

# Economic Impact Statement

Office of Legislative Oversight

## Expedited Bill 33-21

## Personnel – Employee’s Retirement System – Group E – Amendments

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Expedited Bill 33-21 would have an insignificant impact on economic conditions in the County due to its minimal impact on County operating expenses.

### BACKGROUND

If enacted, Expedited Bill 33-21 would make the following changes to the County’s Employee Retirement System:

- “(1) move resident supervisors in the Department of Correction and Rehabilitation from Group J to Group E;
- (2) permit resident supervisors to participate in the Deferred Retirement Option Plan forsworn deputy sheriffs and uniformed correctional officers; [and]
- (3) clarify the application of credited service for employees who move from the GRIP to Group E.”<sup>1</sup>

### METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

Changes to County employee compensation can affect government spending. An increase in personnel costs may present an opportunity cost in terms of forgone revenues that the County could use to provide services to residents. Such an opportunity cost may affect residents and private organizations based in the County in terms of the Council’s priority economic indicators.<sup>2</sup> However, the Fiscal Impact Statement for Expedited Bill 33-21 concludes that the changes to the County’s Employee Retirement System would have a minimal impact on County contributions. For this reason, OLO believes that enacting the Bill would have an insignificant impact on economic conditions in the County. The claims made in subsequent sections are based on this conclusion.

### VARIABLES

Not applicable

<sup>1</sup> Montgomery County Council, Expedited Bill 33-21, Personnel – Employee’s Retirement System – Group E – Amendments. Introduced on July 27, 2021.

<sup>2</sup> Montgomery County Code, Sec. 2-81B, Economic Impact Statements, [https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco\\_md/0-0-0-80894](https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-80894).

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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 anticipates that enacting Expedited Bill 33-21 would have insignificant impacts on private organizations in the County in terms of the Council's priority indicators.

### Residents

Enacting Expedited Bill 33-21 likely would impact very few residents. According to the Fiscal Impact Statement, the "change from Group J to Group E will impact the employer contributions for approximately 20 individuals and will also allow them to be eligible for DROP." It is possible that some of these individuals may reside in the County. Given the small number of potential residents impacted by the changes to the Employee Retirement System, OLO anticipates that enacting Expedited Bill 33-21 would have insignificant impacts on residents in terms of the Council's priority indicators.

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## DISCUSSION ITEMS

Not applicable

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## WORKS CITED

Montgomery County Code. Sec. 2-81B. Economic Impact Statements.

Montgomery County Council. Expedited Bill 33-21, Personnel – Employee's Retirement System – Group E – Amendments. Introduced on July 27, 2021.

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## 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.

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## CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.