, the Executive proposes **no pay increases** for County Government employees – including general wage adjustments (COLAs), service increments (step increases), and increases for longevity or performance. In FY10 COLAs were not funded, but other kinds of pay increases were.

Overall 62.9 percent of employees are eligible for **service increments**, including 68.5 percent for MCGEO, 57.2 percent for the FOP, 59.8 percent for the IAFF, and 49.4 percent for non-represented. **Longevity increases** vary by bargaining unit, but none are being funded.¹ Performance-based increases, which are limited to employees in the Management Leadership Service and other non-represented employees, are not being funded either. See page 10 (Compensation NDA) for details.

As noted above, the Executive's budget does not reflect the **arbitration award for FOP Lodge 35**, which supported service increments and tuition assistance, or the **final year of the contract with IAFF Local 1664**, which includes a 3.5 percent COLA, a 3.5 percent pay plan adjustment, and a 3.5 percent service increment.

Data from OHR's 2009 Personnel Management Review show that in FY99-02, **compounded total pay increases** for County Government employees (not including the police and fire bargaining units) not at maximum salary were 17.5 percent more than the CPI increase and 8.9 percent more than private sector increases. In FY03-06 these differentials were 15.0 percent 13.0 percent. In FY07-10 they were 17.5 percent and 15.5 percent. Comparisons for employees at maximum salary and for earlier periods show significantly different results. **See ©A31-34 in the Appendix to this packet (MFP #2).**

Until the FY09-10 budgets, which have significant workyear reductions, **productivity improvement** had not kept pace with these large salary increases. The chart on ©22 shows that **County Government tax-supported workyears per 1,000 population**, which had declined steadily from FY92 to FY98, started to rise in FY99. Thus, despite the County's heavy investment in technology, total workyears per 1,000 population were 10.0 percent higher in FY02 than in FY98. In the leaner budgets of FY03-04 this measure declined slightly, but in FY05 it started to rise again. In FY09-10 it declined, and in FY11 (recommended) it would decline again, but it is still 3.8 percent above the FY98 level.

Other interesting OHR data compare maximum and minimum salaries of certain County agency employees with those in the metropolitan area and selected local jurisdictions. **See ©A37-41.** For most job classes these comparisons are favorable to County agency employees, especially to County Government employees.

The table on ©A36 shows that minimum and maximum County Government salaries for middle management professional positions are **mostly below** those of comparable **federal government** positions. The minimum salaries for County Government are lower because our range is broader than the federal range. Also, our annual 3.5 percent service increments make progress through the range faster.

Agency Pay Change Requests

The agency pay change requests for FY11 on page 7 are in some cases being modified to reflect the Executive's recommended budget., as the footnotes indicate. On April 22 the Committee will consider whether to support the pay changes. **The Committee will also consider whether to support the proposed FY11 County Government salary schedules listed on ©26-39.** These schedules are (in order) for Non-Represented Employees (General Salary Schedule), Management Leadership Service, Medical Doctors, Seasonal Workers, MCGEO, Sheriff Management, Deputy Sheriffs, Fire/Rescue Management, IAFF, Police Management, FOP, Correctional Management, and Correctional Officers.

¹ For example, for MCGEO the longevity increase for employees at the top of their pay grade with 20 years of completed service rose from 2.0 to 3.0 percent in January 2008. For non-represented employees the longevity increase is 2.0 percent at 20 years, and it is performance-based (requiring a rating of "highly successful" or "exceptional") rather than automatic.

**SUMMARY OF FY11 AGENCY PAY CHANGE REQUESTS
Increments and General Wage Adjustments (% Increase)**

Agency	Increments For Eligible Employees	General Wage Adjustments
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County Government		
MC GEO units	0	0
FOP	0	0
IAFF	0	0
Non-represented	0	0

M-NCPPC		
MC GEO units	TBD ¹	TBD
Non-represented	TBD	TBD
FOP	TBD	TBD

Montgomery College		
Faculty	TBD ²	TBD
Administration	0	0
Staff (non-bargaining)	0	0
Staff (AFSCME)	0	0

MCPS		
MCEA	TBD ³	0
MCAASP	TBD	0
SEIU Local 500	TBD	0
MCBOA	TBD	0

WSSC	0 ⁴	0
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For further details see the tables on ©64-70 of this packet.

¹ The Planning Board's budget included COLAs and merit increases. In view of the fiscal situation, there are further negotiations with bargaining units. The two Councils' actions at the May 13 bi-county meeting will also be a factor.

² The College Board's budget did not fund pay increases. Discussions with the AAUP and SEIU Local 500 continue.

³ The Board of Education's budget did not include COLAs. It did include steps, but in view of the fiscal situation this allocation is being reconsidered. Negotiations with all unions on a new contract continue.

⁴ The Commission's budget did not provide for COLAs, merit pay (except a small amount required by union contracts), or incentive pay. Flexible worker pay is provided. See ©61 for details.

3. RETIREMENT ISSUES

Important points on the County Government retirement program are as follows:

While the County Government's defined benefit plan, the **Employees' Retirement System**, ranks highly in relative performance, like other funds it has experienced a difficult investment climate. Assets were **\$2.8 billion** in October 2007, fell to **\$1.9 billion** as of March 31, 2009, and recovered to **\$2.1 billion** by June 30, 2009. They rose to **\$2.4 billion** by December 31, 2009 and have risen further since then. As of December 31, the fund's one, three, five, and ten-year investment returns were 21.5, minus 0.6, 4.4, and 4.4 percent, compared to its actuarial return assumption of 8.0 percent. As of June 30, 2009 the ERS had 5,012 active participants, with 5,379 retirees and beneficiaries receiving benefits.

The FY09 annual report from the Board of Investment Trustees on the County's three retirement plans (see ©40-48) shows on ©46 that as of June 30, 2009 the ERS was **78.4 percent** funded on an actuarial basis, which includes the five-year smoothing of results. This is down from **98.9 percent** in FY00. The unfunded liability was **\$753 million**. As noted above, the fund is up sharply since then.

The County contribution to the ERS has risen from \$44.3 million in FY00 to **\$116.4 million** in FY11. This amount consists of \$112.7 million for the ERS and \$3.7 million for the GRIP, which is a separate plan within the ERS.¹ Despite recent gains, previous losses are likely to require still higher contributions in coming years. During the 1990s the fund's performance was well above the plan's 8.0 percent annual actuarial return assumption, but that changed with the sharp market decline of 2000-2002 and even more with the sharp decline since the market peak in October 2007. The County's actuarial consultant applies five-year smoothing to the fund's returns to even out gains and losses. The large gains of the mid and late 1990s reduced the required County contribution to the fund, but the early years of this decade were quite different. So is the current period.

The FY11 contribution rates are shown on ©21. This table is worth close attention. The rates, up from FY10, are at high levels as a percentage of salary, ranging from **26.4 percent** for the non-public safety mandatory integrated plan to **35.9 percent** for the mandatory integrated public safety plan and **107.7 percent** for the optional non-integrated public safety plan. (This plan was closed to new employees after 1978 and now has only five participants.)

Apart from investment returns, a key factor is the succession of **large pension improvements** included in County collective bargaining agreements starting in FY99. In the last decade, all three unions secured major improvements, including larger pension multipliers, lower benefit reductions at integration with social security, and, for the IAFF, 20-year retirement at 50 percent of average final earnings. **The combined impact of these pension changes and market conditions (along with workforce growth) is large.** For example, MCFRS retirement costs are up from \$9.1 million in FY00 to \$31.3 million in FY11. For Police the increase is from \$12.7 million to \$36.3 million.

There were additional pension improvements in 2008. The FOP reopener provided for an increase in maximum credited service from 30 to 36 years (including sick leave), an unreduced pension

¹ Under the 2008 MCGEO reopener, participants in the Retirement Savings Plan had a one-time option to transfer to the new **Guaranteed Retirement Income Plan (GRIP)** starting July 1, 2009. This cash balance plan provides a guaranteed annual return of 7.25 percent. 990 employees, about one-fifth of the total, shifted from the RSP to the GRIP. New employees have a one-time option to choose the GRIP within their first 150 days, with the choice effective after their first 180 days. This is a new liability for the ERS, or more accurately, the taxpayers; in the RSP, employees' returns depend on their own investment choices.

with 25 years of service at any age, and a maximum benefit of 86.4 percent of final earnings for veteran officers rather than the current 76 percent.

The reopener also created a permanent **Deferred Retirement Option Plan (DROP)** that enables employees who are at least 46, and have at least 25 years of credited service, to elect to retire, but continue to work for a maximum of three years. Neither they nor the County make additional pension contributions during the DROP period. The pension payments they would have received if they had retired are placed in a DROP account, invested in fund options selected by the Board of Investment Trustees. The account is paid out upon retirement.

The 2008 MCGEO reopener improved the social security integration multiplier from 1.25 percent to 1.65 percent for deputy sheriffs and corrections officers in the defined benefit plan.

The picture for the County's defined contribution plan, the **Retirement Savings Plan**, is different. The RSP, which includes non-public safety employees hired since October 1, 1994 (plus a small number of public safety employees), had 4,953 active participants of July 1, 2009.¹ The County's total FY11 contribution is **\$15.3 million**. The County contribution is 8 percent of salary, far less than for the County's defined benefit plan, as noted above. See ©21 for comparisons.

The three investment-related retirement plan budgets that have been reviewed and approved by the Board of Investment Trustees are on ©25. The FY11 budgets for the Deferred Compensation Plan, the Employees' Retirement System, and the Retirement Savings Plan include charges from OHR, Finance, and the County Attorney's Office. The Committee will review these budgets separately. Mr. Sherer has prepared the packet for this review.

4. COUNTY GOVERNMENT COMPENSATION-RELATED NDAs

The FY11 recommended budget contains seven compensation-related Non-Departmental Accounts. The first three are hardy perennials that require little comment.

1. Judges' Retirement Contributions NDA

See ©49. The recommended amount for FY11 is \$3,740, the same as for FY10.

2. State Positions Supplement NDA

See ©50. The recommended amount for FY11 is \$127,480. The FY10 amount was \$100,940.

3. State Retirement Contribution NDA

See ©50. The recommended amount for FY11 is \$1,030,360. The FY10 amount was \$981,480.

4. Group Insurance for Retirees NDA

See ©51. The recommended amount for FY11 is \$31,096,730. The FY10 amount was \$26,039,330. This account has fluctuated both up and down over time. The recommended FY11 allocation is discussed further in the section below on group insurance.

¹ This number fell to 3,963 on July 1, 2009 when 990 participants shifted to the new GRIP, which is part of the ERS.

5. Compensation and Employee Benefits Adjustments NDA

See ©51. The recommended amount for FY11 is \$1,725,650. The FY10 amount was \$1,386,000. Each year this NDA captures several separate personnel-related adjustments. This year's adjustments, including a comparison with FY10, are outlined on ©52. The key changes from FY10 are as follows:

- \$919,750 for “one-time imputed compensation for RSP/GRIP.” This amount relates to the provision in last year's concession agreement with MCGEO to provide a “phantom COLA” for the calculation of retirement.¹
- -\$472,760 (tax-supported) and -\$73,660 (non tax-supported) for MLS pay for performance. These reductions eliminate the amounts provided in FY10. Employees in the Management Leadership Service do not receive annual service increments of 3.5 percent but instead receive performance-based increases. Before FY09, employees at the maximum salary were eligible for lump sum awards of up to 4 percent. Employees at lower salary levels were eligible for base pay increases of up to 6 percent, again depending on performance. In FY09 the increases were limited for budgetary reasons to lump sum awards of 1 or 2 percent depending on the rating. This FY09 change had an especially large impact on these latter employees.

For FY10, again for budgetary reasons, the Executive recommended the same approach. The Council instead made the 1 or 2 percent awards **additions to base pay** rather than lump sum awards. This approach seemed more equitable in light of the fact that if these employees were not in the MLS, they would have received a 3.5 increment in FY09 and would receive one again in FY10. OMB estimated the additional cost in FY10 (for the incremental retirement and life insurance cost) at \$43,970. For FY11 the Executive recommends that MLS pay for performance be not just curtailed but eliminated.

One item not mentioned in the FY11 version of this NDA is pay for performance program for non-MLS non-represented employees. Under this program employees receive lump sum awards of 1 or 2 percent if their performance ratings are “highly successful” or “exceptional,” respectively. This program cost \$809,420 in FY09 and was eliminated in FY10. It is eliminated again in FY11.

6. Retiree Health Benefits Trust

See ©49. The recommended amount for FY11 is zero “because of the County's fiscal situation.” The recommended amount for FY10 was \$16,391,930, but the approved amount was also zero, again

¹ For about 5,000 employees in the County's defined benefit plan, last year's concession agreements between the Executive and County Government unions provided that the salary COLA that employees did not receive in FY10 would be included for the rest of their County career in the calculation of their defined benefit pension. The County's actuary estimated that this provision would cost **\$8.6 million** per year for up to 40 years. The Council's actuarial adviser now estimates that limiting the provision to FY10 would save **\$7.2 million** not only in FY11 but for future years as well. Total savings could exceed **\$200 million**. School and other agency employees, who also received no salary COLA in FY10, did not receive this “phantom COLA” to enhance their future defined benefit pension. We are not aware of any extended provision of this kind elsewhere. Last year Anne Arundel County implemented a provision but limited it to FY10. Last year's concession agreement with MCGEO also provided a “phantom COLA” for employees in the County's defined contribution plan (Retirement Savings Plan), who also number about 5,000. But significantly, this provision – unlike the provision for the defined benefit plan – was limited to FY10 only. **The estimated total cost is \$919,750, averaging \$186 per participant, compared to more than \$200 million for the same number of employees in the defined benefit plan.**

because of the County's fiscal situation. This amount is for the General Fund. Non-tax supported contributions from proprietary funds and outside participating agencies are outlined on ©18. For a further discussion of this important issue, see below.

5. GROUP INSURANCE

In recent years the Committee devoted extensive time and effort to group insurance issues. The Committee met regularly with an **interagency benefits group** that provided valuable assistance and took action in several areas.

Since FY03, issues addressed by the Committee and the benefits group include **joint bidding** of group insurance contracts to reduce costs, implementation of the **joint long-term care insurance** program, providing coverage for **out-of-area retirees**, and the option to **take or waive coverage** year-by-year.

The list of issues addressed also includes implementation of the **re-election opportunity** for County Government retiree group insurance and a revised **MCPS retiree health insurance program**. In addition, three major Council resolutions resulted from the work of the Committee and the benefits group: **Policy Guidance for Agency Group Insurance Programs** (December 2003), **Establishing a Voluntary Program for Securing Safe, High Quality, Lower-Priced Prescription Maintenance Drugs for Employees and Retirees of County and Bi-County Agencies** (September 2004), and **Establishing a Countywide Prescription Drug Discount Card Program** (October 2004).¹

The Committee's work on **retiree health benefits issues** started in 2003. The benefits group members joined with agency finance, budget, and legal staff to form the Multi-Agency OPEB Work Group, which worked productively with the Committee.

Status of Retiree Health Benefits Pre-funding

In his FY10 budget message the Executive spoke firmly about retiree health benefits:

To approve health benefits for future retirees without funding those benefits is not responsible – it breaks faith with retirees who will need to know the money is there when it is needed. We have long accepted the concept of pre-funding of pension benefits because it is a responsible and cost effective approach to fulfilling our promises to retirees. We need to embrace the need to realistically fund this commitment as well.

In March 2007, at the Executive's urging, the Council approved a five-year phase-in of the pre-funding required for future health benefits for retirees of County agencies. The FY08 phase-in amount, \$31.9 million, was scheduled to rise to \$70.7 million in FY09, but in March 2008, given the tight budget, the Executive instead proposed an eight-year phase-in to save \$15.6 million in FY09. The Council approved the eight-year schedule, but – adopting a revised methodology proposed by our actuarial adviser, Thomas Lowman of Bolton Partners – reduced the FY09 contribution to \$40.6 million, \$30.1 million less in FY09 than under the five-year phase-in.

¹ Last fall the Committee recommended Council approval of a resolution entitled Equity in County Employee Group Insurance Plans. See ©53-55. The action clause states: "The Council's policy intent is that when fiscal conditions permit, the County should offer a uniform package of group insurance benefits to all employees. This policy can be implemented in stages." Council action on the resolution is pending.

In March 2009, again for fiscal reasons, the Executive recommended a FY10 contribution at the FY09 level, \$40.6 million, to save \$25.7 million compared to the revised eight-year phase-in. But because of late State aid reductions made by the General Assembly, the Executive revised his proposal to include no tax-supported funding except for \$12 million for MCPS.

This year, given the state of the budget, he proposed no tax-supported funding at all. If the County were following the five-year phase-in schedule that was projected and approved three years ago, the FY11 tax-supported allocation would be **\$148.9 million**, not zero.¹

The core point is that pre-funding the agencies' retiree health benefits promises to their employees will require an increasingly large annual taxpayer contribution, currently estimated to approach \$200 million. This amount will not be available for services to County residents – most of whom do not enjoy such benefits – or, for that matter, for salary or other benefit improvements for agency employees. The alternative is to find ways to limit the County's costs. No sustained effort to do so is underway.

Group Insurance Costs in FY11

All agencies have addressed sharply rising group insurance costs. For example, County Government made major plan design changes for 2005, including a new CareFirst Standard Option POS, carve-out of prescription drug coverage from the CareFirst and Optimum Choice plans, and an employee-plus-one option for Choice plan members. In 2008 there were prescription drug savings from agreements with the three bargaining units, also affecting non-represented and retired employees.

Over the past decade **County Government** rate adjustments have ranged from a 5.3 percent decline in 2000 to a 26.0 percent increase in 2002. This year's overall increase is 10.1 percent, with the usual variation among plans. Premiums for **federal employees** are up 8.8 percent overall, with the largest plan (Blue Cross Standard) up 12.4 percent for families and 15.1 percent for individuals. The current projection for the average annual increase in FY11-16 is about 10 percent. The comparable six-year projections in the last five budgets, starting with FY10, were 11.0, 8.8, 10.7, 9.5, and 7.3 percent.

The FY11-16 fiscal projection for the **Employee Health Benefits Self Insurance Fund**, which serves as a premium stabilization reserve, is on ©56. The summary of expenditures and revenues, and the crosswalk between the appropriation for FY10 (\$174,300,820) and FY11 (\$187,374,860) is on ©57. One notable item last year was the transfer of \$12.5 million to the General Fund in FY10. Claims experience and unanticipated revenue facilitated this fortuitous transfer. There was also a transfer (\$5.2 million) in FY95. There is no transfer this year.

The agencies' FY11 tax-supported costs for group insurance for **retired** employees are listed in the tables on ©1-15. Costs for all agencies are **up 51.3 percent to \$123.1 million**. This number reflects \$31.1 million for County Government (up 19.4 percent), \$85.6 million for MCPS (up 72.2 percent), \$3.5 million for the College (up 25.0 percent), and \$3.0 million for M-NCPPC (up 4.4 percent). Higher annual pay-as-you-go costs are one factor, but the chief cause is that MCPS and the College included funds for pre-funding retiree health benefits (OPEB), while County Government and M-NCPPC did not. The MCPS increase for OPEB is \$30.9 million, while the College's is \$0.7 million. As noted above, the final FY11 approved budget will not include these amounts.

¹ The budget recommends non tax-supported contributions in FY11 from proprietary funds and participating outside agencies but does not recommend contributions from the County agencies' tax-supported funds. See ©18.

The tax-supported costs for **active** employees are also in the individual agency tables. The total is **\$320.1 million**, up 10.8 percent from FY10. The tables show \$79.5 million for County Government (up 0.5 percent), \$221.4 million for MCPS (up 11.5 percent), \$11.8 million for the College (up 7.3 percent), and \$7.4 million for M-NCPPC (up 2.8 percent).

WSSC's rate-supported costs for group insurance are \$14.0 million for active employees (up 44.2 percent) and \$12.5 million for retired employees (down 12.3 percent), reflecting recent cost adjustments.

One important issue for County agencies to assess is the **impact of federal health care reform** on their group insurance programs. See the April 13 memo on ©58-59 for OLO's initial questions to OHR and OMB about the impact of specific provisions of the new law starting in FY11. The Committee will want to return to this issue after budget season.

6. OTHER COMPENSATION ISSUES

A. Agency Analysis of Personnel Management

Each agency has prepared again this year a report on its workforce containing data that are comparable (but not necessarily identical) to the information provided in the County Government's Personnel Management Review. Material of this kind is a valuable adjunct to the agency personnel information that comes from budget documents and Council staff data requests. Agency responses appear in the **appendix** to this packet (MFP Committee #2), which can be found on the Council's web site¹ and in a limited number of printed copies. Agency staff have worked hard to assemble these displays of personnel information, and their efforts again deserve recognition.

This year the **County Government** again prepared a PMR like the one it first issued in 1991 (see ©A1-42). The PMR, prepared by OHR, has consistently provided useful basic information on the merit system employment profile, turnover, and wage and salary comparability. In this year's PMR the information is once again clearly presented and readily understandable. The comparative information on salaries (see ©A31-42) is especially useful; some of it is cited in the earlier discussion here of pay changes in the County and the region. Other useful information includes turnover data on the 397 employees (4.4 percent of the workforce) who left County Government service in 2009 (see ©A27-29). Not surprisingly in this economy, this number was down from 585 employees (6.4 percent of the workforce) who left in 2008. There are again data on temporary and seasonal workers (see ©A23-25), who are represented by MCGEO.

M-NCPPC again prepared a detailed Personnel Management Review, which it initiated in 1995. This PMR (see ©A43-167) covers personnel data affecting both counties and is a comprehensive and highly informative document. Its clearly presented data and excellent graphics provide detailed information about the full range of workforce issues and personnel policies. This year's edition again provides expanded data by department and for seasonal, intermittent, temporary, and term employees.

WSSC again prepared a Human Resources Management Review that contains new and comparative data in a number of areas (see ©A168-198). This report, which WSSC initiated in 1995, includes data on such matters as the diversity of WSSC's workforce in 2009: 47.1 percent African American, 43.3 percent Caucasian, 5.8 percent Asian, 2.9 percent Hispanic, and 0.7 percent Native American.

¹ See http://www.montgomerycountymd.gov/content/council/pdf/agenda/cm/2010/100419/20100419_mfp2.pdf.

MCPS again provided a Staff Statistical Profile (see ©A199-287), which contains a wide range of useful data – for example, salary and turnover data that were helpful in 2006 in the Council’s review of the Superintendent’s request to improve pensions for MCPS employees.

The College again provided a Personnel Profile (see ©A288-296). This brief report contains useful graphics and more detailed information on group insurance benefits and composition of faculty and staff.

B. Employee Awards and Tuition Assistance

In past briefings on compensation, the Committee has examined such programs as County Government leave awards, M-NCPPC’s employee recognition program, WSSC’s merit pay system, and performance-based pay. The Committee has also reviewed tuition assistance issues.

The following table outlines the agencies’ FY10 costs and FY11 requests in dollars. (County Government’s awards programs are outlined on ©60.¹)

	Employee Awards		Tuition Assistance	
	FY10	FY11	FY10	FY11
County Government	see ©56	TBD	755,870	0
MCPS	none	none	3,888,844	4,088,844
Montgomery College	75,000	75,000	750,000	800,000
M-NCPPC	60,150	58,000	33,000	33,000
WSSC	59,100	61,800	150,000	150,000

Notes: Both FY11 amounts for the College may be reduced. The amounts for M-NCPPC are for Montgomery County only. The amount for employee awards may be reduced.

C. Additional Compensation Information

1. Annual Leave Cash Out. Under the Personnel Regulations the Chief Administrative Officer, subject to budget limitations, may authorize employees to cash out part of their accrued annual leave in excess of the annual carry-over limit. For FY02-04 the CAO decided that because of the County’s fiscal situation there would be no annual leave cash out.

For FY05 the CAO authorized a cash-out of 30 percent. The cost was \$368,245 for 385 employees. For FY06 the CAO authorized a cash-out of 50 percent. The cost was \$812,731 for 482 employees. For FY07 the CAO again authorized a cash-out of 50 percent. The cost was \$1,092,439 for 630 employees. For FY08-10, given the fiscal situation, there was no cash-out.

¹This report does not include performance-based pay awards for employees in the Management Leadership Service, which were limited in FY10, or for non-represented employees, which were not funded in FY10. In 2000 County Government also began the *Montgomery’s Best* honors awards, which are based on recognition rather than cash awards. The program’s purpose is to “recognize exceptional efforts by individuals, teams, and organizations to support the County’s guiding principles and programs.”

2. Testimony. During the course of the Council's five public hearings on the FY11 operating budget on April 5-9, a number of speakers addressed compensation issues. Councilmembers have copies of this testimony and also of all correspondence related to compensation.

D. Closing Point

The personnel costs that comprise 80 percent of the budget reflect the size of the agencies' workforces and the level of their salaries and benefits. These costs are affordable when times are good and revenue growth is strong. In serious downturns they are not, and fault lines between the County's promises to employees and its ability to pay for them emerge, as they have in the last two years in particular. Absent an economic recovery that is robust and has staying power, and/or structural changes to bring down costs, these fault lines will deepen.

