



Workforce/Compensation

SUMMARY OF FY20 RECOMMENDATIONS

A. SUMMARY OF AGENCY REQUESTS

Montgomery County Public Schools (MCPS): The MCPS workforce for FY20, as recommended by the Board of Education (BOE), is 22,867.123 FTEs, or 326.26 FTEs greater than the approved FY19 workforce of 22,510.863 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 completed. MCPS' budget request contains funding for the agreements. For more information on compensation and workforce changes, please see the Board of Education's FY20 requested budget document.

Montgomery College (MC): There is an increase of 6.75 FTEs in the size of the Montgomery College complement for FY20, as requested by the College and its Board of Trustees. This is accompanied by an increase in personnel costs of about \$6.7 million. The primary factors for these cost increases are annualizations of FY19 compensation changes and anticipated FY20 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 FY20 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 FY20, as recommended by the Planning Board, is an increase of 18.01 FTEs. The Commission's requested budget includes an increase in personnel costs of \$1.3 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 FY20 requested budget document.

Montgomery County Government (MCG): The net impact on the County government workforce for FY20, as recommended by the Executive, is an increase of 82 positions.

The recommended budget contains an increase in total personnel costs of \$36.5 million, or 3.1 percent. The primary factors in these changes are:

Factor	Millions
General Wage Adjustment	\$12.8
Increase in required retirement contribution	\$0.4
Increase in group insurance	\$10.0
Service increments and longevity	\$8.1
Other changes in personnel costs, including annualization of positions, turnover, and lapse	\$5.2

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 the 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

General Wage Adjustment: The Executive recommends the following general wage adjustments (GWA) in FY20: 2.4 percent effective the first full pay period after November 10, 2019 for all employees in the Fire and Rescue bargaining unit and Fire and Rescue uniformed management; 2.4 percent effective the first full pay period after November 24, 2019 for all employees in the Office, Professional, and Technical (OPT), and Service, Labor, and Trades (SLT) units, as well all employees on the Deputy Sheriffs and Correctional Officers Uniform Salary Schedules; and 2 percent effective the first full pay period after July 1, 2019 for all non-represented employees, including Management Leadership Service (MLS) and Police Leadership Service (PLS) employees.

FY20 salary schedules can be found on the County's website at:

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

Lump-Sum Payments: The Executive recommends a lump-sum bonus payment of \$1,000 for employees in the Police bargaining unit who do not receive either a deferred service increment or a new longevity step after completion of 16 years of service, and a lump-sum bonus payment of \$1,200 for employees in the OPT and SLT units, as well as on the Deputy Sheriffs and Correctional Officers schedules, who are not eligible for a service increment in FY20.

Service Increments: The Executive recommends service increments of 3.5 percent for all eligible employees.

Longevity Increments: The Executive recommends longevity increments in FY20 for all eligible employees. The Executive also recommends adding an additional longevity step of 3.5 percent for all employees in the police bargaining unit to employees who complete 16 years of service, effective July 1, 2019, and an additional longevity step of 2.5 percent for all employees on the Correctional Officers and Deputy Sheriff Uniform Salary Schedules who complete 24 years of service, effective July 1, 2019.

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 and PLS 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 2019 and projected changes for 2020. The employer rates of 6.2 percent for social security and 1.45 percent for Medicare 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 \$13,293 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 FY20 and FY25. 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. Due to exponential growth in expected retiree health costs, the County had determined the cost of funding these benefits, which were being paid out as the bills came due, would 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.

County agencies develop 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 \$1.9 billion - approximately 30 percent of the total FY20 budget for all agencies.

Proposed FY20 Consolidated Retiree Health Benefits Trust Contributions	
Montgomery County Government (MCG)	FY20
<i>General Fund:</i>	
Retiree Health Benefits Trust NDA	\$34,680,830
<i>Proprietary Funds:</i>	
Bethesda Parking District	\$115,060
Wheaton Parking District	11,900
Silver Spring Parking District	83,320
Solid Waste Collection	15,870
Solid Waste Disposal	309,470
Liquor Control	1,805,260
Permitting Services	944,290
Community Use of Public Facilities	123,000
Motor Pool	801,460
Risk Management	43,640
Central Duplicating	134,900
<i>Participating Agency Contributions</i>	<i>\$1,221,000</i>
Total MCG Trust Contributions	\$40,290,000
Consolidated Trust: Montgomery County Public Schools	\$78,533,000
Consolidated Trust: Montgomery College	\$5,391,000
Park and Planning Commission Trust Fund*	\$2,948,302
Total Contributions/Assets Held in Trust	\$127,162,302
* MNCPPC's contribution from tax supported funds is \$2,812,256.	

