



# Workforce/Compensation

## SUMMARY OF FY18 RECOMMENDATIONS

### A. SUMMARY OF AGENCY REQUESTS

**Montgomery County Public Schools (MCPS):** The MCPS workforce for FY18, as recommended by the Board of Education (BOE), is 22,284.33 FTEs, or 103.83 FTEs greater than the approved FY17 workforce of 22,180.50 FTEs. Labor negotiations 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) are ongoing. MCPS' budget request contains funding for anticipated agreements. For more information on compensation and workforce changes, please see the Board of Education's FY18 requested budget document.

**Montgomery College (MC):** There is a decrease of 3.0 FTEs in the size of the Montgomery College complement for FY18, as requested by the College and its Board of Trustees. This is accompanied by an increase in personnel costs of about \$7.5 million. The primary factors for these cost increases are annualizations of FY17 compensation changes and anticipated FY18 wage adjustments. Negotiations are ongoing however, and merit and general wage adjustment increases are not known at the time of this publication. For more information on compensation and workforce changes, please consult the Adopted FY18 Montgomery College Operating Budget Request, available on the College's website.

**Maryland-National Capital Park & Planning Commission (M-NCPPC):** The net impact on the M-NCPPC workforce for FY18, as recommended by the Planning Board, is an increase of 35.7 FTEs. The Commission's requested budget includes a decrease in personnel costs of \$4.9 million. The decrease also includes retirement and group insurance adjustments, a compensation placeholder (to address collectively bargained compensation increases and pass-through costs) and a reclassification placeholder. For more information on compensation and workforce changes, please see the M-NCPPC FY18 requested budget document.

**Montgomery County Government (MCG):** The net impact on the County government workforce for FY18, as recommended by the Executive, is an increase of 154 positions.

The recommended budget contains an increase in total personnel costs of \$24.0 million, or 2.2 percent. The primary factors in these changes are:

Factor	Millions
General Wage Adjustment	\$13.5
Decrease in required retirement contribution	-\$4.0
Service increments and longevity	\$7.0
Other negotiated increases	\$0.8
Net increase in positions and other changes in personnel costs, including annualization of positions, turnover, and lapse	\$6.8

The decrease in required retirement contribution is primarily due to revised actuarial assumptions and changes to the amortization period based on the County's five-year experience study, resulting in a reduced required County contribution into the retirement plans.

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The recommendations in the remainder of this section are for the County government and are based upon the bargained agreements with the United Food and Commercial Workers, Local 1994 (Municipal and County Government Employees Organization - MCGEO), the International Association of Fire Fighters (IAFF), Local 1664, the Fraternal Order of Police (FOP), Lodge 35, and Montgomery County Volunteer Fire and Rescue Association (MCVFRA). Certain provisions of the agreements have been extended to unrepresented employees, as noted below.

## B. COUNTY GOVERNMENT SALARY AND WAGES

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**GENERAL WAGE ADJUSTMENT:** The Executive recommends the following general wage adjustments (GWA) in FY18: 2 percent effective the first full pay period after July 1, 2017 for all employees in the Police bargaining unit and Police uniformed managers, 2 percent effective the first full pay period after August 1, 2017 for all employees in the Office, Professional, and Technical (OPT) and Service, Labor, and Trades (SLT) units, and all non-represented employees, including Management Leadership Service (MLS) employees, and 2 percent effective the first full pay period after October 1, 2017 for all employees in the Fire and Rescue bargaining unit and Fire and Rescue uniformed managers.

FY18 salary schedules can be found on the County's website at:

<http://www.montgomerycountymd.gov/HR/compensation/Compensation.html>.

**SERVICE INCREMENTS:** The Executive recommends service increments of 3.5 percent for all eligible employees.

**LONGEVITY INCREMENTS:** The Executive recommends longevity increments in FY18 for all eligible employees, and recommends increasing the longevity amount from 3 percent to 3.5 percent for all employees on the Deputy Sheriffs and Correctional Officers Salary Schedules, effective July 1, 2017. The Executive also recommends adjusting the second longevity step for all employees in the Fire and Rescue bargaining unit, currently provided after completing 28 years of service, to employees who complete 24 years of service, effective July 1, 2017.

**PERFORMANCE-BASED PAY:** The Executive recommends \$1,984,118 in the Compensation Adjustment and Employee Benefits NDA to fund performance-based pay increases for MLS employees.

## C. COUNTY GOVERNMENT: EMPLOYEE BENEFITS

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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 2017 and projected changes for 2018. The employer rates are 6.2 percent for social security and 1.45 percent for Medicare and are not 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 exposures, past and projected claims experience along with administrative expenses.

**Group Insurance Benefits :** The contributions for health insurance are based on an actuarially determined countywide average fixed rate of \$11,651 per position, and the contribution for life insurance is based on fixed rates per coverage amounts based on an employee's salary.

It is projected for the long-term that the annual cost of group insurance for the County, including active employees and retirees, could increase an average of approximately eight percent annually between FY18 and FY23. 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 Employees' Retirement System, which currently provides benefits to approximately 6,453 retirees and survivors, is administered by Montgomery County Employee Retirement Plans (MCERP). MCERP oversees all facets of the retirement plans including investments, administration, and accounting. Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated with MCERP in consultation with the Office of Human Resources, the County's actuaries, the Finance Department, and the Office of Management and Budget.

