



Workforce/Compensation

SUMMARY OF FY19 RECOMMENDATIONS

A. SUMMARY OF AGENCY REQUESTS

Montgomery County Public Schools (MCPS): The MCPS workforce for FY19, as recommended by the Board of Education (BOE), is 22,452.26 FTEs, or 167.93 FTEs greater than the approved FY18 workforce of 22,284.33 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 FY19 requested budget document.

Montgomery College (MC): There is an increase of 8.0 FTEs in the size of the Montgomery College complement for FY19, as requested by the College and its Board of Trustees. This is accompanied by an increase in personnel costs of about \$5.3 million. The primary factors for these cost increases are annualizations of FY18 compensation changes and anticipated FY19 wage adjustments. Negotiations with faculty 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 FY19 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 FY19, as recommended by the Planning Board, is an increase of 15.32 FTEs. The Commission's requested budget includes an increase in personnel costs of \$3.4 million. The increase 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 FY19 requested budget document.

Montgomery County Government (MCG): The net impact on the County government workforce for FY19, as recommended by the Executive, is an increase of 6.5 FTEs.

The recommended budget contains an increase in total personnel costs of \$5.3 million, or 0.5 percent. The primary factors in these changes are:

Factor	Millions
General Wage Adjustment	\$11.7
Decrease in required retirement contribution	-\$6.1
Increase in group insurance	\$7.2
Service increments and longevity	\$10.3
Other changes in personnel costs, including annualization of positions, turnover, and lapse	-\$17.7

The decrease in required retirement contribution is primarily due to revised actuarial assumptions, resulting in a reduced required County contribution into the retirement plans.

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 (MCFVRA). Certain provisions of the agreements have been extended to unrepresented employees, as noted below.

B. COUNTY GOVERNMENT SALARY AND WAGES

GENERAL WAGE ADJUSTMENT: The Executive recommends the following general wage adjustments (GWA) in FY19: 2 percent effective the first full pay period after July 1, 2018 for all employees in the Police bargaining unit, Police uniformed managers, all employees in the Fire and Rescue bargaining unit, and Fire and Rescue uniformed management, and 2 percent effective the first full pay period after December 1, 2018 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.

FY19 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 FY19 for all eligible employees. The Executive also recommends adjusting the first longevity step for all employees in the OPT and SLT units, currently provided after completing 20 years of service, to employees who complete 18 years of service, effective July 1, 2018, and adding a second longevity step for all employees in the OPT and SLT units to employees who complete 24 years of service, effective July 1, 2018.

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

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 2018 and projected changes for 2019. 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 \$12,339 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 ten percent annually between FY19 and FY24. 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.

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 \$2.0 billion - approximately 33 percent of the total FY19 budget for all agencies.

Proposed FY19 Consolidated Retiree Health Benefits Trust Contributions	
Montgomery County Government (MCG)	FY19
<i>General Fund:</i>	
Retiree Health Benefits Trust NDA	\$43,562,660
<i>Proprietary Funds:</i>	
Bethesda Parking District	\$149,330
Wheaton Parking District	15,450
Silver Spring Parking District	102,990
Solid Waste Collection	20,600
Solid Waste Disposal	396,490
Liquor Control	2,348,060
Permitting Services	1,225,520
Community Use of Public Facilities	149,330
Motor Pool	1,029,850
Risk Management	51,490
Central Duplicating	149,330
<i>Participating Agency Contributions</i>	\$1,425,900
Total MCG Trust Contributions	\$50,627,000
Consolidated Trust: Montgomery County Public Schools	\$79,405,000
Consolidated Trust: Montgomery College	\$2,845,000
Park and Planning Commission Trust Fund*	\$3,173,265
Total Contributions/Assets Held in Trust	\$136,050,265
* MNCPPC's contribution from tax supported funds is \$3,029,863.	

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 Actuarially Determined Contribution or "ADC", is estimated at \$112.7 million. This amount normally 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 is committed to pay the full amount of ADC each year, however actual contributions for pay-go may differ causing the County to over or under fund the ADC. 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 (OPEB) 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 has reduced 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 FY18, these contributions were budgeted at \$43.4 million (County General Fund), \$74.2 million (MCPS Consolidated Trust), and \$2.6 million (Montgomery College Consolidated Trust). Due to a significant shortfall of originally estimated tax revenues of more than \$90 million in FY18, the County initiated several cost containment measures to restore current year reserves. On a one-time basis, the County will reduce FY18 pre-funding to the Consolidated Trust by \$21 million and use an additional \$41 million in County assets from the Consolidated Trust to pay for County government retiree health insurance benefits claims.