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	A	B	C	D	E	F	G
1	TAX SUPPORTED SALARIES AND BENEFITS BY AGENCY						
2	(FY10 Approved and FY11 Agency Requests)						
3							
4							
5	Agency	FY	Total Compensation Active Employees	Retiree Benefits	Total Compensation	Agency budget without debt service	Total Compensation as % of Budget
6	County Government	FY10	802,020,360	26,039,330	828,059,690	1,251,173,090	66.2%
7		FY11	761,181,260	31,096,730	792,277,990	1,174,694,690	67.4%
8	% Change		-5.1%	19.4%	-4.3%	-6.1%	
9							
10	MCPS	FY10	1,648,182,870	49,693,274	1,697,876,144	1,940,540,941	87.5%
11		FY11	1,712,795,622	85,568,104	1,798,363,726	2,078,247,129	86.5%
12	% Change		3.9%	72.2%	5.9%	7.1%	
13							
14	College	FY10	167,511,594	2,800,000	170,311,594	216,799,063	78.6%
15		FY11	171,914,237	3,500,000	175,414,237	223,003,199	78.7%
16	% Change		2.6%	25.0%	3.0%	2.9%	
17							
18	MNCPPC	FY10	83,052,175	2,858,175	85,910,350	114,215,750	75.2%
19		FY11	89,727,426	2,982,674	92,710,100	119,648,150	77.5%
20	% Change		8.0%	4.4%	7.9%	4.8%	
21							
22	TOTAL	FY10	2,700,766,999	81,390,779	2,782,157,778	3,522,728,844	79.0%
23		FY11	2,735,618,545	123,147,508	2,858,766,053	3,595,593,168	79.5%
24	Amount Change		34,851,546	41,756,729	76,608,275	72,864,324	
25	% Change		1.3%	51.3%	2.8%	2.1%	

	A	B	C	D	E	F
1	TAX SUPPORTED WORKYEARS, WAGES AND BENEFITS BY AGENCY					
2	(FY10 Approved and FY11 Agency Requests)					
3	Benefits are social security, retirement, and group insurance					
4						
5	I. Active Employees					Total comp for
6	Agency	FY	WY	Wages	Benefits	Active empl
7	County Government	FY10	8,103	565,288,570	236,731,790	802,020,360
8		FY11	7,414	524,387,500	236,793,760	761,181,260
9	% Change		-8.5%	-7.2%	0.0%	-5.1%
10						
11	MCPS	FY10	19,590	1,291,401,424	356,781,446	1,648,182,870
12		FY11	19,896	1,325,851,399	386,944,223	1,712,795,622
13	% Change		1.6%	2.7%	8.5%	3.9%
14						
15	College	FY10	1,710	142,662,594	24,849,000	167,511,594
16		FY11	1,773	145,781,624	26,132,613	171,914,237
17	% Change		3.7%	2.2%	5.2%	2.6%
18						
19	MNCPPC	FY10	905	63,515,001	19,537,174	83,052,175
20		FY11	918	66,299,332	23,428,094	89,727,426
21	% Change		1.4%	4.4%	19.9%	8.0%
22						
23	TOTAL	FY10	30,308	2,062,867,589	637,899,410	2,700,766,999
24		FY11	30,001	2,062,319,855	673,298,690	2,735,618,545
25	% Change		-1.0%	0.0%	5.5%	1.3%
26						
27	*****					
28	II. Retiree Benefits: Group insurance (data in last column only)					Retiree Benefits
29	County Government	FY10				26,039,330
30		FY11				31,096,730
31	% Change					19.4%
32						
33	MCPS	FY10				49,693,274
34		FY11				85,568,104
35	% Change					72.2%
36						
37	College	FY10				2,800,000
38		FY11				3,500,000
39	% Change					25.0%
40						
41	MNCPPC	FY10				2,858,175
42		FY11				2,982,674
43	% Change					4.4%
44						
45	TOTAL	FY10				81,390,779
46		FY11				123,147,508
47	% Change					51.3%

②

	A	B	C	D	E	F
1	SELECTED COMPENSATION DATA, FY11 REQUESTS					
2	Tax-supported only					
3						
4						
5	Item	County Government	MCPS	College	MNCPPC	Total
6	Cost of General Wage Adjustment (wages, social security, retirement)	0	0	0	1,411,900	1,411,900
7	Cost of other Wage Adjustment (wages, social security, retirement)	0	0	0	0	0
8	Cost per 1% General Wage Adjustment (wages, social security, retirement) #1	6,617,195	15,258,649	1,569,339	763,000	24,208,183
9	Cost per furlough day (wages, social security, retirement)	2,095,260	6,732,038	584,893	221,250	9,633,441
10	Cost of increments for employees not at top of grade (wages, social security, retirement)	5,572,460	26,284,696	2,313,659	900,700	35,071,515
11	Cost of 1% increment for employees not at top of grade (wages, social security, retirement) #2	1,592,130	7,450,675	714,993	257,300	10,015,098
12						
13						
14	#1 County Government amount is from the FY10 request					
15	#2 College amount is from the FY10 request					

	A	B	C	D	E	F
1	COUNTY GOVERNMENT WAGES, SOCIAL SECURITY, and RETIREMENT					
2	TAX SUPPORTED FUNDS, FY10 BUDGET AND FY11 REQUEST					
3	"Other" costs below are costs not collected by bargaining unit, such as overtime, shift differential, and temporary/seasonal employees budgeted in					
4	group positions.					
5	Tax Supported Funds, FY10 Approved Budget	MC GEO	IAFF	FOP	Non Represented	TOTAL
6	Filled positions, tax and non-tax supported (Dec. 31, 2008)	4,967	1,142	1,151	2,069	9,329
7	Percent of total	53.2%	12.2%	12.3%	22.2%	100.0%
8						
9	Workyears (bargaining units estimated)	4,314	992	1,000	1,797	8,103
10						
11	Active employees:					
12	Wages					532,849,250
13	Social Security					42,587,810
14	Retirement					115,082,380
15	Group insurance for active employees					79,061,600
16	Subtotal	296,965,350	134,775,640	135,276,450	202,563,600	769,581,040
17	Other	17,271,530	3,971,026	4,002,322	7,194,442	32,439,320
18	Total compensation for active employees	314,236,880	138,746,666	139,278,772	209,758,042	802,020,360
19	Retiree benefits: group insurance					
20	Pay as you go amount					26,039,330
21	Second year phase in of OPEB					0
22	Total compensation for retired employees					26,039,330
23						
24	Total compensation for active and retired employees	296,965,340	134,775,640	135,276,450	202,563,590	828,059,690
25		39%	18%	18%	26%	100%
26	Operating budget without debt service					1,251,173,090
27						
28	Total compensation as % of total operating budget					66.2%
29						
30	% General Wage Adjustment	0.00%	0.00%	0.00%	0.00%	NA
31	Cost of General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0
32	Cost of other Wage Adjustment (wages, social security, retirement)					0
33	Cost per 1% General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0
34	Cost per furlough day (wages, social security)	870,645	354,937	356,573	618,006	2,200,161
35	Cost of increments for employees not at top of grade (wages, social security, retirement)	2,637,540	837,400	1,225,280	813,030	5,513,250
36	Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	753,583	239,257	350,080	232,294	1,575,214

(P)

	A	B	C	D	E	F
		MCGEO	IAFF	FOP	Non Represented	TOTAL
37	Tax Supported Funds, FY11 Request					
38	Filled positions, tax and non-tax supported (Dec. 31, 2009)	5,032	1,104	1,146	2,075	9,357
39	Percent of total	53.8%	11.8%	12.2%	22.2%	100.0%
40						
41	Workyears (bargaining units estimated)	3,987	875	908	1,644	7,414
42						
43	Active employees:					
44	Wages					506,341,270
45	Social Security					40,270,560
46	Retirement					117,066,420
47	Group insurance for active employees					79,456,780
48	Subtotal	287,567,750	129,384,610	135,553,730	190,628,940	743,135,030
49	Other	9,704,887	2,129,212	2,210,215	4,001,916	18,046,230
50	Total compensation for active employees	297,272,637	131,513,822	137,763,945	194,630,856	761,181,260
51	Retiree benefits: group insurance					
52	Pay as you go amount					31,096,730
53	Third year phase in of OPEB					0
54	Total compensation for retired employees					31,096,730
55						
56	Total compensation for active and retired employees	287,567,750	129,384,610	135,553,730	190,628,940	792,277,990
57		39%	17%	18%	26%	100%
58	Operating budget without debt service					1,174,694,690
59						
60	Total compensation as % of total operating budget					67.4%
61						
62						
63	% General Wage Adjustment	0.00%	3.50%	0.00%	3.50%	
64	Cost of General Wage Adjustment (wages, social security, retirement) - Not in Recommended Budget	0	4,240,580	0	295,870	4,536,450
65	Cost of other Wage Adjustment (wages, social security, retirement) - 3.5% IAFF pay plan adjustment, Not in Recommended Budget	0.000	4,240,580	0	295,870	4,536,450
66	Cost per 1% General Wage Adjustment (wages, social security, retirement)	0	1,211,594	0	84,534	1,296,129
67	Cost per furlough day (wages, social security)*	720,620	0	0	501,230	1,221,850
68	Cost per furlough day (wages, social security)**	825,680	355,470	343,160	570,950	2,095,260
69	Cost of increments for employees not at top of grade (wages, social security, retirement)	2,598,050	995,030	1,249,680	729,700	5,572,460
70	Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	742,300	284,290	357,050	208,490	1,592,130
71	* Furlough savings reflected in recommended budget. ** Furlough savings calculated for all groups.					

5

	A	B	C	D	E	F
72	Amount increase FY10-FY11	MCGEO	IAFF	FOP	Non Represented	TOTAL
73	Workyears	(327)	(117)	(92)	(153)	(689)
74						
75	Active employees:					
76	Wages					(26,507,980)
77	Social Security					(2,317,250)
78	Retirement					1,984,040
79	Group insurance for active employees					395,180
80	Subtotal					(26,446,010)
81	Other					(14,393,093)
82	Total compensation for active employees	(9,397,590)	(5,391,030)	277,280	(11,934,650)	(40,839,100)
83	Retiree benefits: group insurance					
84	Pay as you go amount					5,057,400
85	Phase in of the Annual Required Contribution					0
86	Total compensation for retired employees					5,057,400
87						
88	Total compensation for active and retired employees					(35,781,700)
89						
90						
91	Percent increase FY10-FY11					
92	Workyears	-7.58%	-11.81%	-9.17%	-8.51%	-8.50%
93	Active employees:					
94	Wages					-4.97%
95	Social Security					-5.44%
96	Retirement					1.72%
97	Group insurance for active employees					0.50%
98	Subtotal					-3.44%
99	Other					-44.37%
100	Total compensation for active employees	-3.16%	-4.00%	0.20%	-5.89%	-5.09%
101	Retiree benefits: group insurance					
102	Pay as you go amount					19.42%
103	Phase in of the Annual Required Contribution					0.00%
104	Total compensation for retired employees					19.42%
105						
106	Total compensation for active and retired employees					-4.32%

9

	A	B	C	D	E	F	G
1	MONTGOMERY COUNTY PUBLIC SCHOOLS WAGES, SOCIAL SECURITY, and RETIREMENT						
2	TAX SUPPORTED FUNDS, FY10 BUDGET AND FY11 REQUEST						
3							
4	Tax Supported Funds, FY10 Approved Budget	MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
5	Workyears	676.000	81.75	11,408.800	7,343.543	79.500	19,589.593
6	Active employees:						
7	Wages	84,585,641	7,916,647	881,772,430	308,458,940	8,667,766	1,291,401,424
8	Social Security	6,470,802	605,623	67,455,591	23,597,109	663,084	98,792,209
9	Retirement	3,891,955	364,261	40,571,809	14,192,813	398,821	59,419,658
10	Group insurance for active employees	6,851,936	828,618	115,649,061	74,434,152	805,812	198,569,579
11	Total compensation for active employees	101,800,334	9,715,149	1,105,448,891	420,683,014	10,535,483	1,648,182,870
12	Retiree benefits: group insurance						
13	Pay as you go amount						37,773,274
14	Second year phase in of OPEB						11,920,000
15	Total compensation for retired employees						49,693,274
16							
17	Total compensation for active and retired employees	101,800,334	9,715,149	1,105,448,891	420,683,014	10,535,483	1,697,876,144
18							
19	Operating budget without debt service	N/A	N/A	N/A	N/A	N/A	1,940,540,941
20							
21	Total compensation as % of total operating budget	N/A	N/A	N/A	N/A	N/A	87.5%
22							
23							
24	% General Wage Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
25	Cost of General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0	0
26	Cost of other Wage Adjustment (wages, social security, retirement)	0	0	0	0	0	0
27	Cost per 1% General Wage Adjustment (wages, social security, retirement)	972,576	86,405	10,211,729	3,664,951	87,240	15,022,901
28	Cost per furlough day (wages, social security, retirement)	365,881	34,284	4,600,772	1,517,823	36,047	6,554,808
29	Cost of increments for employees not at top of grade (wages, social security, retirement)	1,127,709	230,545	20,142,353	5,759,775	30,178	27,290,560
30	Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	543,916	56,265	6,569,073	2,041,735	12,065	9,223,054

	A	B	C	D	E	F	G
		MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
31	Tax Supported Funds, FY11 Request						
32	Workyears	675.000	82.750	11,639,340	7,418.933	79.750	19,895.773
33	Active employees:						
34	Wages	85,293,624	8,090,573	908,317,120	315,392,996	8,757,086	1,325,851,399
35	Social Security	6,524,962	618,929	69,486,260	24,127,564	669,917	101,427,632
36	Retirement	4,121,558	390,953	43,891,782	15,240,420	423,160	64,067,873
37	Group insurance for active employees	7,513,047	921,044	129,550,985	82,575,989	887,653	221,448,718
38	Total compensation for active employees	103,453,191	10,021,499	1,151,246,147	437,336,969	10,737,816	1,712,795,622
39	Retiree benefits: group insurance						
40	Pay as you go amount						42,705,854
41	Third year phase in of OPEB						42,862,250
42	Total compensation for retired employees						85,568,104
43							
44	Total compensation for active and retired employees	103,453,191	10,021,499	1,151,246,147	437,336,969	10,737,816	1,798,363,726
45							
46	Operating budget without debt service	N/A	N/A	N/A	N/A	N/A	2,078,247,129
47							
48	Total compensation as % of total operating budget						86.5%
49							
50							
51	% General Wage Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
52	Cost of General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0	0
53	Cost of other Wage Adjustment (wages, social security, retirement)	0	0	0	0	0	0
54	Cost per 1% General Wage Adjustment (wages, social security, retirement)	958,274	90,898	10,416,721	3,694,370	98,386	15,258,649
55	Cost per furlough day (wages, social security, retirement)	377,977	38,932	4,747,935	1,530,173	37,022	6,732,038
56	Cost of increments for employees not at top of grade (wages, social security, retirement)	936,048	162,017	20,334,296	4,824,712	27,623	26,284,696
57	Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	312,016	54,006	5,793,247	1,283,168	8,238	7,450,675

	A	B	C	D	E	F	G
		MCAAP	MCBOA	MCEA	SEIU	Non Represented	TOTAL
58	Amount increase FY10-FY11	(1.000)	1.000	230.540	75.390	0.250	306.180
59	Workyears						
60	Active employees:						
61	Wages	707,983	173,926	26,544,690	6,934,056	89,320	34,449,975
62	Social Security	54,160	13,306	2,030,669	530,455	6,833	2,635,423
63	Retirement	229,604	26,692	3,319,973	1,047,608	24,339	4,648,215
64	Group insurance for active employees	661,111	92,426	13,901,924	8,141,837	81,841	22,879,139
65	Total compensation for active employees	1,652,858	306,350	45,797,256	16,653,956	202,333	64,612,752
66	Retiree benefits: group insurance						0
67	Pay as you go amount	0	0	0	0	0	4,932,580
68	Phase in of the Annual Required Contribution	0	0	0	0	0	30,942,250
69	Total compensation for retired employees	0	0	0	0	0	35,874,830
70							
71	Total compensation for active and retired employees	1,652,858	306,350	45,797,256	16,653,956	202,333	100,487,582
72	Percent increase FY10-FY11						
73	Workyears	-0.15%	1.22%	2.02%	1.03%	0.31%	1.56%
74	Active employees:						
75	Wages	0.84%	2.20%	3.01%	2.25%	1.03%	2.67%
76	Social Security	0.84%	2.20%	3.01%	2.25%	1.03%	2.67%
77	Retirement	5.90%	7.33%	8.18%	7.38%	6.10%	7.82%
78	Group insurance for active employees	9.65%	11.15%	12.02%	10.94%	10.16%	11.52%
79	Total compensation for active employees	1.62%	3.15%	4.14%	3.96%	1.92%	3.92%
80	Retiree benefits: group insurance						
81	Pay as you go amount						13.06%
82	Phase in of the Annual Required Contribution						259.6%
83	Total compensation for retired employees						
84							
85	Total compensation for active and retired employees	1.62%	3.15%	4.14%	3.96%	1.92%	5.92%
86							
87	*FY 2010 Approved Cost Increments taken from FY 2010 Request						
88							

	A	B	C	D	E	F
1	MONTGOMERY COLLEGE WAGES, SOCIAL SECURITY, and RETIREMENT					
2	TAX SUPPORTED FUNDS, FY10 BUDGET AND FY11 REQUEST					
3						
4	Tax Supported Funds, FY10 Approved Budget	AAUP	ACSFME	ADM	ALL OTHER	TOTAL
5	Workyears	586.00	508.60	76.00	539.25	1,709.85
6	Active employees:					
7	Wages	45,952,264	25,374,823	9,569,515	61,765,992	142,662,594
8	Social Security	3,221,043	1,778,659	670,779	4,329,519	10,000,000
9	Retirement		686,550		1,038,450	1,725,000
10	Other Benefits (EAP, recognition awards, comp absences, etc)	727,938	631,790	94,408	669,864	2,124,000
11	Group insurance for active employees	3,769,920	3,271,981	488,932	3,469,167	11,000,000
12	Total compensation for active employees	53,671,164	31,743,803	10,823,634	71,272,993	167,511,594
13	Retiree benefits: group insurance					
14	Pay as you go amount	959,616	832,868	124,454	883,060	2,800,000
15	Second year phase in of OPEB	0	0	0	0	0
16	Total compensation for retired employees	959,616	832,868	124,454	883,060	2,800,000
17						
18	Total compensation for active and retired employees	54,630,781	32,576,672	10,948,088	72,156,053	170,311,594
19						
20	Operating budget without debt service					216,799,063
21						
22	Total compensation as % of total operating budget					78.6%
23						
24						
25	% General Wage Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%
26	Cost of General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0
27	Cost of other Wage Adjustment (wages, social security, retirement)	na	na	na	na	na
28	Cost per 1% General Wage Adjustment (wages, social security, retirement) - includes pt faculty	494,676	273,160	103,016	664,911	1,535,763
29	Cost per furlough day (wages, social security, retirement)	273,185	104,036	39,235	158,928	575,384
30	Cost of increments for employees not at top of grade (wages, social security, retirement)	1,024,410	388,908	0	514,484	1,927,802
31	Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	341,470	129,636	79,829	171,495	722,430

10

	A	B	C	D	E	F
32	Tax Supported Funds, FY11 Request	AAUP	ACSFME	ADM	ALL OTHER	TOTAL
33	Workyears	604.00	527.60	78.00	563.25	1,772.85
34	Active employees:					
35	Wages	46,527,360	25,420,953	9,970,607	63,862,704	145,781,624
36	Social Security	3,306,808	1,806,726	708,634	4,538,845	10,361,013
37	Retirement		691,075		1,058,925	1,750,000
38	Other Benefits (EAP, recognition awards, comp absences, etc)	754,979	659,481	97,497	704,043	2,216,000
39	Group insurance for active employees	4,022,096	3,513,341	519,410	3,750,753	11,805,600
40	Total compensation for active employees	54,611,243	32,091,577	11,296,148	73,915,270	171,914,237
41	Retiree benefits: group insurance					
42	Pay as you go amount	953,944	833,280	123,191	889,585	2,800,000
43	Third year phase in of OPEB	238,486	208,320	30,798	222,396	700,000
44	Total compensation for retired employees	1,192,430	1,041,600	153,989	1,111,981	3,500,000
45						
46	Total compensation for active and retired employees	55,803,673	33,133,176	11,450,138	75,027,250	175,414,237
47						
48	Operating budget without debt service					223,003,199
49						
50	Total compensation as % of total operating budget					78.7%
51						
52	% General Wage Adjustment	0.000%	0.000%	0.000%	0.000%	0.000%
53	Cost of General Wage Adjustment (wages, social security, retirement)	0	0	0	0	0
54	Cost of other Wage Adjustment (wages, social security, retirement)	na	na	na	na	na
55	Cost per 1% General Wage Adjustment (wages, social security, retirement) - includes part-time faculty	500,867	273,657	107,334	687,482	1,569,339
56	Cost per furlough day (wages, social security, retirement)	278,259	104,849	41,124	160,660	584,893
57	Cost of increments for employees not at top of grade (wages, social security, retirement)	0	0	0	0	0
58	Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	362,235	124,514	79,829	148,415	714,993



College

	A	B	C	D	E	F
59	Amount increase FY10-FY11	AAUP	ACSFME	ADM	ALL OTHER	TOTAL
60	Workyears	18.00	19.00	2.00	24.00	63.00
61	Active employees:					
62	Wages	575,096	46,130	401,092	2,096,712	3,119,030
63	Social Security	85,764	28,067	37,855	209,326	361,013
64	Retirement	0	4,525	0	20,475	25,000
65	Other Benefits (EAP, recognition awards, comp absences, etc)	27,041	27,691	3,089	34,179	92,000
66	Group insurance for active employees	252,177	241,360	30,478	281,586	805,600
67	Total compensation for active employees	940,078	347,773	472,514	2,642,277	4,402,643
68	Retiree benefits: group insurance					
69	Pay as you go amount	(5,672)	411	(1,263)	6,525	1
70	Phase in of the Annual Required Contribution	238,486	208,320	30,798	222,396	700,000
71	Total compensation for retired employees	232,814	208,731	29,535	228,921	700,001
72						
73	Total compensation for active and retired employees	1,172,892	556,505	502,049	2,871,198	5,102,644
74						
75						
76	Percent increase FY10-FY11					
77	Workyears	3.07%	3.74%	2.63%	4.45%	3.68%
78	Active employees:					
79	Wages 1)	1.25%	0.18%	4.19%	3.39%	2.19%
80	Social Security	2.66%	1.58%	5.64%	4.83%	3.61%
81	Retirement		0.66%		1.97%	1.45%
82	Other Benefits (EAP, recognition awards, comp absences, etc)	3.71%	4.38%	3.27%	5.10%	4.33%
83	Group insurance for active employees	6.69%	7.38%	6.23%	8.12%	7.32%
84	Total compensation for active employees	1.75%	1.10%	4.37%	3.71%	2.63%
85	Retiree benefits: group insurance					
86	Pay as you go amount	-0.59%	0.05%	-1.01%	0.74%	0.00%
87	Phase in of the Annual Required Contribution	NA	NA	NA	NA	NA
88	Total compensation for retired employees	24.26%	25.06%	23.73%	25.92%	25.00%
89						
90	Total compensation for active and retired employees					3.00%
91						
92	(1) All other includes temps with benefits, student assts, overtime, part-time faculty, hearing interpreters, etc.					

	A	B	C	D	E
1	MNCPPC WAGES, SOCIAL SECURITY, and RETIREMENT				
2	TAX SUPPORTED FUNDS, FY10 BUDGET AND FY11 REQUEST				
3					
4	Tax Supported Funds, FY10 Approved Budget	FOP	MCGEO	Nonrepresented	TOTAL
5	Workyears	91.00	276.00	538.38	905.38
6	Active employees:				
7	Wages	6,299,031	12,365,683	44,850,287	63,515,001
8	Social Security	88,596	917,596	3,328,116	4,334,307
9	Retirement	961,484	1,555,108	5,640,372	8,047,427
10	Group insurance for active employees	709,633	2,152,293	4,293,514	7,155,440
11	Total compensation for active employees	8,058,744	16,990,681	58,112,288	83,052,175
12	Retiree benefits: group insurance				
13	Pay as you go amount	283,456	556,456	2,018,263	2,858,175
14	Second year phase in of OPEB	0	0	0	0
15	Total compensation for retired employees	283,456	556,456	2,018,263	2,858,175
16					
17	Total compensation for active and retired employees*	8,342,201	17,547,136	60,130,551	85,910,350
18					
19	Operating budget without debt service*				114,215,750
20					
21	Total compensation as % of total operating budget				75.2%
22					
23					
24	% General Wage Adjustment				
25	Cost of General Wage Adjustment (wages, social security, retirement)	212,600	0	0	212,600
26	Cost of other Wage Adjustment (wages, social security, retirement)				
27	Cost per 1% General Wage Adjustment (wages, social security, retirement)	56,700	0	0	56,700
28	Cost per furlough day (wages, social security, retirement)	29,700	58,300	208,600	296,600
29	Cost of increments for employees not at top of grade (wages, social security, retirement)	76,100	182,400	652,400	910,900
30	Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	21,700	52,100	186,400	260,200

13

	A	B	C	D	E
31	Tax Supported Funds, FY11 Request	FOP	MCGEO	Nonrepresented	TOTAL
32	Workyears	95.00	278.00	544.58	917.58
33	Active employees:				
34	Wages	6,566,827	12,551,490	47,181,016	66,299,332
35	Social Security	95,219	960,189	3,609,348	4,664,756
36	Retirement	1,240,589	2,177,665	7,903,426	11,321,680
37	Group insurance for active employees	744,167	2,232,498	4,464,995	7,441,659
38	Total compensation for active employees	8,646,802	17,921,841	63,158,784	89,727,426
39	Retiree benefits: group insurance				
40	Pay as you go amount	295,428	564,666	2,122,580	2,982,674
41	Third year phase in of OPEB	0	0	0	0
42	Total compensation for retired employees	295,428	564,666	2,122,580	2,982,674
43					
44	Total compensation for active and retired employees	8,942,230	18,486,508	65,281,364	92,710,100
45					
46	Operating budget without debt service				119,648,150
47					
48	Total compensation as % of total operating budget				77.5%
49					
50					
51	% General Wage Adjustment				
52	Cost of General Wage Adjustment (wages, social security, retirement)	230,000	304,996	876,904	1,411,900
53	Cost of other Wage Adjustment (wages, social security, retirement)				
54	Cost per 1% General Wage Adjustment (wages, social security, retirement)	62,700	180,700	519,600	763,000
55	Cost per furlough day (wages, social security, retirement)	20,203	45,030	156,016	221,250
56	Cost of increments for employees not at top of grade (wages, social security, retirement)	62,000	275,907	562,793	900,700
57	Cost of 1% increment for employees not at top of grade (wages, social security, retirement)	17,700	78,800	160,800	257,300

(A)

	A	B	C	D	E
58	Amount increase FY10-FY11	FOP	MCGEO	Nonrepresented	TOTAL
59	Workyears	4	2	6	12
60	Active employees:				
61	Wages	267,795	185,806	2,330,729	2,784,331
62	Social Security	6,623	42,593	281,232	330,449
63	Retirement	279,105	622,557	2,263,054	3,164,715
64	Group insurance for active employees	34,534	80,204	171,482	286,220
65	Total compensation for active employees	588,057	931,161	5,046,496	6,565,715
66	Retiree benefits: group insurance				
67	Pay as you go amount	11,972	8,211	104,317	124,499
68	Phase in of the Annual Required Contribution	0	0	0	0
69	Total compensation for retired employees	11,972	8,211	104,317	124,499
70					
71	Total compensation for active and retired employees	600,029	939,371	5,150,813	6,690,214
72					
73					
74	Percent increase FY10-FY11	FOP	MCGEO	Nonrepresented	TOTAL
75	Workyears	4.4%	0.7%	1.2%	1.3%
76	Active employees:				
77	Wages	4.3%	1.5%	5.2%	4.4%
78	Social Security	7.5%	4.6%	8.5%	7.6%
79	Retirement	29.0%	40.0%	40.1%	39.3%
80	Group insurance for active employees	4.9%	3.7%	4.0%	4.0%
81	Total compensation for active employees	7.3%	5.5%	8.7%	7.9%
82	Retiree benefits: group insurance				
83	Pay as you go amount	4.2%	1.5%	5.2%	4.4%
84	Phase in of the Annual Required Contribution	0.0%	0.0%	0.0%	0.0%
85	Total compensation for retired employees	4.2%	1.5%	5.2%	4.4%
86					
87	Total compensation for active and retired employees	7.2%	5.4%	8.6%	7.8%
88					
89	*Total Compensation costs and total operating budget figures do not include chargebacks, debt service, or reserves.				