**Consolidated Retiree Health Benefits Trust:** Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to the County's 50 year-old practice of pre-funding for retiree pension benefits. The reasons for doing this are simple: Due to exponential growth in expected retiree health costs, the cost of funding these benefits, which were being paid out as the bills came due, would soon become unaffordable. Setting aside money now and investing it in a Trust Fund, which is 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 \$1.8 billion - approximately 31 percent of the total FY18 budget for all agencies.

<b>Proposed FY18 Consolidated Retiree Health Benefits Trust Contributions</b>	
<b>Montgomery County Government (MCG)</b>	<b><u>FY18</u></b>
<u>General Fund:</u>	
Retiree Health Benefits Trust NDA	\$43,398,320
<u>Proprietary Funds:</u>	
Bethesda Parking District	\$148,760
Wheaton Parking District	15,390
Silver Spring Parking District	102,600
Solid Waste Collection	20,520
Solid Waste Disposal	394,990
Liquor Control	2,339,170
Permitting Services	1,220,880
Community Use of Public Facilities	148,760
Motor Pool	1,025,950
Risk Management	51,300
Central Duplicating	148,760
<u>Participating Agency Contributions</u>	\$1,396,600
<b>Total MCG Trust Contributions</b>	<b>\$50,412,000</b>
<b>Consolidated Trust: Montgomery County Public Schools</b>	<b>\$74,192,000</b>
<b>Consolidated Trust: Montgomery College</b>	<b>\$2,552,000</b>
<b>Park and Planning Commission Trust Fund*</b>	<b>\$2,139,402</b>
<b>Total Consolidated Retiree Health Trust</b>	<b>\$129,295,402</b>

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 and any accrued interest on unfunded liability. This amount, known as an Annual OPEB Cost or "AOC", is estimated at \$120.4 million. This amount consists of two pieces - the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated as needed to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis.

The County committed to an approach of "ramping up" to the AOC amount over several years, with the amount set aside each year increasing steadily until the full AOC is reached. In FY11, the County Council enacted Bill

17-11 which established the Consolidated Retiree Health Benefits Trust. The Bill amended existing law and provided a funding mechanism to pay for other post

employment benefits for employees of Montgomery County Public Schools and Montgomery County College. In FY15, the County and all other agencies implemented the Medicare Part D Employer Group Waiver Program for Medicare eligible retirees/survivors effective January 1, 2015. This will reduce retiree drug insurance costs and the County's OPEB liability. The County achieved full pre-funding in FY15, consistent with Council resolution No. 16-555. In FY17, these contributions were \$43.5 million (County General Fund), \$63.1 million (MCPS Consolidated Trust), and \$1.5 million (Montgomery College Consolidated Trust). A detailed breakdown of FY18 recommended contributions to the Consolidated Retiree Health Benefit Trust for County Government tax supported agencies, participating agencies, Montgomery County Public Schools, and Montgomery College is displayed in the table above. The Executive is recommending that the Retiree Health Benefits Trust provide \$27.2 million to Montgomery County Public Schools for the payment of retiree health insurance claims in FY18.

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

1. The Employees' Retirement System (ERS), a defined benefit pension plan, was established through legislation in 1965 and is described in the Montgomery County Code, Section 33. As of June 30, 2016, there were 6,453 retirees and survivors and 5,513 active members, including 1,526 in the Guaranteed Retirement Income Plan (GRIP). Retirement plan design changes occurring through the collective bargaining process and by other means are coordinated by the MCERP staff, in consultation with the County's actuaries, the Office of Human Resources, 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 GRIP is a Cash Balance Plan that began in FY10 as a result of negotiations between Montgomery County and UFCW Local 1994 MCGEO. Eligibility to participate has been passed through to non-represented employees and participants of participating agencies. All full- and part-time non-public safety employees hired before January 1, 2009 enrolled in the RSP were eligible to make a one-time irrevocable election to transfer to the GRIP by June 1, 2009. Eligible employees hired after January 1, 2009, have the option to participate in either the RSP or the GRIP. As with the RSP, the County and employee each make contributions at a set percentage of pay. The salient feature of the GRIP is that the plan provides guaranteed annual earnings of 7.25%, credited monthly.

2. The Retirement Savings Plan (RSP), a defined contribution plan, was established for all new OPT/SLT (non-public safety) and non-represented employees hired on or after October 1, 1994. Eligible employees hired after January 1, 2009, have the option to participate in either the RSP or the GRIP. Eligible employees in the ERS are allowed to transfer to the Retirement Savings Plan. Both regular full-time and part-time employees can participate. Under this plan, the County and employee each make contributions at a set percentage of pay. These monies are deposited into employee accounts and invested based on each employee's selection of an investment vehicle(s) established by the Board of Investment Trustees.
3. The Montgomery County Deferred Compensation Plan (DCP) was established by the County to make a deferred compensation plan available pursuant to Section 457 of the Internal Revenue Code. Employee contributions are made on a voluntary basis with the monies deposited into employee accounts and invested based on each employee's selection of an investment vehicle(s) established by the Board of Investment Trustees. In FY 2005, the County established the Montgomery County Union Employees Deferred Compensation Plan for employees covered by a collective bargaining agreement. This Plan is administered by the three unions representing Montgomery County employees.