A detailed breakdown of FY19 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 and \$9 million to the County, respectively, for the payment of retiree health insurance claims in FY19.

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 6,516 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.

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, 2017, there were 6,516 retirees and survivors and 5,738 active members, including 1,772 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.

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 103 and the number of public safety employees increased by 82, for a combined total active enrollment of 3,966 in FY18. GRIP membership increased by 246 employees, to 1,772 in FY18. The RSP had 93 fewer active employees enrolled in FY18 than in FY17, for a total FY18 enrollment of 3,577.

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, 2019. The negotiated agreement became effective July 1, 2017. 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, 2018.
- Service Increments. A service increment of 3.5 percent will be paid in FY19 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.
- Pharmacy Benefit Management Program. Beginning July 1, 2017, pharmacy benefit management programs have been

implemented for the High Option and Standard Option prescription plans for unit members.

MCGEO Bargaining Unit:

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

- General Wage Adjustment. A 2 percent GWA will be paid the first full pay period following December 1, 2018.
- Service Increments. A service increment of 3.5 percent will be paid in FY19 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 first longevity step for eligible unit members on the OPT and SLT Salary Schedules, available after completion of 20 years of service, will be moved to after completion of 18 years of service, effective July 1, 2018.
- Additional longevity step. An additional longevity step will be added for eligible unit members on the OPT and SLT Salary Schedules, available after completion of 24 years of service, effective July 1, 2018.
- Seasonal Wage Adjustment. A \$0.25 an hour adjustment will be provided effective the first full pay period after July 1, 2018 for seasonal employees not affected by the County minimum wage increase.

Police Bargaining Unit:

The current agreement expires on June 30, 2018. The negotiated agreement becomes effective July 1, 2018, 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 July 1, 2018.
- Service Increments. A service increment of 3.5 percent will be paid in FY19 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.
- Lump sum payment. A \$1,000 lump sum payment for eligible unit members who had a service increment deferred in FY12 and/or FY13 will be paid the first full pay period following July 1, 2018.

Volunteer Fire and Rescue Bargaining Unit:

The current agreement became effective on 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 FY19. The nominal fee for eligible volunteers increases in July 2018 by \$10 to \$445 and by \$25 to \$675, depending on level of service.
- Association funding. Funding for the Association will increase by 1.75 percent on July 1, 2018.
- Uniforms and equipment. Funding in the amount of \$135,000 will be provided in FY19 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 FY19 Operating Budget for the County government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY18, which began on July 1, 2017. 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 FY19 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, 2018; and technical changes.

Summary: The recommended budget includes funding for 9,496 full-time positions, a net increase of five from the approved FY18 Personnel Complement of 9,491 full-time positions. Funding for 987 part-time positions is also included, a net increase of seven positions from the approved FY18 Personnel Complement of 980 positions. FTEs increased by 6.5 to 10,242.1.

MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY					
COUNTY EXECUTIVE RECOMMENDED: FY19					
	POSITIONS		FULL-TIME EQUIVALENTS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL
FY18 APPROVED COMPLEMENT	9,491	980	8,384.5	1,851.2	10,235.6
FY19 RECOMMENDED COMPLEMENT	9,496	987	8,381.7	1,860.4	10,242.1
CHANGE IN WORKFORCE (GROSS)	5	7	(2.8)	9.3	6.5
Percentage Change	0.1%	0.7%	(0.0%)	0.5%	0.1%

Detailed below are the significant net changes in the number of positions in the FY19 Recommended Budget.