15

Workforce/Compensation

SUMMARY OF FY11 RECOMMENDATIONS

A. SUMMARY OF AGENCY REQUESTS

Montgomery County Public Schools (MCPS): The MCPS workforce for FY11, as recommended by the Board of Education (BOE), is 21,187.7 FTEs, or 218.1 FTEs greater than the FY10 workforce of 20,949.4 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 the fall of 2009, the three bargaining groups agreed to participate in joint negotiations regarding salaries and benefits for FY11. Negotiations on salary and benefits are still ongoing. For more information on compensation and workforce changes, please see the Board of Education FY11 recommended budget document.

Montgomery College (MC): The net impact on the Montgomery College workforce for FY11, as requested by the College and its Board of Trustees, is an increase of 63.0 work years. This is accompanied by an increase in personnel costs of about \$6.1 million. The primary factors for these cost changes are the full-year impact of prior year merit increases, reclassifications, promotions, and fringe benefit increases. For more information on compensation and workforce changes, please consult the Adopted FY11 Montgomery College Operating Budget Request, available on the College's website.

Maryland-National Capital Park & Planning Commission (M-NCPPC): The net impact on the Maryland-National Capital Park and Planning Commission workforce for FY11, as recommended by the Planning Board, is an increase in personnel costs of \$6.9 million. The increase includes merit and general wage adjustment pay increases, retirement, and group insurance. 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 FY11, as recommended by the Executive, is a decrease of 747.9 workyears. The recommended budget contains a decrease in total personnel costs of \$44.0 million, or -4.6 percent. The primary factors in these changes are:

	<u>Millions</u>
• Net reduction in workyears, and anticipated turnover and lapse	(\$44.4)
• Furloughs	(\$15.0)
• Performance-based pay	(\$0.5)
• Change in group insurance contribution rates	\$5.6
• Change in retirement contribution rates	\$10.2

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 second consecutive year in which no general wage increase has been funded. FY11 salary schedules can be found on the County's website at www.montgomerycountymd.gov/content/ohr/ResourceLibrary/RLMain.cfm.

FURLOUGHS: The Executive's recommended budget assumes 10 furlough days (80 hours) for employees of the County government, which is expected to produce approximately \$12.2 million in tax supported savings.

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 eli-

gible to receive lump sum performance bonuses or advancement to a longevity/performance increment based on certain criteria. For FY11, 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 2010 and projected changes for 2011. Neither the rates (percentage of salary, which is contributed by both employer and employee) nor the annual salary maximum on which to base FICA is projected are 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 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. Overall, in calendar 2010, plan participants experienced a 10.1 percent increase in premiums from the previous year. Rate changes were made pursuant to an actuarial analysis of claims experience and previous rate actions.

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 FY16. 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 5,379 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 \$2.6 billion – more than half the total FY11 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 \$240 million, or nearly \$190 million more than the previous annual payment for current retirees. Still too large an amount

to be set aside all at once in FY08, the County chose a further 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.

Proposed FY11 Retiree Health Benefits Trust Contributions	
Montgomery County Government (MCG)	FY11
<i>General Fund:</i>	
Retiree Health Benefits Trust NDA	\$0
<i>Proprietary Funds:</i>	
Bethesda Parking District	\$131,480
Wheaton Parking District	19,720
Silver Spring Parking District	105,180
Solid Waste Collection	59,160
Solid Waste Disposal	473,310
Liquor Control	2,051,030
Permitting Services	1,406,790
Community Use of Public Facilities	177,490
Motor Pool	1,097,830
Risk Management	78,890
Central Duplicating	197,210
<i>Participating Agency Contributions</i>	\$1,490,200
Total MCG Trust Contributions	\$7,288,290
Montgomery County Public Schools Trust Fund	\$0
Montgomery College Trust Fund	\$0
Park and Planning Commission Trust Fund	\$0
Total Contributions/Assets Held in Trust	\$7,288,290

For FY09, the ARC has been recalculated and is now estimated at \$250 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. For FY09, a ramp-up period of eight years was assumed, up from the five year phase-in that was planned in FY08. Because of the County’s fiscal situation, the Executive’s recommended budget does not include tax-supported funding in FY11. 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 found in the Montgomery County Code, Section 33. The Retirement Program, which currently provides benefits to approximately 5,379 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.

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 is being offered 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 investment vehicles, established by the Board of Investment Trustees, of the employee’s choosing designed to provide a retirement benefit directly to the employee.

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 investment vehicles, established by the Board of Investment Trustees, of the employee’s choosing designed to provide a retirement benefit directly to the employee. 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, the GRIP, 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 employees in the ERS declined, the number of active public safety employees increased, and the number of employees in the RSP increased.

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 a 40-year funding schedule, with the exception of the additional costs from the FY09 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, increases 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 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.

The Executive and Municipal and County Government Employees Organization (MCGEO), Local 1994, agreed to seek legislation authorizing a retirement incentive program to coordinate with the anticipated reduction-in-force necessary to implement workforce reductions included in the Executive’s FY11 recommended budget. Employees at normal retirement age or within two years of normal retirement will be eligible to receive the \$35,000 incentive. Unlike previously proposed retirement incentive programs, the FY11 program will be targeted to job classes affected by a reduction-in-force and will be limited to the number of anticipated layoffs in a particular job class. The program is intended to maximize budgetary cost reductions by encouraging the most senior employees to retire and minimize the number of potential layoffs.

COLLECTIVE BARGAINING

The County government is scheduled to negotiate new term agreements with all of its represented employee organizations and the association representing volunteer fire fighters during FY11 to be effective July 1, 2011

FY11 Compensation Improvements Potential Fiscal Impact (Tax Supported Costs Only)				
Agency/Bargaining Unit	Service Increment	GWA	Tuition Assistance ⁴	Total
FOP ¹	\$ 1,249,680	\$ -	\$ 454,455	\$ 1,704,135
Police Management	-	-	-	-
IAFF ²	995,030	8,481,150	58,569	9,534,749
Fire Management	3,810	591,740	-	595,550
MCGEO	2,598,050	-	321,766	2,919,816
Non-represented	725,890	-	96,336	822,226
MCVFRA	-	-	51,727	51,727
Total County Government	\$ 5,572,460	\$ 9,072,890	\$ 982,853	\$ 15,628,203
MCPS	25,908,503	-	-	25,908,503
Montgomery College	2,313,659	-	-	2,313,659
MNCPPC ³	900,700	1,411,900	-	2,312,600
Total All Tax Supported Agencies	\$ 34,695,322	\$ 10,484,790	\$ 982,853	\$ 46,162,965

Notes:

- The FOP's award reflected in this table includes payment of a 3.5 percent service increment in FY11 and continuation of tuition assistance reimbursements.
- FY11 is the final year of the current labor agreement with IAFF. The contract calls for a 3.5 percent general wage adjustment, a 3.5 percent pay plan adjustment, and a 3.5 percent service increment which are reflected in this table.
- MNCPPC negotiated FY11 wage and service increment increases with its police and general government bargaining units.
- Actual FY09 expenditures reflected for Tuition Assistance. Uniformed management included within Non-represented.

(FY12). For FY11, the Executive's recommended budget does not include funding for general wage adjustments, service increments, or tuition assistance for any employee.

The table on the previous page presents the potential cost to the County of funding compensation increases for employees of the County government and the independent agencies. Because these wage improvements are not affordable at this time and in light of the extraordinary measures taken to balance the FY11 budget, the Executive does not recommend, and has not included, these compensation improvements.

WORKFORCE ANALYSIS

Basis: Workforce Analysis has been performed on changes to tax supported and non-tax supported workyears (WYs) in the Executive's Recommended FY11 Operating Budget for the County government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY10, which began on July 1, 2009. 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 FY11 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, 2010, 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 8,612 full-time positions, a net decrease of 339 from the approved FY10 Personnel Complement of 8,951 full-time positions. Funding for 908 part-time positions is included, a net decrease of 31 positions from the approved FY10 Personnel Complement of 939 positions.

Tax supported workyears account for 82.4 percent of the County's total workyears. Total tax supported workyears will decrease to 7,414.1 WYs in FY11, a decrease of 688.8 WYs or 8.5 percent.

Total County government workyears will decrease to 9,001.5 WYs in FY11, a decrease of 747.9 WYs or 7.7 percent. When measured relative to population, total workyears per thousand population has also decreased, from FY10 (9.20 in FY11 compared to 10.09 in FY10).

Of the County's 7,414.1 tax-supported workyears proposed for FY11, Public Safety departments account for 50.1 percent, or 3,717.2 workyears. Public Safety workyears will decrease by 198.1 workyears, or 5.1 percent from FY10 levels. Detailed below are the significant net changes in the number of tax-supported workyears in the FY11 Recommended Budget.

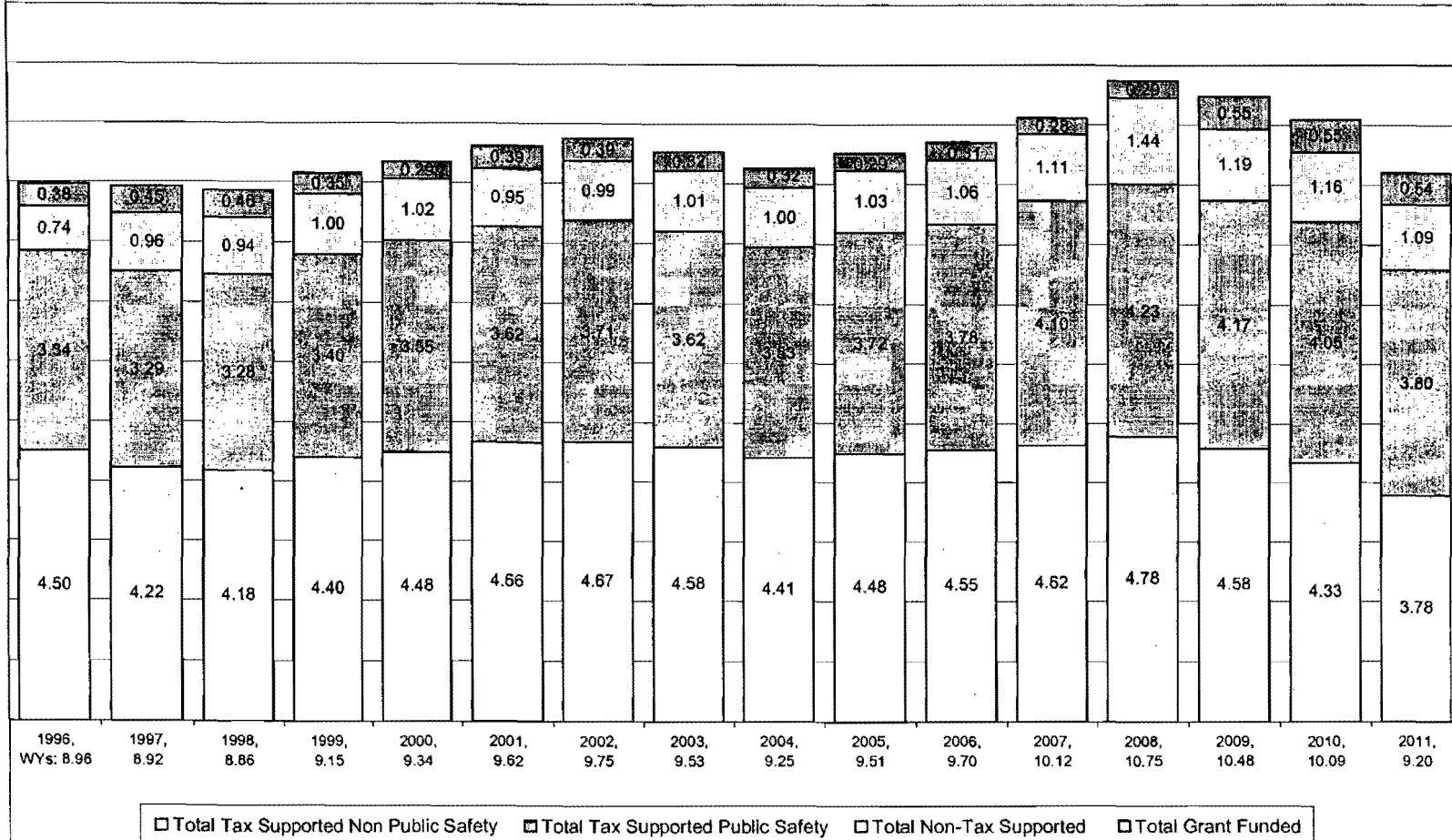
Workforce Changes (Tax Supported)	WYs
• Public Libraries: service hour reductions, staff reductions for the Gaithersburg renovation, and vacancy abolishments	-86.6
• Fire and Rescue Service: further civilianization of Public Safety Communication Center, public intern abolishments, and lapse increase	-79.5
• Police: position reductions in Traffic and Community Policing, education facilities, and fingerprinting divisions	-62.5
• Recreation: eliminate, reduce, and restructure programs; eliminate all Principal Administrative Aide positions	-56.8
• Correction and Rehabilitation: abolish sworn and civilian positions in a number of functions	-42.5
• Transportation: funding shifts and the elimination or reduction of programs	-42.0
• Technology Services: abolished positions in a number of different functions	-30.5
• General Services: position abolishments, largely focused in the carpentry, building services inspection, and management services functions	-18.1
• County Executive: reduced Volunteer Center staffing, clerical staff, and funding shifts	-14.7

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES															
HEALTH PLAN	2009					2010					CHANGE				
	EMP	EMP+1	FAM	TOTAL	%INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	%Dif
Carefirst POS	1,893	1,319	2,289	5,501	61.7%	1,806	1,315	2,306	5,427	62.0%	(87)	(4)	17	(74)	0.3%
Carefirst POS Std	162	75	96	333	3.7%	163	88	113	364	4.2%	1	13	17	31	0.4%
Kaiser	516	258	431	1,205	13.5%	494	284	426	1,204	13.8%	(22)	26	(5)	(1)	0.2%
United Healthcare	591	437	843	1,871	21.0%	538	432	785	1,755	20.1%	(53)	(5)	(58)	(116)	-0.9%
Grand Total				8,910					8,750					(160)	

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES						
Employee Retirement System Plans	Number Employees (7/1/08)	Fiscal 2010 Contribution Rate	Number Employees (7/1/09)	Fiscal 2011 Contribution Rate	Number Employees 7/08 v. 7/09	FY 10 v. 11 Contribution Rate
Public Safety						
Optional, Nonintegrated	18	80.12%	13	107.67%	(5)	27.55%
Optional, Integrated	62	78.33%	46	99.61%	(16)	21.28%
Mandatory Integrated	2,885	33.29%	2,943	35.88%	58	2.59%
Subtotal Public Safety	2,965		3,002		37	
Non-Public Safety						
Optional, Nonintegrated	71	39.40%	62	44.27%	(9)	4.87%
Optional, Integrated	125	42.30%	107	46.36%	(18)	4.06%
Mandatory Integrated	1,899	22.41%	1,841	26.39%	(58)	3.98%
Subtotal Non-Public Safety	2,095		2,010		(85)	
Guaranteed Retirement Income Plan	-	-	990	6.53%	990	6.53%
Total ERS System Plans	5,060		6,002		942	
Retirement Savings Plan	4,746	8.00%	3,963	8.00%	(783)	0.00%

MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY COUNTY EXECUTIVE RECOMMENDED: FY11					
	POSITIONS		WORKYEARS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL WYs
FY10 APPROVED COMPLEMENT	8,951	939	8,102.9	1,646.5	9,749.4
FY11 RECOMMENDED COMPLEMENT	8,612	908	7,414.1	1,587.4	9,001.5
CHANGE IN WORKFORCE (GROSS)	(339)	(31)	(688.8)	(59.1)	(747.9)
Percentage Change	(3.8%)	(3.3%)	(8.5%)	(3.6%)	(7.7%)

HISTORY OF APPROVED COUNTY GOVERNMENT WORKYEARS PER 1,000 POPULATION BY FUNDING CATEGORY FY96-FY10 Approved, FY11 Recommended



Source: D-3



TOTAL COUNTY COST OF EMPLOYEE BENEFITS

DEPARTMENT	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
General Fund Tax Supported				
Legislative				
Board of Appeals	30,780	27,350	59,180	117,310
County Council	453,540	650,800	803,900	1,908,240
Inspector General	28,840	33,250	33,450	95,540
Legislative Oversight	59,360	138,250	157,480	355,090
Merit System Protection Board	7,970	11,410	11,610	30,990
People's Counsel	12,450	2,730	40,050	55,230
Zoning & Administrative Hearings	26,390	21,930	26,280	74,600
Judicial				
Circuit Court	429,440	812,800	865,580	2,107,820
State's Attorney	655,870	972,750	1,220,110	2,848,730
General Government				
Board of Elections	237,710	230,490	181,690	649,890
Commission for Women	44,090	72,060	93,210	209,360
County Attorney	216,570	204,700	599,140	1,020,410
County Executive	207,880	345,120	427,560	980,560
Finance	450,160	1,014,750	1,072,660	2,537,570
General Services	729,900	1,633,630	1,857,630	4,221,160
Human Resources	224,560	268,000	305,150	797,710
Human Rights	109,000	197,540	221,200	527,740
Intergovernmental Relations	39,820	38,600	74,430	152,850
Management and Budget	180,310	258,570	389,220	828,100
Public Information	214,870	390,020	432,850	1,037,740
Regional Services Centers	103,660	149,250	208,920	461,830
Technology Services	828,660	1,192,370	1,562,800	3,583,830
Public Safety				
Consumer Protection	97,480	167,810	328,540	593,830
Correction and Rehabilitation	2,879,760	5,975,730	9,756,780	18,612,270
Emergency Management and Homeland Security	60,760	85,400	117,640	263,800
Police	10,222,060	20,512,550	36,331,820	67,066,430
Sheriff	915,960	1,945,160	3,269,070	6,130,190
Transportation				
Transportation	1,169,730	3,050,630	2,790,680	7,011,040
Health and Human Services				
Health and Human Services	5,753,348	11,678,951	10,976,146	28,408,445
Libraries, Culture & Recreation				
Public Libraries	1,349,830	2,964,330	3,002,100	7,316,260
Community Development and Housing				
Economic Development	215,010	345,230	298,800	859,040
Housing and Community Affairs	175,590	370,730	516,120	1,062,440
Environment				
Environmental Protection	80,670	158,340	187,350	426,360
Other County Government Functions				
NDA - Compensation and Employee Benefits Adjustment	10,400	11,220	931,320	952,940
NDA - Conference Center	6,270	11,060	6,560	23,890
NDA - Judges Retirement Contribution	0	0	3,740	3,740
NDA - State Positions Supplement	9,910	18,690	29,580	58,180
Total General Fund Tax Supported	28,238,608	55,962,201	79,190,346	163,391,155

TOTAL COUNTY COST OF EMPLOYEE BENEFITS

FUND	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
Special Funds Tax Supported				
Economic Development	7,210	17,420	7,550	32,180
Fire	7,648,750	14,937,720	31,328,280	53,914,750
Mass Transit	3,204,510	7,315,520	4,934,670	15,454,700
Recreation	1,002,180	907,280	1,420,360	3,329,820
Urban District - Bethesda	3,940	4,450	4,130	12,520
Urban District - Silver Spring	104,720	195,170	123,990	423,880
Urban District - Wheaton	60,640	117,020	57,090	234,750
Total Special Funds Tax Supported	12,031,950	23,494,580	37,876,070	73,402,600
Total Tax Supported	40,270,558	79,456,781	117,066,416	236,793,755
Special Funds Non-Tax Supported				
Grant Fund - MCG	2,860,257	6,001,670	4,866,238	13,728,165
Cable Television	166,870	313,540	186,890	667,300
Montgomery Housing Initiative	73,020	153,290	200,920	427,230
Water Quality Protection Fund	225,660	401,990	353,050	980,700
Total Special Funds Non-Tax Supported	3,325,807	6,870,490	5,607,098	15,803,395
Enterprise Fund Non-Tax Supported				
Community Use of Public Facilities	121,380	264,280	231,070	616,730
Liquor Control	1,307,040	2,852,640	2,072,940	6,232,620
Parking District - Bethesda	103,600	207,960	205,270	516,830
Parking District - Montgomery Hills	2,150	4,170	3,490	9,810
Parking District - Silver Spring	112,260	221,950	207,660	541,870
Parking District - Wheaton	17,250	36,960	34,210	88,420
Permitting Services	1,052,890	1,894,210	2,559,540	5,506,640
Solid Waste Collection	62,070	108,000	104,780	274,850
Solid Waste Disposal	508,960	985,920	813,280	2,308,160
Vacuum Leaf Collection	195,310	375,357	281,150	851,817
Total Enterprise Fund Non-Tax Supported	3,482,910	6,951,447	6,513,390	16,947,747
Total Non-Tax Supported	6,808,717	13,821,937	12,120,488	32,751,142
Internal Service Funds				
Employee Health Benefit Self Insurance Fund	72,950	131,040	88,350	292,340
Motor Pool	1,059,140	2,313,830	1,660,240	5,033,210
Printing & Mail	131,260	230,410	298,320	659,990
Self Insurance	234,150	379,510	404,570	1,018,230
Total Internal Service Funds	1,497,500	3,054,790	2,451,480	7,003,770



PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT						
ITEM	FY09 ACT	FY10 APPR	FY10 EST	FY11 REC	\$ Change	% Change
EXPENSES						
Salaries and Benefits	69,120	94,840	60,620	71,810	(23,030)	(24.3%)
Professional Services	3,670	5,900	6,000	6,000	100	1.7%
Due Diligence/Education	1,450	1,000	1,600	1,600	600	60.0%
Office Management	5,300	7,110	6,110	6,210	(900)	(12.7%)
Investment Management	25,190	20,900	20,900	21,700	800	3.8%
TOTAL EXPENSES	\$104,730	\$129,750	\$95,230	\$107,320	(\$22,430)	(17.3%)

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	FY09 ACT	FY10 APPR	FY10 EST	FY11 REC	\$ Change	% Change
EXPENSES						
Salaries and Benefits	25,620	68,710	68,710	67,730	(980)	(1.4%)
Professional Services	150,640	75,000	75,000	75,000	0	0.0%
Office Management	0	1,700	1,700	1,700	0	0.0%
Investment Management	24,720	60,000	50,000	100,000	40,000	66.7%
TOTAL EXPENSES	\$200,980	\$205,410	\$195,410	\$244,430	\$174,410	84.9%

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM						
ITEM	FY09 ACTUAL	FY10 APPR	FY10 EST	FY11 REC	FY11 vs. FY10 Appr. \$	%
REVENUE						
County Contributions	109,567,010	115,000,000	115,000,000	131,000,000	16,000,000	13.9%
Employee Contributions	18,244,980	18,900,000	18,900,000	18,000,000	(900,000)	(4.8%)
Investment Income	(417,660,190)	170,000,000	420,000,000	210,000,000	40,000,000	23.5%
Miscellaneous Income	1,804,990	720,000	480,000	550,000	(170,000)	(23.6%)
TOTAL REVENUE	(288,043,210)	304,620,000	554,380,000	359,550,000	54,930,000	18.0%
EXPENSES						
OPERATING EXPENSES						
Retirement Benefits	169,286,410	180,700,000	176,700,000	190,700,000	10,000,000	5.5%
Investment Management	12,669,400	11,666,400	14,000,000	15,000,000	3,333,600	28.6%
SUBTOTAL	181,955,810	192,366,400	190,700,000	205,700,000	13,333,600	6.9%
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	1,490,790	1,480,000	1,521,300	1,660,710	180,710	12.2%
Professional Services	729,830	958,930	858,930	829,930	(129,000)	(13.5%)
Benefit Processing	411,110	375,000	375,000	375,000	0	0.0%
Due Diligence/Education	30,680	53,500	47,500	53,500	0	0.0%
Office Management	193,980	251,030	254,030	258,030	7,000	2.8%
SUBTOTAL	2,856,390	3,118,460	3,056,760	3,177,170	58,710	1.9%
TOTAL EXPENSES	\$184,812,200	\$195,484,860	\$193,756,760	\$208,877,170	\$13,392,310	6.9%
NET REVENUE	(\$472,855,410)	\$109,135,140	\$360,623,240	\$150,672,830	\$41,537,690	38.1%

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN						
ITEM	FY09 ACTUAL	FY10 APPR	FY10 EST	FY11 REC	Change: FY11 vs. FY10 Appr. \$	%
REVENUE						
Investment Income	12,440	12,000	13,000	11,000	(1,000)	(8.3%)
Miscellaneous Income	371,850	100,000	355,000	150,000	50,000	50.0%
TOTAL REVENUE	384,290	112,000	368,000	161,000	49,000	43.8%
EXPENSES						
OPERATING EXPENSES						
Investment Management	25,190	20,900	20,900	21,700	800	3.8%
SUBTOTAL	25,190	20,900	20,900	21,700	800	3.8%
ADMINISTRATIVE EXPENSES						
Salaries and Benefits	127,900	185,220	153,780	165,050	(20,170)	(10.9%)
Professional Services	208,420	193,500	78,500	78,500	(115,000)	(59.4%)
Due Diligence/Education	1,250	2,000	2,600	2,600	600	30.0%
Office Management	37,630	25,230	24,030	24,030	(1,200)	(4.8%)
SUBTOTAL	375,200	405,950	258,910	270,180	(135,770)	(33.4%)
TOTAL EXPENSES	\$400,390	\$426,850	\$279,810	\$291,880	(\$134,970)	(31.6%)

**MONTGOMERY COUNTY GOVERNMENT
GENERAL SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>MINIMUM</u>	<u>MID-POINT</u>	<u>MAXIMUM</u>	<u>PERFORMANCE LONGEVITY MAXIMUM*</u>
5	\$24,239	\$30,842	\$37,444	\$38,193
6	\$25,167	\$32,085	\$39,003	\$39,784
7	\$26,148	\$33,410	\$40,672	\$41,486
8	\$27,165	\$34,844	\$42,522	\$43,373
9	\$28,238	\$36,353	\$44,468	\$45,358
10	\$29,371	\$37,969	\$46,567	\$47,499
11	\$30,558	\$39,658	\$48,758	\$49,734
12	\$31,797	\$41,430	\$51,062	\$52,084
13	\$33,107	\$43,295	\$53,483	\$54,553
14	\$34,484	\$45,257	\$56,030	\$57,151
15	\$35,923	\$47,308	\$58,693	\$59,867
16	\$37,457	\$49,478	\$61,498	\$62,728
17	\$39,157	\$51,799	\$64,441	\$65,730
18	\$40,952	\$54,243	\$67,533	\$68,884
19	\$42,883	\$56,828	\$70,773	\$72,189
20	\$44,900	\$59,541	\$74,181	\$75,665
21	\$47,028	\$62,392	\$77,756	\$79,312
22	\$49,253	\$65,383	\$81,513	\$83,144
23	\$51,598	\$68,531	\$85,463	\$87,173
24	\$54,054	\$71,825	\$89,596	\$91,388
25	\$56,631	\$75,288	\$93,944	\$95,823
26	\$59,345	\$78,929	\$98,513	\$100,484
27	\$62,168	\$82,739	\$103,309	\$105,376
28	\$64,960	\$86,652	\$108,343	\$110,510
29	\$67,890	\$90,759	\$113,628	\$115,901
30	\$70,971	\$95,077	\$119,183	\$121,567
31	\$74,206	\$99,608	\$125,010	\$127,511
32	\$77,596	\$103,216	\$128,836	\$131,413
33	\$81,161	\$106,913	\$132,664	\$135,318
34	\$84,904	\$110,700	\$136,495	\$139,225
35	\$88,837	\$114,580	\$140,322	\$143,129
36	\$92,966	\$118,560	\$144,153	\$147,037
37	\$97,296	\$122,637	\$147,977	\$150,937
38	\$101,846	\$126,614	\$151,381	\$154,409
39	\$106,622	\$130,116	\$153,610	\$156,683
40	\$111,640	\$133,739	\$155,837	\$158,954

*A one-time 2.0 percent performance-based longevity increment is provided to employees who have received performance ratings of "exceptional" or "highly successful" for the two most recent consecutive years, are at the top of their pay grade, and have 20 years completed service.