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The Board of Investment Trustees manages the assets of the ERS through its investment managers in accordance with the Board's asset allocation strategy. The Board also administers the investment program for the Retirement Savings Plan and the Montgomery County Deferred Compensation Plan. The Montgomery County Union Employees Deferred Compensation Plan is administered by the three unions representing Montgomery County employees. The Board currently consists of 13 trustees including: the Directors of Human Resources, Finance, and Management and Budget; the Council Administrator; 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:** The number of active non-public safety in the ERS declined by 90 and the number of public safety employees decreased by 112, for a combined total active enrollment of 3,987. GRIP membership increased by 174 employees, to 1,526 in FY17. The RSP had 86 fewer active employees enrolled in FY17 than in FY16, for a total FY17 enrollment of 3,670.

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. The County uses multiple contribution rates designating the percentage of payroll for the various employee groups to determine the retirement contribution.

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

## COLLECTIVE BARGAINING

### Fire and Rescue Bargaining Unit:

The current agreement expires on June 30, 2017. The negotiated agreement becomes effective July 1, 2017, and expires on June 30, 2019. The agreement's salient economic terms include:

- General Wage Adjustment. A 2 percent GWA will be paid the first full pay period following October 1, 2017.
- Service Increments. A service increment of 3.5 percent will be paid in FY18 up to the maximum base salary for the grade for eligible unit members.
- Longevity step increases. A longevity step increase will be paid to eligible employees.
- Adjusted longevity step. The second longevity step, currently available after completion of 28 years of service, will be available after completion of 24 years of service, effective July 1, 2017.
- Pharmacy Benefit Management Program. Beginning July 1, 2017, pharmacy benefit management programs will be implemented for the High Option and Standard Option prescription plans for unit members.

### MCGEO Bargaining Unit:

The current agreement expires on June 30, 2017. The negotiated agreement becomes effective July 1, 2017, and expires on June 30, 2019. The agreement's salient economic terms include:

- General Wage Adjustment. A 2 percent GWA will be paid the first full pay period following August 1, 2017.
- Service Increments. A service increment of 3.5 percent will be paid in FY18 up to the maximum base salary for the grade for eligible unit members.
- Longevity step increases. A longevity step increase will be paid to eligible employees.
- Longevity step adjustment. The amount of the longevity step will increase from 3 percent to 3.5 percent for eligible unit members on the Deputy Sheriffs and Correctional Officers Uniform Salary Schedules.
- Additional step. An additional step will be added at the top of the Deputy Sheriffs and Correctional Officers Uniform Salary Schedules for certain ranks.
- Seasonal Wage Adjustment. A \$0.25 an hour adjustment effective the first full pay period after July 1, 2017 for seasonal employees not impacted by the County minimum wage increase.
- Uniforms and equipment. Increases in the reimbursement allowance for boots, uniforms, and tools to eligible employees.

### Police Bargaining Unit:

The current agreement expires on June 30, 2017. The negotiated agreement becomes effective July 1, 2017, and expires on June 30, 2018. The agreement's salient economic terms include:

- General Wage Adjustment. A 2 percent GWA will be paid the first full pay period following July 1, 2017.
- Service Increments. A service increment of 3.5 percent will be paid in FY18 up to the maximum base salary for the grade for eligible unit members.
- Longevity step increases. A longevity step increase will be paid to eligible employees.

### Volunteer Fire and Rescue Bargaining Unit:

The current agreement became effective on July 1, 2014, and expires on June 30, 2017. The negotiated agreement becomes effective July 1, 2017, and expires on June 30, 2020. The agreement's salient economic terms include:

- Nominal fee. A nominal fee increase will be paid in FY18. The nominal fee for eligible volunteers increases in July 2017 by \$10 to \$435 and by \$25 to \$650, depending on level of service.
- Association funding. Funding for the Association will increase by 1.75% on July 1, 2017.
- Uniforms and equipment. Funding in the amount of \$135,000 will be provided in FY18 to purchase 50 gear sets.
- Training. An increase of \$3,000 will be provided for Volunteer Basic Orientation Course training.

## WORKFORCE ANALYSIS

**Basis:** Workforce analysis has been performed on changes to tax supported and non-tax supported full-time equivalent (FTE) positions in the Executive's Recommended FY18 Operating Budget for the County government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY17, which began on July 1, 2016. Changes shown reflect such factors as the addition of grant-funded positions; abolishments and creations to implement approved job sharing agreements; and other miscellaneous changes. Changes recommended by the Executive for FY18 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, 2017; and technical changes.

**Summary:** The recommended budget includes funding for 9,448 full-time positions, a net increase of 146 from the approved FY17 Personnel Complement of 9,302 full-time positions. Funding for 974 part-time positions is also included, a net

increase of 8 positions from the approved FY17 Personnel Complement of 966 positions. FTEs increased by 150.1 to 10,181.3.

Detailed below are the significant net changes in the number of positions in the FY18 Recommended Budget.