Workforce Changes	Position Change
Fire and Rescue Service - Change is due to the elimination of Hyattstown Engine 709 (-12), Hillandale Tower 724 (-8), and Germantown Engine 729 (-9), and a shift in Takoma Park paramedic staffing to the grant fund (-5), partially offset by the addition of SAFER grant positions supported by the County's grant match (3), and the addition of staff supporting the Mobile Integrated Healthcare Initiative (2).	-29
Environmental Protection - Change is due to the stormwater management CIP program shifting to a Public/Private Partnership contracting vehicle and lower workload due to updated progress towards meeting stormwater management permit goals.	-8
Liquor Control - Change is due to FY17 and FY18 mid-year personnel changes related to the DLC improvement action plan and other operational improvements.	7

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES															
HEALTH PLAN	2017					2018					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	%Dif
Carefirst POS	1,321	972	1,951	4,244	49.1%	1,310	969	1,858	4,137	48.2%	(11)	(3)	(93)	(107)	-0.9%
Carefirst POS Std	279	152	262	693	8.0%	317	160	280	757	8.8%	38	8	18	64	0.8%
Kaiser	767	366	571	1,704	19.7%	802	380	559	1,741	20.3%	35	14	(12)	37	0.6%
United Healthcare	664	418	917	1,999	23.1%	664	437	842	1,943	22.7%	-	19	(75)	(56)	-0.5%
Grand Total				8,640					8,578					(62)	

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES

Employee Retirement System Plans	Number	Fiscal 2017	Number	Fiscal 2018	Number	Contribution
	<u>Employees</u> (7/1/16)	<u>Contribution</u> <u>Rate</u> %	<u>Employees</u> (7/1/17)	<u>Contribution</u> <u>Rate</u> %	<u>Employees</u> (7/16 v. 7/17)	<u>Rate</u> (7/16 v. 7/17)
Public Safety	2,875	22.05%	2,957	20.42%	82	-1.63%
Non-Public Safety	1,112	45.12%	1,009	42.08%	(103)	-3.04%
Guaranteed Retirement Income Plan	1,526	5.46%	1,772	5.74%	246	0.28%
Total ERS System Plans	5,513		5,738		225	
Retirement Savings Plan	3,670	8.00%	3,577	8.00%	(93)	0.00%

Source: Montgomery County Employees' Retirement System, 2016 and 2017 Actuarial Valuation Reports for Plan Years Beginning July 1, 2016, and July 1, 2017, respectively. RSP data provided by the Montgomery County Employee Retirement

PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT							
ITEM	FY17 APPR	FY17 ACT	FY18 APPR	FY18 EST	FY19 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	180,200	120,618	190,000	182,000	197,000	7,000	3.7%
Professional Services	6,000	24,072	7,700	7,900	6,200	(1,500)	(19.5%)
Due Diligence/Education	3,600	122	3,600	3,600	3,600	0	0.0%
Office Management	9,000	4,221	10,560	10,560	10,680	0	0.0%
Investment Management fees	6,000	4,929	5,500	5,000	5,500	0	0.0%
TOTAL EXPENSES	\$204,800	\$153,963	\$217,360	\$209,060	\$222,980	\$5,500	2.5%

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	FY17 APPR	FY17 ACT	FY18 APPR	FY18 EST	FY19 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	343,180	222,384	325,000	330,000	355,500	30,500	9.4%
Professional Services	80,000	259,986	286,450	116,000	146,000	(140,450)	(49.0%)
Due Diligence/Education	50,000	24,662	50,000	50,000	50,000	0	0.0%
Office Management	20,000	18,549	20,000	21,000	21,000	1,000	5.0%
Investment Management fees	3,400,000	3,050,426	2,700,000	3,903,000	4,233,000	1,533,000	56.8%
TOTAL EXPENSES	\$3,893,180	\$3,576,008	\$3,381,450	\$4,420,000	\$4,805,500	\$1,424,050	42.1%