*Note - FY2011: **No GWA**

No Service Increment for Non-represented General Salary Schedule employees

There is no movement to the Longevity/Performance maximum for Non-represented General Salary Schedule employees, however employees who are currently receiving a longevity performance increment will continue to receive the longevity/performance increment.

**MONTGOMERY COUNTY GOVERNMENT
MANAGEMENT LEADERSHIP SERVICE
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>MLS LEVEL</u>	<u>MINIMUM</u>	<u>CONTROL POINT</u>	<u>MAXIMUM</u>
	Senior Assitant CAO	\$91,502	\$148,124	\$154,415
M1	MANAGEMENT LEVEL I	\$84,407	\$143,367	\$149,917
M2	MANAGEMENT LEVEL II	\$73,811	\$127,974	\$133,992
M3	MANAGEMENT LEVEL III	\$63,411	\$110,652	\$115,901

***Note - FY2011: No GWA**

No Performance Based Pay for MLS

**MONTGOMERY COUNTY GOVERNMENT
MANAGEMENT LEADERSHIP SERVICE
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>MLS LEVEL</u>	<u>MINIMUM</u>	<u>CONTROL POINT</u>	<u>MAXIMUM</u>
M1	MANAGEMENT LEVEL I	\$84,407	\$143,367	\$149,917
M2	MANAGEMENT LEVEL II	\$73,811	\$127,974	\$133,992
M3	MANAGEMENT LEVEL III	\$63,411	\$110,652	\$115,901

***Note - FY2011: No GWA**

No Performance Based Pay for MLS



**MONTGOMERY COUNTY GOVERNMENT
MEDICAL DOCTORS
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>MEDICAL JOB CLASS</u>	<u>MINIMUM</u>	<u>MID-POINT</u>	<u>MAXIMUM</u>
MD I	MEDICAL DOCTOR I	\$94,692	\$119,354	\$144,015
MD II	MEDICAL DOCTOR II	\$104,160	\$131,288	\$158,416
MD III	MEDICAL DOCTOR III	\$114,575	\$144,416	\$174,256
MD IV	MEDICAL DOCTOR IV	\$126,033	\$158,858	\$191,682

Medical job class designation is based upon the requirements of the position

MD I - Not eligible for Board Certification

MD II - Board Eligible

MD III - Board Certified

MD IV - Board Certified in a sub-specialty

***Note: FY2011- No Service Increment for Medical Doctors
No GWA**

**MINIMUM WAGE / SEASONAL
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	MINIMUM		MAXIMUM	
	<u>ANNUAL</u>	<u>HOURLY</u>	<u>ANNUAL</u>	<u>HOURLY</u>
Grade S1*	\$14,560	\$7.0000	\$17,943	\$8.6264
Grade S2	\$16,322	\$7.8471	\$20,435	\$9.8245
Grade S3	\$18,378	\$8.8351	\$23,111	\$11.1106
Grade S4	\$20,435	\$9.8245	\$25,786	\$12.3971
Grade S5	\$23,180	\$11.1442	\$29,352	\$14.1111
Grade S6	\$28,666	\$13.7817	\$36,482	\$17.5394
Grade S7	\$34,236	\$16.4596	\$43,728	\$21.0226
Grade S8	\$39,987	\$19.2245	\$51,202	\$24.6163

The following job classes are assigned to the Minimum Wage/Seasonal Salary Schedule:

- Conservation/Service Corps Trainee (S1)
- County Government Aide (MW) (S1)
- Recreation Assistant 1 (S1)
- Community Correctional Intern (S1)
- Library Page (S2)
- Recreation Assistant II (S2)
- Conservation Corps Assistant Crew Leader (S3)
- Public Service Guide (S3)
- Nutrition Program Aide (S3)
- Recreation Assistant III (S3)
- Recreation Assistant IV (S4)
- Recreation Assistant V (S5)
- Recreation Assistant VI (S6)
- Recreation Assistant VII (S7)
- Recreation Assistant VIII (S8)

***Note - FY2011: No Service Increment for Minimum Wage-Seasonal Salary Schedule employees
Fed/State Minimum wage - \$7.25 per hour- unchanged from last year**

***Although salary schedule has not changed for two years, employees on the Minimum Wage
Seasonal Salary Schedule are not to be paid less than the minimum wage of \$7.25 per hour.**



**OFFICE, PROFESSIONAL & TECHNICAL BARGAINING UNIT
AND
SERVICE, LABOR & TRADES BARGAINING UNIT
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>MINIMUM</u>	<u>MID-POINT</u>	<u>MAXIMUM</u>	<u>L1*</u>
5	\$24,239	\$30,842	\$37,444	\$38,568
6	\$25,167	\$32,085	\$39,003	\$40,174
7	\$26,148	\$33,410	\$40,672	\$41,893
8	\$27,165	\$34,844	\$42,522	\$43,798
9	\$28,238	\$36,353	\$44,468	\$45,803
10	\$29,371	\$37,969	\$46,567	\$47,965
11	\$30,558	\$39,658	\$48,758	\$50,221
12	\$31,797	\$41,430	\$51,062	\$52,594
13	\$33,107	\$43,295	\$53,483	\$55,088
14	\$34,484	\$45,257	\$56,030	\$57,711
15	\$35,923	\$47,308	\$58,693	\$60,454
16	\$37,457	\$49,478	\$61,498	\$63,343
17	\$39,157	\$51,799	\$64,441	\$66,375
18	\$40,952	\$54,243	\$67,533	\$69,559
19	\$42,883	\$56,828	\$70,773	\$72,897
20	\$44,900	\$59,541	\$74,181	\$76,407
21	\$47,028	\$62,392	\$77,756	\$80,089
22	\$49,253	\$65,383	\$81,513	\$83,959
23	\$51,598	\$68,531	\$85,463	\$88,027
24	\$54,054	\$71,825	\$89,596	\$92,284
25	\$56,631	\$75,288	\$93,944	\$96,763
26	\$59,345	\$78,929	\$98,513	\$101,469
27	\$62,168	\$82,739	\$103,309	\$106,409
28	\$64,960	\$86,652	\$108,343	\$111,594

*Completion of 20 years of service and at maximum for paygrade.

*Note - FY2011: No GWA

No Service Increment for OPT/SLT Bargaining Unit employees.
There is no movement to L1 for OPT/SLT Bargaining Unit employee, however employees who are currently receiving a L1 increment will continue to receive the longevity increment.

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>RANK</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>LONGEVITY*</u>
D2	DEPUTY SHERIFF LIEUTENANT	\$60,460	\$94,571	\$97,409
D3	DEPUTY SHERIFF CAPTAIN	\$72,553	\$114,215	\$117,642
D4	DEPUTY SHERIFF COLONEL	\$83,436	\$131,762	\$135,715

* Completion of 20 Years Service and At Maximum of Paygrade

* Longevity is 3% for public safety

***Note - FY2011: No GWA**

No Service Increment for Deputy Sheriff Management

There is no movement to Longevity for Deputy Sheriff Management, however, employees who are currently receiving longevity will continue to receive the longevity increment.

**MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>YEAR</u>	<u>STEP</u>	<u>DS I</u>	<u>DS II</u>	<u>DS III</u>	<u>SGT</u>
1-2	0	\$43,642	\$46,697	\$49,966	\$54,963
2-3	1	\$45,170	\$48,332	\$51,715	\$56,887
3-4	2	\$46,751	\$50,024	\$53,526	\$58,879
4-5	3	\$48,388	\$51,775	\$55,400	\$60,940
5-6	4	\$50,082	\$53,588	\$57,339	\$63,073
6-7	5	\$51,835	\$55,464	\$59,346	\$65,281
7-8	6	\$53,650	\$57,406	\$61,424	\$67,566
8-9	7	\$55,528	\$59,416	\$63,574	\$69,931
9-10	8	\$57,472	\$61,496	\$65,800	\$72,379
10-11	9	\$59,484	\$63,649	\$68,103	\$74,913
11-12	10		\$65,877	\$70,487	\$77,535
12-13	11		\$68,183	\$72,955	\$80,249
13-14	12			\$75,509	\$83,058
15-20	13			\$78,152	\$85,966
21+	L1*	\$61,269	\$70,229	\$80,497	\$88,545

* Completion of 20 years of service and at maximum for paygrade.

* Starting salary for Deputy Sheriff Candidate is \$43,642

***Note - FY2011: No GWA**

No Service Increment for Uniform Deputy Sheriffs therefore employees will not move to the next step on their increment date during FY2011.

There is no movement to L1 for Uniform Deputy Sheriffs, however employees who are currently receiving L1 will continue to receive the longevity increment.

**FIRE/RESCUE MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>RANK</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>LONGEVITY (LS1)*</u>	<u>LONGEVITY (LS2)**</u>
B3	FIRE/RESCUE BATTALION CHIEF	\$70,212	\$116,680	\$120,764	\$124,848
B4	FIRE/RESCUE ASSISTANT CHIEF	\$76,675	\$128,339	\$132,831	\$137,323
B6	FIRE/RESCUE DIVISION CHIEF	\$87,647	\$145,517	\$150,611	\$155,704

LS1 * Completion of 20 years of service

LS2** **Completion of 28 years of service

***Note- FY2011: No GWA for Fire/Rescue Management**

No Service Increment for Fire/Rescue Management

There is no movement to LS1 or LS2 for Fire/Rescue Management, however employees who are currently receiving LS1 and LS2 will continue to receive the longevity increment.

**FIRE/RESCUE BARGAINING UNIT
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>F1 FIRE FIGHTER RESCUER I</u>	<u>F2 FIRE FIGHTER RESCUER II</u>	<u>F3 FIRE FIGHTER RESCUER III</u>	<u>F4 MASTER FIRE FIGHTER RESCUER</u>	<u>B1 FIRE/RESCUE LIEUTENANT</u>	<u>B2 FIRE/RESCUE CAPTAIN</u>
A	\$41,613	\$43,694	\$45,879	\$50,467	\$55,519	\$62,605
B	\$43,070	\$45,224	\$47,485	\$52,234	\$57,463	\$64,797
C	\$44,578	\$46,807	\$49,147	\$54,063	\$59,475	\$67,065
D	\$46,139	\$48,446	\$50,868	\$55,956	\$61,557	\$69,413
E	\$47,754	\$50,142	\$52,649	\$57,915	\$63,712	\$71,843
F	\$49,426	\$51,897	\$54,492	\$59,943	\$65,942	\$74,358
G	\$51,156	\$53,714	\$56,400	\$62,042	\$68,250	\$76,961
H	\$52,947	\$55,594	\$58,374	\$64,214	\$70,639	\$79,655
I	\$54,801	\$57,540	\$60,418	\$66,462	\$73,112	\$82,443
J	\$56,720	\$59,554	\$62,533	\$68,789	\$75,671	\$85,329
K	\$58,706	\$61,639	\$64,722	\$71,197	\$78,320	\$88,316
L	\$60,761	\$63,797	\$66,988	\$73,689	\$81,062	\$91,408
M	\$62,888	\$66,030	\$69,333	\$76,269	\$83,900	\$94,608
N	\$65,090	\$68,342	\$71,760	\$78,939	\$86,837	\$97,920
O	\$67,369	\$70,734	\$74,272	\$81,702	\$89,877	\$101,348
LS1*	\$69,727	\$73,210	\$76,872	\$84,562	\$93,023	\$104,896
LS2**	\$72,085	\$75,686	\$79,472	\$87,422	\$96,169	\$108,443

* Completion of 20 years of service.

** Completion of 28 years of service.

***Note - FY2011: No GWA for Fire/Rescue Bargaining Unit**

No Service Increment for Fire/Rescue Bargaining unit, therefore employees will not move to the next grade on their increment date during FY2011.

There is no movement to LS1 or LS2 for Fire/Rescue Bargaining Unit, however employees who are currently receiving LS1 and LS2 will continue to receive the longevity increment.

**POLICE MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>RANK</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>LONGEVITY*</u>
A2	POLICE LIEUTENANT	\$74,352	\$111,992	\$115,912
A3	POLICE CAPTAIN	\$84,677	\$127,934	\$132,412

* Completion of 20 Years of Service
Longevity is 3.5% for Public Safety

***Note - FY2011: No GWA**

**No Service Increment for Police Management
There is no movement to Longevity for Public Safety Management,
however employees who are currently receiving longevity will continue
to receive the longevity increment.**

**POLICE BARGAINING UNIT
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>STEP</u>	<u>YEAR</u>	<u>PO I</u>	<u>PO II</u>	<u>PO III</u>	<u>MPO</u>	<u>SGT</u>
0	1-2	\$46,972	\$49,321	\$51,788	\$54,378	\$59,816
1	2-3	\$48,617	\$51,048	\$53,601	\$56,282	\$61,910
2	3-4	\$50,319	\$52,835	\$55,478	\$58,252	\$64,077
3	4-5	\$52,081	\$54,685	\$57,420	\$60,291	\$66,320
4	5-6	\$53,904	\$56,599	\$59,430	\$62,402	\$68,642
5	6-7	\$55,791	\$58,580	\$61,511	\$64,587	\$71,045
6	7-8	\$57,744	\$60,631	\$63,664	\$66,848	\$73,532
7	8-9	\$59,766	\$62,754	\$65,893	\$69,188	\$76,106
8	9-10	\$61,858	\$64,951	\$68,200	\$71,610	\$78,770
9	10-11	\$64,024	\$67,225	\$70,587	\$74,117	\$81,527
10	11-12	\$66,265	\$69,578	\$73,058	\$76,712	\$84,381
11	12-13	\$68,585	\$72,014	\$75,616	\$79,397	\$87,335
12	13-14	\$70,986	\$74,535	\$78,263	\$82,176	\$90,392
13	14-15	\$73,471	\$77,144	\$81,003	\$85,053	\$93,556
14	15 - 20	\$76,043	\$79,845	\$83,839	\$88,030	\$96,831
L1*	21+	\$78,705	\$82,640	\$86,774	\$91,112	\$100,221

* Starting salary for Police Officer Candidate is \$46,972

* Completion of 20 years of service.

* **Note - FY2011: No GWA for FOP**

No Service Increment for FOP, therefore employees will not move to the next step on their increment date during FY2011.

There is no movement to L1 for FOP Bargaining Unit, however employees who are currently receiving L1 will continue to receive the longevity increment.

**MONTGOMERY COUNTY GOVERNMENT
UNIFORMED CORRECTIONAL MANAGEMENT
SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>GRADE</u>	<u>RANK</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>LONGEVITY*</u>
C1	CORRECTIONAL SHIFT COMMANDER (LT)	\$56,914	\$92,136	\$94,901
C2	CORRECTIONAL TEAM LEADER (CAPT)	\$62,606	\$101,350	\$104,391

* Completion of 20 Years Service and At Maximum of Paygrade

***Note - FY2011: No GWA**

**No Service Increment for Uniform Correctional Management
There is no movement to Longevity for Uniform Correctional Management,
however, employees who are currently receiving longevity will continue to receive
the longevity increment.**

**CORRECTIONAL OFFICER
UNIFORM SALARY SCHEDULE**

FISCAL YEAR 2011

EFFECTIVE JULY 4, 2010

<u>STEP</u>	<u>YEAR</u>	<u>CO I</u>	<u>CO II</u>	<u>CO III</u>	<u>SGT</u>
1	0-1	\$40,538	\$42,565	\$46,822	\$51,739
2	1-2	\$41,957	\$44,055	\$48,461	\$53,550
3	2-3	\$43,426	\$45,597	\$50,158	\$55,425
4	3-4	\$44,946	\$47,193	\$51,914	\$57,365
5	4-5	\$46,520	\$48,845	\$53,731	\$59,373
6	5-6	\$48,149	\$50,555	\$55,612	\$61,452
7	6-7	\$49,835	\$52,325	\$57,559	\$63,603
8	7-8	\$51,580	\$54,157	\$59,574	\$65,830
9	8-9	\$53,386	\$56,053	\$61,660	\$68,135
10	9-10	\$55,255	\$58,015	\$63,819	\$70,520
11	10-11	\$57,189	\$60,046	\$66,053	\$72,989
12	11-12	\$59,191	\$62,148	\$68,365	\$75,544
13	12-13		\$64,324	\$70,758	\$78,189
14	13-14				\$80,926
15	14-20				\$83,759
L1*	21+	\$60,967	\$66,254	\$72,881	\$86,272

* Completion of 20 years of service and at maximum for paygrade.

* Starting salary for Correctional Officer 1 (Private) is \$40,538

***Note - FY2011: No GWA**

No Service Increment for Uniform Correctional Officers, therefore employees will not move to the next step on their increment date during FY2011.

There is no movement to L1 for Uniform Correctional Officers, however, employees who are currently receiving L1 will continue to receive the longevity increment.

Board of Investment Trustees



Montgomery County Employee Retirement Plans

Annual Report

Fiscal Year ending June 30, 2009

Overview

December 1, 2009

To: Employees, Retirees, and Beneficiaries

From: Board of Investment Trustees

The mission of the Board of Investment Trustees is to manage prudent investment programs for the members of the Employee Retirement Plans and their beneficiaries. The County's Chief Administrative Officer is responsible for overseeing the day-to-day administration of the retirement plans.

We are pleased to present this annual report for the fiscal year ending June 30, 2009 on the three investment programs established for the retirement plans.

•The Employees' Retirement System (ERS) is a defined benefit pension plan with net assets of \$2.1 billion, established in 1965 and closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees. As of June 30, 2009 the ERS had 5,012 active participants and 5,379 retirees and beneficiaries receiving benefits.

•The Retirement Savings Plan (RSP) was established in 1994 as a defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. As of June 30, 2009 the RSP had \$129.7 million in net assets and 5,829 (4,953 active and 876 inactive) participants.

•The County Deferred Compensation Plan (DCP) is a voluntary plan established pursuant to Section 457 of the Internal Revenue Code. As of June 30, 2009 the DCP had \$202.3 million in net assets and 3,894 participants.

Shown below is a condensed presentation of the Net Assets and Change in Net Assets from the Comprehensive Annual Financial Report for the retirement plans for the period ending June 30, 2009:

	Net Assets (Millions)					
	ERS		RSP		DCP	
	2009	2008	2009	2008	2009	2008
Assets:						
Cash and investments	\$ 2,289.7	\$ 3,078.4	\$ 128.1	\$ 127.0	\$ 201.2	\$ 241.1
Receivables	19.7	20.1	1.6	1.5	1.1	1.0
Total assets	2,309.4	3,098.5	129.7	128.5	202.3	242.1
Liabilities	163.4	479.7	-	-	-	-
Total net assets	\$ 2,146.0	\$ 2,618.8	\$ 129.7	\$ 128.5	\$ 202.3	\$ 242.1

	Change in Net Assets (Millions)					
	ERS		RSP		DCP	
	2009	2008	2009	2008	2009	2008
Additions:						
Employer contributions	\$ 109.6	\$ 117.7	\$ 20.6	\$ 13.6	\$ -	\$ -
Member contributions	18.2	18.9	11.3	8.1	18.1	17.3
Net investment income (loss)	(428.5)	(81.8)	(26.7)	(8.4)	(44.5)	(9.4)
Total additions	(300.7)	54.8	5.2	13.3	(26.4)	7.9
Deductions:						
Benefits	168.6	147.1	-	-	-	-
Refunds	0.7	0.7	3.7	5.2	13.4	15.7
Administrative expenses	2.8	2.5	0.3	0.3	-	-
Total deductions	172.1	150.3	4.0	5.5	13.4	15.7
Total change in net assets	\$ (472.8)	\$ (95.5)	\$ 1.2	\$ 7.8	\$ (39.8)	\$ (7.8)

For detailed information on all three retirement plans, please visit the Board's web site at www.montgomerycountymd.gov/bit. For questions, please call the Board office at 240-777-8220.

14

Board of Investment Trustees

Kelda J.C. Simpson
Chair
Public Representative
Term Expires March 2011

Gino Renne
Vice Chair
OPT/SLT Bargaining Unit Designee

George Willie
Public Representative
Term Expires March 2011

Jennifer E. Barrett
Montgomery County Director of Finance
Ex-Officio Member

Jeffrey D. Buddle
Fire & Rescue Bargaining Unit Designee

J. Lodge Gillespie, Jr.
Montgomery County Council Representative
Term Expires March 2012

Sunil Pandya
Montgomery County
Department of Liquor Control
Non-Bargaining Unit Representative
Term Expires March 2011

Joseph Adler
Secretary
Montgomery County Director
Of Human Resources
Ex-Officio Member

Walter E. Bader
Employee Organization Representative
Term Expires March 2011

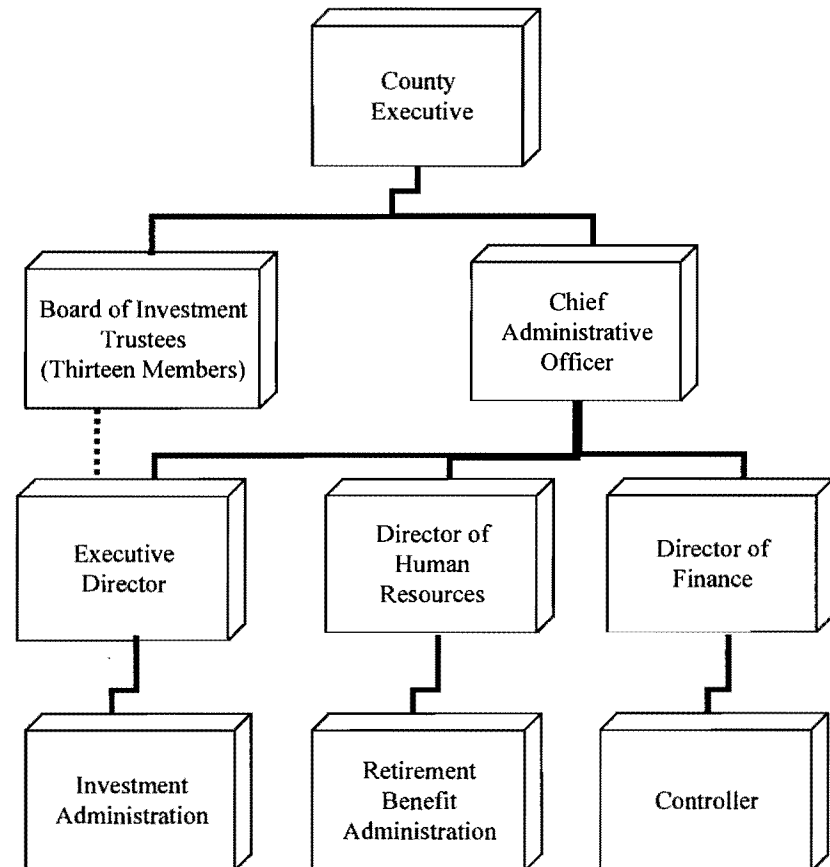
Joseph F. Beach
Montgomery County Director of
Management and Budget
Ex-Officio Member

Stephen B. Farber
Montgomery County Council Staff Director
Ex-Officio Member

Jeffrey Sharpe
Montgomery County Council Representative
Term Expires March 2011

Mary E. Menke
Retired Employees Representative
Term Expires March 2012

Retirement Plans Administrative Organization



Board Actions During FY 2009

- ***Employees' Retirement System***
 - *Enhanced risk budgeting capabilities for quantifying and monitoring risk in the investment portfolio.*
 - *Approved new investments, in the following sectors: commodities, private equity, and private real assets. The Board also hired a consultant to assist in building a program of direct private equity fund investments.*

- ***Retirement Savings Plan***
 - *Expanded the number of onsite investment counseling sessions available to assist participants with their decision on participation in and evaluation of the Guaranteed Retirement Income Plan and other financial planning needs.*

- ***Deferred Compensation Plan***
 - *Held annual benefit fair to provide a forum for participants to ask questions about the Plan and gain additional information on investment options.*
 - *Lowered the fee on the Goldman Sachs Short Duration Government Fund by moving to the institutional share class.*

Board Achievements

- ***Certificate of Achievement for Excellence in Financial Reporting***
 - *The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement to the Board for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. The certificate of achievement is a prestigious national award that recognizes conformance with the highest standards in government accounting and financial reporting. The Board has received this award for each of the nine years that it has published its own CAFR.*

 - ***Employees' Retirement System***
 - *The ERS' investment return for the year ended June 30, 2009 was a loss of 16.0% (after management fees). The ERS return ranked in the 9th percentile or better than over 91 percent of returns achieved by similar public pension funds reporting results for the one year period. For the three and five year periods, the Board ranked in the 13th percentile and 31st percentile of the universe, respectively.*

 - ***Retirement Savings Plan***
 - *As of June 30, 2009 26% of the funds offered through Fidelity were rated as four or five star funds by Morningstar (five star is the highest rating). The one year return for the Plan was a loss of 22.1%.*

 - ***Deferred Compensation Plan***
 - *As of June 30, 2009 69% of the funds offered through ING were rated as four or five star funds by Morningstar (five star is the highest rating). The one year return for the Plan was a loss of 18.3%.*
-

Current Board Initiatives

■ ***Employees' Retirement System***

- *Conduct an asset/liability study to review the ERS strategic asset allocation.*
- *Evaluate alpha sources and examine ways to better optimize the risk allocated in pursuit of alpha. Enhance use of risk budgeting tools for evaluation of individual managers, asset classes, and total plan risk and return characteristics.*
- *Continue to build out the private equity and private real assets allocations on an opportunistic basis.*
- *Assess viability of adding strategies including absolute return and investment available due to market dislocations such as government sponsored investment programs.*

■ ***Retirement Savings Plan***

- *Review the mutual funds offered to participants to ensure that a diversified slate of top quality funds is available at the lowest possible fee.*
- *Evaluate the potential for offering exchange-traded funds, certificates of deposit, and treasury securities through the brokerage window available to participants.*
- *Continue the evaluation of lifecycle fund offerings to determine if structuring a custom fund offering is viable.*

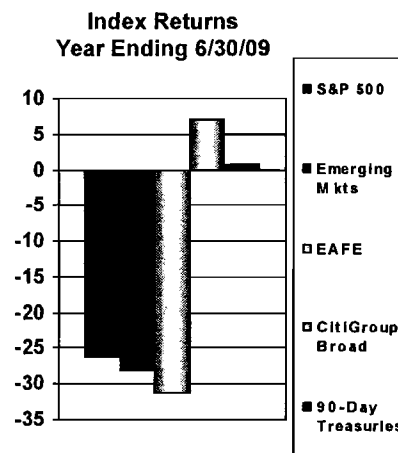
■ ***Deferred Compensation Plan***

- *Review the mutual funds offered to participants to ensure that a diversified slate of top quality funds is available at the lowest possible fee.*
- *Evaluate the potential for offering exchange-traded funds, certificates of deposit, and treasury securities through the brokerage window available to participants.*
- *Continue the evaluation of lifecycle fund offerings to determine if structuring a custom fund offering is viable.*

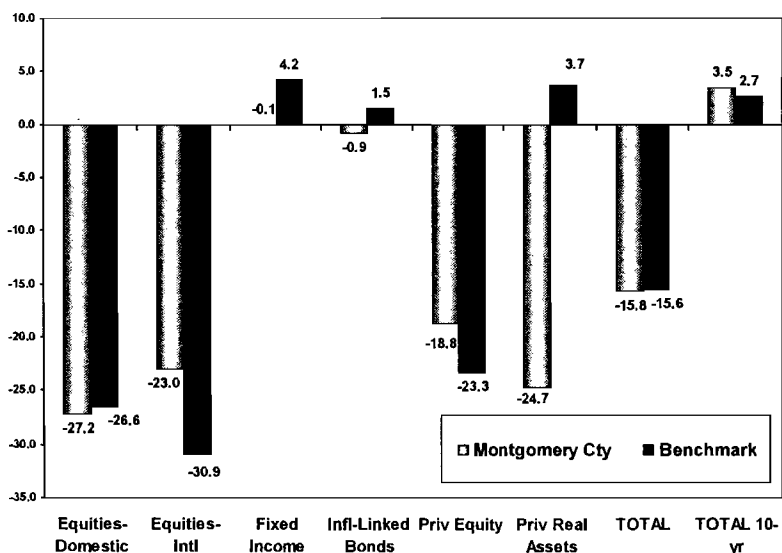
Market Highlights – ERS Investment Performance

While the economy entered the fiscal year already in recession, financial markets were set in disarray in September 2008 when large investment bank Lehman Brothers was allowed to fail and declared bankruptcy. The months that followed were characterized by unprecedented failures of financial institutions and a severe credit crisis in which individuals, companies and institutions of all types faced difficulty financing even the shortest term borrowings. Only a massive intervention by the Federal Reserve alleviated the panic – the Federal Funds Rate was cut aggressively until it reached a target range of 0% to 0.25% in December 2008. The Fed also added liquidity to markets through purchases of Treasury and mortgage securities. The U.S. Treasury sought to stabilize the market through the Troubled Asset Relief Program (TARP) and Public Private Investment Program (PPIP). These actions assisted in reestablishing a semblance of normalcy to the credit markets in early 2009.