Workforce Changes	Position Change
Police - Change is due to the addition of six new officers for Bethesda, five new officers for Gaithersburg/Montgomery Village, nine new positions for the Emergency Communications Center, eight new positions for the Cadet program, and three new positions for the school bus camera program contract. This is offset by a reduction of five Patrol Services Assistant positions.	26
Health and Human Services - Change is due to the conversion of nine contractual positions to merit positions within the African American Health Program, Asian American Health Initiative, and Latino Health Initiative; four positions to support school health staffing for two schools; four positions related to a conversion of temporary positions to merit for the Neighborhood Opportunity Network; four positions to implement the Safe Space Program; two additional positions in the Adult Protective Services Investigative Unit; two positions for Mental Health Court; and a reduction due to a technical adjustment from a prior year item.	24
Mass Transit - Change is due to the addition of twenty-three bus operators for the new MD 355 Extra Service.	23
Housing and Community Affairs - Change is due to the addition of fourteen positions needed to implement Bill 19-15, Landlord - Tenant Relations - Licensing of Rental Housing - Landlord Tenant Obligations. These positions will enhance landlord-tenant outreach, tenant protections, and housing code enforcement through the addition of program staff, funding for information technology improvements, translation of the standard lease and other housing-related information, and greater education and outreach.	14
Recreation - Change is due to the conversion of seven temporary positions to permanent positions; one position to support a new youth initiative for Food, Fun, and Fitness/TeenWorks; and one position to support the Maryland Senior Olympics.	9
Libraries - Change is due to expanding library hours at three branches: Kensington Park, Little Falls, and Twinbrook.	8

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES															
HEALTH PLAN	2016					2017					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	%Dif
Carefirst POS	1,371	983	1,934	4,288	50.3%	1,321	972	1,951	4,244	49.1%	(50)	(11)	17	(44)	-1.2%
Carefirst POS Std	268	142	243	653	7.7%	279	152	262	693	8.0%	11	10	19	40	0.4%
Kaiser	730	351	557	1,638	19.2%	767	366	571	1,704	19.7%	37	15	14	66	0.5%
United Healthcare	638	414	894	1,946	22.8%	664	418	917	1,999	23.1%	26	4	23	53	0.3%
Grand Total				8,525					8,640					115	

**MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY**  
**COUNTY EXECUTIVE RECOMMENDED: FY18**

	POSITIONS		FULL-TIME EQUIVALENTS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL
FY17 APPROVED COMPLEMENT	9,302	966	8,203.5	1,827.8	10,031.3
FY18 RECOMMENDED COMPLEMENT	9,448	974	8,330.2	1,851.2	10,181.3
CHANGE IN WORKFORCE (GROSS)	146	8	126.7	23.3	150.1
Percentage Change	1.6%	0.8%	1.5%	1.3%	1.5%

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

Employee Retirement System Plans	Number	Fiscal 2017 Contribution	Number	Fiscal 2018 Contribution	Number	Contribution
	<u>Employees</u> (7/1/15)	<u>Rate</u> %	<u>Employees</u> (7/1/16)	<u>Rate</u> %	<u>Employees</u> (7/15 v. 7/16)	<u>Rate</u> (7/15 v. 7/16)
Public Safety	2,987	23.51%	2,875	22.05%	(112)	-1.46%
Non-Public Safety	1,202	42.71%	1,112	45.12%	(90)	2.41%
Guaranteed Retirement Income Plan	1,352	5.35%	1,526	5.46%	174	0.11%
Total ERS System Plans	5,541		5,513		(28)	
Retirement Savings Plan	3,756	8.00%	3,670	8.00%	(86)	0.00%

Source: Montgomery County Employees' Retirement System, 2015 and 2016 Actuarial Valuation Reports for Plan Years Beginning July 1, 2015, and July 1, 2016, respectively. RSP data provided by the Montgomery County Employee Retirement Plans.

PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT							
ITEM	FY16 APPR	FY16 ACT	FY17 APPR	FY17 EST	FY18 REC	\$ Change	% Change
<b>EXPENSES</b>							
Salaries and Benefits	190,000	87,587	180,200	181,000	190,000	9,800	5.4%
Professional Services	7,200	3,683	6,000	7,700	7,700	1,700	28.3%
Due Diligence/Education	3,600	407	3,600	3,600	3,600	0	0.0%
Office Management	9,000	5,403	9,000	9,560	10,560	1,560	17.3%
Investment Management fees	6,000	4,908	6,000	5,000	5,500	(500)	(8.3%)
<b>TOTAL EXPENSES</b>	<b>\$215,800</b>	<b>\$101,988</b>	<b>\$204,800</b>	<b>\$206,860</b>	<b>\$217,360</b>	<b>12,560</b>	<b>6.1%</b>

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

PROPOSED OPERATING BUDGET RETIREE HEALTH BENEFIT TRUST							
ITEM	FY16 APPR	FY16 ACT	FY17 APPR	FY17 EST	FY18 REC	\$ Change	% Change
<b>EXPENSES</b>							
Salaries and Benefits	341,690	212,895	343,180	291,690	325,000	(18,180)	(5.3%)
Professional Services	80,000	50,499	80,000	281,450	286,450	206,450	258.1%
Due Diligence/Education	48,000	14,006	50,000	50,000	50,000	0	0.0%
Office Management	20,000	8,733	20,000	20,000	20,000	0	0.0%
Investment Management fees	3,100,000	2,414,131	3,400,000	2,500,000	2,700,000	(700,000)	(20.6%)
<b>TOTAL EXPENSES</b>	<b>\$3,589,690</b>	<b>\$2,700,264</b>	<b>\$3,893,180</b>	<b>\$3,143,140</b>	<b>\$3,381,450</b>	<b>(\$511,730)</b>	<b>(13.1%)</b>