The County's approach 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 \$106.2 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 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's policy is to pay the full amount of ADC each year. 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 MCPS and MC. 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 FY19, these contributions were budgeted at \$43.6 million (County General Fund), \$79.4

million (MCPS Consolidated Trust), and \$2.8 million (MC Consolidated Trust). Due to a significant shortfall of originally estimated tax revenues, the County initiated several cost containment measures to restore current year reserves. On a one-time basis, the County will reduce FY19 pre-funding to the Consolidated Trust by \$89.6 million.

A detailed breakdown of FY20 recommended contributions to the Consolidated Retiree Health Benefit Trust for County government tax supported agencies, participating agencies, MCPS, and MC is displayed in the table above. The Executive is recommending that the Retiree Health Benefits Trust provide \$27.2 million to MCPS for the payment of retiree health insurance claims in FY20. The FY20 contribution for MCPS is \$9 million higher than the actuarially determined amount to begin making Trust contributions whole, and the fiscal plan assumes continued restoration. In FY18 and FY19, the County approved the Retiree Health Benefits Trust provide \$9 million each year to the County for the payment of retiree health insurance claims in FY18 and FY19; the Executive is recommending ending this practice in FY20.

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 6,615 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, 2018, there were 6,615 retirees and survivors and 6,004 active members, including 2,126 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 County Council Executive Director; 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 112 and the number of public safety employees increased by 24, for a combined total active enrollment of 3,878 in FY19. GRIP membership increased by 354 employees, to 2,126 in FY19. The RSP had 61 fewer active employees enrolled in FY19 than in FY18, for a total FY19 enrollment of 3,516.

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 becomes effective July 1, 2019, and expires on June 30, 2020. The agreement's salient economic terms include:

- **Assignment Pay Differentials.** An increase was added to assignment pay differentials, including ALS providers, and an assignment pay differential was added for two new groups within the Fire and Rescue bargaining unit.
- **Special Duty Differentials.** An increase was added to special duty differentials for unit members assigned to the Emergency Communications Center.
- **General Wage Adjustment.** A 2.4 percent GWA will be paid the first full pay period following November 10, 2019.
- **Service Increments.** A service increment of 3.5 percent will be paid in FY20 up to the maximum base salary for the grade for eligible unit members.
- **Longevity step increases.** Longevity step increases will be paid to eligible employees.

MC GEO Bargaining Unit: The current agreement expires on June 30, 2019. The negotiated agreement becomes effective

July 1, 2019, and expires on June 30, 2020. The agreement's salient economic terms include:

- General Wage Adjustment. A 2.4 percent GWA will be paid the first full pay period following November 24, 2019.
- Service Increments. A service increment of 3.5 percent will be paid in FY20 up to the maximum base salary for the grade for eligible unit members.
- Deferred Service Increment. A service increment of 3.5 percent will be paid the first full pay period following January 1, 2020 for any eligible bargaining unit member who was scheduled to receive a service increment in FY11, but which was not funded by the County Council.
- Longevity step increases. Longevity step increases will be paid to eligible employees.
- Additional longevity step. An additional longevity step will be added for eligible unit members on the Correctional Officers and Deputy Sheriff Uniform Salary Schedules, available after completion of 24 years of service, effective July 1, 2019.
- Lump sum payment. A \$1,200 lump sum payment for eligible unit members who are not eligible for a service increment in FY20 will be paid the first full pay period following July 1, 2019.
- Field Training Pay Differential. An increase in the field training pay differential from \$3.00 per hour of training to \$3.25.
- Stand By Pay. An increase in the stand by pay rate for Fire Marshals only from 15 percent of regular hourly salary to 30 percent, or 50 percent on Saturday through Sunday and holidays.
- Transit Subsidy. An increase in the Get-In Program transit subsidy from \$35 per month to \$75 per month.
- Seasonal Wage Adjustment. A \$0.25 an hour adjustment will be provided effective the first full pay period after July 1, 2019 for seasonal employees not affected by the County minimum wage increase.

