

Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 39-23

OPT/SLT Bargaining Units – Pension Multiplier Corrections for Group E and J Members

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Expedited Bill 39-23 would have an insignificant impact on economic conditions in the County in terms of the Council's priority indicators.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 39-23

In August 2023, the Council enacted Expedited Bill 20-23 “to implement provisions of the negotiated Memorandum of Agreement between the Montgomery County Government and the Municipal & County Government Employees Organization, UFCW, Local 1994 (MCGEO).”¹ The purpose of Bill 39-23 is to correct a drafting error in Expedited Bill 20-23. According to the County Executive, because of the drafting error, the final agreement between the County and MCGEO included an unintended pension multiplier change that “will result in a reduction in benefits that does not reflect that parties’ intent.” If enacted, Bill 39-23 “would correct the pension multiplier for retirement Groups E and J in order to reflect the bargained-for intent” of Bill 20-23.²

The Council introduced Expedited Bill 39-23, OPT/SLT Bargaining Units – Pension Multiplier Corrections for Group E and J Members, on October 17, 2023.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess the impacts of Expedited Bill 39-23 on County-based private organizations and residents in terms of the Council's priority economic indicators and whether the Bill would likely result in a net positive or negative impact on overall economic conditions in the County.³

Expedited Bill 39-23 “would correct the pension multiplier for retirement Groups E and J in order to reflect the bargained-for intent” of Bill 20-23. In May 2023, OLO published an Economic Impact Statement on Bill 20-23, which concluded the following:

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 20-23 would have a moderate negative impact on economic conditions in the County in terms of the Council's priority indicators. By modifying the pension and

¹ “Expedited Bill 20-23.”

² “Introduction Staff Report on Expedited Bill 39-23.”

³ Montgomery County Code, Sec. 2-81B.

retirement plans for County employees in Groups E and J, the Bill would increase the actuarial value of income for current and future sheriffs and correctional officers and staff who participate in the Employees' Retirement System. Based on low rates of County residence among retired Department of Corrections and Rehabilitation (DOCR) and Sheriff's Office personnel, a minor share of the income increase likely would go to residents. The remainder would constitute significant capital outflows in the form of government revenue used to fund pension increases for retired DOCR and Sheriff's Officer employees who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations. Moreover, capital outflows caused by the policy change would occur indefinitely if current rates of County residence among employees in these agencies continue. Because there are no indications current residence patterns among these employees will drastically change, OLO believes the negative impacts of the Bill would be significant in the long term.⁴

Because the changes in Expedited Bill 39-23 are technical in nature, OLO anticipates that the Bill would have insignificant impacts on private organizations, residents, and overall economic conditions in the County in terms of the indicators prioritized by the Council.

VARIABLES

Not applicable

IMPACTS

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

Not applicable

DISCUSSION ITEMS

Not applicable

WORKS CITED

["Economic Impact Statement: Expedited Bill 20-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments."](#)

Office of Legislative Oversight, Montgomery County Council.

["Expedited Bill 20-23: OPT/SLT Bargaining Units – Pension and Retirement Adjustments."](#) Montgomery County Council, July 25, 2023.

["Introduction Staff Report on Expedited Bill 39-23, OPT/SLT Bargaining Units – Pension Multiplier Corrections for Group E and J Members."](#) Montgomery County Council, October 17, 2023.

⁴ "Economic Impact Statement: Expedited Bill 20-23."

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements](#).

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) prepared this report.