



Workforce/Compensation

SUMMARY OF FY26 RECOMMENDATIONS

A. SUMMARY OF AGENCY REQUESTS

Montgomery County Public Schools (MCPS): The MCPS workforce for FY26, as recommended by the Board of Education (BOE), is 25,387.3207 FTEs, or 939.6972 FTEs greater than the Board of Education adopted FY25 workforce of 24,447.6235 FTEs. In September 2024, MCPS began 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). At this time, tentative agreements regarding compensation and benefits have been reached with the associations to be effective July 1, 2025. The Board's requested budget includes \$186.2 million in funds to support the tentative agreements. For more information on compensation and workforce changes, please see the Board of Education's FY26 Operating Budget Tentatively Adopted.

Montgomery College (MC): The College and its Board of Trustees adopted a fiscally conservative maintenance-of-effort budget that provides wage increases for the College's dedicated faculty and staff. The FY26 Current Fund increase in personnel costs is roughly \$9.2 million. Negotiations with the bargaining units are nearly complete. For more information on compensation and workforce changes, please consult the Adopted FY26 Montgomery College Operating Budget Request, available on the College's website.

Maryland-National Capital Park and Planning Commission (M-NCPPC): The net impact on the M-NCPPC workforce for FY26, as recommended by the Montgomery County Planning Board, is an increase of 19.08 FTEs. The Commission's requested budget includes an increase in personnel costs of \$8.3 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 FY26 Proposed Annual Budget.

Montgomery County Government (MCG): When looking at headcount, the net impact on the County government workforce for FY26, as recommended by the Executive, is an increase of 156 positions. This increase consists of 122 tax supported positions and an increase of 34 non-tax supported positions.

The recommended budget contains an increase in total personnel costs of \$123.2 million, or 8.1 percent. The increase in FY26 related only to FY26 compensation and benefits adjustments totaled \$80.0 million, or 5.3 percent. The primary factors in these changes are:

Factor	Millions
General Wage Adjustment (GWA)	\$36.5
Increase in required retirement contribution	\$9.6
Increase in group insurance	\$20.7
Service increments and longevity	\$9.4
Annualization of FY25 Compensation Adjustments	\$22.1
Other FY26 Compensation Adjustments	\$3.9
New positions in FY26	\$10.8
Position eliminations in FY26	-\$1.8

Other changes in personnel costs, including turnover savings and annualization of positions	\$12.1
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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 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 FY26: 4.85 percent effective the first full pay period after July 1, 2025, for all employees in the Police bargaining unit and Police Leadership Service (PLS); 3.25 percent effective the first full pay period after July 1, 2025, for all employees in the Fire and Rescue bargaining unit and Fire and Rescue uniformed management; 3 percent effective the first full pay period after July 1, 2025 for all employees in the Office, Professional, and Technical (OPT), and Service, Labor, and Trades (SLT) units, as well as all employees on the Transit Bus Operators and Transit Coordinators Salary Schedules, Deputy Sheriffs and Correctional Officers Uniform Salary Schedules, and all non-represented employees, including Management Leadership Service (MLS).

FY26 salary schedules can be found on the County's website at:
<http://www.montgomerycountymd.gov/HR/compensation/Compensation.html>.

(Note: FY26 salary schedules will be available after Council approval of the FY26 budget)

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

Longevity Increments: The Executive recommends longevity increments in FY26 for all eligible employees.

Performance-Based Pay: The Executive recommends \$2,500,000 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**

FICA (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 2025 and projected changes for 2026. 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, and 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 \$17,982 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 nine percent annually between FY26 and FY31. 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, is a prudent and responsible approach that 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 each year. 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 as of the FY end 2023 GASB 74 Report - approximately 23.1 percent of the total FY26 budget for all agencies.