Police Bargaining Unit: The current agreement expires on June 30, 2019. The negotiated agreement becomes effective July 1, 2019, and expires on June 30, 2020. The agreement's salient economic terms include:

- Service Increments. A service increment of 3.5 percent will be paid in FY20 up to the maximum base salary for the grade for eligible unit members.
- Deferred Service Increment. A service increment of 3.5 percent will be paid the first full pay period following July 1, 2019 for any eligible bargaining unit member who was scheduled to receive a service increment in FY12 or FY13, but which was not funded by the County Council.
- Longevity step increases. A longevity step increase will be paid to eligible employees.
- Additional longevity step. An additional longevity step will be added for eligible unit members, available after completion of 16 years of service, effective July 1, 2019.
- Lump sum payment. A \$1,000 lump sum payment for eligible unit members who are not receiving either a deferred service increment or the additional longevity step increase will be paid the first full pay period following July 1, 2019.

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 FY20. The nominal fee for eligible volunteers increases in July 2019 by \$10 to \$455 and by \$25 to \$700, depending on level of service.
- Association funding. Funding for the Association will increase by 1.75 percent on July 1, 2019.
- Uniforms and equipment. Funding in the amount of \$135,000 will be provided in FY20 to purchase 50 gear sets.
- Training. Funding in the amount of \$21,000 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 FY20 Operating Budget for the County government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY19, which began on July 1, 2018. 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 FY20 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, 2019; and technical changes.

Summary: The recommended budget includes funding for 9,645 full-time positions, a net increase of 96 from the approved FY19 Personnel Complement of 9,549 full-time positions. Funding for 973 part-time positions is also included, a net decrease of 14 positions from the approved FY19 Personnel Complement of 987 positions. FTEs increased by 84.8 to 10,385.3.

MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY COUNTY EXECUTIVE RECOMMENDED: FY20					
	POSITIONS		FULL-TIME EQUIVALENTS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL
FY19 APPROVED COMPLEMENT	9,549	987	8,440.6	1,859.9	10,300.5
FY20 RECOMMENDED COMPLEMENT	9,645	973	8,530.9	1,854.4	10,385.3
CHANGE IN WORKFORCE (GROSS)	96	(14)	90.3	(5.5)	84.8
Percentage Change	1.0%	(1.4%)	1.1%	(0.3%)	0.8%

Detailed below are the significant net changes in the number of positions in the FY20 Recommended Budget.

Workforce Changes	Position Change
Liquor Control - Change is due to the closure of two retail stores in FY19 and recommended changes to the personnel complement in FY20 to achieve operational improvements.	-15
Police - Change is due to the additions of Cadets to the Cadet Program, a Forensic Scientist, and two new Information Technology Specialists, as well as additions for the School Bus Safety Program.	8
Health and Human Services - Change is related to school health room staffing for new County schools, staff for new Linkages to Learning Center, staffing required to implement new grants and legislative requirements, and other changes for operational improvement.	12
Fire and Rescue Service - Change is due to positions added to begin to address the gap between the current complement and the positions identified as needed by the Net Annual Work Hours study and to reduce overtime.	20
Transit - Change is due to the implementation of US 29 FLASH limited-stop service.	27

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES															
HEALTH PLAN	2018					2019					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% Dif
Carefirst POS	1,310	969	1,858	4,137	48.2%	1,242	968	1,864	4,074	48.1%	(68)	(1)	6	(63)	-0.1%
Carefirst POS Std	317	160	280	757	8.8%	322	163	306	791	9.3%	5	3	26	34	0.5%
Kaiser	802	380	559	1,741	20.3%	781	382	571	1,734	20.5%	(21)	2	12	(7)	0.2%
United Healthcare	664	437	842	1,943	22.7%	639	403	831	1,873	22.1%	(25)	(34)	(11)	(70)	-0.5%
Grand Total				8,578					8,472					(106)	