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM							
ITEM	FY17 APPR	FY17 ACT	FY18 APPR	FY18 EST	FY19 REC	FY19 vs. FY18 Appr.	
						\$	%
REVENUE							
Contributions	116,400,000	123,339,373	113,900,000	113,900,000	108,000,000	(5,900,000)	(5.2%)
Investment Income	270,000,000	430,251,652	282,000,000	342,300,000	330,000,000	48,000,000	17.0%
Miscellaneous Income	950,000	1,533,496	1,300,000	1,500,000	1,600,000	300,000	23.1%
TOTAL REVENUE	\$ 387,350,000	\$ 555,124,521	\$ 397,200,000	\$ 457,700,000	\$ 439,600,000	42,400,000	10.7%
EXPENSES							
OPERATING EXPENSES							
Retirement Benefits	256,830,000	241,597,511	252,000,000	243,100,000	246,800,000	(5,200,000)	(2.1%)
Investment Management fees	25,000,000	18,438,444	24,000,000	20,000,000	21,600,000	(2,400,000)	(10.0%)
SUBTOTAL	281,830,000	260,035,955	276,000,000	263,100,000	268,400,000	(7,600,000)	(2.8%)
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	1,984,000	1,626,816	1,979,000	1,734,000	2,070,000	91,000	4.6%
Professional Services	1,018,000	988,965	1,056,950	1,255,500	1,205,000	148,050	14.0%
Benefit Processing	140,000	123,195	125,000	125,000	125,000	0	0.0%
Due Diligence/Education	65,500	28,824	65,500	65,500	65,500	0	0.0%
Office Management	433,000	417,970	121,030	111,000	109,000	(12,030)	(9.9%)
SUBTOTAL	3,640,500	3,185,769	3,347,480	3,291,000	3,574,500	227,020	6.8%
TOTAL EXPENSES	\$285,470,500	\$263,221,724	\$279,347,480	\$266,391,000	\$271,974,500	(7,372,980)	(2.6%)
NET REVENUE	\$101,879,500	\$291,902,797	\$117,852,520	\$191,309,000	\$167,625,500	49,772,980	42.2%

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN							
ITEM	FY17 APPR	FY17 ACT	FY18 APPR	FY18 EST	FY19 REC	Change: FY19 vs. FY18 Appr.	
						\$	%
REVENUE							
Investment Income	1,000	4,782	4,000	4,000	4,000	0	0.0%
Miscellaneous Income	250,000	725,208	250,000	490,000	490,000	240,000	96.0%
TOTAL REVENUE	251,000	729,990	254,000	494,000	494,000	240,000	94.5%
EXPENSES							
OPERATING EXPENSES							
Investment Management fees	6,000	4,929	5,500	5,000	5,500	0	0.0%
SUBTOTAL	6,000	4,929	5,500	5,000	5,500	0	0.0%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	227,100	156,186	221,000	213,000	226,000	5,000	2.3%
Professional Services	61,000	106,737	106,700	91,700	95,700	(11,000)	(10.3%)
Due Diligence/Education	3,600	526	3,600	3,600	3,600	0	0.0%
Office Management	9,000	3,650	10,760	10,560	10,560	(200)	(1.9%)
SUBTOTAL	300,700	267,100	342,060	318,860	335,860	(6,200)	(1.8%)
TOTAL EXPENSES	\$306,700	\$272,029	\$347,560	\$323,860	\$341,360	(6,200)	(1.8%)

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>	
			<u>FY19</u>	<u>Beyond FY19</u>
28	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,280,797	\$1,950,091
28	Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$85,192	\$143,050
36	Wages	2 Percent General Wage Adjustment in July 2018	\$2,176,821	\$2,176,821
36	Wages	\$1,000 lump sum to eligible employees who had a service increment deferred in FY12 and/or FY13	\$289,579	\$0
Total			\$3,832,389	\$4,269,963

Police Uniformed Management Pass-Through Estimates**

<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>	
		<u>FY19</u>	<u>Beyond FY19</u>
Wages	2 Percent General Wage Adjustment in July 2018	\$157,658	\$157,658
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$4,935	\$5,551
Total		\$162,593	\$163,209

* 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 longevity step increase in FY19.

**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>FY19</u>	<u>Beyond FY19</u>
19.1	Wages	2 Percent General Wage Adjustment in July 2018	\$1,913,028	\$1,913,028
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$155,509	\$249,561
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	\$664,385	\$1,423,472
Total			\$2,572,922	\$3,426,061

**Fire and Rescue Uniformed Management Pass-Through
Estimates****

<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>	
		<u>FY19</u>	<u>Beyond FY19</u>
Wages	2 Percent General Wage Adjustment in July 2018	\$111,850	\$111,850
Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$7,274	\$13,739
Total		\$119,124	\$125,589