Proposed FY26 Consolidated Retiree Health Benefits Trust Contributions	
Montgomery County Government (MCG)	FY26
<u>General Fund:</u>	
Retiree Health Benefits Trust NDA	\$0
<u>Proprietary Funds:</u>	
Bethesda Parking District	\$0
Wheaton Parking District	\$0
Silver Spring Parking District	\$0
Solid Waste Collection	\$0
Solid Waste Disposal	\$0
Alcohol Beverage Services	\$0
Permitting Services	\$0
Community Use of Public Facilities	\$0
Motor Pool	\$0
Risk Management	\$0
Central Duplicating	\$0
<u>Participating Agency Contributions</u>	\$0
Total MCG Trust Contributions	\$0
Consolidated Trust: Montgomery County Public Schools	\$57,970,328
Consolidated Trust: Montgomery College	\$0
Park and Planning Commission Trust Fund*	\$2,933,414
Total Contributions/Assets Held in Trust	\$60,903,742
* MNCPPC's contribution from tax supported funds is \$2,803,978.	

The County's approach to address retiree health benefits funding has been 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 \$72.5 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 has been 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 December 2023, the County Council passed Resolution No. 20-337, establishing an updated OPEB funding policy. In FY25, in accordance with this funding policy, \$8.9 million has been utilized to pay for a portion of the County's retiree health insurance claims. The prefunding contributions were budgeted at \$59.1 million for the MCPS Consolidated Trust. No prefunding amount was required for Montgomery County Government or the MC Consolidated

The actuarial valuation used for the FY26 budget resulted in an ADC that was \$13.5 million less than the pay-as-you-go amount, and the FY26 budget assumes the utilization of this \$13.5 million for payment of a portion of the County's retiree health insurance claims. A detailed breakdown of FY26 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 County Executive is recommending that the Retiree Health Benefits Trust provide \$27.2 million to MCPS for the payment of retiree health insurance claims in FY26.

Retirement Benefits: : Montgomery County Government maintains a system of retirement pay and benefits for its employees which is intended to provide income during their retirement years. The Employees' Retirement System, which currently provides benefits to approximately 6,972 retirees and survivors, is administered by the 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 Department of Finance, 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, 2024, there were 6,972 retirees and survivors and 6,681 active members, including 3,260 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 Department of Finance, 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 United Food and Commercial Workers Local 1994 MCGEO. Eligibility to participate has been passed through to non-represented employees and participants of participating agencies. All full-time 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 FY05, 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 Chief Labor Relations Officer, Director of Finance, and Director of 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 decreased by 160 and the number of public safety employees increased by 293, for a combined total active enrollment of 3,421 in FY25. GRIP membership increased by 319 employees to 3,260 in FY25. The RSP saw an increase of 96 active employees enrolled, for a total FY25 enrollment of 3,321. Funds for the County's contribution to the ERS for each member employee are included in the appropriate Montgomery 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.

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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 became effective July 1, 2024, and expires on June 30, 2026. The agreement's salient economic terms include:

- General Wage Adjustment. A 3.25 percent GWA will be paid in July 2025.
- Service Increments. A service increment of 3.5 percent will be paid in FY26 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; effective July 2025.

MCCEO Bargaining Unit: The current agreement became effective July 1, 2023, and expires on June 30, 2026. The agreement's salient economic terms for FY26 include:

- General Wage Adjustment. A 3 percent GWA will be paid in July.
- Service Increments. A service increment of 3.5 percent will be paid in FY26 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; effective July 2025.

Police Bargaining Unit: The current agreement became effective July 1, 2023, and expires on June 30, 2025. The negotiated agreement becomes effective July 1, 2025, and expires on June 30, 2027. The agreement's salient economic terms for FY26 include:

- General Wage Adjustment. A 4.85 percent GWA will be paid in July 2025.
- Service Increments. A service increment of 3.5 percent will be paid in FY26 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; effective July 2025.
- Canine Officer Pay. Increases shift differential for Canine Officers from .5 hours per day to 1 hour.
- FTO Pay. Increases Field Training Officer differential from \$6 to \$8 per hour.
- Personal Patrol Vehicle (PPV) Border Expansion. Expands the PPV take-home vehicle program from 10 miles of the County's border to 20 miles.
- Appendix I. Adds and removes items from the equipment list.