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES

Employee Retirement System Plans	Number	Fiscal 2019	Number	Fiscal 2020	Number	Contribution
	<u>Employees</u> (7/1/17)	<u>Rate</u> %	<u>Employees</u> (7/1/18)	<u>Rate</u> %	<u>Employees</u> (7/17 v. 7/18)	<u>Rate</u> (7/17 v. 7/18)
Public Safety	2,957	20.42%	2,981	19.88%	24	-0.54%
Non-Public Safety	1,009	42.08%	897	43.38%	(112)	1.30%
Guaranteed Retirement Income Plan	1,772	5.74%	2,126	5.93%	354	0.19%
Total ERS System Plans	5,738		6,004		266	
Retirement Savings Plan	3,577	8.00%	3,516	8.00%	(61)	0.00%

Source: Montgomery County Employees' Retirement System, 2017 and 2018 Actuarial Valuation Reports for Plan Years Beginning July 1, 2017, and July 1, 2018, respectively. RSP data provided by the Montgomery County Employee Retirement Plans.

PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT							
ITEM	FY18 APPR	FY18 ACT	FY19 APPR	FY19 EST	FY20 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	190,000	181,215	197,000	186,000	173,000	(24,000)	(12.2%)
Professional Services	7,700	5,823	6,200	6,200	6,200	0	0.0%
Due Diligence/Education	3,600	2,109	3,600	3,600	3,600	0	0.0%
Office Management	10,560	6,078	10,560	10,000	10,000	(560)	(5.3%)
Investment Management fees	5,500	4,968	5,500	5,000	5,000	(500)	(9.1%)
TOTAL EXPENSES	\$217,360	\$200,193	\$222,860	\$210,800	\$197,800	(\$25,060)	(11.2%)

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	FY18 APPR	FY18 ACT	FY19 APPR	FY19 EST	FY20 REC	\$ Change	% Change
EXPENSES							
Salaries and Benefits	325,000	360,525	355,500	303,500	410,000	54,500	15.3%
Professional Services	286,450	128,994	146,000	191,000	136,000	(10,000)	(6.8%)
Due Diligence/Education	50,000	25,250	50,000	40,000	40,000	(10,000)	(20.0%)
Office Management	20,000	17,889	21,000	18,000	17,000	(4,000)	(19.0%)
Investment Management fees	2,700,000	4,814,016	4,233,000	5,663,000	5,864,000	1,631,000	38.5%
TOTAL EXPENSES	\$3,381,450	\$5,346,674	\$4,805,500	\$6,215,500	\$6,467,000	\$1,661,500	34.6%

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM							
ITEM	FY18 APPR	FY18 ACT	FY19 APPR	FY19 EST	FY20 REC	FY20 vs. FY19 Appr. \$ %	
REVENUE							
Contributions	113,900,000	122,128,067	108,000,000	108,000,000	108,200,000	200,000	0.2%
Investment Income	282,000,000	359,155,481	330,000,000	309,600,000	331,000,000	1,000,000	0.3%
Miscellaneous Income	1,300,000	1,505,100	1,600,000	1,360,000	1,470,000	(130,000)	(8.1%)
TOTAL REVENUE	\$ 397,200,000	\$ 482,788,648	\$ 439,600,000	\$ 418,960,000	\$ 440,670,000	1,070,000	0.2%
EXPENSES							
OPERATING EXPENSES							
Retirement Benefits	252,000,000	243,539,848	246,800,000	252,945,000	260,200,000	13,400,000	5.4%
Investment Management fees	24,000,000	20,576,087	21,600,000	23,081,000	25,200,000	3,600,000	16.7%
SUBTOTAL	276,000,000	264,115,935	268,400,000	276,026,000	285,400,000	17,000,000	6.3%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	1,979,000	1,617,272	2,070,000	1,863,000	2,424,000	354,000	17.1%
Professional Services	1,056,950	1,008,220	1,205,000	1,107,000	1,108,500	(96,500)	(8.0%)
Benefit Processing	125,000	120,796	125,000	125,000	125,000	0	0.0%
Due Diligence/Education	65,500	32,072	65,500	55,500	55,500	(10,000)	(15.3%)
Office Management	121,030	92,323	109,000	107,000	105,500	(3,500)	(3.2%)
SUBTOTAL	3,347,480	2,870,683	3,574,500	3,257,500	3,818,500	244,000	6.8%
TOTAL EXPENSES	\$279,347,480	\$266,986,618	\$271,974,500	\$279,283,500	\$289,218,500	17,244,000	6.3%
NET REVENUE	\$117,852,520	\$215,802,030	\$167,625,500	\$139,676,500	\$151,451,500	(16,174,000)	(9.6%)