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM							
ITEM	FY16 APPR	FY16 ACT	FY17 APPR	FY17 EST	FY18 REC	FY18 vs. FY17 Appr.	
						\$	%
<b>REVENUE</b>							
Contributions	136,200,000	161,862,296	116,400,000	116,400,000	113,900,000	(2,500,000)	(2.1%)
Investment Income	279,000,000	73,371,263	270,000,000	180,000,000	282,000,000	12,000,000	4.4%
Miscellaneous Income	1,300,000	1,166,972	950,000	1,200,000	1,300,000	350,000	36.8%
<b>TOTAL REVENUE</b>	<b>\$ 416,500,000</b>	<b>\$ 236,400,531</b>	<b>\$ 387,350,000</b>	<b>\$ 297,600,000</b>	<b>\$ 397,200,000</b>	<b>9,850,000</b>	<b>2.5%</b>
<b>EXPENSES</b>							
<b>OPERATING EXPENSES</b>							
Retirement Benefits	265,000,000	236,582,928	270,000,000	247,100,000	252,000,000	(18,000,000)	(6.7%)
Investment Management fees	25,000,000	16,862,178	25,000,000	20,000,000	24,000,000	(1,000,000)	(4.0%)
<b>SUBTOTAL</b>	<b>290,000,000</b>	<b>253,445,106</b>	<b>295,000,000</b>	<b>267,100,000</b>	<b>276,000,000</b>	<b>(19,000,000)</b>	<b>(6.4%)</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries and Benefits	1,972,000	1,542,149	1,984,000	1,881,000	1,979,000	(5,000)	(0.3%)
Professional Services	1,208,500	952,822	1,018,000	1,087,000	1,056,950	38,950	3.8%
Benefit Processing	140,000	118,180	140,000	125,000	125,000	(15,000)	(10.7%)
Due Diligence/Education	62,500	22,819	65,500	65,500	65,500	0	0.0%
Office Management	443,500	378,085	433,000	418,520	121,030	(311,970)	(72.0%)
<b>SUBTOTAL</b>	<b>3,826,500</b>	<b>3,014,055</b>	<b>3,640,500</b>	<b>3,577,020</b>	<b>3,347,480</b>	<b>(293,020)</b>	<b>(8.0%)</b>
<b>TOTAL EXPENSES</b>	<b>\$293,826,500</b>	<b>\$256,459,161</b>	<b>\$298,640,500</b>	<b>\$270,677,020</b>	<b>\$279,347,480</b>	<b>(19,293,020)</b>	<b>(6.5%)</b>
<b>NET REVENUE</b>	<b>\$122,673,500</b>	<b>(\$20,058,630)</b>	<b>\$88,709,500</b>	<b>\$26,922,980</b>	<b>\$117,852,520</b>	<b>29,143,020</b>	<b>32.9%</b>

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN							
ITEM	FY16 APPR	FY16 ACT	FY17 APPR	FY17 EST	FY18 REC	Change: FY18 vs. FY17 Appr.	
						\$	%
<b>REVENUE</b>							
Investment Income	1,200	2,828	1,000	3,500	4,000	3,000	300.0%
Miscellaneous Income	250,000	292,437	250,000	250,000	250,000	0	0.0%
<b>TOTAL REVENUE</b>	<b>251,200</b>	<b>295,265</b>	<b>251,000</b>	<b>253,500</b>	<b>254,000</b>	<b>3,000</b>	<b>1.2%</b>
<b>EXPENSES</b>							
<b>OPERATING EXPENSES</b>							
Investment Management fees	6,000	4,908	6,000	5,000	5,500	(500)	(8.3%)
<b>SUBTOTAL</b>	<b>6,000</b>	<b>4,908</b>	<b>6,000</b>	<b>5,000</b>	<b>5,500</b>	<b>(500)</b>	<b>(8.3%)</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries and Benefits	237,000	130,419	227,100	208,000	221,000	(6,100)	(2.7%)
Professional Services	60,700	45,737	61,000	99,700	106,700	45,700	74.9%
Due Diligence/Education	3,600	407	3,600	3,600	3,600	0	0.0%
Office Management	9,000	4,324	9,000	9,760	10,760	1,760	19.6%
<b>SUBTOTAL</b>	<b>310,300</b>	<b>180,887</b>	<b>300,700</b>	<b>321,060</b>	<b>342,060</b>	<b>41,360</b>	<b>13.8%</b>
<b>TOTAL EXPENSES</b>	<b>\$316,300</b>	<b>\$185,795</b>	<b>\$306,700</b>	<b>\$326,060</b>	<b>\$347,560</b>	<b>40,860</b>	<b>13.3%</b>

## Fraternal Order of Police County Lodge 35, Inc. Fiscal Impact Summary\*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY18</u>	<u>Annual Cost Beyond FY18</u>
28	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,205,491	\$1,835,433
28	Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$81,346	\$136,592
36	Wages	2 Percent General Wage Adjustment in July 2017	\$2,086,191	\$2,086,191
<b>Total</b>			<b>\$3,373,028</b>	<b>\$4,058,217</b>

## Police Uniformed Management Pass-Through Estimates\*\*

<u>Item</u>	<u>Description</u>	<u>FY18</u>	<u>Annual Cost Beyond FY18</u>
Wages	2 Percent General Wage Adjustment in July 2017	\$144,761	\$144,761
Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$8,715	\$14,525
<b>Total</b>		<b>\$153,476</b>	<b>\$159,286</b>

\* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.

\*\* No Police Uniformed Management is currently eligible to receive a service increment in FY18.