Volunteer Fire and Rescue Bargaining Unit: The current agreement became effective on July 1, 2023, and expires on June 30, 2026. MCG is in negotiations with MCVFRA on certain reopener provisions. The potential impact on the FY26 budget is unknown at this time.

- **Nominal Fee.** A nominal fee increase will be paid in FY26. The nominal fee for eligible volunteers increases in July 2025 to \$650 and to \$1,400, depending on level of service.
- **Association Funding.** Funding for the Association will increase to \$24,564 on July 1, 2025.
- **Length of Service Award Program (LOSAP).** An increase in LOSAP of 4 percent will be made for certain active members, on July 1, 2025. MCG is in negotiations with MCVFRA and the potential impact on the FY26 budget is unknown at this time

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 FY26 Operating Budget for Montgomery County Government.

Overall changes are calculated in comparison to the Approved Personnel Complement for FY25, which began on July 1, 2024. Changes shown reflect the addition of grant-funded positions, abolishments and creations to implement approved job-sharing agreements, and other miscellaneous changes. Changes recommended by the County Executive for FY26 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, 2024, and technical changes.

Summary: The recommended budget includes funding for 10,527 full-time positions, a net increase of 165 from the approved FY25 Personnel Complement of 10,362 full-time positions. Funding for 899 part-time positions is also included, a net decrease of 9 positions from the approved FY25 Personnel Complement of 908 positions. The net impact on FTEs is an increase of 154.91 to 11,295.57.

MONTGOMERY COUNTY GOVERNMENT WORKFORCE CHANGE SUMMARY COUNTY EXECUTIVE RECOMMENDED: FY26					
	POSITIONS		FULL-TIME EQUIVALENTS		
	Full Time	Part Time	Tax Supported	Non-Tax Supp.	TOTAL
FY25 APPROVED COMPLEMENT	10,362	908	9,224.3	1,916.4	11,140.7
FY26 RECOMMENDED COMPLEMENT	10,527	899	9,329.4	1,966.2	11,295.6
CHANGE IN WORKFORCE (GROSS)	165	(9)	105.1	49.8	154.9
Percentage Change	1.6%	(1.0%)	1.1%	2.6%	1.4%

Detailed below are the significant net changes in the number of positions in the FY26 Recommended Operating Budget.

Workforce Changes	Position Change
Health and Human Services - Change is related to staff added to support the Lighthouse Initiative, Blueprint for Maryland's Future, abuse intervention services, dental program staff, school health nurse managers, annualization of infrastructure positions from Supplemental Appropriation #25-35, term positions for the Consolidated Local Implementation Grant, and miscellaneous technical adjustments.	55
Police - Change is due to the Drone as a First Responder Program, adding Security Officers at Progress Place, the Real-Time Program, and technical adjustments related to the tracking of Cadets.	54
Transportation - Change is due to expanding Flash BRT Service to Howard County. These positions will be added in mid-FY26, assuming the new service remains on schedule to begin in spring of 2026. Two positions related to Ride On fare collection were abolished as they are no longer needed, and one position was eliminated in FY25 due to consolidation of duties.	14
Fire and Rescue Services - Change is due to adding firefighter positions, and additional support for the Community Action Coordinator and the High School Cadet program.	13