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN							
ITEM	FY18 APPR	FY18 ACT	FY19 APPR	FY19 EST	FY20 REC	FY20 vs. FY19 Appr. \$ %	
REVENUE							
Investment Income	4,000	9,831	4,000	11,000	11,200	7,200	180.0%
Miscellaneous Income	250,000	336,228	490,000	200,000	200,000	(290,000)	(59.2%)
TOTAL REVENUE	254,000	346,059	494,000	211,000	211,200	(282,800)	(57.2%)
EXPENSES							
OPERATING EXPENSES							
Investment Management fees	5,500	4,968	5,500	5,000	5,000	(500)	(9.1%)
SUBTOTAL	5,500	4,968	5,500	5,000	5,000	(500)	(9.1%)
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	221,000	234,154	226,000	215,000	198,000	(28,000)	(12.4%)
Professional Services	106,700	82,847	95,700	87,700	89,700	(6,000)	(6.3%)
Due Diligence/Education	3,600	2,220	3,600	3,600	3,600	0	0.0%
Office Management	10,760	9,365	10,560	10,000	10,000	(560)	(5.3%)
SUBTOTAL	342,060	328,586	335,860	316,300	301,300	(34,560)	(10.3%)
TOTAL EXPENSES	\$347,560	\$333,554	\$341,360	\$321,300	\$306,300	(35,060)	(10.3%)

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY20</u>	<u>Annual Cost Beyond FY20</u>
6	Clothing Allowance	Increase in Shoe Allowance for Members Assigned to Training Academy	\$1,995	\$1,995
28	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,221,894	\$2,262,767
28	Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$42,657	\$78,994
28	Longevity	Additional Longevity Step Increase of 3.5 Percent for Eligible Employees after 16 Years of Service	\$1,672,225	\$1,672,225
30	Uniforms & Equipment	Cell Phones for Master Police Officers	\$14,750	\$13,500
36	Deferred Increment	Deferred Service Increment of 3.5 Percent from FY12 or FY13 for Eligible Employees	\$890,300	\$890,300
36	Wages	\$1,000 lump sum to eligible employees not receiving a deferred service increment or additional longevity step	\$484,425	\$0
Total			\$4,328,246	\$4,919,781

Police Uniformed Management Pass-Through Estimates**

<u>Item</u>	<u>Description</u>	<u>FY20</u>	<u>Annual Cost Beyond FY20</u>
Wages	2 Percent General Wage Adjustment in July 2019	\$168,428	\$168,428
Total		\$168,428	\$168,428

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

** Police Management converted to a new Police Leadership Service (PLS) Schedule 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>FY20</u>	<u>Annual Cost Beyond FY20</u>
17.1	Assignment Pay Differential	Increase in the Assignment Pay Differential to 3.2 Percent of Defined Salary	\$61,396	\$61,396
17.2	ALS Provider Differential	Increase in the ALS Provider Differential to 15 Percent of Defined Salary	\$814,205	\$814,205
19.1	Wages	2.4 Percent General Wage Adjustment in November 2018	\$1,526,415	\$2,333,372
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$89,760	\$166,222
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$797,054	\$1,476,026
57.2	Special Duty Differential	Increase in the Special Duty Differential for Members Assigned to ECC to \$7,075	\$147,130	\$174,424
Total			\$3,435,960	\$5,025,645

Fire and Rescue Uniformed Management Pass-Through Estimates**

<u>Item</u>	<u>Description</u>	<u>FY20</u>	<u>Annual Cost Beyond FY20</u>
Wages	2.4 Percent General Wage Adjustment in November 2018	\$91,234	\$139,466
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$5,072	\$9,393
Total		\$96,306	\$148,859

* 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 longevity step in FY20.