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

** No Fire and Rescue Uniformed Management is currently eligible to receive a service increment in FY19.

**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>FY19</u>	<u>Annual Cost Beyond FY19</u>
5	Wages	2 Percent General Wage Adjustment in December 2018	\$4,596,686	\$7,967,590
5.1	Longevity**	Longevity Step Increase of 3 or 3.5 Percent for Eligible Employees	\$2,500,921	\$2,520,709
6	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$4,130,735	\$8,149,850
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	\$39,375	\$39,375
53	Seasonal Employees	Additional \$0.25 for Eligible Seasonal Employees	\$80,500	\$80,500
Total			\$11,373,217	\$18,783,024

Non-Represented Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>FY19</u>	<u>Annual Cost Beyond FY19</u>
Wages	2 Percent General Wage Adjustment in December 2018	\$2,741,208	\$4,733,994
Longevity	Longevity Step Increase of 2 Percent for Eligible Employees	\$39,424	\$40,879
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,398,641	\$2,667,045
Total		\$4,179,273	\$7,441,918

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

** Longevity Steps in FY19 for OPT and SLT unit members occur after 18 years of service (previously after 20 years of service), and reflect an additional step for OPT and SLT unit members received after reaching 24 years of service. See Page 8-2 for more details.

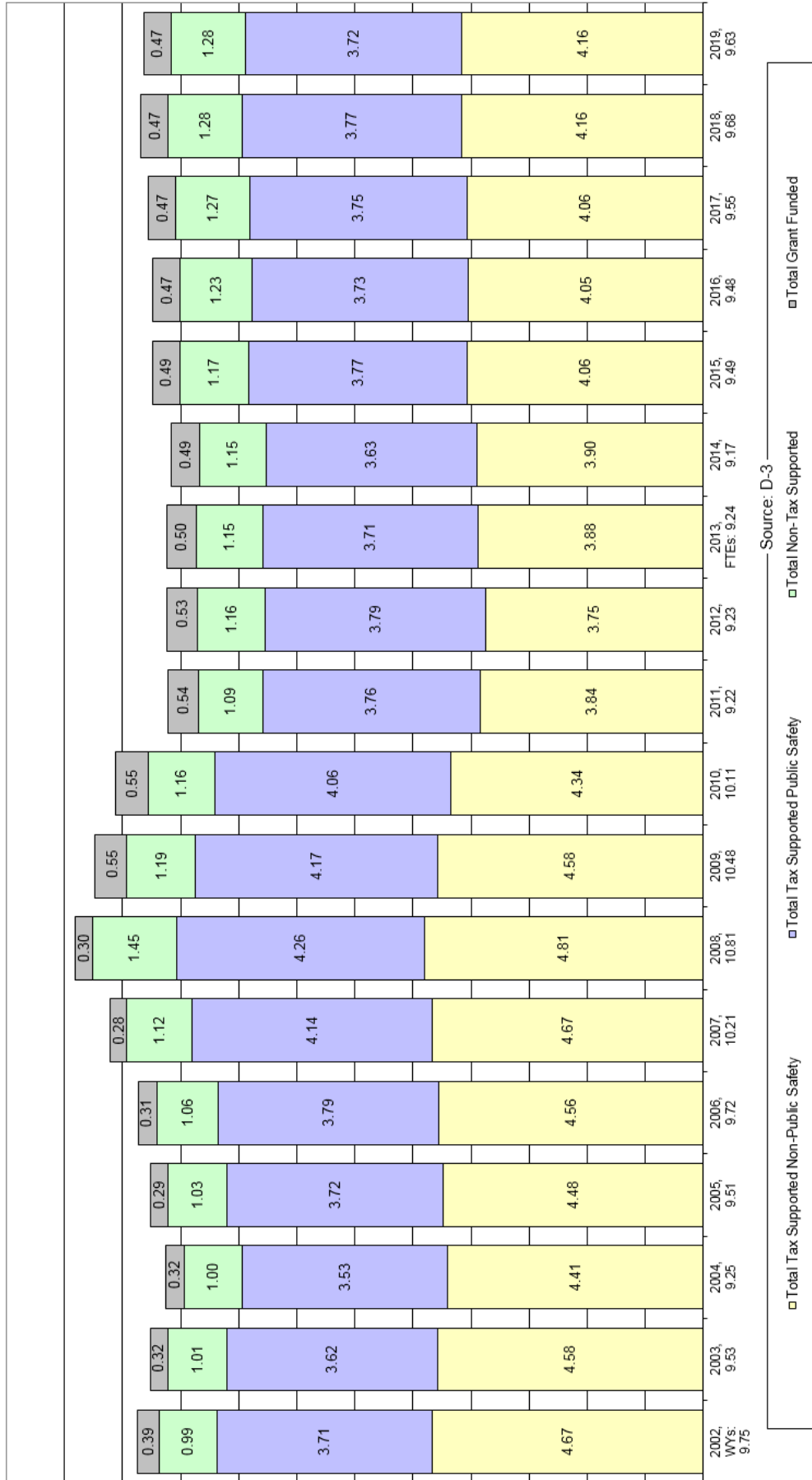
Montgomery County Volunteer Fire and Rescue Association Fiscal Impact Summary*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>Annual Cost</u>		
			<u>FY19</u>	<u>FY20</u>	<u>Beyond FY20</u>
11	Uniforms & Equipment	Purchase 50 gear sets annually	\$135,000	\$135,000	\$0
12	Nominal Fee	Nominal fee of \$445/\$675 in FY19, and \$455/\$700 in FY20**	\$20,882	\$41,805	\$0
16	Training	Provide \$10,000 funding for training and \$5,000 for Pro-Board certification	\$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	\$0
Side Letter	Association Operating Funds	Association funding effective July 1 each year of the agreement	\$4,311	\$8,697	\$0
Total			\$178,193	\$203,502	\$0