MONTGOMERY COUNTY GOVERNMENT - MEDICAL PLAN ENROLLMENT, ACTIVE EMPLOYEES															
HEALTH PLAN	2024					2025					CHANGE				
	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	% OF INSURED	EMP	EMP+1	FAM	TOTAL	%Dif
Carefirst POS	1,418	1,033	1,864	4,315	47.4%	1,582	1,136	1,950	4,668	49%	164	103	86	353	1.6%
Carefirst POS Std	625	262	482	1,369	15.0%	684	289	483	1,456	15%	59	27	1	87	0.0%
Kaiser	769	394	536	1,699	18.7%	836	384	536	1,756	18%	67	(10)	-	57	-0.7%
United Healthcare	646	378	699	1,723	18.9%	670	389	664	1,723	18%	24	11	(35)	-	-0.9%
Grand Total				9,106					9,603					497	

RETIREMENT FUNDS: ENROLLMENT & COUNTY CONTRIBUTION RATES

Employee Retirement System Plans	Number	Fiscal 2025	Number	Fiscal 2026	Number	Contribution
	<u>Employees</u>	<u>Contribution</u>	<u>Employees</u>	<u>Contribution</u>	<u>Employees</u>	<u>Rate</u>
	(7/1/23)	Rate	(7/1/24)	Rate	(7/23 v. 7/24)	(7/23 v. 7/24)
		%		%		
Public Safety	2,741	22.57%	3,034	23.78%	293	1.21%
Non-Public Safety	547	4.72%	387	5.36%	(160)	0.64%
Guaranteed Retirement Income Plan	2,941	5.94%	3,260	6.82%	319	0.88%
Total ERS System Plans	6,229		6,681		452	
Retirement Savings Plan	3,225	8.00%	3,321	8.00%	96	0.00%

Source: Montgomery County Employees' Retirement System, 2023 and 2024 Actuarial Valuation Reports for Plan Years Beginning July 1, 2023, and July 1, 2024, respectively. RSP data provided by the Montgomery County Employee Retirement Plans.

PROPOSED OPERATING BUDGET DEFERRED COMPENSATION MANAGEMENT							
ITEM	FY24 APPR	FY24 ACT	FY25 APPR	FY25 EST	FY26 REC	\$	%
						FY26 Req vs FY25 Appr	
EXPENSES							
Salaries and Benefits	205,000	177,929	213,700	204,100	149,800	(63,900)	(29.9%)
Professional Services	56,100	66,369	70,000	47,500	66,300	(3,700)	(5.3%)
Due Diligence/Education	2,800	-	2,800	2,800	2,800	0	0.0%
Office Management	8,000	3,620	7,000	5,900	8,600	1,600	22.9%
Investment Management Fees	12,000	12,563	12,200	13,400	14,000	1,800	14.8%
TOTAL EXPENSES	283,900	260,481	305,700	273,700	241,500	(\$64,200)	(21.0%)

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	FY24 APPR	FY24 ACT	FY25 APPR	FY25 EST	FY26 REC	\$	%
						FY26 Req vs FY25 Appr	
EXPENSES							
County OPEB Withdrawal	-	-	8,886,000	8,886,000	13,538,000	4,652,000	52.4%
Investment Management Fees	8,648,000	6,869,558	5,950,000	4,497,000	3,331,000	(2,619,000)	(44.0%)
SUBTOTAL	8,648,000	6,869,558	14,836,000	13,383,000	16,869,000	2,033,000	13.7%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	591,000	554,578	749,000	717,000	1,458,000	709,000	94.7%
Professional Services	203,800	389,239	379,800	490,800	590,500	210,700	55.5%
Due Diligence/Education	50,000	44,863	94,500	153,700	115,800	21,300	22.5%
Office Management	14,600	13,103	15,800	16,700	113,000	97,200	615.2%
SUBTOTAL	859,400	1,001,783	1,239,100	1,378,200	2,277,300	1,038,200	83.8%
TOTAL EXPENSES	9,507,400	7,871,341	16,075,100	14,761,200	19,146,300	\$3,071,200	19.1%