**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>FY20</u>	<u>Annual Cost Beyond FY20</u>
5	Wages	2.4 Percent General Wage Adjustment in First Full Pay Period After November 24, 2019	\$6,105,562	\$9,900,911
5	Wages	\$1,200 Lump Sum to Eligible Employees not Eligible to Receive a Service Increment in FY20	\$2,147,307	\$0
5.1	Longevity**	Longevity Step Increase of 3 or 3.5 Percent for Eligible Employees	\$249,939	\$462,850
5.2	Longevity**	Additional Longevity Step Increase of 2.5 Percent for Eligible Employees on the Correctional Officers and Deputy Sheriff Uniform Salary Schedules	\$83,835	\$100,441
5.7	Stand By Pay	Increase Stand By Pay Rate for Fire Marshals to 30 percent of Regular Hourly Salary, or 50 percent on Saturday through Sunday and holidays.	\$48,631	\$0
5.22	FTO Pay	Increase Field Training Officer Pay to \$3.25 per Hour of Training	\$14,558	\$14,558
5.31	Transit Subsidy	Increase the Get-In Program Transit Subsidy to \$75 per month	\$57,660	\$57,660
6	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$4,119,093	\$7,627,950
6	Deferred Increment	Deferred Service Increment of 3.5 Percent from FY11 for Eligible Employees, Effective January 2020	\$1,545,669	\$3,091,337
Appendix II	HHS Appendix	Provide Cell Phones to School Health Nurses	\$21,039	\$21,039
Appendix VI	DOT Appendix	Issue All-Weather Safety Outerwear to Transit Coordinators and Install Striping on Transit Coordinator Vehicles	\$6,275	\$6,275
53	Seasonal Employees	Additional \$0.25 for Eligible Seasonal Employees	\$84,696	\$84,696
Total			\$14,484,264	\$21,367,717

Non-Represented Pass-Through Estimates*

<u>Item</u>	<u>Description</u>	<u>FY20</u>	<u>Annual Cost Beyond FY20</u>
Wages	2 Percent General Wage Adjustment in July 2019	\$4,956,496	\$4,956,496
Longevity	Longevity Step Increase of 2 Percent for Eligible Employees	\$70,289	\$130,165
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$1,495,226	\$2,768,937
Total		\$6,522,011	\$7,855,598

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

** Longevity Steps in FY20 for OPT and SLT unit members occur after 18 years of service (after 20 years of service for Deputy Sheriffs and Correctional Officers), 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 on the additional step for Deputy Sheriffs and Correctional Officers.

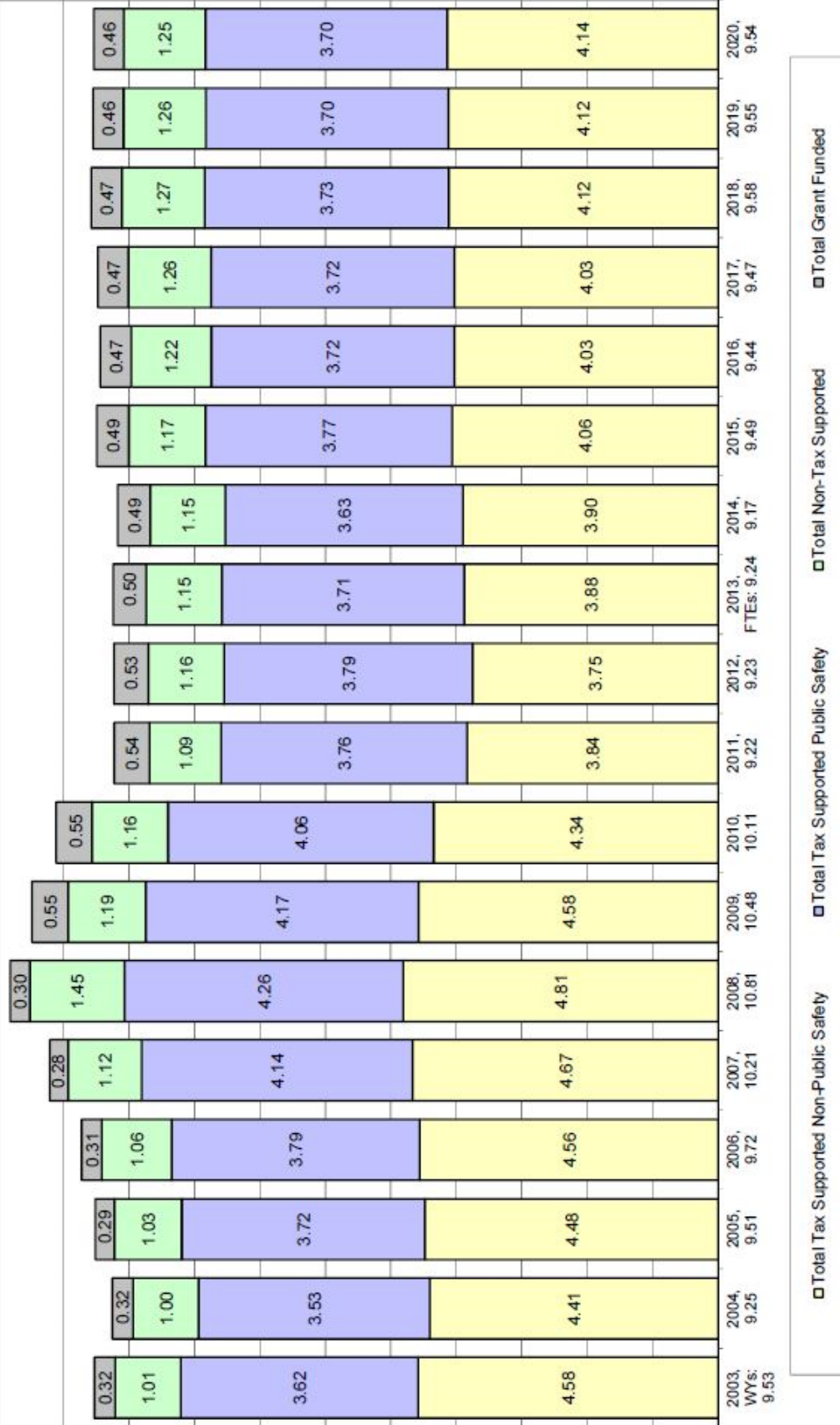
Montgomery County Volunteer Fire and Rescue Association Fiscal Impact Summary*