* 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
FY02-FY18 Approved Workyears and FTEs, FY19 Recommended FTEs¹**



Source: D-3

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



**FY19 CE Recommended Final
TOTAL COUNTY COST OF EMPLOYEE BENEFITS**

	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
General Fund				
<i>General Government</i>				
Board of Appeals (02D)	30,642	43,187	21,720	95,548
Board of Elections (24D)	249,350	379,096	188,864	817,310
Circuit Court (10D)	527,035	1,124,221	690,000	2,341,256
Community Engagement Cluster (16D)	170,830	311,402	216,398	698,630
County Attorney (30D)	301,755	487,714	529,566	1,319,035
County Council (01D)	594,607	1,021,432	951,661	2,567,700
County Executive (15D)	256,728	418,259	474,803	1,149,790
Ethics Commission (19D)	23,650	37,017	17,921	78,588
Finance (32D)	683,105	1,117,877	755,994	2,556,977
General Services (36D)	746,781	1,576,042	1,350,920	3,673,744
Human Resources (33D)	337,910	529,324	421,045	1,288,279
Human Rights (46D)	62,051	95,512	79,630	237,192
Inspector General (06D)	61,393	74,034	50,183	185,611
Intergovernmental Relations (20D)	47,839	65,397	55,163	168,398
Legislative Oversight (03D)	87,843	129,895	147,489	365,227
Management and Budget (31D)	236,800	374,201	304,698	915,698
Merit System Protection Board (04D)	14,313	24,678	9,706	48,697
Office of Procurement (35D)	226,171	396,837	421,585	1,044,593
Public Information (23D)	284,216	612,982	325,634	1,222,832
State's Attorney (11D)	982,339	1,854,437	1,324,930	4,161,705
Technology Services (34D)	1,390,675	1,952,647	1,894,230	5,237,552
Zoning and Administrative Hearings (05D)	32,456	49,356	28,188	110,000
Total General Government	7,348,489	12,675,544	10,260,329	30,284,363
<i>Public Safety</i>				
Consumer Protection (39D)	113,565	190,885	262,738	567,188
Correction and Rehabilitation (42D)	3,506,110	6,477,243	5,010,946	14,994,300
Emergency Management and Homeland Security (49D)	63,767	108,268	82,992	255,026
Police (47D)	13,294,009	25,172,845	21,156,966	59,623,820
Sheriff (48D)	1,176,972	2,268,213	1,667,653	5,112,838
Total Public Safety	18,154,423	34,217,453	28,181,295	80,553,171
<i>Transportation</i>				
Transportation (50D)	1,241,399	2,932,078	2,231,429	6,404,906
<i>Health and Human Services</i>				
Health and Human Services (60D)	7,117,048	15,112,779	10,604,367	32,834,195
<i>Libraries, Culture, and Recreation</i>				
Public Libraries (71D)	1,851,511	5,130,477	3,136,950	10,118,938
<i>Community Development and Housing</i>				
Housing and Community Affairs (76D)	351,626	682,118	631,705	1,665,448
Office of Agriculture (78D)	36,231	54,292	75,104	165,626
Total Community Development and Housing	387,857	736,409	706,809	1,831,074