PROPOSED OPERATING BUDGET EMPLOYEES' RETIREMENT SYSTEM							
ITEM	FY24 APPR	FY24 ACT	FY25 APPR	FY25 EST	FY26 REC	FY26 Req vs FY25 Appr	
						\$	%
REVENUE							
Contributions	79,480,000	102,289,227	104,431,000	104,431,000	125,150,642	20,719,642	19.8%
Investment Income/(Loss)	360,357,000	399,649,236	352,565,000	364,157,000	367,373,000	14,808,000	4.2%
Miscellaneous Income	854,000	848,126	1,080,000	721,000	569,000	(511,000)	(47.3%)
TOTAL REVENUE	440,691,000	502,786,589	458,076,000	469,309,000	493,092,642	35,016,642	7.6%
EXPENSES							
Retirement Benefits	336,141,000	338,053,665	353,741,500	353,991,600	361,155,000	7,413,500	2.1%
Investment Management Fees	26,653,000	23,770,132	16,792,000	11,340,000	7,774,000	(9,018,000)	(53.7%)
SUBTOTAL	362,794,000	361,823,797	370,533,500	365,331,600	368,929,000	(1,604,500)	(0.4%)
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	2,954,000	2,615,243	3,352,000	3,388,000	3,250,000	(102,000)	(3.0%)
Professional Services	1,115,800	1,030,617	1,259,000	1,297,300	1,440,600	181,600	14.4%
Benefit Processing	136,400	121,200	142,500	132,800	135,500	(7,000)	(4.9%)
Due Diligence/Education	57,700	60,359	133,800	157,200	142,700	8,900	6.7%
Office Management	90,700	66,174	109,800	100,800	383,700	273,900	249.5%
SUBTOTAL	4,354,600	3,893,593	4,997,100	5,076,100	5,352,500	355,400	7.1%
TOTAL EXPENSES	367,148,600	365,717,390	375,530,600	370,407,700	374,281,500	(1,249,100)	(0.3%)
NET REVENUE	73,542,400	137,069,199	82,545,400	98,901,300	118,811,142	36,265,742	43.9%

PROPOSED OPERATING BUDGET RETIREMENT SAVINGS PLAN							
ITEM	FY24 APPR	FY24 ACT	FY25 APPR	FY25 EST	FY26 REC	Change: FY26 Req vs FY25 Appr	
						\$	%
REVENUE							
Investment Income	600	37,986	7,000	9,000	7,000	0	0.0%
Miscellaneous Income	313,000	535,589	331,600	483,000	462,000	130,400	39.3%
TOTAL REVENUE	313,600	573,575	338,600	492,000	469,000	130,400	38.5%
EXPENSES							
Investment Management Fees	12,000	12,563	12,200	13,400	14,000	1,800	14.8%
SUBTOTAL	12,000	12,563	12,200	13,400	14,000	1,800	14.8%
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	234,800	201,135	245,700	235,100	163,800	(81,900)	(33.3%)
Professional Services	77,600	101,791	83,900	83,800	102,500	18,600	22.2%
Due Diligence/Education	2,800	-	2,800	2,800	2,800	0	0.0%
Office Management	7,300	3,620	7,000	5,900	8,600	1,600	22.9%
SUBTOTAL	322,500	306,546	339,400	327,600	277,700	(61,700)	(18.2%)
TOTAL EXPENSES	334,500	319,109	351,600	341,000	291,700	(59,900)	(17.0%)

PROPOSED OPERATING BUDGET Combined (ERS RSP & DCP)							
ITEM	FY24 APPR	FY24 ACT	FY25 APPR	FY25 EST	FY26 REC	FY26 Req vs FY25 Appr	
						\$	%
Salaries and Benefits	3,393,800	2,994,307	3,811,400	3,827,200	3,563,600	(247,800)	(6.5%)
Professional Services	1,249,500	1,198,777	1,412,900	1,428,600	1,609,400	196,500	13.9%
Benefit Processing	136,400	121,200	142,500	132,800	135,500	(7,000)	(4.9%)
Due Diligence/Education	63,300	60,359	139,400	162,800	148,300	8,900	6.4%
Office Management	106,000	73,414	123,800	112,600	400,900	277,100	223.8%
TOTAL EXPENSES	4,949,000	4,448,057	5,630,000	5,664,000	5,857,700	227,700	4.0%