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY20</u>	<u>Annual Cost Beyond FY20</u>
11	Uniforms & Equipment	Purchase 50 gear sets annually	\$135,000	\$0
12	Nominal Fee	Nominal fee of \$455/\$700 in FY20**	\$20,923	\$0
16	Training	Provide \$10,000 funding for training and \$5,000 for Pro-Board certification	\$15,000	\$0
22	Volunteer Basic Orientation	Training fee not to exceed \$21,000 each year of the agreement	\$3,000	\$0
Side Letter	Association Operating Funds	Association funding effective July 1 each year of the agreement	\$4,386	\$0
Total			\$178,309	\$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
FY03-FY19 Approved Workyears and FTEs, FY20 Recommended FTEs¹**



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

MONTGOMERY COUNTY PRODUCTION REPORT

FY20 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
County General Fund				
General Government				
Board of Appeals	31,774	46,526	23,809	102,109
Board of Elections	261,463	408,670	204,747	874,880
Circuit Court	581,800	1,275,103	758,902	2,615,805
Community Engagement Cluster	212,502	408,698	242,031	863,231
County Attorney	314,450	546,365	491,279	1,352,094
County Council	649,778	1,161,282	953,508	2,764,568
County Executive	271,823	442,708	451,065	1,165,596
Ethics Commission	24,773	39,879	21,177	85,829
Finance	743,936	1,275,224	829,862	2,849,022
General Services	808,679	1,753,952	1,312,227	3,874,858
Human Resources	345,481	570,498	426,934	1,342,913
Human Rights	66,529	106,345	87,811	260,685
Inspector General	64,004	79,758	47,975	191,737
Intergovernmental Relations	49,750	70,453	62,807	183,010
Legislative Oversight	99,047	155,129	170,117	424,293
Management and Budget	277,291	412,477	359,375	1,049,143
Merit System Protection Board	14,805	26,586	10,016	51,407
Procurement	237,738	455,764	425,376	1,118,878
Public Information	291,799	689,550	318,436	1,299,785
State's Attorney	1,016,800	2,010,502	1,410,629	4,437,931
Technology Services	1,391,603	2,030,506	1,897,690	5,319,799
Zoning and Administrative Hearings	33,583	53,172	31,876	118,631
Total General Government	7,789,408	14,019,147	10,537,649	32,346,204
Public Safety				
Consumer Protection	122,147	206,149	288,518	616,814
Correction and Rehabilitation	3,629,686	7,028,019	4,906,877	15,564,582
Emergency Management and Homeland Security	68,711	119,778	90,032	278,521
Police	13,552,475	27,208,434	22,136,952	62,897,861
Sheriff	1,193,101	2,430,440	1,633,210	5,256,751
Total Public Safety	18,566,120	36,992,820	29,055,589	84,614,529