During the crisis the economy continued to deteriorate. GDP turned more negative as personal consumption plummeted. Unemployment rose to 9.5%, and the economy saw deflation with year-over-year prices dropping due to the overall weakness. All this weighed heavily on asset prices. The S&P 500 Index was down 26.2% and the MSCI Europe Asia Far East (EAFE) Index fell 31.4%. After soaring in FY 2008, commodities as measured by the DJ UBS Commodities Index fell 47.1% during FY 2009. High-quality fixed income investments were the only positive performers, with the CitiGroup Broad Investment Grade Index increasing 7.05%, led by Treasury issues.



Employees' Retirement System FY 2009 Returns by Asset Class-Gross of fees



The Board allocates ERS assets to a broad array of investment sectors resulting in the following allocation as of June 30, 2009: domestic equities 28.3%, private equity 6.4%, international equities 19.3%, domestic fixed income 28.7%, global inflation index bonds 10.2%, commodities 3.3% and private real assets 3.8%. The chart to the left reflects the returns for the fiscal year ending June 30, 2009 achieved by ERS assets in each investment sector compared to the corresponding benchmark. The Board establishes benchmarks for each market sector, usually an index of securities that represent most of the available investment opportunities within that sector, to evaluate the performance of the investment managers within each sector.

In overseeing the management of ERS assets, the Board has developed sound and prudent investment policies. The Board works to control the risk to which the ERS is exposed while maximizing the potential for long term increases in the value of the assets. The Board's specific investment objectives are to:

- realize the actuarial assumed rate of return of 8 percent annually, over a long term time horizon (for the 2000-2009 fiscal year decade, the annual rate of return on the ERS' investments was 3.49% before fees);
- manage portfolio risk to limit potential downside fluctuations in the value of the total ERS assets; and
- realize as high a rate of total return as possible consistent with the above.



Employees' Retirement System (ERS)

- **How do I know if I'm a participant in this plan?**

Employees who participate in the ERS have the following description on their pay stub next to the bi-weekly contribution amount: RETIRE

- **How is my benefit calculated?**

Under County law your benefit is based on your salary, years of credited service, and age at retirement and is not based on the amount you contributed or the investment earnings of the ERS.

- **How can I find more information on my benefit?**

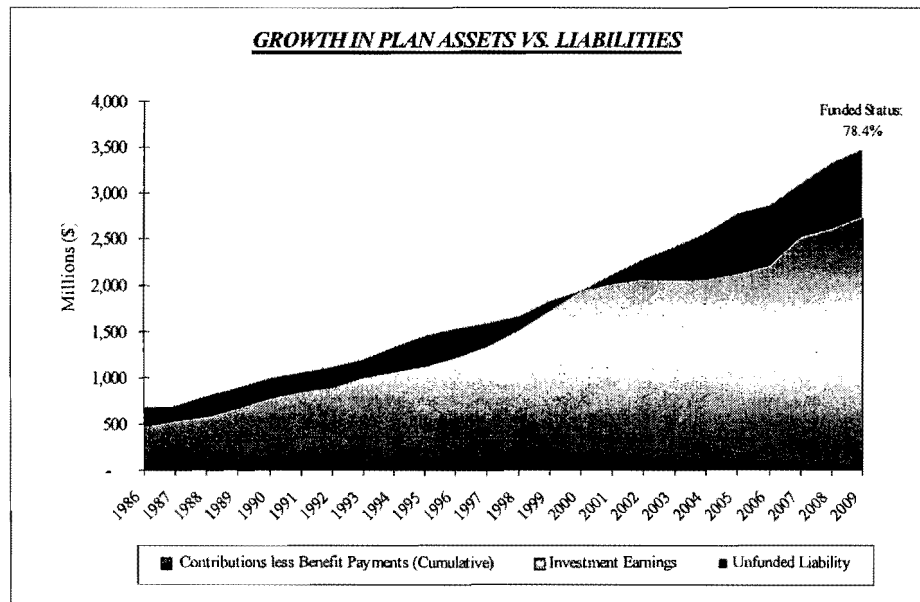
Contact the Office of Human Resources at 240-777-5120.

- **How does the amount earned on invested assets impact the ERS?**

While your ERS benefit is paid in accordance with County law, you may be interested in knowing about the status of the assets and liabilities of the ERS. Please refer to the chart below for a 24-year history. Your contributions, along with the County's, are used primarily to make benefit payments to retirees and beneficiaries and pay other costs associated with the administration of the ERS (shown as the bottom layer in the chart).

The earnings (shown as the green middle layer in the chart) represent the bulk of the growth in assets over the years. In funding the ERS, the County assumes the assets will earn 8% per year. During the strong equity markets of the late 1990s, the assets grew at nearly double that amount, and the funded status of the ERS was strengthened.

As of June 30, 2000 the ERS was nearly fully-funded, but because of the difficult financial markets in 2000-2002 and increased liabilities for higher future benefit payments, the funded status decreased. As of June 30, 2009, the ERS was 78.4% funded. The area shown as the top layer reflects the additional amount required (\$753 million) for the ERS to achieve fully-funded status. As noted earlier, the Board continues to implement sound and prudent investment policies that will maximize the potential for long-term increases in the value of the assets.



Retirement Savings Plan (RSP)

The County established the Retirement Savings Plan for all non-public safety and certain public safety employees not represented by a collective bargaining agreement hired after October 1, 1994. The Plan requires employees to contribute 4% of regular earnings up to the Social Security wage base and 8% above the wage base and public safety employees to contribution 3% up to the Social Security wage base and 6% above the wage base. The County contributes 8% and 10% of regular earnings for non-public safety and some public safety employees, respectively.

•How do I know if I'm a participant in this plan?

Employees who participate in the RSP have the following description on their pay stub next to the bi-weekly contribution amount: RET SAV.

• How is my retirement benefit calculated?

Your benefit is based on your account balance at the time of retirement or separation of service. The balance includes your contributions, the County's contributions (if you're vested) and investment earnings.

• How can I find out more information on my account balance and benefit eligibility?

Contact Fidelity Investments at 1-800-343-0860 or visit their web site at www.fidelity.com.

The Board oversees the investment program, providing a variety of mutual fund options for participants to choose from. The Board evaluates the performance of the funds offered quarterly.

The Board also provides two hours of investment counseling annually to all participants at no charge, as well as group sessions, to encourage participants to expand their knowledge of investment products. Call 1-800-999-9722 to sign up or visit the Board's web site, www.monroecountyind.gov/bit.

Shown to the right is a list of the investment funds offered, along with their Morningstar rating and annualized performance as of June 30, 2009.

Fidelity's web site, www.fidelity.com, is an invaluable source of information. The web site contains:

- ✓ Your RSP account activity
- ✓ Analysis and performance information on all of the funds offered and information on investment markets
- ✓ Financial tools to assist you in determining the amount you'll need at retirement

Funds	Morningstar Rating	Rates of Return		
		1 Year	5 Year	10 Year
Stable Value Funds:				
Fidelity Managed Income	not rated	2.67	3.82	4.53
Income Funds:				
Fidelity Capital & Income	***	(9.47)	4.41	4.08
Fidelity Intermediate Bond	***	2.96	3.17	4.91
Fidelity U.S. Bond Index	****	5.44	4.52	5.74
Fidelity Inflation-Protected Bond	***	(1.95)	4.03	n/a
Balanced Funds:				
Fidelity Puritan	****	(17.25)	0.74	2.28
Life-Cycle Funds:				
Fidelity Freedom 2000	****	(7.20)	1.93	2.86
Fidelity Freedom 2005	**	(14.70)	1.15	n/a
Fidelity Freedom 2010	**	(15.40)	1.13	2.26
Fidelity Freedom 2015	**	(16.63)	1.27	n/a
Fidelity Freedom 2020	***	(20.84)	0.55	1.33
Fidelity Freedom 2025	**	(22.14)	0.28	n/a
Fidelity Freedom 2030	***	(25.34)	(0.35)	0.41
Fidelity Freedom 2035	***	(26.14)	(0.51)	n/a
Fidelity Freedom 2040	***	(27.17)	(0.71)	n/a
Fidelity Freedom 2045	***	(27.33)	n/a	n/a
Fidelity Freedom 2050	***	(28.85)	n/a	n/a
Fidelity Freedom Income	***	(5.69)	2.09	3.11
Growth & Income Funds:				
Fidelity Equity-Income	**	(28.70)	(3.36)	(0.88)
Davis New York Venture	***	(27.45)	(1.42)	0.71
Spartan Extended Market Index	***	(27.36)	(0.03)	1.21
Spartan Total Market Index	***	(26.40)	(1.64)	(1.43)
Spartan U.S. Equity Index	***	(26.19)	(2.29)	(2.32)
Growth Funds:				
Fidelity Contrafund	*****	(27.70)	2.24	2.27
Fidelity Growth Company	****	(29.39)	1.13	0.99
Fidelity Low-Priced Stock	****	(22.01)	1.48	8.43
Fidelity Small Cap	****	(21.55)	(0.41)	6.44
Artisan Small Cap	***	(21.54)	(3.88)	2.28
Northern Small Cap Valuc	***	(23.44)	(0.68)	5.24
Fidelity Value	*	(34.53)	(2.75)	2.17
International Stock Funds:				
Fidelity Diversified International	****	(34.29)	2.47	5.21
Templeton World - A Class	****	(25.00)	1.27	2.31
Spartan International Index	**	(30.84)	2.27	1.10
Specialty Funds:				
Fidelity Strategic Real Return	**	(20.04)	n/a	n/a
Fidelity Real Estate Investment	**	(45.82)	(4.15)	4.98



Deferred Compensation Plan (DCP)

The County established the Deferred Compensation Plan for employees in 1980. In June 2004, the Board selected ING (formerly CitiStreet) to provide mutual and commingled fund investment vehicles for participants. The Board evaluates the investment performance of the funds offered quarterly. Shown below is a list of the funds available as of June 30, 2009, along with their Morningstar rating and annualized performance as of June 30, 2009. Additional information on the investment program is available on the Plan web site at <http://montgomerycountymd.csplans.com> and the Board's web site at www.montgomerycountymd.gov/bit.

▪ **How do I know if I'm eligible to participate in this plan?**

Non-represented employees are eligible to join the DCP at any time. Employees who are members of MCGEO, and were hired prior to March 1, 2005, may also join the plan at any time. MCGEO members hired after March 1, 2005 are not eligible to participate. Employees represented by the FOP or the LAFF are not eligible to make contributions to the DCP.

▪ **How is my retirement benefit calculated?**

Your benefit is based on your account balance at the time of retirement or separation of service. The balance includes your contributions and investment earnings.

▪ **How can I find out more information on my account balance and benefit eligibility?**

Contact the ING onsite representative at 240-777-5054 or stop by the ING office located in the Executive Office Building, Office of Human Resources, 101 Monroe Street, 7th floor. Additional information is also available at the ING website <http://montgomerycountymd.csplans.com>.

Funds	Morningstar Rating	Rates of Return		
		1 Year	5 Year	10 Year
Stable Value Funds:				
SEI Stable Asset	not rated	2.44	3.75	4.27
Income Funds:				
Fidelity Inflation-Protected Bond	★★★	(1.95)	4.03	n/a
Goldman Sachs Short Gov't Fund	★★★★★	7.51	4.93	5.30
Hartford Bond	★★★	(0.84)	3.05	5.38
PIMCO High Yield	★★★★	(8.87)	2.92	4.03
SSgA Passive Aggregate	not rated	6.20	5.02	5.83
Life-Cycle Funds:				
BGI Lifepath Retirement	not rated	(8.61)	2.50	3.57
BGI Lifepath 2010	not rated	(10.44)	2.52	2.76
BGI Lifepath 2020	not rated	(17.24)	1.23	1.17
BGI Lifepath 2030	not rated	(22.20)	0.19	0.04
BGI Lifepath 2040	not rated	(26.13)	(0.72)	(1.05)
Growth & Income Funds:				
Hartford Dividend & Growth	★★★★★	(23.75)	0.96	2.05
SSgA S&P 500 Index	not rated	(26.13)	(2.31)	(2.34)
SSgA Mid Small Index	not rated	(27.62)	(0.44)	1.21
Growth Funds:				
Legg Mason Appreciation	★★★★	(22.35)	0.15	1.01
Hartford Capital Appreciation	★★★★	(30.94)	1.80	5.26
Amer. Funds: Growth Fund	★★★★	(26.51)	0.84	2.54
Fidelity Low-Priced Stock	★★★★	(22.01)	1.48	8.43
Fidelity Small Cap	★★★★	(21.55)	(0.41)	6.44
Legg Mason Sm Cap Grwth	★★★★	(26.63)	n/a	n/a
Northern Small Cap Value	★★★	(23.40)	(0.67)	5.14
International Stock Funds:				
Fidelity Diversified International	★★★★	(34.29)	2.47	5.21
Oppenheimer Global	★★★★	(23.03)	1.83	4.63
SSgA Daily EAFE	not rated	(31.18)	2.17	0.08
Specialty Funds:				
Fidelity Strategic Real Return	★★	(20.04)	n/a	n/a
SSgA Tuckerman Active REIT	★★★	(48.76)	(3.41)	5.61



Judges Retirement Contributions

This NDA provides pensions for retired Judges who were on the bench prior to 1968 in the Circuit Court and the People's Court (District Court) of Montgomery County and for their surviving spouses.

The Circuit Court pension is calculated at one percent of the net supplement paid by the County to the salaries of the Circuit Court Judges as of May 31, 1968, multiplied by the number of years of active service as a Judge (up to a maximum of 20 years). The surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Section 12-10 of the Montgomery County Code.

The People's Court (District Court) pension is based on the current salary of a District Court Judge. A retired Judge receives 60 percent of the current salary of a District Court Judge, while a surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Article 73B, Section 63(b) of the Annotated Code of Maryland. This NDA may be increased to include a cost of living adjustment at a rate equal to that approved for District Court Judges by the General Assembly. If a cost of living adjustment is approved next fiscal year, the NDA will be adjusted as necessary by a year-end transfer.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	3,740	0.0
FY11 CE Recommended	3,740	0.0

Retiree Health Benefits Trust

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 \$2.6 billion – more than half the total FY09 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 \$240 million, or nearly \$190 million more than the previous annual payment for current retirees. Still too large an amount to be set aside all at once in FY08, the County chose a further 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.

For FY09, the ARC has been recalculated and is now estimated at \$250 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. For FY09, a ramp-up period of eight years was assumed, up from the five year phase-in that was planned in FY08. Because of the County's fiscal situation, tax supported funding was eliminated from the budget.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	0	0.0
FY11 CE Recommended	0	0.0

State Positions Supplement

This NDA provides for the County supplement to State salaries and fringe benefits for secretarial assistance for the resident judges of the Maryland Appellate Court and for certain employees in the Office of Child Care Licensing and Regulation in the Maryland State Department of Human Resources.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	100,940	0.0
Increase Cost: Supplement for New Secretary	20,940	0.0
Increase Cost: Retirement Adjustment	11,680	0.0
Increase Cost: State Position Supplement	4,070	0.0
Increase Cost: Group Insurance Adjustment	2,200	0.0
Decrease Cost: Annualization of FY10 Personnel Costs	-30	0.0
Decrease Cost: Furlough Days	-12,320	0.0
FY11 CE Recommended	127,480	0.0

State Retirement Contribution

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the State Retirement System until 1965.) The County contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.
- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	981,480	0.0
Increase Cost: Amortized amount owed to the State Retirement based on actuarial cost to the plan	48,880	0.0
FY11 CE Recommended	1,030,360	0.0

Compensation and Employee Benefits Adjustments

This NDA contains a General Fund appropriation only, and provides funding for certain personnel costs related to adjustments in employee and retiree benefits, pay-for-performance awards for employees in the Management Leadership Service and non-represented employees, deferred compensation management, and unemployment insurance.

Non-Qualified Retirement Plan: This provides funding for that portion of a retiree's benefit payment that exceeds the Internal Revenue Code's §415 limits on payments from a qualified retirement plan. Payment of these benefits from the County's Employees' Retirement System (ERS) would jeopardize the qualified nature of the County's ERS. The amount in this NDA will vary based on future changes in the Consumer Price Index (CPI) affecting benefit payments, new retirees with a non-qualified level of benefits, and changes in Federal law governing the level of qualified benefits.

Deferred Compensation Management: These costs are for management expenses required for administration of the County's Deferred Compensation program. Management expenses include legal and consulting fees, office supplies, printing and postage, and County staff support.

Management Leadership Service Performance-Based Pay Awards: In FY99, the County implemented the Management Leadership Service (MLS) which includes high level County employees with responsibility for developing and implementing policy and managing County programs and services. The MLS was formed for a number of reasons, including improving the quality and effectiveness of service delivery through management training, performance accountability, and appropriate compensation; providing organizational flexibility to respond to organizational needs; allowing managers to seek new challenges; and developing and encouraging a government-wide perspective among the County's managers. MLS employees are not eligible for service increments.

Unemployment Insurance: The County is self-insured for unemployment claims resulting from separations of service. Unemployment insurance is managed by the Office of Human Resources through a third party administrator who advises the County and monitors claims experience.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	1,386,000	1.6
Increase Cost: One-time Imputed Compensation for RSP/GRIP	919,750	0.0
Increase Cost: Unemployment Insurance	260,000	0.0
Increase Cost: Retirement Adjustment	260	0.0
Increase Cost: Group Insurance Adjustment	50	0.0
Decrease Cost: Deferred Compensation and Performance Management Miscellaneous Adjustment	-3,220	0.0
Decrease Cost: Furlough Days	-5,750	0.0
Decrease Cost: Annualization of FY10 Personnel Costs	-22,020	0.0
Eliminate: MLS Pay for Performance	-73,660	0.0
Eliminate: Performance Management Software Contract	-263,000	0.0
Eliminate: MLS Pay for Performance	-472,760	0.0
FY11 CE Recommended	1,725,650	1.6

Group Insurance for Retirees

Group insurance is provided to an estimated 4,350 retired County employees and survivors, as well as retirees of participating outside agencies. Employees hired before January 1, 1987, are eligible upon retirement to pay 20 percent of the premium for health and life insurance for the same number of years (after retirement) that they were eligible to participate in the group insurance plan as an active employee. The County government pays the remaining 80 percent of the premium. Thereafter, these retirees pay 100 percent of the premium. Employees hired before January 1, 1987, are also offered the option at retirement to convert from the 20/80 arrangement to a lifetime cost sharing option.

Employees hired after January 1, 1987, are eligible upon retirement for a lifetime cost sharing option under which the County pays 70 percent of the premium and the retiree pays 30 percent of the premium for life for retirees who were eligible to participate in the County group insurance plan for 15 or more years as active employees. Minimum participation eligibility of five years as an active employee is necessary to be eligible for the lifetime plan. The County will pay 50 percent of the premium for retirees with five years of participation as an active employee. The County contribution to the payment of the premium increases by two percent for each additional year of participation up to the 70 percent maximum.

On March 5, 2002, the County Council approved a one-time opportunity for retirees still under the 20/80 arrangement with an expiration date to elect the lifetime cost sharing arrangement. The new percentage paid by the County for those electing this arrangement ranges from 50 percent to 68 percent, depending upon years of active eligibility under the plan and years since retirement. The cost sharing election process has been completed.

The budget does not include employer contributions from participating outside agencies.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	26,039,330	0.0
Increase Cost: Premium contributions to cover increased claims costs	5,057,400	0.0
FY11 CE Recommended	31,096,730	0.0

Compensation NDA Components

	FY 10			FY 11			FY 10-11
	<u>PC</u>	<u>OE</u>	<u>Total</u>	<u>PC</u>	<u>OE</u>	<u>Total</u>	<u>Change</u>
<u>Tax Supported</u>							
Unemployment Insurance	-	250,000	250,000		510,000	510,000	260,000
Non-qualified Retirement	-	20,200	20,200		20,200	20,200	-
Deferred Compensation Mgt	94,840	34,910	129,750	71,810	35,510	107,320	(22,430)
Collective Bargaining Actuarial Services		75,000	75,000		75,000	75,000	-
MLS Pay for Performance	472,760		472,760	-	-	-	(472,760)
Performance Management Program	101,630	263,000	364,630	93,380	-	93,380	(271,250)
Nonrep Pay for Performance	-	-	-	-	-	-	-
One-time RSP/GRIP Imputed Comp. Contrib.	-	-	-	919,750	-	919,750	919,750
Subtotal	669,230	643,110	1,312,340	1,084,940	640,710	1,725,650	413,310
<u>Non-tax Supported</u>							
MLS Pay for Performance	73,660		73,660	-	-	-	(73,660)
Nonrep Pay for Performance	-	-	-	-	-	-	-
Subtotal	73,660	-	73,660	-	-	-	(73,660)
Total	742,890	643,110	1,386,000	1,084,940	640,710	1,725,650	339,650



Resolution No.: _____
Introduced: December 8, 2009
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Management and Fiscal Policy Committee

SUBJECT: Equity in County Employee Group Insurance Plans

Background

1. Montgomery County Government offers two group insurance plans for its employees. Most employees may enroll in the **Choice Plan**. Non-represented employees hired since October 1, 1994, about 11 percent of the total, may enroll only in the **Select Plan**, which costs employees (especially part-time employees) more and provides less life insurance coverage. As of September 1, 2009, 8,356 County employees were eligible for the Choice Plan; 1,062 were eligible for the Select Plan. Both plans offer medical, dental, prescription drug, life insurance, and long-term disability options.
2. The national debate on health care has highlighted serious problems of cost and coverage for millions of Americans. By comparison, employees of Montgomery County Government and other County agencies are fortunate. Compared to the most popular option in the federal employees' plan, which is often held up as a model, the County provides a larger share of the premium and better coverage of medical, prescription drug, dental, and vision costs. This is true of both the Choice Plan and the Select Plan.
3. The County's authority to provide employee group insurance comes from §20-37(b) of the County Code. Specific plan details come from the County's Plan Document. Until 1994 the Plan Document included only the Choice Plan. In 1994, when the County was still reeling from the deep recession of the early 1990s, the Council and Executive concluded that in addition to salary restrictions, County benefits had to be restructured.
4. To restructure retirement benefits, the County established a defined contribution plan (the Retirement Savings Plan) in place of the traditional defined benefit plan (the Employees' Retirement System) for non-public safety employees hired since October 1, 1994. To restructure group insurance benefits, the County established the Select Plan for new employees.¹ While the new RSP covered both general government employees represented by MCGEO/UFCW Local 1994 and non-represented employees, the new Select Plan covered only non-represented employees. New employees represented by MCGEO, like all other represented employees, remain in the Choice Plan.

¹ The Select Plan began as a flexible benefits plan designed to save 5 percent in the County share and pro-rate the County share for part-time employees. In 1999 the Plan was revised to its present form with the same fiscal goal.