**FY19 CE Recommended Final
TOTAL COUNTY COST OF EMPLOYEE BENEFITS**

	SOCIAL SECURITY	GROUP INSURANCE	RETIREMENT	TOTAL
Environment				
Environmental Protection (80D)	113,942	184,563	201,026	499,531
Other County Government Functions				
NDA - Compensation and Employee Benefit Adjustments (99V05)	11,463	16,161	10,015	37,639
NDA - Conference Center (99V19)	8,144	12,339	4,971	25,454
NDA - Independent Audit (99V24)	3,266	4,072	2,056	9,394
NDA - Legislative Branch Communications Outreach (99V44)	13,723	24,678	11,133	49,533
NDA - State Positions Supplement (99V03)	4,318	0	0	4,318
Total Other County Government Functions	40,913	57,250	28,175	126,338
Total General Fund	36,255,582	71,046,553	55,350,381	162,652,516
Special Funds - Tax Supported				
Fire (C01)	9,808,016	15,466,273	23,332,698	48,606,987
Recreation (C02)	1,510,049	1,804,514	1,412,683	4,727,246
Bethesda Urban District (C03)	6,875	12,339	27,899	47,113
Silver Spring Urban District (C04)	134,992	449,255	189,199	773,445
Wheaton Urban District (C05)	78,622	256,174	90,394	425,190
Mass Transit (C06)	4,390,213	10,418,488	5,107,162	19,915,863
Economic Development Fund (C09)	8,956	12,339	9,365	30,660
Total Special Funds - Tax Supported	15,937,722	28,419,383	30,169,399	74,526,504
Total Tax Supported Funds	52,193,304	99,465,936	85,519,780	237,179,020
Special Funds - NonTax Supported				
Montgomery Housing Initiative (C10)	110,660	191,673	220,388	522,722
Cable TV (C11)	235,153	380,658	359,662	975,473
Water Quality Protection (C12)	542,955	988,186	796,983	2,328,123
Grant Fund (C90)	3,134,438	7,226,472	4,169,878	14,530,788
Total Special Funds - NonTax Supported	4,023,206	8,786,989	5,546,911	18,357,106
Enterprise Funds				
Liquor (C30)	1,963,351	5,510,354	2,189,527	9,663,232
Solid Waste Disposal (C31)	586,409	1,113,485	951,525	2,651,419
Solid Waste Collection (C32)	87,843	157,016	140,783	385,642
Leaf Vacuuming (C33)	192,052	398,730	221,216	811,998
Community Use of Public Facilities (C34)	188,047	385,826	269,065	842,937
Bethesda Parking (C35)	125,464	243,793	221,822	591,080
Silver Spring Parking (C36)	144,914	291,969	255,700	692,583
Wheaton Parking (C38)	21,203	42,120	38,980	102,303
Permitting (C39)	1,691,075	2,855,767	3,045,589	7,592,432
Total Enterprise Funds	5,000,360	10,999,059	7,334,207	23,333,625
Total Non-Tax Supported	9,023,565	19,786,048	12,881,117	41,690,731



**FY19 CE Recommended Final
TOTAL COUNTY COST OF EMPLOYEE BENEFITS**

	<u>SOCIAL SECURITY</u>	<u>GROUP INSURANCE</u>	<u>RETIREMENT</u>	<u>TOTAL</u>
Internal Service Funds				
Motor Pool (C50)	1,268,471	2,487,409	1,535,905	5,291,786
Central Duplicating (C51)	155,099	418,734	226,553	800,386
Risk Management (C52)	259,535	395,555	410,697	1,065,787
Employee Health Self Insurance (C53)	177,877	319,040	141,437	638,354
Total Internal Service Funds	1,860,983	3,620,738	2,314,592	7,796,313

THIS PAGE INTENTIONALLY LEFT BLANK