# Montgomery County Career Fire Fighters Association, Inc International Association of Fire Fighters, Local 1664 Fiscal Impact Summary\*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>	
			<u>FY18</u>	<u>Beyond FY18</u>
19.1	Wages	2 Percent General Wage Adjustment in October 2017	\$1,407,076	\$1,829,198
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$171,654	\$275,471
19	Longevity	Adjusted Longevity Step from 28 Years of Completed Service to 24	\$300,000	\$321,000
20	Pharmacy Benefit Management Programs	Inclusion of Pharmacy Benefit Management Programs for Specialty Drugs	-\$160,000	-\$160,000
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$711,262	\$1,523,908
<b>Total</b>			<b>\$2,429,992</b>	<b>\$3,789,577</b>

## Fire and Rescue Uniformed Management Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>	
		<u>FY18</u>	<u>Beyond FY18</u>
Wages	2 Percent General Wage Adjustment in October 2017	\$84,315	\$91,341
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$905	\$1,726
Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$22,217	\$23,037
<b>Total</b>		<b>\$107,437</b>	<b>\$116,104</b>

\* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.

# Municipal and County Government Employees Organization

## United Food and Commercial Workers, Local 1994

### Fiscal Impact Summary\*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY18</u>	<u>Annual Cost Beyond FY18</u>
5	Wages	2 Percent General Wage Adjustment in August 2017	\$7,099,155	\$7,690,751
5.1	Longevity	Longevity Step Increase of 3 Percent for Eligible Employees	\$122,029	\$259,132
5.1	Longevity	Increase Longevity Step from 3 Percent to 3.5 Percent for Eligible Employees	\$39,164	\$47,311
6	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$3,885,196	\$7,665,407
9	Classification Studies	25 Individual and 7 Job Classification Studies	\$25,000	\$25,000
32	Tools and Uniforms	Increases to Tool Allowance and Shoe Reimbursement	\$87,375	\$39,375
53	Seasonal Employees	Additional \$0.25 for Eligible Seasonal Employees	\$116,699	\$116,699
Appendix VII	Steps	Additional Step for Eligible Employees on the Deputy Sheriff and Correctional Officer Uniform Salary Schedules	\$398,436	\$437,622
<b>Total</b>			<b>\$11,773,054</b>	<b>\$16,281,297</b>

### Non-Represented Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>FY18</u>	<u>Annual Cost Beyond FY18</u>
Wages	2 Percent General Wage Adjustment in August 2017	\$4,097,100	\$4,446,293
Longevity	Longevity Step Increase of 2 Percent for Eligible Employees	\$70,606	\$73,212
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,365,762	\$2,604,349
<b>Total</b>		<b>\$5,533,468</b>	<b>\$7,123,853</b>

\* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.

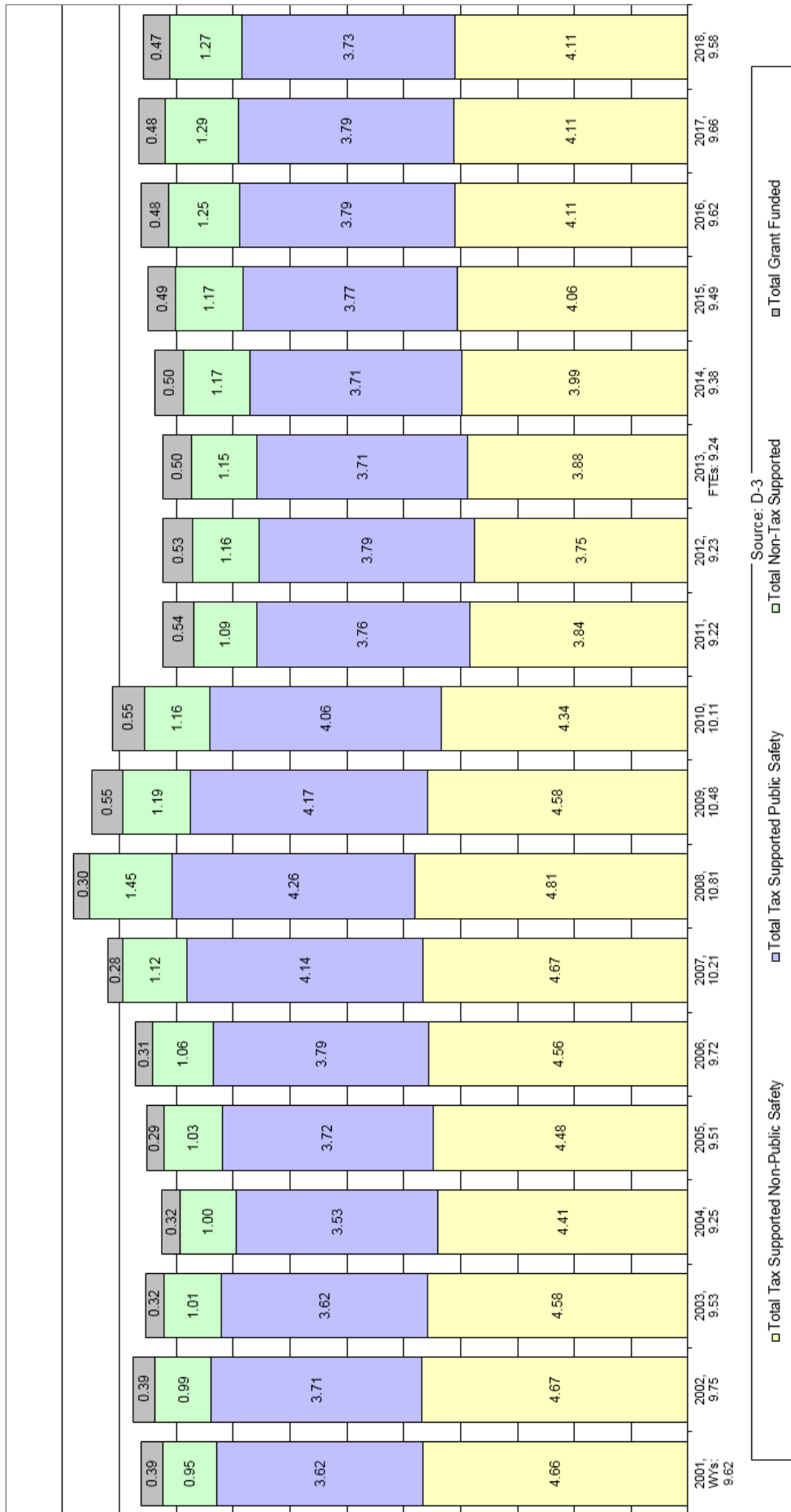
## Montgomery County Volunteer Fire and Rescue Association Fiscal Impact Summary\*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>Annual Cost Beyond FY20</u>
5	Printed Contracts	75 printed contracts in FY18	\$300	\$0	\$0	\$0
11	Uniforms & Equipment	Purchase 50 gear sets annually	\$135,000	\$135,000	\$135,000	\$0
12	Nominal Fee	Nominal fee of \$435/\$650 in FY18, \$445/\$675 in FY19, and \$455/\$700 in FY20**	\$40,612	\$61,494	\$82,417	\$0
16	Training	Provide \$10,000 funding for training and \$5,000 for Pro-Board certification	\$15,000	\$15,000	\$15,000	\$0
22	Volunteer Basic Orientation Course	Training fee not to exceed \$21,000 each year of the agreement	\$3,000	\$3,000	\$3,000	\$0
Side Letter	Association Operating Funds	Association funding effective July 1 each year of the agreement	\$4,237	\$8,548	\$12,934	\$0
<b>Total</b>			<b>\$198,149</b>	<b>\$223,042</b>	<b>\$248,351</b>	<b>\$0</b>