5. Full-time employees in the Select Plan pay more because the County's share of their premium is smaller: 76 percent v. 80 percent in the Choice Plan. Select Plan members also receive less life insurance coverage: 1 x salary v. 2 x salary (with a ceiling of \$200,000). The largest impact is felt by part-time employees in the Select Plan, for whom (unlike employees in the Choice Plan) the County's share of the premium drops sharply:

County Share	
30 to 39 hours per week	57 percent
20 to 29 hours per week	38 percent
10 to 19 hours per week	19 percent

6. To illustrate the impact of this difference, part-time employees in the Select Plan who chose the most extensive coverage options for 2009, compared to part-time employees in the Choice Plan, would pay at least \$4,000 more per year if they work 30-39 hours per week and at least \$8,000 more per year if they work 20-29 hours per week.
7. Data from the Office of Human Resources indicate that if current Select Plan participants were enrolled instead in the Choice Plan, the additional County cost related to the higher County premium share would be \$511,193. OHR data also indicate that if current Choice Plan participants were enrolled instead in the Select Plan, the County savings related to the lower County premium share would be \$3,752,918.
8. Enrolling Select Plan participants in the Choice Plan would incur two other costs. OHR estimates the annual cost of providing life insurance at 2 x salary instead of 1 x salary at \$200,000. OHR estimates the cost of paying the Choice Plan's 80 percent premium share for part-time employees now enrolled in the Select Plan (currently 75) at \$115,000.²
9. In sum, using OHR's figures, the total cost in calendar 2009 to enroll Select Plan participants in the Choice Plan would have been about \$826,000.³ The cost in future years could be higher depending on changes in health care costs and on changes in the enrollment rates and option choices of Select Plan participants.
10. This \$826,000 cost is about one percent of the current \$84.8 million expenditure for the Choice and Select Plans combined. This amount, while significant, should be weighed against the disproportionate burden now borne by the 11 percent of the County workforce that is not eligible for the Choice Plan.
11. Funding a uniform package of group insurance benefits for all County employees at the present level of the Choice Plan is not possible in the current fiscal environment. To illustrate the impact of making such a change in calendar 2011, using data for calendar 2009, half the impact (\$413,000) would be felt in the FY12 budget, while the full impact

² Of the 75 part-time employees, 35 currently have not enrolled in medical coverage. Some of them might enroll if the County's premium share rose to 80 percent.

³ This is the additional cost for County Government employees. Other organizations whose employees participate in the two plans, such as HOC, cover the full cost and allocate it between the employer and employees.

(\$826,000) would be felt in FY13. The change could also be implemented in stages – for example, by moving to the 80 percent County share of the premium gradually or by increasing life insurance coverage at a later date.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

The Council's policy intent is that when fiscal conditions permit, the County should offer a uniform package of group insurance benefits to all employees. This policy can be implemented in stages.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND

FY11-16 FISCAL PROJECTION							
	Estimate - FY10	Projected - FY11	Projected - FY12	Projected - FY13	Projected - FY14	Projected - FY15	Projected - FY16
BEGINNING BALANCE	28,925,990	10,042,160	9,303,930	10,233,470	11,256,300	12,389,200	13,629,170
REVENUES							
Premium Contributions	138,823,630	155,398,190	171,654,360	188,633,230	207,187,480	227,532,410	249,788,840
Premium Contributions: Retiree Insurance NDA	26,039,330	31,096,730	34,980,650	38,411,540	42,472,510	46,924,210	51,799,050
Investment Income	30,030	141,710	260,030	400,320	553,130	662,960	727,980
TOTAL REVENUES	164,892,990	186,636,630	206,895,040	227,445,090	250,213,120	275,119,580	302,315,870
TRANSFERS TO THE GENERAL FUND	(12,500,000)						
TOTAL FUNDS AVAILABLE	181,318,980	196,678,790	216,198,970	237,678,560	261,469,420	287,508,780	315,945,040
EXPENDITURES							
Claims, Premiums, & Carrier Administration	169,414,190	185,379,350	203,870,210	224,222,210	246,770,170	271,454,060	298,414,930
Actives	114,203,460	124,890,740	137,198,180	150,658,790	165,528,850	181,734,410	199,421,370
Retirees	55,210,730	60,488,610	66,672,030	73,563,420	81,241,320	89,719,650	98,993,560
In-house expenses	1,862,630	1,995,510	2,095,290	2,200,050	2,310,050	2,425,550	2,546,830
TOTAL EXPENDITURES	171,276,820	187,374,860	205,965,500	226,422,260	249,080,220	273,879,610	300,961,760
ENDING BALANCE	10,042,160	9,303,930	10,233,470	11,256,300	12,389,200	13,629,170	14,983,280
TARGET FUND BALANCE (5% OF EXPENDITURES)	8,563,840	9,368,740	10,298,280	11,321,110	12,454,010	13,693,980	15,048,090
ENDING BALANCE AS % OF EXPENDITURES	5.9%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%



EMPLOYEE HEALTH BENEFIT SELF INSURANCE FUND

EXPENDITURES					
Salaries and Wages	464,249	956,860	1,093,430	932,680	-2.5%
Employee Benefits	257,164	289,780	267,210	292,340	0.9%
Employee Health Benefit Self Insurance Fund Pers.Costs	721,413	1,246,640	1,360,640	1,225,020	-1.7%
Operating Expenses	103,618,130	173,054,180	169,916,180	186,149,840	7.6%
Capital Outlay	0	0	0	0	—
Employee Health Benefit Self Insurance Fund Exp.	104,339,543	174,300,820	171,276,820	187,374,860	7.5%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	12.2	11.8	11.8	11.5	-2.5%
REVENUES					
Self Insurance Employee Health Income	106,309,590	168,036,560	164,862,960	186,494,920	11.0%
Investment Income	350,292	95,840	30,030	141,710	47.9%
Employee Health Benefit Self Insurance Fund Revenues	106,659,882	168,132,400	164,892,990	186,636,630	11.0%

EMPLOYEE HEALTH BENEFIT SELF INSURANCE FUND

FY10 ORIGINAL APPROPRIATION	174,300,820	11.8
Changes (with service impacts)		
Eliminate: Wellness Contract With Health Solutions - Provides Health Screenings and Literature [Occupational Medical Services]	-186,210	0.0
Other Adjustments (with no service impacts)		
Increase Cost: Increase in Claims and Carrier Administration [Benefits and Information Management]	13,280,350	0.0
Increase Cost: Annualization of FY10 Personnel Costs	13,640	0.1
Shift: Senior Information Technology position from the General Fund to the Employee Health Benefit Self Insurance Fund [Benefits and Information Management]	13,480	0.2
Increase Cost: Annualization of FY10 Operating Expenses	1,520	0.0
Increase Cost: Group Insurance Adjustment	1,510	0.0
Decrease Cost: Retirement Adjustment	-5,160	0.0
Decrease Cost: Abolish Data Entry Operator Position [Business Operations and Performance]	-8,560	-0.2
Decrease Cost: Furlough Days	-36,530	-0.4
FY11 RECOMMENDED:	187,374,860	11.5



MEMORANDUM

April 13, 2010

TO: Joe Adler, Director, Office of Human Resources
Joe Beach, Director, Office of Management and Budget

FROM: Leslie Rubin, Legislative Analyst
Office of Legislative Oversight

SUBJECT: Questions about Impact of Federal Health Care Reform on the County Government

OLO staff is working with Steve Farber to prepare information for the Council on the costs of employee compensation. As part of this work, we have been asked to look into the impact of federal health care reform on the County's future costs of group insurance benefits for active and retired employees.

The table below summarizes numerous changes included in the federal health care legislation recently signed into law, and the fiscal or calendar year in which the changes become effective. We are interested in your assessment of the impact these new requirements will have on the structure of the County's group insurance plans for active and retired employees, and the associated fiscal impact of any resulting changes.

Please let me know by Thursday, April 15 when you anticipate being in a position to provide a written response. We understand that compiling this information is complex and may take some time. Please contact me at x7-7998 if you would like to discuss further.

Table with 1 column: Requirement. Header: Requirement. Sub-header: FY11. Rows include requirements such as 'Health plans must keep adult children on parents' insurance plans up to age 26.' and 'A federal government-established reinsurance program to cover health care claims under employer-provided health coverage for retirees between the ages of 55 and 64 (ends 1-1-14).'

Office of Legislative Oversight

100 Maryland Avenue, Rockville, Maryland 20850, 240/777-7990, FAX 240/777-7879

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Joe Adler, Director, Office of Human Resources
Joe Beach, Director, Office of Management and Budget
Page 2
April 13, 2010

2011
Beginning of efforts to close the Medicare “doughnut hole” for prescription drugs (with elimination of the doughnut hole by 2020).
2013
Elimination of the federal government’s Employer Medicare Part D subsidy.
Between 2013 and 2019, imposition of a federal premium tax of \$1 per person (increasing to \$2 in 2014) covered under an employer self-insured plan.
2014
Health plans must not contain annual limits on coverage.
Health plans must not exclude any plan participant based on pre-existing conditions.
Waiting periods for health plans cannot exceed 90 days.
Health plans must extending coverage to dependants even if they have access to other employer-provided coverage.
Health plans must not deny participation for qualified individuals in clinical trials or deny coverage for or discriminate on the basis of participation in a clinical trial.
Penalties for employers with at least 50 FTEs that provide health coverage if at least one FTE enrolls in an Exchange and qualifies for a Premium Tax Credit or Cost Sharing Reduction.
Health plans <i>may</i> offer rewards (premium discounts, waivers of cost-sharing requirements, extra benefits) for employees who participate in wellness programs and meet certain health-related standards.
2018
A 40% tax on coverage providers on “excess benefits” from employer-provided health plans where “excess benefit” means the amount of annual coverage exceeds \$10,200 for single coverage and \$27,500 for family coverage (“Cadillac Tax”).
All plans must provide coverage for preventive services without co-pays.

cc: Steve Farber, Council Staff Director
Karen Orlansky, Director, Office of Legislative Oversight

County Awards Summary (FY2010)

Reported on 03/29/2010

Department	Annual Leave (hrs)	Awarded Amount (\$)						AL(hrs)		
		Emp. of Year	Recognition		ASE		Recruitment		Total	Recruitment
			Cash	Non-Cash	Exam	Master				
01 - CCL	804.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	
03 - OLO	120.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	
05 - ZAH	40.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	
30 - CAT	40.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	
32 - FIN	0.00	\$ 250	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 350	0.00	
34 - DTS	24.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	
36 - DGS	446.00	\$ 0	\$ 0	\$ 0	\$ 83,000	\$ 78,000	\$ 0	\$ 161,000	0.00	
42 - COR	80.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000	\$ 3,000	0.00	
45 - FRS	224.00	\$ 0	\$ 0	\$ 0	\$ 9,400	\$ 11,000	\$ 0	\$ 20,400	0.00	
47 - POL	1,378.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	120.00	
48 - SHF	1,416.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	
50 - DOT	524.00	\$ 7,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 8,500	0.00	
64 - HHS	328.00	\$ 750	\$ 0	\$ 1,890	\$ 0	\$ 0	\$ 0	\$ 2,640	0.00	
70 - CUS	84.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	
75 - DPS	208.00	\$ 750	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 850	0.00	
78 - DED	710.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	
80 - ENV	408.00	\$ 0	\$ 1,655	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,655	0.00	
85 - LIQ	0.00	\$ 1,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,500	0.00	
99 - BIT	80.00	\$ 0	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200	0.00	
Total	6,914.00	\$ 10,750	\$ 2,055	\$ 1,890	\$ 92,400	\$ 89,000	\$ 5,000	\$ 201,095	120.00	

WSSC COMPENSATION IN FY11

Salary costs in the FY11 WSSC operating budget increase by 3.9 percent, chiefly because of an increase in workyears.

For FY11, WSSC is allocating \$625,000 in compensation adjustments. As shown in the following chart, these adjustments are far smaller than the approved adjustments for FY10.

Table 6:
Compensation Adjustments for FY10 Approved and FY11 (Proposed)

Type	FY10	FY11	Eligibility
Salary Adjustments		-	No COLA approved for FY10 or proposed for FY11
Merit Increases	933,011	47,103	FY11: for 34 union employees not at top of grade. For FY10: 527 employees
Incentive Pay*		-	No incentive pay assumed for FY10 or FY11 (444 employees eligible in FY09)
Flexible Worker (FW) Pay	572,118	578,192	124 employees (increases based on skill assessments)
IT Bonus (Contract)	384,298		No IT bonuses assumed for FY11. For FY10, included 61 employees
Total	1,889,425	625,295	

*Note: Incentive pay is "one-time" and does not change the base salary.

The largest changes in FY11 are the removal of merit pay, except for what union contracts require, and of a COLA (for the second straight year). Incentive pay that had previously been in place for customer care and production team employees is also gone again. IT bonus pay is also zeroed out for FY11.

The removal of merit pay, a COLA, and incentive pay is consistent with the experience of other agencies. The other pay increase category (flexible worker pay) was put in place as part of WSSC's Competitive Action Program initiative and is unique to WSSC. It provides base pay increases for employees who achieve certain new skill certifications, thereby providing WSSC with more operations and maintenance flexibility.

The Executive has recommended 10 furlough days for non-public safety employees in County Government in FY11. The Prince George's Executive initially recommended 8 furlough days but now plans none. The FY11 WSSC budget assumes no employee furlough days. According to WSSC staff, each furlough day would save an estimated \$246,000 if plant and represented employees are excluded. Council staff has asked WSSC for savings information for a broader furlough as well in the event the two Councils were to support a furlough at the bi-county meeting on May 13.

MEMORANDUM

April 12, 2010

TO: Management and Fiscal Policy Committee

FROM: Stephen B. Farber, Council Staff Director *SBF*

SUBJECT: Update of Pay Changes since FY01: Montgomery County and Bi-County Agencies, Other Regional Local Governments and School Systems, the State, and the Federal Government

The attached tables, prepared by Legislative Analyst Amanda Mihill, update the annual pay changes since FY01 for the County and Bi-County agencies, other regional local governments and school systems, the State, and the Federal Government. OLO developed the format in 1994. Data are updated here for FY11 recommended.

The tables place pay changes in four categories:

- Increments (or step increases) provided to employees not at top of grade;
- General wage adjustments (COLAs);
- Lump-sum payments; and
- Adjustments made to the top of salary ranges.

An index to the tables is on the next page. When reviewing the tables, please keep in mind the following points about the format and content of the data provided:

1. For FY01-10, the tables report the pay changes that were actually implemented.
2. A hyphen (-) indicates that there was no change to that component of pay in that year. A blank space indicates that the information was not available.
3. For the Montgomery County and Bi-County agencies, the tables include increment amounts by bargaining unit. For units that have a variable as opposed to a fixed increment amount, the table reports the weighted average received by employees that year unless otherwise indicated.
4. For the non-Montgomery County jurisdictions, we have again attempted to provide more specific information on increments or steps, despite the diverse approaches to providing them. Where such information was not available, "Yes" indicates that increments were provided; a hyphen indicates that increments were not provided.
5. For the non-Montgomery County jurisdictions, a notation under the title indicates whether compensation is subject to collective bargaining.

Thanks are due once again this year to the budget and human resources staff of the five County and Bi-County agencies and our neighboring jurisdictions for their contributions to this compilation of data.

Table Index

Page

Montgomery County and Bi-County Agencies

Montgomery County Government1
Montgomery County Public Schools3
Montgomery College5
Maryland-National Capital Park and Planning Commission.....6
Washington Suburban Sanitary Commission7

Other Local Area Governments

Alexandria City Government8
Anne Arundel County Government9
Arlington County Government11
Baltimore County Government.....12
Fairfax County Government13
Frederick County Government.....15
Howard County Government16
Prince George’s County Government17

Other Local Public School Systems

Alexandria City Public Schools19
Anne Arundel County Public Schools20
Arlington County Public Schools21
Baltimore County Public Schools22
Fairfax County Public Schools23
Frederick County Public Schools.....24
Howard County Public Schools25
Prince George’s County Public Schools26

State of Maryland.....27

Federal Government (Washington/Baltimore
Consolidated Metropolitan Statistical Area).....28



MONTGOMERY COUNTY GOVERNMENT

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11(v)
<u>Police (FOP)</u>											
Increment	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.0%
General adjustment (COLA)	2.7%	(b)	(d)	2.0%	2.0%(g)	2.75%	(m)	-	4.0%	0.0%	0.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	(h)	-	-	-	-	-	-
Other	-	-	-	-	-	(k)	-	(o)	-	-	-
<u>Fire (IAFF)</u>											
Increment	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.0%
General adjustment (COLA)	2.9%	(c)	5.0%	3.5%	3.5%	(l)	(n)	5.0%	2%+2%(s)	0.0%	0.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	(e)	(e)	-	-	-	-	(t)	-
<u>Office, Professional, and Technical Bargaining Unit/Service, Labor, and Trade Bargaining Unit (MCGEO)</u>											
Increment	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.0%
General adjustment (COLA)	(a)	3.25%	3.5%	3.75%(f)	2.0%(g)	2.75%	(m)	4.0%	4.5%	0.0%	0.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	(i)	-	-	(p)	-	(u)	-
<u>Non-Represented</u>											
Increment	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.0%
General adjustment (COLA)	(a)	3.25%	3.5%	2.0%	2.0%(g)	2.75%	(m)	4.0%	4.5%	0.0%	0.0%
Lump-sum payment	-	-	-	-	-	(q)	(q)	(q)	(q)	-	-
Top of range adjustment	-	-	-	-	(j)	(r)	(r)	(r)	(r)	-	-

- (a) 2.0% effective 7/2/00; 1.0% effective 1/14/01.
- (b) Effective 7/1/01, a flat dollar amount of \$2800 per employee and effective 1/13/02 an additional flat dollar amount of \$600 per employee.
- (c) 2.0% effective 7/1/01; 1.0% effective 1/13/02.
- (d) 3.0% effective 7/02; 1.0% effective 1/03.
- (e) Pay plan adjustment equal to 3.5%.
- (f) Effective 11/30/03.
- (g) Effective 9/5/04.
- (h) Return to uniform pay plan starting 1/9/05 for unit members with 20 years of completed service.
- (i) Starting 1/9/05 employees who have completed 20 years of service and are at the maximum of their pay grade will receive a longevity increment of 2%.
- (j) Range expansion of 1.75%, 3.75% for employees in the Management Leadership Service.
- (k) Effective 1/8/06 current min/max salary schedule will be converted to a matrix based step schedule.
- (l) 3% effective 7/10/05; 1% effective 1/8/06.



- (m) 3.0% effective 7/9/06; 1.0% effective 1/7/07.
- (n) 4.0% effective 7/9/06; 1.0% effective 1/7/07.
- (o) Increase wage rate of Step 0, Year 1, by \$3,151 with promotions and increments calculated from that point. Equals an adjustment of 7.5%.
- (p) Increase longevity percentage by 1.0%, effective 1/6/08.
- (q) Performance lump sum award: 2% for exceptional and 1% for highly successful.
- (r) Longevity/performance increment 2 years of consecutive exceptional or highly successful: 1% added to base pay and effective 1/7/07, 2% added to base pay.
- (s) 2.0% effective 7/6/08; 2.0% effective 1/4/09.
- (t) A new longevity adjustment at 28 years of service in July 2009 and additional steps on the salary in July 2010.
- (u) 3.0% longevity increase.
- (v) There will be no GWAs, longevity pay, or service increments for FY2011.



MONTGOMERY COUNTY PUBLIC SCHOOLS

REC

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Teachers (MCEA)											
Increment	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%	1.5-3.9%
Increment-weighted average (a)	1.6%	1.7%	1.9%	1.9%	1.9%	2.0%	1.9%	2.2%	2.3%	2.1%	2.1% (v)
Negotiated salary schedule increase	5.0%(g)(i)	4.0% (g)	4.0% (g)	4.0% (g)	2.0%	2.75%	4.0%(o)	4.8%(p)	5.0%(q)	0.0%(t)	0.0%(u)
Lump-sum payment (b)	\$300	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Top of range adjustment	(h)	-	-	-	-	-	-	-	-	-	-
Admin. and Supervisory Personnel (MCAAP)											
Increment	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.00%	3.00%
Increment-weighted average (a) (d)	1.0%	1.0%	0.9%	0.8%	0.9%	1.1%	0.9%	1.1%	1.2%	1.1%	.9% (v)
Negotiated salary schedule increase	5.125%(i)	3.0%	3.0%	3.0% (j)	2.0%(m)	2.0%(n)	4.0%(o)	4.8%(p)	5.0%(q)	0.0%(t)	0.0%(u)
Lump-sum payment	-	-	-	-	\$1,500(l)	\$1,500(l)	\$1,500-	\$1,500-	\$1,500-	\$1,500-	\$1,500-
Top of range adjustment	-	-	-	-	-	-	\$3,000(l)	\$3,000(l)	\$3,000(l)	3,000(l)	3,000(l)
Business and Operations Administrators (MCBOA)											
Increment									(r)	3.00%	3.00%
Increment-weighted average									(r)	1.6%	1.8% (v)
Negotiated salary schedule increase									(r)	0.0%(t)	0.0%(u)
Lump-sum payment									-	-	-
Top of range adjustment									(r)	\$1,500-	\$1,500-
										\$4,500(s)	\$4,500(s)
Supporting Services Employees (SEIU Local 500)											
Increment	1.9-5.5%	1.7-5.5%	1.7-5.6%	1.6-5.6%	1.6-5.6%	1.6-5.6%	1.9-5.6%	1.9-5.6%	1.9-5.5%	1.9-5.5%	1.9-5.5%
Increment-weighted average (a)	1.6%	1.7%	1.8%	1.9%	1.8%	1.9%	1.6%	1.9%	1.8%	1.7%	1.4% (v)
Negotiated salary schedule increase	5.0%(i)	3.0%	3.0%	3.0% (k)	2.0%	2.75%	4.0%(o)	4.8%(p)	5.0%(q)	0.0%(t)	0.0%(u)
Lump-sum payment (c)	\$100	\$100	\$100	\$100	\$100	\$200	\$200	\$200	\$200	\$200	\$200
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Non-Represented											
Increment	All non-represented employees (except 22 nonscheduled employees including Executive staff, Board staff, and the chief negotiator) receive the same increments and other salary adjustments as the bargaining units for which these positions are covered.										
Negotiated salary schedule increase											
Lump-sum payment											
Top of range adjustment											

- (a) The number provided in the chart represents the weighted average increase received by eligible employees. It is based on the number of employees who receive the step increment at various points (anniversary dates) in the year. An average annual cost of the salary increments is used for this analysis.
- (b) For FY 1996 through FY 1999, a bonus payment of \$300 was provided to any substitute teacher who worked 100 or more days. Beginning FY 2002, an incentive payment of \$400 is provided to any substitute teacher who works 45 or more days within a semester. In conjunction with this change, the retiree substitute incentive plan was eliminated in FY 2002.
- (c) A lump sum net payment of \$100 each year for employees with 22 or more years of service. This amount increased to \$200 for FY 2006.
- (d) The negotiated agreement with MCAAP provided for the addition of one step on salary scales N through Q beginning July 1, 1997 (FY 1998) and July 1, 1999 (FY 2000). The amount of this impact is included in the increment-weighted average for each year.
- (e) In FY 2000, the negotiated agreement with MCEA provided salary scale changes for an average increase in the salary schedule of 3%. Beginning FY 2000, the agreement also provides a \$2,000 salary supplement to teachers who achieve and maintain a national certification standard.
- (f) In FY 2000, the negotiated agreement with MCAAP provided for a salary increase of 2% effective November 27, 1999, resulting in a 1% salary impact.

- (g) The negotiated agreement with MCEA provided salary scale changes for an average increase in the salary schedule of 5.0% for FY 2001 and 4.0% for FY 2002 while an additional 1.0% from the State was applied to this salary schedule each year for a net increase of 6.0% for FY 2001 and 5.0% for FY 2002. For FY 2003 and FY 2004, the negotiated agreement with MCEA provided salary scale changes for an average increase in the salary schedule of 4.0% and added two more days to the work year for 10-month employees for an equivalent of an additional 1.0% applied to the salary schedule for a net increase of 5.0% for each year. The FY 2004 negotiated agreement with MCEA provided for a salary schedule increase of 4.0% implemented on 10/31/03 for 12-month unit members and 12/1/03, for 10-month unit members, resulting in a 3.66% salary impact.
- (h) In FY 2001, a 2.25% longevity payment was negotiated for teachers who have been at the top of the scale for 6 years.
- (i) In FY 2001, the salary increase was funded in part through a change in the employee benefits program and structure for a net budgetary increase of 5% for salary.
- (j) For FY 2004, the negotiated agreement with MCAAP provided for a salary schedule increase of 3.0% implemented on 10/7/03, for 12-month unit members and 11/8/03, for 11-month assistant school administrators, resulting in a 1.87% salary impact.
- (k) For FY 2004, the negotiated agreement with SEIU Local 500 provided for a salary schedule increase of 3.0% implement on 10/7/03 for 12 month unit members and 11/8/03, for all other unit members, resulting in a 2.05% salary impact.
- (l) Effective October 1, 2004, the negotiated agreement with MCAAP provided an annual longevity supplement of \$1,500 for each unit member who completed ten or more years as an administrator and/or supervisor with MCPS. Effective December 1, 2006, the negotiated agreement with MCAAP provided an annual longevity supplement of \$1,500 for each unit member who completed five or more years as an administrator and/or supervisor with MCPS. Subsequent to that date, the negotiated agreement with MCAASP provided an annual longevity supplement of \$3,000 for each unit member who completed ten or more years as an administrator and/or supervisor with MCPS.
- (m) For FY 2005, the negotiated agreement with MCAAP provided for a salary schedule increase of 2.0% implemented on 10/2/04, for 12-month unit members and 11/13/04, for 11-month assistant school administrators, resulting in a 1.49% salary impact.
- (n) For FY 2006, the negotiated agreement with MCAAP provided for a 2% salary schedule increase and salary scale adjustments equivalent to an average of an additional 0.75%.
- (o) For FY 2007, the negotiated agreement with MCEA and SEIU Local 500 provided for a salary schedule increase of 3.0% on 7/1/06 and an additional 1.0% effective mid-year, resulting in a 3.5% salary impact. The negotiated agreement with MCAAP provided for a salary schedule increase of 4.0% and scale adjustments effective November 1, 2006, resulting in a 3.5% average salary impact.
- (p) For FY 2008, the negotiated agreement with MCAAP, MCEA, and SEIU Local 500 provided for a 4.8% salary schedule increase and other compensation changes equivalent to an average of an additional 0.2% for a total of 5.0%.
- (q) For FY 2009, the negotiated agreement with MCAAP, MCEA, and SEIU Local 500 provides for a 5.0% salary schedule increase.
- (r) During FY 2008, the BOE approved the formation of a fourth bargaining unit - The Montgomery County Business and Operations Administrators (MCBOA). In FY 2009, the compensation for these employees was included in the SEIU salary numbers.
- (s) Unit members will receive a \$1,500 longevity supplement at 5, 10, and 15 years of service.
- (t) The 2008-2010 contracts with MCAAP, MCBOA, MCEA, and SEIU Local 500 included, for FY 2010, a 5.3% COLA and other salary-related improvements. Due to the fiscal situation, the unions have agreed to forgo the FY 2010 COLA and salary-related improvements.
- (u) Due to the fiscal situation, there is no COLA budgeted for FY 2011. MCPS is currently in negotiations with all unions on a new contract.
- (v) The FY 2011 Board of Education budget request contains increases for increments. However, due to the fiscal situation, this is subject to current negotiations with all unions on a new contract.