MONTGOMERY COUNTY PRODUCTION REPORT

FY20 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
Transportation				
Transportation	1,284,462	3,218,669	2,105,684	6,608,815
Health and Human Services				
Health and Human Services	7,576,575	16,874,231	10,724,441	35,175,247
Culture and Recreation				
Public Libraries	1,812,470	5,326,138	2,958,013	10,096,621
Housing and Community Development				
Agriculture	37,267	58,490	77,427	173,184
Housing and Community Affairs	386,725	781,023	669,543	1,837,291
Total Housing and Community Developme	423,992	839,513	746,970	2,010,475
Environment				
Environmental Protection	123,440	212,644	169,733	505,817
Other County Functions				
NDA - Compensation and Employee Benefit Adjustments	9,822	13,958	7,951	31,731
NDA - Conference Center	9,688	13,293	6,978	29,959
NDA - Incubator Programs - Economic Development Partnership	4,828	9,970	2,525	17,323
NDA - Independent Audit	3,402	4,387	2,595	10,384
NDA - Legislative Branch Communications Outreach	19,563	39,879	15,249	74,691
NDA - State Positions Supplement	4,318	0	0	4,318
Total Other County Functions	51,621	81,487	35,298	168,406
Total County General Fund	37,628,088	77,564,649	56,333,377	171,526,114
Special Funds - Tax Supported				
Bethesda Urban District	6,106	13,293	6,386	25,785
Economic Development Fund	9,575	13,293	10,013	32,881
Fire	10,188,972	17,018,161	23,772,384	50,979,517
Mass Transit	4,552,113	11,354,216	5,287,977	21,194,306
Recreation	1,592,744	1,945,682	1,398,339	4,936,765
Silver Spring Urban District	140,915	485,412	199,731	826,058
Wheaton Urban District	80,467	271,139	90,997	442,603
Total Special Funds - Tax Supported	16,570,892	31,101,196	30,765,827	78,437,915
Total Tax Supported Funds	54,198,980	108,665,845	87,099,204	249,964,029
Special Funds - NonTax Supported				
Cable TV	246,196	410,090	361,507	1,017,793

MONTGOMERY COUNTY PRODUCTION REPORT

FY20 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
Grant Fund	3,122,463	7,524,158	4,084,536	14,731,157
Montgomery Housing Initiative	130,192	239,881	246,928	617,001
Water Quality Protection	567,775	1,056,100	835,593	2,459,468
Total Special Funds - NonTax Supported	4,066,626	9,230,229	5,528,564	18,825,419
Enterprise Funds				
Bethesda Parking	132,588	269,489	234,541	636,618
Community Use of Public Facilities	197,237	418,336	258,145	873,718
Leaf Vacuuming	195,160	427,360	223,429	845,949
Liquor	1,975,614	5,797,714	2,233,361	10,006,689
Permitting Services	1,758,200	3,116,045	3,154,830	8,029,075
Silver Spring Parking	148,293	306,347	256,909	711,549
Solid Waste Collection	89,679	166,707	148,625	405,011
Solid Waste Disposal	606,055	1,197,229	992,176	2,795,460
Wheaton Parking	22,205	45,366	40,860	108,431
Total Enterprise Funds	5,125,031	11,744,593	7,542,876	24,412,500
Total Non Tax Supported Funds	9,191,657	20,974,822	13,071,440	43,237,919
Internal Service Funds				
Central Duplicating (Printing & Mail)	161,559	454,788	216,790	833,137
Employee Health Self Insurance	175,716	321,892	192,572	690,180
Motor Pool	1,373,874	2,743,848	1,594,509	5,712,231
Risk Management (Self Insurance - ISF)	263,344	425,860	387,742	1,076,946
Total Internal Service Funds	1,974,493	3,946,388	2,391,613	8,312,494
Total Benefits	65,365,130	133,587,055	102,562,257	301,514,442

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