\* Estimates reflect the impact to all funds.

\*\* Nominal fee paid to eligible volunteers on July 1 of the fiscal year.

**HISTORY OF APPROVED COUNTY GOVERNMENT POSITIONS  
PER 1,000 POPULATION BY FUNDING CATEGORY  
FY01-FY17 Approved Workyears and FTEs, FY18 Recommended FTEs<sup>1</sup>**



<sup>1</sup> From FY01 through FY12, workyears are used; beginning in FY13, full-time equivalent (FTE) positions will be used.



**MONTGOMERY COUNTY PRODUCTION REPORT**  
**FY18 CE Recommended Final**  
**TOTAL COUNTY COST OF EMPLOYEE BENEFITS**

	<b>SOCIAL SECURITY</b>	<b>GROUP INSURANCE</b>	<b>RETIREMENT</b>	<b>TOTAL</b>
<b>General Fund</b>				
<b>General Government</b>				
Board of Appeals (02D)	29,563	40,779	21,081	91,423
Board of Elections (24D)	235,721	357,768	188,184	781,673
Circuit Court (10D)	511,559	1,059,411	726,496	2,297,466
Community Engagement Cluster (16D)	160,256	260,400	223,195	643,850
County Attorney (30D)	305,104	464,006	583,283	1,352,393
County Council (01D)	579,635	976,509	1,063,843	2,619,987
County Executive (15D)	246,519	383,739	519,048	1,149,306
Ethics Commission (19D)	22,482	34,953	16,920	74,355
Finance (32D)	667,482	1,041,704	895,175	2,604,361
General Services (36D)	739,379	1,504,264	1,442,069	3,685,712
Human Resources (33D)	312,876	486,541	369,498	1,168,914
Human Rights (46D)	61,225	93,208	81,154	235,587
Inspector General (06D)	58,451	69,906	51,806	180,163
Intergovernmental Relations (20D)	44,299	61,750	56,108	162,157
Legislative Oversight (03D)	82,705	128,161	160,299	371,165
Management and Budget (31D)	237,513	351,529	390,309	979,351
Merit System Protection Board (04D)	13,659	23,302	9,168	46,129
Office of Procurement (35D)	219,337	373,514	446,110	1,038,960
Public Information (23D)	236,192	484,021	287,723	1,007,937
State's Attorney (11D)	900,791	1,634,643	1,336,923	3,872,357
Technology Services (34D)	1,327,043	1,857,169	2,025,388	5,209,600
Zoning and Administrative Hearings (05D)	31,180	46,604	27,383	105,168
<b>Total General Government</b>	<b>7,022,972</b>	<b>11,733,880</b>	<b>10,921,161</b>	<b>29,678,013</b>
<b>Public Safety</b>				
Consumer Protection (39D)	103,785	168,226	330,938	602,948
Correction and Rehabilitation (42D)	3,453,794	6,109,851	5,369,247	14,932,892
Emergency Management and Homeland Security (49D)	62,162	102,076	86,116	250,353
Police (47D)	12,514,582	23,572,246	22,286,184	58,373,012
Sheriff (48D)	1,149,262	2,162,077	1,813,199	5,124,539
<b>Total Public Safety</b>	<b>17,283,585</b>	<b>32,114,475</b>	<b>29,885,684</b>	<b>79,283,745</b>
<b>Transportation</b>				
Transportation (50D)	1,205,320	2,751,519	2,434,005	6,390,844
<b>Health and Human Services</b>				
Health and Human Services (60D)	6,801,837	14,023,417	11,164,732	31,989,986
<b>Libraries, Culture, and Recreation</b>				
Public Libraries (71D)	1,815,196	4,834,542	3,574,928	10,224,665
<b>Community Development and Housing</b>				
Housing and Community Affairs (76D)	342,297	661,341	686,320	1,689,958
Office of Agriculture (78D)	33,992	51,264	80,358	165,614
<b>Total Community Development and Housing</b>	<b>376,289</b>	<b>712,606</b>	<b>766,677</b>	<b>1,855,572</b>