MONTGOMERY COLLEGE

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Faculty (AAUP)											(m)
Increment	\$2,000	-	-	\$1,167	-	-	-	-	-	-	-
General adjustment (COLA)	(a)	6.0%(c)	6.5%(d)	3.625%(f)	1.6%	2.75%	3.75%	5.3%	5.5%	-	-
Lump-sum payment	-	-	-	-	\$1,879	\$1,931	\$2,019	\$2,125	\$2,242	\$2,372(l)	-
Top of range adjustment	(a)	-	-	(g)	1.6%(i)	2.75%(j)	3.75%(k)	5.3%	5.5%	-	-
Administrators			4.0%-	2.5%-	3.65%-	4.75%-	3.75%	4.75%-	4.75%-		
Increment	4.75%	6.0%	6.25%	4.25%	4.15%	5.5%	6.5%	7.5%	7.0%	TBD	-
General adjustment (COLA)	-	-	-	-	-	-	-	-	-	-	-
Lump-sum payment	-	-	-	(h)	-	-	-	-	-	-	-
Top of range adjustment	2.75%	4.0%	4.0%	3.6%	2%	2.75%	3.75%	4.75%	5.0%	-	-
Staff - Non-Bargaining and Bargaining											(m)
Increment	(b)	2.25%	(e)	2.0%	3.25%	2.75%	2.75%	3.0%	3.0%	3.0%	-
General adjustment (COLA)	2.75%	4.0%	4.0%	3.6%(f)	2.0%	2.75%	3.75%	4.75%	5.0%	-	-
Lump-sum payment	-	-	(e)	-	-	-	-	-	-	\$500(l)	-
Top of range adjustment	2.75%	-	-	3.6%	2.0%	2.75%	3.75%	4.75%	5.0%	-	-

- (a) 2% effective at start of academic year, to maximum salary of \$68,542. 1% effective January 2001, to maximum salary of \$69,227.
- (b) Non-Bargaining employees received 2.0% increment and \$30 for each year of service. Bargaining employees received 2.5% increment.
- (c) Faculty earning the maximum salary received a 5% increase to \$72,689. Faculty below the maximum received an increase of 3.6% plus \$1,870 up to a new maximum of \$72,689.
- (d) Faculty earning the maximum salary received a 5% increase to \$76,323. Faculty below the maximum received an increase of 3.71% plus \$1,964 up to a new maximum of \$76,323.
- (e) Non-bargaining support staff received \$1,190; AFSCME staff received an increment of 2.25% instead.
- (f) Delayed by 4.6 months of fiscal year.
- (g) Not to exceed \$79,090.
- (h) Up to \$2,000 based on performance for those at top of range.
- (i) Not to exceed \$80,355 or \$81,955 for those eligible for a one-time longevity increase.
- (j) Not to exceed \$82,565 or \$84,165 for those eligible for a one-time longevity increase.
- (k) Not to exceed \$85,661 or \$87,261 for those eligible for a one-time longevity increase. COLA – 3% effective 7/1/06 plus 1.5% effective 1/1/07.
- (l) Staff- lump sum one-time payment of \$500 for employees at top of scale; faculty – lump sum one-time payment ranging from \$500-1,000 depending on salary; base pay increase of \$2,372 is delayed until October 23, 2009.
- (m) AFSCME agreement signed for no salary improvement; AAUP is still open.



MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

REC

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Non-Represented											
Increment	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	(n)
General adjustment (COLA)	(a)	(c)	(d)	2.5% (f)	2.7%	2.8%	3.0%	3.25%	3.25%	0%	(n)
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	(i)	-	-	-	-
Service/Labor, Trades, and Office/Clerical Bargaining Units (MCGEO, Local 1994)											
Increment	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	(m)	(m)(n)
General adjustment (COLA)	(a)	(c)	(d)	2.5% (f)	2.7%	2.8%	3.0%	3.25%	3.25%	(m)	(m)(n)
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	(i)	(i)	-	-	-
Park Police (FOP, Lodge 30)											
Increment	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	(l)(n)
General adjustment (COLA)	(b)	(b)	(e)	(e)	(g)	(h)	(j)	(k)	(l)	(l)	(l)(n)
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	(g)	-	-	-	-	-	-

- (a) 2.5% COLA effective 7/9/00; .5% COLA effective 1/7/01.
- (b) 2.25% COLA effective from 2/1/01 to 1/31/02; 3% from 2/1/02; 1% from 11/1/02.
- (c) 2.6% COLA effective 7/8/01; 0.5% COLA effective 1/6/02.
- (d) 2.5% COLA effective 7/02; .75% COLA effective 10/02.
- (e) 2.5% COLA effective 02/03; 2.75% effective 02/04.
- (f) COLA was effective 9/14/2003.
- (g) 2.5% COLA for officers below the rank of Sergeant effective 5/2005. Sergeants were granted a 5.0% COLA effective 5/2005. One 2.5% step added for Sergeants (P05) only.
- (h) 2.5% COLA effective 7/05. Additionally, in exchange for officers covered by Long Term Disability or the Comprehensive Disability Benefit Program increasing their premium from 15% to 100% or 20% to 80%, respectively, a 1% COLA is provided effective 4/06.
- (i) The primary pay scale for non-represented employees was elongated by the equivalent of two 3.5% step increases. The IT scale was elongated by 3.5%, pending a salary survey to determine whether the special pay scale should continue. The pay scales for MCGEO employees were elongated by 3.5% in both FY07 and FY08.
- (j) 3.5% effective 7/06, plus an additional 1% increase in 7/06, predicated again on increasing the officers' percentage share of disability premiums.
- (k) 3.5% effective 7/07, plus an additional 1% increase in 7/07, predicated as above.
- (l) 3.25% COLA effective first pay period after July 1, 2008; 3.75% COLA effective first pay period after July 1, 2009; and 4% COLA effective first pay period after August 1, 2010 based on a ratified three-year contract (FY09-11) with the FOP.
- (m) FY10: replacing a normal COLA and merit, a \$1,420 (pro-rated) wage adjustment instead will be provided to each MCGEO member (applied up to, but not beyond the top of the grade), effective first pay period following July 1, 2009. Of the \$1,420, \$640 is distributed to every MCGEO member, and the rest \$780 (maximum assuming satisfactory performance rating) will be pro-rated based on anniversary date and adjusted based on performance rating. FY11: 2.25% COLA effective first pay period after Oct. 1, 2010; 3.5% merit (increment) for qualified employees not on top of grade based on anniversary dates.
- (n) Commission is projected to determine the COLA and merit for non-represented, MCGEO, and FOP employees by June. The Commission started re-openers of the two existing contracts with MCGEO and FOP, and is uncertain about the potential negotiation results as well as the two County Councils' budget decisions on compensation in May 2010. The proposed budget included funding for potential merit and COLA based on ratified contracts for MCGEO & FOP with same assumptions for non-represented employees as MCGEO employees.



WASHINGTON SUBURBAN SANITARY COMMISSION

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
AFSCME											
Merit pay adjustment (a)	3.5%(b)	3.5%(b)(c)	0%(d)	3.5%(c)(g)	3.5%(c)(g)	3.5%(c)(g)	3.5%(c)(g)	3.5%(c)(g)	3.0%(c)(g)	3.0%(c)(g)	(i)
General adjustment (COLA)	2.5%	3.0%+1%(d)	0%(d)	3.0%(f)	2.0%	2.0%	3.5%	3.75%	3.5%	0%	(i)
Lump-sum payment	-	-	\$2,256(e)	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Non-Represented											
Merit pay adjustment (a)	3.5%(b)	3.5%(b)(c)	0%(d)	3.5%(c)(g)	3.5%(c)(g)	3.5%(c)(g)	3.5%(c)(g)	3.5%(c)(g)	3.0%(c)(g)	3.0%(c)(g)	0%
General adjustment (COLA)	2.5%	3.0%+1%(d)	0%(d)	3.0%(f)	2.0%	2.0%	3.5%	3.75%	3.5%	0%	0%
Lump-sum payment	-	-	\$2,256(e)	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-

(a) WSSC has a performance based merit pay system. Adjustments to base pay are based upon annual employee evaluations. In FY09, a new Performance Management System applies to all employees except those reporting directly to the Commissioners or in a bargaining unit. A rating of 3.0 and above will result in a corresponding percentage pay increase. A rating below 3.0 will result in a Performance Improvement Plan (PIP). Employees rated below a 2.0 numerical rating or employees who do not successfully complete their PIP are subject to release.

The merit pay salary adjustments associated with each performance rating category FY94-FY08 were:

	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Superior	5.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	0.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Commendable	-	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Fully satisfactory	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Needs improvement	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unsatisfactory	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

- (b) Employees within 1% of the maximum of their grade who received either commendable or superior evaluations would receive up to a \$500 or \$1000 cash payment.
- (c) Merit pay adjustment was replaced with skill-based compensation for some bargaining unit employees in FY02.
- (d) The FY03 Budget included \$2.1 million for salary enhancements. COLAs and merit increases for WSSC employees were limited by State Law to no more than what State employees receive. Since State employees received no COLAs or merit increases in FY'03, WSSC employees also received no increases. In response to this limitation, WSSC implemented a 1% COLA at the end of June 2002 (FY'02), a \$750 lump-sum payment in FY'03, and a \$500 deferred compensation match.
- (e) In addition to the \$750 lump-sum payment (see note (e) above), employees received a \$1,506 gain-share payment in FY'03 for reducing spending below pre-determined Spending and Workyear Targets, which produced a permanent savings in FY'04. This payment was made in FY'04.
- (f) General adjustment (COLA) was effective October 2003 when COLAs and merit increases were no longer limited by State Law.
- (g) Employees at grade maximum who receive above average evaluations may receive a onetime cash payment.
- (h) Contract to be negotiated.
- (i) Contract pending ratification by the union and approval by WSSC.

ALEXANDRIA CITY GOVERNMENT
(Compensation not subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Police											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
General adjustment (COLA)	2.5%	3.0%	2.5%	2.0%	2.0%	2.0%	3.0%	1.5%	0.0%	0.0%	
Lump-sum payment	-	-	-	-	-	-	-	-	(b)	-	
Top of range adjustment	-	-	Yes	-	-	Yes	-	-	-	-	
Fire											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
General adjustment (COLA)	2.5%	3.0%	2.5%	2.0%	2.0%	2.0%	3.0%	1.5%	0.0%	0.0%	
Lump-sum payment	-	-	-	-	-	-	-	-	(b)	-	
Top of range adjustment	-	-	Yes	-	-	Yes	-	-	-	-	
All Employees											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
General adjustment (COLA)	2.5%	3.0%	2.5%	2.0%	2.0%	2.0%	3.0%(a)	1.5%	0.0%	0.0%	
Lump-sum payment	-	-	-	-	-	-	-	-	(b)	-	
Top of range adjustment	-	-	Yes	-	-	Yes	-	-	-	-	

(a) In FY07 City employees on the **General pay scale** received a 2.0% market rate adjustment effective July 1, 2006.

(b) In FY09 eligible City employees received a **one-time pay supplement** of \$500 and employees at the top of their grade with a **one-time** 2% pay supplement.



ANNE ARUNDEL COUNTY GOVERNMENT
(Compensation subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Police											
Increment (a)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes(u)	TBD
General adjustment (COLA)	-	5.0%	5.0%	0.0%	2.0%(q)	2.0%	3.0%	3.0%	3.0%	0.0%	
Lump-sum payment	Yes	-	-	-	-	-	-	-	-	-	
Top of range adjustment	Yes(c)	Yes	-	-	Yes(11.1%)	Yes	Yes	8.0%	8.0%	3.0%	
Fire											
Increment (a)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes(v)	TBD
General adjustment (COLA)	5.0%	5.0%	4.0%	0.0%	2.0%(q)	2.0%	2.0%	3.0%	3.0%	0.0%	
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	
Top of range adjustment	-	Yes(f)	-	-	Yes	Yes	Yes	8.15%	8.15%	5%	
Other											
Increment (a)	Yes	Yes	Yes	(o)	Yes	Yes	Yes	Yes	Yes	Yes	TBD
General adjustment (COLA)	(d)	(g)	(k)	(p)	2.0%	3.0%(r)	2.0%	2.0%,1.0%(s)	2.0%,1.0%(s)	0.0%	
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	
Top of range adjustment	Yes(e)	Yes(h)	Yes(l)	-	Yes	Yes	Yes	Yes(t)	Yes(t)	3.0%	
Non-Represented											
Increment (a)	(b)	(b)	(b)	No	0.0% - 4.5%	0.0% - 4.5%	Yes	Yes	5.0%	No	TBD
General adjustment (COLA)	2.0%	3.0%(i)	2.0%(m)	0.0%	2.0%	3.0%	3.0%	2.0%,1.0%(s)	3.0%	0.0%	
Lump-sum payment	-	-	-	-	Yes	Yes	-	-	-	-	
Top of range adjustment	-	Yes(j)	Yes(n)	-	5.0%	4.0%	Yes	Yes	6.13%	No	

Top of range adjustments are equivalent to COLA identified unless otherwise footnoted.

(a) Merit increases are performance based and determined through the use of employee evaluations.

(b) Movement through range based on pay for performance. Maximum base pay adjustment limited to 10%.

(c) Two new steps added with 2.5% increases for each.

(d) Clerical union received 1 % across the board the board in July 2000 and another 1% in January of 2001. Labor and trades union received 3% across the board increase.

(e) Clerical union added two steps to pay scale at 5% each. Employees allowed 2 additional step advancements beyond regular merits if required in 1996 to change from 35 hours to 30 hours per week without additional compensation (120 employees affected).

(f) Fire union added additional step to each grade.

(g) Clerical union received 2% across the board. Labor and trades union received 3% across the board increase.

(h) Labor and trades union added .5% to max step effective 4/4/02.

(i) Non-represented granted 3% across the board increase effective 7/5/01 and another 3% effective 4/4/02.

(j) Non-represented range adjusted by 7.5% on the min and 10% on the max effective 7/5/01 and adjusted again by 5% on the min and 7.5% on the max effective 4/4/02.

(k) Clerical union will receive 2% across the board increase. Labor and trades union will receive 3% across the board increase.

(l) Labor and trades union will add 1% to max step effective 4/3/03.

(m) COLA added 1/4/03.

(n) Scale adjusted by COLA amount.

(o) Clerical union currently in negotiations but if no agreement is reached will be denied merits. Labor and trades union has one year remaining on contract and will get merit increases.

(p) Clerical union currently in negotiations but if no agreement is reached will be denied COLA. Labor and trades union has one year remaining on contract and will receive 3% COLA.



- (q) COLA provided on 1/13/05.
- (r) Effective 7/14/05 a 2% COLA and effective 4/6/06 a 1% COLA was provided.
- (s) Across the board increases provided as follows: 2% first pay period in July, and additional 1% first pay period in January.
- (t) Maximum pay rate increases as follows: 2% first pay period in July, 1% first pay period in January, and additional 1% first pay period in April.
- (u) Merit amount negotiated at 3%.
- (v) Merit amount renegotiated and reduced to 3%.

ARLINGTON COUNTY GOVERNMENT
(Compensation not subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	REC (h)
Police												
Increment	3.0%(a)	3.0%(c)	3.0%(c)	3.0%(c)	3.0%	3.0%	3.0%	3.0%	3.0%	0.0%	0.0%	
General adjustment (COLA)	3.0%	4.0%(b)	2.75%	1.00%	2.0%	2.0%	2.0%	1.5%	0.0%	1.0% (i)	0.0%	
Lump-sum payment	-	-	-	1.00%(d)	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	(e)	(f)	-	(h)	-	-	-	-
Fire												
Increment	3.0%(a)	3.0%(c)	3.0%(c)	3.0%(c)	3.0%	3.0%	3.0%	TBD	3.0%	0.0%	0.0%	
General adjustment (COLA)	3.0%	4.0%(b)	2.75%	1.00%	2.0%	2.0%	2.0%	(g)	0.0%	1.0% (i)	0.0%	
Lump-sum payment	-	-	-	1.00%(d)	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	(e)	(f)	-	(h)	-	-	-	-
Other Employees												
Increment	3.0%(a)	3.0%(c)	3.0%(c)	3.0%(c)	3.0%	3.0%	3.0%	TBD	3.0%	0.0%	0.0%	
General adjustment (COLA)	3.0%	4.0%(b)	2.75%	1.00%	2.0%	2.0%	2.0%	(g)	0.0%	1.0% (i)	0.0%	
Lump-sum payment	-	-	-	1.00%(d)	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	(e)	(f)	-	(h)	-	-	-	-

- (a) The average increment is 3.0%. Steps 1-5 receive a 4.1% increment, steps 6-10 receive a 3.3% increment, and steps 10-14 receive a 2.3% increment. Employees at steps 1-8 receive a yearly increment, then 2 year increment adjustments for steps 9-14. (This was changed in FY2002).
- (b) County Manager proposed and the County Board approved a 3.0% COLA plus a 1.0% market adjustment to the pay plan for a total 4% increase across the board. The County Board also approved adding 3 steps (2.3% each) to the top of the pay plan to increase range from 51% to 62% and changed the two year steps to one year steps.
- (c) The average increment is 3.0%. Steps 1-5 receive a 4.1% increment, steps 6-10 receive a 3.3% increment, and steps 10-17 receive a 2.3% increment. All steps are now annual steps.
- (d) Employees would receive a one-time lump sum payment at the end of the year equal to 1% of their earned base income for calendar year 2003.
- (e) Expanded the pay plan by one additional step (step 18)
- (f) The County Manager has announced this will be a transition year with a view to going to a pay-for-performance system next year. This year the general adjustment (market payline adjustment) will only be given to those employees performing satisfactorily. In addition, top performers can be rewarded with an additional 1% increase.
- (g) Budget projection includes 0.0%.
- (h) Not pursuing footnote (f) any longer.
- (i) The County Board approved a 1% market pay adjustment for permanent employees effective January 1, 2010.
- (h) The FY11 Budget Proposal that was submitted by the County Manager to the County Board on February 20, 2010 did not include funding for either step increases or COLA. Budget hearings are scheduled for this week; final budget set to be approved by the County Board on April 24, 2010. Information in the FY11 column reflects only the budget proposal.



BALTIMORE COUNTY GOVERNMENT
(Compensation subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Police (FOP)											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
General adjustment (COLA)	(a)	10.25%	-	-	5.0%(c)	(e)	(g)				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	8.5%	-	-	-	-	-	-				
Fire											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
General adjustment (COLA)	4.5%	4.5%	4.5%	(b)	4.5%(d)	(f)	(h)				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	-	-				
Other Employees											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
General adjustment (COLA)	2.0%	3.0%	-	-	2.25%	3.0%	3.0%				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	-	-				

(a) 4% COLA plus additional step added to scale of 4.5%.

(b) No COLA, but conceded premium pay in order to purchase a 5% midyear increase.

(c) \$2,500 increase on 1/1/04 and 13th year longevity step

(d) \$1,100 increase on 7/1/04 and \$1,100 increase on 6/30/05

(e) \$2,000 increase on 1/1/06 and 11th year longevity (equivalent to 6.3%).

(f) \$1,900 increase on 7/1/05 and additional holiday pay (equivalent to 3.6%).

(g) 3% increase on 1/1/07 and Ranks except the beginning Police Officer rank (2 year probationary period) receives one grade increase of 4.5% on 7/1/06.

(h) 3% increase on 7/1/06 and Ranks of Lieutenant and above receive on grade increase of 4.5%. Also, add 21 year longevity step increase.

15

FAIRFAX COUNTY GOVERNMENT
(Compensation not subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Police											
Increment (a)	Yes(b)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
General adjustment (COLA)	2.5%	1.0%	2.67%	2.56%	2.98%	3.07%	4.25%	2.92%	2.96%	-	-
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	1.0%	2.67%	2.56%	2.98%	3.07%	4.25%	2.92%	2.96%	-	-
Other: Market rate adjustment	-	-	-	(i)	-	-	(m)	-	-	-	-
Firefighters											
Increment (a)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
General adjustment (COLA)	2.5%	1.0%	2.67%	2.56%	7.25%	3.07%	4.25%	2.92%	2.96%	-	-
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	2.67%	2.56%	7.25%	3.07%	4.25%	2.92%	2.96%	-	-
Other: Market rate adjustment	-	(f)(g)	(g)	(i)	(j)	-	2.0%(m)	-	-	-	-
Other Employees											
Increment (a)	No(c)	No	No	No	No	No	No	No	No	No	No
General adjustment (COLA)	2.5%	1.0%	-	-	-	-	-	-	-	-	-
Lump-sum payment	-	-	-	-	(k)	(k)	-	-	-	-	-
Top of range adjustment	(d)	3.46%(h)	2.67%(h)	2.56%(h)	2.98%(h)	3.07%(h)	4.25%	2.92%	2.96%	-	-
Other: Market rate adjustment	(e)	-	-	-	(l)	-	(m)	(n)	-	-	-

- (a) Approximately 40% of all County employees are eligible for merit increment annually due to 2-3 year hold; effective from FY2002, general (non-public safety) no longer has steps in grades.
- (b) Approximately 40% of the work force will receive a 5% increment adjustment and the remaining 60% of the work force is either in a hold period or at the top of the scale. Cost of increments is 1.6% of payroll.
- (c) Effective July 1, 2000, hold steps are eliminated, County moves to an open-range pay system for all employees except Public Safety uniformed, general County employees will be eligible for performance based increments of 0, 3, 5 or 7%.
- (d) Effective July 1, 2000, general County employees at the top of their scale will be eligible for performance based bonus of 0, 3, or 5%.
- (e) Approximately 512 classes out of 670 will be regraded one or more grades; employees 1 grade below market get 2% increase, those 2 or more grades below market get 4% increase.
- (f) For FY2002 only, 2% pay raise to all fire uniformed classes at lieutenant and above, effective July 14, 2001; 4% pay raise to all fire uniformed classes effective 4/6/2002.
- (g) Shift differential increases for police officers to \$0.55 per hour for evening shift and \$0.75 per hour for overnight shift; firefighter shift differential increases to 40.75 cents for all hours worked on a 24 hour shift; general county employees shift differential increases to \$0.40 per hour for evening shift and \$0.55 per hour for overnight shift. From FY02, increase for firefighters changed to \$0.7275 per hour for all hours regardless of shift.
- (h) Effective July 1, 2001, general county employees at the top of their scale will be eligible for performance based bonus from 2% to 7% based on performance at .5% increments: 2.0%, 2.5%, 3.0%, etc.
- (i) Shift Differential Increases effective FY2004: Police: \$.65 evening shift, \$.90 night shift; Fire: \$.7275 all shifts; General County Employees: \$.65 evening shift, \$.90 night shift.
- (j) Increases were effective as: 2.5% July 2004, 2.5% January 2005, 2.25% April 2005.

76

- (k) Lump sum increases provided to those employees who are at the top of their salary ranges and who achieve a certain level of performance rating.
- (l) Average performance rating increase – 4.2%
- (m) Market rate adjustment of 4.25% for all. In addition, Fire receives an additional 2%. All is still pending Board Approval.
- (n) Market rate adjustment of 2.92% - structure adjustment only for general employees. All is still pending Board Approval.

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FREDERICK COUNTY GOVERNMENT
(Compensation not subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Police (Subject to Collective Bargaining)											
Increment	Yes	Yes	Yes(b)	Yes(b)	No	Yes(b)	Yes(b)	(d)	(d)	(f)	(f)
General adjustment (COLA)	2.5%	2.0%	1.0%	2.0%	(a)	3.0%	2.0%	(d)	(d)	(f)	(f)
Lump-sum payment	-	-	-	-	(c)	(c)	(c)	(d)	(d)	(f)	(f)
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Fire											
Increment	Yes	Yes	Yes(b)	Yes(b)	No	Yes(b)	Yes(b)	Yes(b)	Yes(b)	No	(i)
General adjustment (COLA)	2.5%	2.0%	1.0%	2.0%	(a)	3.0%	2.0%	2.0%(g)	2.0%	No(h)	(i)
Lump-sum payment	-	-	-	-	(c)	(c)	(c)	(c)	(e)	No	(i)
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	(i)
Other Employees											
Increment	Yes	Yes	Yes(b)	Yes(b)	No	Yes(b)	Yes(b)	Yes(b)	Yes(b)	No	No
General adjustment (COLA)	2.5%	2.0%	1.0%	2.0%	(a)	3.0%	2.0%	2.0%(g)	2.0%	No(h)	No(h)
Lump-sum payment	-	-	-	-	(c)	(c)	(c)	(c)	(e)	No	No
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-

- (a) All employees received a 1.5% COLA, plus full-time employees received a \$400 COLA, part-time employees received a \$200 COLA.
- (b) Step increases have been replaced by merit raises, which are calculated at 3.5% of the midpoint of the grade range.
- (c) Pay for performance, based on a performance evaluation, was received in FY05 and is budgeted for in FY06. This consists of a lump sum bonus of \$500 - \$1,200 for employees determined to be exceeding the base requirements of their positions.
- (d) For FY08 & FY09, sworn law enforcement officers and correctional positions on pay scale based on collective bargaining. There were no adjustments or increases for FY2010.
- (e) For FY2009, Employees earning \$35,000 and below received an additional \$500.
- (f) See (d). However, FY11 is currently being negotiated.
- (g) All employees received a 2.0% COLA, plus full-time employees received a \$400 fixed COLA, part-time employees received a \$200 fixed COLA.
- (h) Reverse COLA and furloughs being discussed as budget balancing options.
- (i) For FY 2011, collective bargaining with fire/rescue positions has begun and is still under negotiation

Please note that each year, on a three year cycle, one or more employee groups are evaluated for reclassification of their pay scales for market adjustments. Not all positions within a group are adjusted; it depends upon the market for each position. * For FY2010, and again for FY 2011, the BOCC voted to delay this, at least one year.

18

HOWARD COUNTY GOVERNMENT
(Compensation subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Police											
Increment	2.5%	3.05%	3.05%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%		
General adjustment (COLA)	3.6%	3.9%	-	(b)	(c)	3%(d)	3%(f)	5.0%	5.0%		
Lump-sum payment	-	-	(a)	-	-	-	-	-	-		
Top of range adjustment	-	-	-	-	-	-	-	-	(i)		
Firefighters											
Increment	Info Not Available	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%		
General adjustment (COLA)	Info Not Available	3.8%	-	(b)	(c)	(e)	(g)	6.0%	6.0%		
Lump-sum payment	Info Not Available	-	(a)	-	-	-	-	\$250	\$250		
Top of range adjustment	Info Not Available	-	-	-	-	-	-	-	-		
General Schedule											
Increment	3.0%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05	3.05%		
General adjustment (COLA)	3.6%	3.8%	-	(b)	(c)	3%(d)	3.0%(f)	3.0%	(j)		
Lump-sum payment	-	-	(a)	-	-	-	-	-	-		
Top of range adjustment	-	-	-	-	-	-	(h)	-	-		
Others (Service/Labor/Trades)											
Increment	2.5%	2.5%	3.05%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%		
General adjustment (COLA)	3.6%	3.8%	-	(b)	(c)	3%(d)	3%(f)	3.0%	3.0%		
Lump-sum payment	-	-	(a)	-	-	-	-	-	-		
Top of range adjustment	-	-	-	-	-	-	-	-	-		

- (a) Employees not eligible for step increases, or whose increases had a cash value of less than \$500, received a lump-sum payment of up to \$500.
- (b) 2% effective July, 2003 and 2% effective May, 2004.
- (c) 2% effective July, 2004 and 1% effective June, 2005.
- (d) Effective July, 2005.
- (e) 3% effective July, 2005 and 1% effective January, 2006.
- (f) Effective July, 2006.
- (g) 3% effective July, 2006, and 1% effective January, 2007.
- (h) 3 (2 year) steps added to top of range.
- (i) 3.25% longevity to be added on 7/1/08 for Sergeants & 1/1/09 for Police Union.
- (j) To be announced 4/22/08.

