

Economic Impact Statement

Office of Legislative Oversight

BILL 43-20 **Non-Merit Employees – Merit System Employees – Severance Pay – Limited**

SUMMARY

The Office of Legislative Oversight (OLO) expects Bill 43-20 to have an insignificant impact on economic conditions in Montgomery County.

BACKGROUND

The goal of Bill 43-20 is to enhance transparency in County employee compensation. As Robert Drummer, Senior Legislative Attorney with the Montgomery County Council, writes, “In past years, some employees received severance payments as they left County employment under an unregulated and undisclosed manner. Bill 43-20 is intended to end this process and require any severance payments to be made in an open and equitable manner.”¹ If enacted, the Bill would prohibit severance pay for County employees unless authorized by law and for those employees who violate Ethics law.² The Bill would exclude: “the payout of unused leave at termination of employment,” “a discontinued retirement pension authorized under Section 33-45(d),” and “severance pay under Sections 33-139 and 33-140.”³

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

No methodologies were used in this statement. The assumptions underlying the claims made in the subsequent sections are based on the judgment of OLO staff.

VARIABLES

Not applicable.

¹ Memorandum, Bill 43-20, Non-Merit Employees – Merit System Employees – Severance Pay – Limited, September 24, 2020, Montgomery County Council, 1.

² Montgomery County Council, Bill 43-20, Non-Merit Employees – Merit System Employees – Severance Pay – Limited, Introduced on September 29, 2020, Montgomery County, Maryland, 1.

³ Ibid, 2-3.

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IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

OLO believes that Bill 43-20 would have little to no impact on private organizations in the County in terms of the Council's priority indicators, namely workforce, operating costs, capital investments, property values, taxation policy, economic development and competitiveness.⁴

Residents

OLO believes that Bill 43-20 would have little to no impact on County residents in terms of the Council's priority indicators.

WORKS CITED

Drummer, Robert. Memorandum: Bill 43-20, Non-Merit Employees – Merit System Employees – Severance Pay – Limited. September 24, 2020. Montgomery County Council.

Montgomery County Council. Bill 10-19, Legislative Branch – Economic Impact Statements – Amendments. Enacted on July 30, 2019. Montgomery County, Maryland.

Montgomery County Council. Bill 43-20, Non-Merit Employees – Merit System Employees – Severance Pay - Limited. Introduced on September 29, 2020. Montgomery County, Maryland.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) drafted this economic impact statement.

⁴ For the Council's priority indicators, see Montgomery County Council, Bill 10-19 Legislative Branch – Economic Impact Statements – Amendments, Enacted on July 30, 2019, Montgomery County, Maryland, 3.