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	<b>SOCIAL SECURITY</b>	<b>GROUP INSURANCE</b>	<b>RETIREMENT</b>	<b>TOTAL</b>
<b>Environment</b>				
Environmental Protection (80D)	111,848	185,550	203,273	500,670
<b>Other County Government Functions</b>				
NDA - Compensation and Employee Benefit Adjustments (99V05)	10,269	14,225	8,522	33,016
NDA - Conference Center (99V19)	8,039	11,651	4,802	24,492
NDA - Legislative Branch Communications Outreach (99V44)	13,087	23,302	10,525	46,915
NDA - State Positions Supplement (99V03)	4,318	0	0	4,318
<b>Total Other County Government Functions</b>	<b>35,713</b>	<b>49,178</b>	<b>23,849</b>	<b>108,740</b>
<b>Total General Fund</b>	<b>34,652,759</b>	<b>66,405,166</b>	<b>58,974,310</b>	<b>160,032,236</b>
<b>Special Funds - Tax Supported</b>				
Fire (C01)	9,477,281	14,549,032	24,578,542	48,604,855
Recreation (C02)	1,435,958	1,633,373	1,541,455	4,610,786
Bethesda Urban District (C03)	6,786	11,651	31,573	50,010
Silver Spring Urban District (C04)	129,752	423,180	191,775	744,707
Wheaton Urban District (C05)	80,404	247,347	94,545	422,296
Mass Transit (C06)	4,151,554	9,659,510	5,193,451	19,004,515
Economic Development Fund (C09)	7,511	11,651	4,487	23,649
<b>Total Special Funds - Tax Supported</b>	<b>15,289,246</b>	<b>26,535,743</b>	<b>31,635,828</b>	<b>73,460,817</b>
<b>Total Tax Supported Funds</b>	<b>49,942,005</b>	<b>92,940,909</b>	<b>90,610,138</b>	<b>233,493,053</b>
<b>Special Funds - NonTax Supported</b>				
Montgomery Housing Initiative (C10)	102,795	175,528	202,801	481,124
Cable TV (C11)	229,611	367,007	390,107	986,725
Water Quality Protection (C12)	521,191	929,606	830,653	2,281,450
Grant Fund (C90)	3,070,394	6,670,263	3,995,872	13,736,529
<b>Total Special Funds - NonTax Supported</b>	<b>3,923,991</b>	<b>8,142,404</b>	<b>5,419,433</b>	<b>17,485,828</b>
<b>Enterprise Funds</b>				
Liquor (C30)	1,930,261	5,206,707	2,221,195	9,358,163
Solid Waste Disposal (C31)	584,656	1,069,801	1,067,419	2,721,876
Solid Waste Collection (C32)	84,817	146,741	142,884	374,443
Leaf Vacuuming (C33)	187,041	375,112	224,683	786,836
Community Use of Public Facilities (C34)	176,490	353,242	267,386	797,118
Bethesda Parking (C35)	124,284	230,366	257,955	612,605
Silver Spring Parking (C36)	139,978	271,801	266,295	678,074
Montgomery Hills Parking (C37)	2,726	5,203	5,856	13,785
Wheaton Parking (C38)	21,160	39,900	46,069	107,129
Permitting (C39)	1,624,072	2,687,410	3,177,174	7,488,656
<b>Total Enterprise Funds</b>	<b>4,875,487</b>	<b>10,386,283</b>	<b>7,676,916</b>	<b>22,938,686</b>
<b>Total Non-Tax Supported</b>	<b>8,799,477</b>	<b>18,528,687</b>	<b>13,096,349</b>	<b>40,424,514</b>



**MONTGOMERY COUNTY PRODUCTION REPORT**  
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**TOTAL COUNTY COST OF EMPLOYEE BENEFITS**

	<b>SOCIAL SECURITY</b>	<b>GROUP INSURANCE</b>	<b>RETIREMENT</b>	<b>TOTAL</b>
<b>Internal Service Funds</b>				
Motor Pool (C50)	1,224,886	2,322,310	1,553,374	5,100,571
Central Duplicating (C51)	146,222	383,521	229,384	759,127
Risk Management (C52)	241,047	362,008	471,677	1,074,732
Employee Health Self Insurance (C53)	174,503	301,752	186,449	662,704
<b>Total Internal Service Funds</b>	<b>1,786,658</b>	<b>3,369,592</b>	<b>2,440,883</b>	<b>7,597,133</b>

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