79

PRINCE GEORGE'S COUNTY GOVERNMENT
(Compensation subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Police (sworn)											
Increment	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	(n)	(n)		
General adjustment (COLA)	2.5%(c)	4.7%(d)	3.5%	2.0%	2.0%(j)	3.0%	3.0%				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	2.5-3.5%	2.5-3.5%				
Fire (sworn)											
Increment	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	(n)	(n)		
General adjustment (COLA)	3.0%(c)	3.0%(d)	3.0%	2.0%(i)	2.0%(j)	3.0%	3.0%				
Lump-sum payment	-	\$750(e)	\$750(e)	\$1,035	\$1,070	\$1,070(m)	\$1,070(m)				
Top of range adjustment	-	-	-	-	-	2.5%	2.5%				
General Schedule											
Increment	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	(n)		
General adjustment (COLA)	2.75%	3.0%	3.0%	1.5%	1.5%	2.5%	2.5%	2.5%			
Lump-sum payment	-	-	-	-	-	-	-	-			
Top of range adjustment	-	-	-	-	-	-	-	-			
Others											
Increment	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	3.5%(a)	(n)	(n)		
General adjustment (COLA)	2-3%(b)	0-3%(f)	0-3%(f)	2-3%(k)	2-3.0%(k)	2.5-3%	2.5-3%				
Lump-sum payment	-	\$0-	\$0-	-	-	\$0-\$1,200	\$0-\$1,250				
Top of range adjustment	-	\$650(g)	\$650(g)	-	-	2.5-3.5%	2.5-3.5%				
		(h)	(h)								

- (a) As a general rule, merit increases are valued at 3.5%. In some pay scales, longevity steps may be valued at 2.5% or 3.0%. For fire sworn unit members, completion of five years of service can receive 4.5% merit
- (b) May be less than full year.
- (c) Total amount. Will be phased in: 1.5% effective 7/1/00; 1.0% effective 1/1/01.
- (d) COLA varies based on pay step, ranging from a 10.0% adjustment to entry rates to a 2.28% adjustment to maximum rates. 4.7% represents a weighted average based on the distribution of current employees among steps on the pay scale.
- (e) \$750 to be provided in January 2002 and January 2003.
- (f) All bargaining groups received a COLA of at least 2% except the crossing guards, who negotiated \$400/year increases. Timing of COLA varies from group to group.
- (g) In addition to the crossing guards receiving a flat dollar increase, some bargaining groups negotiated a flat dollar increase in addition to a COLA. Timing varies from group to group.
- (h) Some bargaining groups negotiated at least one additional longevity step added at the top of their pay structure.
- (i) Total amount: Will be phased in: 1.0% effective 7/1/03; 1.0% effective 2/1/04.
- (j) Total amount: Will be phased in: 1.0% effective 7/1/04; 1.0% effective 2/1/05.
- (k) Various groups will receive COLA's in the range of 2-3%. These COLA's will be phased in: 1.0% effective 7/1/04; 1.0% effective 1/1/05; 1.0% effective 4/1/05.
- (l) COLA is issued 7/10/04.
- (m) Clothing allowance is paid in one installment in July of each fiscal year. Other major lump-sum pay include FTO (Field Training Officer) compensation (\$750 per year); Training Certification Pay (\$25 to \$100 per pay period for FY06 and \$45 to \$120 per pay period for FY07, with hiring date of 1/1/1999 as the dividing date); Technical Rescue Team (up to \$4,050 per year with \$1,350 for each specialty discipline); County certified paramedics (\$1,040 per year) for serving as FTO for 1,440 hours during a fiscal year (pay will be pro-



rated if hours are below or above 1,440 hours); Fire Investigator qualified by the Maryland State Police Training Commission (\$1,350 per year) with 54 hours of training. Other major special duty pay include but not limited to: (1) Bomb Technicians or Paramedics are compensated at a rate 9% per hour above their regular base pay, with Fire Fighters/Paramedics who are certified as EMT-P receiving an additional 2% base pay increase; (2) effectively July 1, 2006, employees hired on or after 3/29/1999 who are County certified EMT-Paramedics are compensated at the rate of 10% above their regular base pay.

(n) The collective bargaining agreements have not yet been approved by the County Council.

ALEXANDRIA CITY PUBLIC SCHOOLS
(Compensation not subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Teachers											
Increment (a)	Yes	Yes	Yes	Yes(b)	Yes	Yes	Yes(e)	Yes	Yes	½-year	½-year
General adjustment (COLA)	2.5%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	1.5%	-	-	-
Lump-sum payment	-	-	-	-	-	-	-	-	\$500	-	-
Top of range adjustment	-	-	2.3%	-	-	-	-	-	2.0%(f)	2% ½-year(f)	-
Administrative and Supervisory Personnel											
Increment (a)	Yes	Yes	Yes	Yes(c)	Yes	Yes	Yes	Yes	Yes	½-year	½-year
General adjustment (COLA)	2.0%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	1.5%	-	-	-
Lump-sum payment	-	-	-	-	-	-	-	-	\$500	-	-
Other	-	-	2.3%	-	-	-	-	-	2.0%(f)	2% ½-year(f)	-
Supporting Services Employees											
Increment (a)	Yes	Yes	Yes	Yes	Yes(d)	Yes	Yes	Yes	Yes	½-year	½-year
General adjustment (COLA)	2.0%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	1.5%	-	-	-
Lump-sum payment	-	-	-	-	-	-	-	-	\$500	-	-
Top of range adjustment	-	-	2.3%	-	-	-	-	-	2.0%(f)	2% ½-year(f)	-

- (a) Each salary scale has a different increment adjustment; 2.75% is the weighted average for the school system.
- (b) Institution of a new Single Lane Salary Scale with premiums for a Masters Degree or Masters Degree +30. In FY05, the salary scale returned to three lanes.
- (c) The FY2004 budget included a realignment of the administrative salary scales.
- (d) The FY2005 budget included a realignment of the support staff salary scales.
- (e) The FY2006 budget included a realignment of the teacher salary scales.
- (f) The 2.0% adjustment is a proposed longevity adjustment; an employee must be topped out for two years to receive this adjustment.



ANNE ARUNDEL COUNTY PUBLIC SCHOOLS
(Compensation subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Teachers											
Increment	2.5-5.0%	2.5-5.0%	2.5-5.0%	-	-	-	-	-	-	TBD	
General adjustment (COLA)	5.0%	5.0%	2.0%(a)	1.0%	3.0%	4.0%	6.0%	6.0%	5.0%		
Lump-sum payment	-	-	-	-	-	-	-	-	-		
Top of range adjustment	-	-	-	-	-	-	(b)	(b)	-		
Administration											
Increment	2.5-5.0%	2.5-5.0%	2.5-5.0%	-	-	-	-	2.0%	2.0%	1.0%	
General adjustment (COLA)	2.0%	4.0%	2.0%(a)	1.0%	2.0%	3.0%	6.0%	6.0%	6.0%	6.0%	
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	
Top of range adjustment	-	-	-	-	-	-	-	(c)	(e)	(f)	
AFSCME											
Increment	2.5-5.0%	2.5-5.0%	2.5-5.0%	-	-	-	-	-	-	-	
General adjustment (COLA)	2.0%	4.0%	2.0%(a)	1.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	
Top of range adjustment	-	-	-	-	-	-	-	(d)	-	-	
Secretaries and Teachers Assistants											
Increment	2.5-5.0%	2.5-5.0%	2.5-5.0%	-	-	-	-	-	-	-	
General adjustment (COLA)	2.0%	4.0%	2.0%(a)	1.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	
Top of range adjustment	-	-	-	-	-	-	-	(d)	-	-	

- (a) 2.0% COLA effective mid-year, which is 1/1/2003 for 12-month employees and 2/5/2003 for 10-month employees.
- (b) Longevity Scales compacted.
- (c) Add step 36 & 37
- (d) Steps 1-25 inclusive. No longevity steps.
- (e) Add step 38.
- (f) Add step 39.

NOTE: Beginning in FY2008 a performance bonus may be included for those in the Administration bargaining unit.



ARLINGTON COUNTY PUBLIC SCHOOLS
(Compensation not subject to collective bargaining)

	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY07	FY08	FY09	FY10	REC FY11
Teachers											
Increment	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes(o)	TBD
General adjustment (COLA)	3.0%	3.0%	(f)	2.0%	2.0%	8.1%	3.0%	2.0%	2.2%	-	
Lump-sum payment	(a)(b)	(e)	(e)	(h)	(k)	(l)	-	-	(n)	-	
Top of range adjustment	(c)	-	-	-	-	-	-	-	-	-	
Administrative and Supervisory Personnel											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes(o)	TBD
General adjustment (COLA)	3.0%	3.0%	2.5%	2.0%	2.0%	3.0%	3.0%	2.0%	2.2%	-	
Lump-sum payment	(a)(b)	(e)	(g)	(h)	(k)	(l)	-	-	(n)	-	
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	
Supporting Services Employees											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes(o)	TBD
General adjustment (COLA)	3.0%	3.0%	2.5%	2.0%	2.0%	3.0%	Yes	2.0%(m	2.2%	-	
Lump-sum payment	(a)(b)	(e)	(e)	(i)(j)	(k)	(l)	3.0%)	(n)	-	
Top of range adjustment	(d)	-	-	-	-	-	-	-	-	-	

- (a) Effective January 1, 2001, the school system will pick up half (2.5% of 5.0%) of the employees' contribution to the Virginia Retirement System.
- (b) Effective January 1, 2001, the School Board will match up to \$390.00 of employees' contributions to tax sheltered annuities.
- (c) Effective in FY 2001, steps 1 and 2 of the teacher pay plan will increase: 7% at step 1 and 3.4% at step 2.
- (d) Effective June 30, 2001, the school system will pay retention stipends to school bus drivers. Stipends range from 0.5% to 6.0% of pay.
- (e) Effective January 1, 2002, the school system will pay an additional 1.5% of the employees' contributions to the Virginia Retirement System (school system will pay 4.0% and employee will pay 1.0%).
- (f) Teacher pay plan revised. MA, step 1, salary set at \$40,000; depending on the lane and step, increase ranged from 5.2% to 5.7%. Work year increased from 190 to 194 assigned days.
- (g) As a result of Compensation Study, pay scale was increased by 7.0% at grade 1, step A, and revised to provide 4.0% step increases and 5.0% grade level increases. Employees will be placed on the new pay scale based on their current salary (not current step).
- (h) Effective January 1, 2004, the school system will pay the full 5.0% employees contribution to the Virginia Retirement System.
- (i) In addition to the 2.0% COLA, the support service salary schedule will be increased by an additional 4.0%.
- (j) The school system will adopt a "living wage" for school system employees. Employees hired at steps of the pay plan that are less than the approved "living wage" will have their hourly rates adjusted. The amount of the living wage was set at \$10.98 per hour.
- (k) Effective July 1, 2004, school system will match \$390.00 or 1.0% of base pay (whichever is higher) of employees' contributions to tax sheltered annuities.
- (l) Effective July 1, 2005, school system will match up to 2.25% of base pay of employees' contributions to tax sheltered annuities for employees with 24 or more years of service with the school system and who are not covered by the local supplemental defined benefit retirement system.
- (m) 3/07 - APS is currently conducting a salary survey study that may affect base pay rates for certain support staff positions.
- (n) Proposed .6% increase in 403(a) match totaling 2.3%.
- (o) Proposed annual step increase dependent on School Board approval.

BALTIMORE COUNTY PUBLIC SCHOOLS
(Compensation subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Teachers											
Increment	2.7%	1.7%	2.7%	1.8%	1.7%	1.7%	1.7%				
General adjustment (COLA)	3.0%(a)	5.2%	0.0%	5.0%	-	4.0%	5.0%				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	-	-				
Other	(b)	-	-	-	(f)	-	-				
School Based Administrators											
Increment	0.8%	0.07%	0.07%	0.13%	1.9%	1.8%	1.9%				
General adjustment (COLA)	2.0%	3.0%	0.0%	3.0%	-	3.0%	4.0%				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	-	-				
Other	(c)	(c)	-	-	(f)	-	-				
Non-School Based Administrators											
Increment	-	1.9%	1.8%	1.7%	1.3%	1.8%	1.2%				
General adjustment (COLA)	2.0%	3.0%	0.0%	3.0%	-	3.0%	4.0%				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	-	-				
Other	-	-	-	(d)	(f)	-	(g)				
Support Staff											
Increment	1.8%	1.8%	2.1%	1.7%	1.6%	1.6%	1.7%				
General adjustment (COLA)	2.0%	3.0%	0.0%	3.0%	-	3.0%	4.0%				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	(e)	(f)	-	-				

(a) Includes 1.0% from Governor.

(b) 2.3% restructuring.

(c) 4.5% for principals.

(d) Restructuring non-school based administrators - \$400,000.

(e) A two-year phase-in of reclassifications for bus drivers and grounds men - \$600,000, and school-based clericals - \$550,000.

(f) 4% compensation restructuring.

(g) Executive Cabinet proposed at 5%.



FAIRFAX COUNTY PUBLIC SCHOOLS
(Compensation not subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Teachers											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
General adjustment (COLA)	5.0%(a)	3.0%	2.0%	2.0%	3.0%	3.0%	3.0%	2.0%	3.0%	0.0%	0.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Other	-	2.0% longevity	-	1%(b)	Reduce contract 1 day	1.4%(d)	0.40%(e)	0.40%	-	-	-
School Based Administrators											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
General adjustment (COLA)	5.0%	3.0%	2.0%	2.0%	2.0%	3.0%	3.0%	2.0%	3.0%	0.0%	0.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	2.5%	-	-	2.5%(c)	-	-	-	-	-	-	-
Other	-	-	-	-	Regrade principals	-	-	-	-	-	-
Non-School Based Administrators											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
General adjustment (COLA)	5.0%	3.0%	2.0%	2.0%	2.0%	3.0%	3.0%	2.0%	3.0%	0.0%	0.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	2.5%	-	-	2.5%(c)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Support Staff											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
General adjustment (COLA)	5.0%	3.0%	2.0%	2.0%	2.0%	3.0%	3.0%	2.0%	3.0%	0.0%	0.0%
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	2.5%	-	-	2.5%(c)	-	-	-	-	-	-	-

(a) In addition, instructional assistant's scale was raised from equaling 50.5% of basic teacher scale to 51.0%, which amounted to an extra 1.0% increase.

(b) Two additional contract days added, equivalent to 1% increase.

(c) Additional step prior to longevity step added at 2.5%.

(d) Average additional 1.4% associated with raising entry hiring rate to \$40,000.

(e) 0.4% average increase for scale restructuring.



FREDERICK COUNTY PUBLIC SCHOOLS

(Compensation subject to collective bargaining only for teachers and supporting services employees units)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Teachers											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	(h)(m)
General adjustment (COLA)	5.89%(a)	5.0%	1.5%	4.0%	(e)	3.0%	4.5%	4.5%	2.0%	None	-
Lump-sum payment	-	-	-	-	-	-	-	(i)(k)(l)	(k)	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Other								(j)			
Superintendents and Executive Directors											
Increment	No	No	No	No	No	No	No	No	No	No	(h)(m)
General adjustment (COLA)	(b)	(c)	1.5%	6.0%	(f)	6.0%	8.0%	8.0%	5.5%	None	-
Lump-sum payment	-	(d)	(d)	(d)	-	-	-	(d)(l)	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Administrative and Supervisory Personnel											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	(h)(m)
General adjustment (COLA)	6.0%	5.0%	1.5%	4.0%	(e)	3.0%	4.5%	4.5%	2.0%	None	-
Lump-sum payment	-	-	-	-	-	-	-	(l)	-	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-
Supporting Services Employees											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	(h)(m)
General adjustment (COLA)	6.0%	4.0%	1.5%	4.0%	2.0%	3.0%(e)	4.4%(g)	4.5%	2.0%	None	-
Lump-sum payment	-	-	-	-	-	-	-	(l)	(l)	-	-
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	-

(a) Teachers also received other concessions in bargaining process. Eleven-month scale created for Athletic Directors; 11 and 12-month scales for teachers.

(b) Superintendent received 5.0%; Executive Directors are set individually but received close to 6.0%.

(c) Superintendent will receive 5%; Executive Directors will receive 6%.

(d) Superintendent received lump sum payment in addition to the base salary.

(e) Pay scales revised.

(f) New Superintendent; Executive Directors received 4%.

(g) Support Employee negotiations created shift differentials for second and third shifts

(h) Proposed Budget – Pending the results of negotiations.

(i) Negotiations resulted in the following:

Stipend increased from \$1,000 to \$2,000 for teachers, guidance counselors and speech language pathologists who earn national certification.

Hourly rate for Workshop Attendees and Presenters increased to \$25 and \$35 respectively.

Hourly rate for Presenters of MSDE approved workshops and classes increased to \$49.

Activity Pay compensation rates increased 4.5%.

(j) 10-month teacher work year increased to 190 days.

(k) One time lump sum payments of \$3,000 were approved for teachers accepting positions in areas that the Board of Education has deemed “Critical Need”.

(l) Lump sum payments of \$500 approved for benefited employees who are employed for the entire year and use less than 3 days of sick leave. Paid November of following fiscal year.

(m) FY 2011 BOE Proposed Budget includes no salary increases and eliminates (k) & (l), continues the suspension of the Annual Leave Buyback Option, and reduces the Pre-service Teacher Training.



HOWARD COUNTY PUBLIC SCHOOLS
(Compensation subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Teachers											
Increment	Yes	Yes	Yes(f)	Yes	Yes	Yes	Yes	Yes	Yes	No	
General adjustment (COLA)	6.0%(d)	6.0%(d)	0.0%	4.0%	6.0%	3.0%	3.5%	5.0%	5.0%	1.2%	TBD
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Principals											
Increment	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	
General adjustment (COLA)	5.0%	6.0%	3.0%	4.0%	6.0%	3.0%	3.5%	5.0%	4.75%	1.2%	TBD
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	
Top of range adjustment	(a)	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Admin/Mgmt/Tech											
Increment	Yes	No	No	Yes	Yes	Yes	Yes	No	No	No	
General adjustment (COLA)	5.0%	6.0%	3.0%	6.0%	6.0%	3.0%	3.5%	5.0%	5.0%	1.2%(g)	TBD
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Educational Support											
Increment	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	
General adjustment (COLA)	5.0%(e)	5.0%(e)	3.0%	4.0%	6.0%	3.0%	3.5%	5.0%	5.0%	1.2%(h)	TBD
Lump-sum payment	-	-	-	Lower steps received larger amounts	Lower steps received larger amounts	-	-	-	-	-	
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
AFSCME											
Increment	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	
General adjustment (COLA)	5.0%(e)	5.0%(e)	3.0%	4.0%	6.0%	3.0%	3.5%	5.0%	5.0%	1.2%	TBD
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	
Top of range adjustment	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	

- (a) New Step 11.
- (d) Additional 1.0% from the State.
- (e) 6.0% for employees not receiving increment (i.e., at top of scale).
- (f) Increment plus adjustments to frozen steps equates to 3.0%.
- (g) Value of 1.2% divided equally among eligible staff.
- (h) Adjustments to scale(s) equate to 1.2%.



PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
(Compensation subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
Teachers											
Increment	-	Yes	Yes	Yes	Yes	Yes	(e)				
General adjustment (COLA)	(a)	5.0%	-	2.0%(b)	2.0%(c)	3.0%	-				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	-	-				
Principals and Supervisors											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	(f)				
General adjustment (COLA)	3.0%	4.0%	4.0%	2.0%(b)	2.0%(c)	3.0%	-				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	-	-				
General Support Staff											
Increment	Yes	Yes	Yes	Yes	Yes	Yes	(e)				
General adjustment (COLA)	2.0%	4.0%	4.0%	2.0%(b)	2.0%(c)	3.0%	-				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	-	-				
Other Support Staff (Custodians)											
Increment	-	Yes	Yes	Yes	Yes	Yes	3.0% on 7/2006				
General adjustment (COLA)	(a)	4.0%	3.0%	2.0%(b)	2.0%(c)	2.0%(d)	and 1.0% on 1/2007.				
Lump-sum payment	-	-	-	-	-	-	-				
Top of range adjustment	-	-	-	-	-	-	-				

- (a) Several negotiating sessions have been conducted. As of 7/3/00 a settlement has not been reached.
- (b) Retrospective to 10-18-03 increment July 1, 2003.
- (c) 2% effective 7-1-04; additional 1% effective 1-8-05
- (d) 2% effective 7-1-05; additional 1% effective 1-6-06.
- (e) Not yet at table.
- (f) Several negotiating sessions have been conducted. No agreement to date.



STATE OF MARYLAND
(Compensation subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
All Employees											
Increment	Yes(a)	Yes(a)	-	(h)	Yes	Yes	Yes	Yes	Yes	(l)	(m)
General adjustment (COLA)	4.0%(b)	4.0%(e)	-	(h)	\$752	1.5%	2.0%(i)	2.0%	2.0%	-	-
Lump-sum payment	Yes(c)	Yes(c)	(g)	(h)	-	-	Yes(j)	-	-	-	-
Top of range adjustment	Yes(d)	Yes(f)	-	(h)	-	-	Yes(k)	-	-	-	-

- (a) Starting FY01, approximately 35,000 State employees are represented by a labor organization. Many of them are paid on the standard salary schedule. However, those employees not represented by a labor organization who are paid on the standard or a similar salary schedule receive the same increments as those who are represented by a labor organization. Some employees not subject to collective bargaining who are not paid on the standard or a similar salary schedule receive merit increases in addition to the general salary adjustment.
- (b) This 4% COLA increase was implemented on November 15, 2000.
- (c) In fiscal 2000, an estimated 15% of those eligible for performance bonuses received a lump-sum payment of \$1,000 for a rating of "outstanding;" approximately 34% were paid \$500 for a rating of "exceeds standards." In fiscal 2001, the corresponding rates were 16% and 36%.
- (d) A new executive pay plan (EPP) and an expanded standard salary schedule were proposed for FY01. The EPP provides three fewer salary grades and utilizes salary ranges with 29.2% bandwidths. Maximum salaries are roughly \$6,000 higher than they were at the top of the grade. The expanded standard schedule provides 4 additional salary grades, primarily to provide slots for managerial employees formerly improperly placed on the executive salary schedule.
- (e) This 4% COLA, or "general salary increase," was implemented on January 1, 2002.
- (f) In fiscal 2002, two steps were added to the top of the salary schedule, making a total of 18 steps, and the first grade of 26 grades became obsolete and is no longer used. The maximum pay on the executive pay plan, for each grade, is 8% higher in fiscal 2002 (on January 1, 2002) than it was a year previous (on January 1, 2001).
- (g) In FY03, lump-sum payments were to be awarded if the Board of Public Works determined that they were affordable. They were not determined to be affordable, as a result, there were no pay increases in FY03 although they were in the recommended budget.
- (h) No salary enhancements were budgeted in FY04. The only enhancement allowed - if agency budgets can accommodate - is a reclassification (promotion).
- (i) General salary increases will be \$900 for employees making a base salary of less than a \$45,000 per year on an annualized basis, \$1,400 for employees making a base salary more than \$70,000 per year on an annualized basis, and 2 percent for the rest of the workforce. Approximately 87 percent of the workforce will receive 2 percent or more.
- (j) Performance bonuses for Correctional Officer II, Sergeant, Lieutenant, Captain, and Major positions (\$500) in the Division of Correction and for nurses in the Department of Health and Mental Hygiene (\$3,000) are newly funded in fiscal 2007. These bonuses are awarded for fewer than 5 unscheduled absences over a 12-month period.
- (k) Two steps have been added to the top of the standard salary schedule and one step has been added to the physicians' salary schedule.
- (l) The Budget Reconciliation and Financing Act of 2009 (HB101/SB166) prohibited all State employees from receiving any performance bonuses, merit increments, or cost-of-living adjustments. A furlough was enacted in August 2009 reducing average employee salaries by 2.6%.
- (m) The Budget Reconciliation and Financing Act of 2010 (SB141/HB151) language again prohibits State employees from receiving performance bonuses, merit increments, or cost-of-living adjustments. The FY 2011 budget bill (SB140/HB 150) also includes a 10-day furlough modeled on the FY 2010 plan.

FEDERAL GOVERNMENT (a)
(Compensation not subject to collective bargaining)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	REC FY11
All Employees											
Increment	1.5%(d)(e)	1.5%(d)(e)	1.5%(d)(e)	1.5%(d)(e)	1.5%(d)(e)	1.5%(d)(e)	1.5%(d)(e)	1.5%(d)(e)	1.5%(d)(e)	1.5%(d)(e)	1.5%(d)(e)
General adjustment (f)	2.7%	3.6%	3.1%	2.7%	2.5%	2.1%	1.7%	2.5%	2.9%	1.5%	(g)
Lump-sum payment	-	-	-	-	-	-	-	-	-	-	-
Top of range adjustment	Same	Same	Same	Same	Same	Same	Same	Same	Same	Same	Same
Locality pay (b)	3.81%(c)	4.77%(c)	4.27%(c)	4.42%(c)	3.71%(c)	3.44%(c)	2.64%(c)	4.49%(c)	4.78%	2.42%	(g)

- (a) For Federal employees in the Washington Baltimore locality pay area. Data reflect the Federal fiscal year.
- (b) Locality pay instituted in FY94.
- (c) This is the **cumulative** figure that includes both general adjustments and increases in locality pay.
- (d) 1.5% is a rough estimate of the average annual value of General Schedule within grade and quality step increases as a percentage of payroll. The actual average can vary year to year. Some estimation methods indicate the multi-year average may be closer to 1.3%.
- (e) Increments awarded annually for advancement to steps 2-4, awarded every 2 years for steps 5-7, and awarded every three years for steps 8-10. Eighteen years to advance from minimum step 1 to maximum step 10.
- (f) The federal government uses a cost of labor standard to determine the general adjustment rather than a cost of living standard. This adjustment is not referred to as the COLA.
- (g) The President's budget proposed a 1.4% overall average increase for Federal civilian employees. The overall increase will be allocated between an across-the-board increase and locality pay raises.