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

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY26</u>	<u>Annual Cost Beyond FY26</u>	<u>Estimated # affected***</u>
5A	Canine Pay	Increases shift differential for Canine Officers from .5 hours per day to 1 hour	\$390,198	\$401,904	
5B	FTO Pay	Increases Field Training Officer differential from \$6 to \$8 per hour	\$85,610	\$85,610	
28	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$777,575	\$1,164,664	385
28	Longevity	Longevity Step Increase of 3.5 Percent for Eligible Employees	\$68,158	\$63,315	33
35B	PPV Border Expansion	Expands the Personal Patrol Vehicle (PPV) take-home vehicle program from 10 miles of the County's border to 20 miles	\$550,170	\$550,170	171
36A	Wages	4.85 Percent General Wage Adjustment in July 2025	\$6,195,363	\$6,195,363	1,203
Appendix I	Issued Equipment	Adds and removes items from the equipment list	\$82,965	\$82,965	
Total			\$8,150,039	\$8,543,991	1,203

Police Uniformed Management Pass-Through Estimates**

	<u>Item</u>	<u>Description</u>	<u>FY26</u>	<u>Annual Cost Beyond FY26</u>	<u>Estimated # affected***</u>
35B	PPV Border Expansion	Expands the Personal Patrol Vehicle (PPV) take-home vehicle program from 10 miles of the County's border to 20 miles	\$42,890	\$42,890	24
36A	Wages	4.85 Percent General Wage Adjustment in July 2025	\$560,188	\$560,188	58
Total			\$603,078	\$603,078	58

* 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.

*** The estimated number of employees affected by the economic item is identified where known.

**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>FY26</u>	<u>Annual Cost Beyond FY26</u>	<u>Estimated # affected**</u>
19.1	Wages	3.25 Percent General Wage Adjustment in July 2025	\$4,362,502	\$4,362,502	1,217
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$195,929	\$173,677	93
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$755,616	\$1,165,221	461
Total			\$5,314,047	\$5,701,400	1,217

Fire and Rescue Uniformed Management Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>FY26</u>	<u>Annual Cost Beyond FY26</u>	<u>Estimated # affected**</u>
Wages	3.25 Percent General Wage Adjustment in July 2025	\$278,278	\$278,278	44
Total		\$278,278	\$278,278	44

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

** The estimated number of employees affected by the economic item is identified where known.

**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>FY26</u>	<u>Annual Cost</u>	<u>Estimated #</u> <u>affected**</u>
				<u>Beyond FY26</u>	
28	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$4,985,326	\$8,048,899	3,051
28	Longevity	Longevity Step Increase of 3.25 or 3.5 Percent for Eligible Employees after completion of 16, 20, and 25 years of service	\$472,222	\$410,680	254
36	Wages	3.0 Percent General Wage Adjustment in July 2025	\$16,428,138	\$16,428,138	6,226
Total			\$21,885,686	\$24,887,717	6,226

Non-Represented Passthrough Estimates

	<u>Item</u>	<u>Description</u>	<u>FY26</u>	<u>Annual Cost</u>	<u>Estimated #</u> <u>affected**</u>
				<u>Beyond FY26</u>	
	Service Increments	Service Increment of 3.5 Percent for Eligible Employees.	\$1,865,930	\$3,025,455	851
	Longevity	Longevity Increase of 3.25 or 3.5 Percent for Eligible Employees after completion of 16, 20, and 25 years of service.	\$271,624	\$235,689	108
	Wages	3.0 Percent General Wage Adjustment in July 2025	\$9,709,849	\$9,709,849	2,483
Total			\$11,847,403	\$12,970,993	2,483

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

** The estimated number of employees affected by the economic item is identified where known.

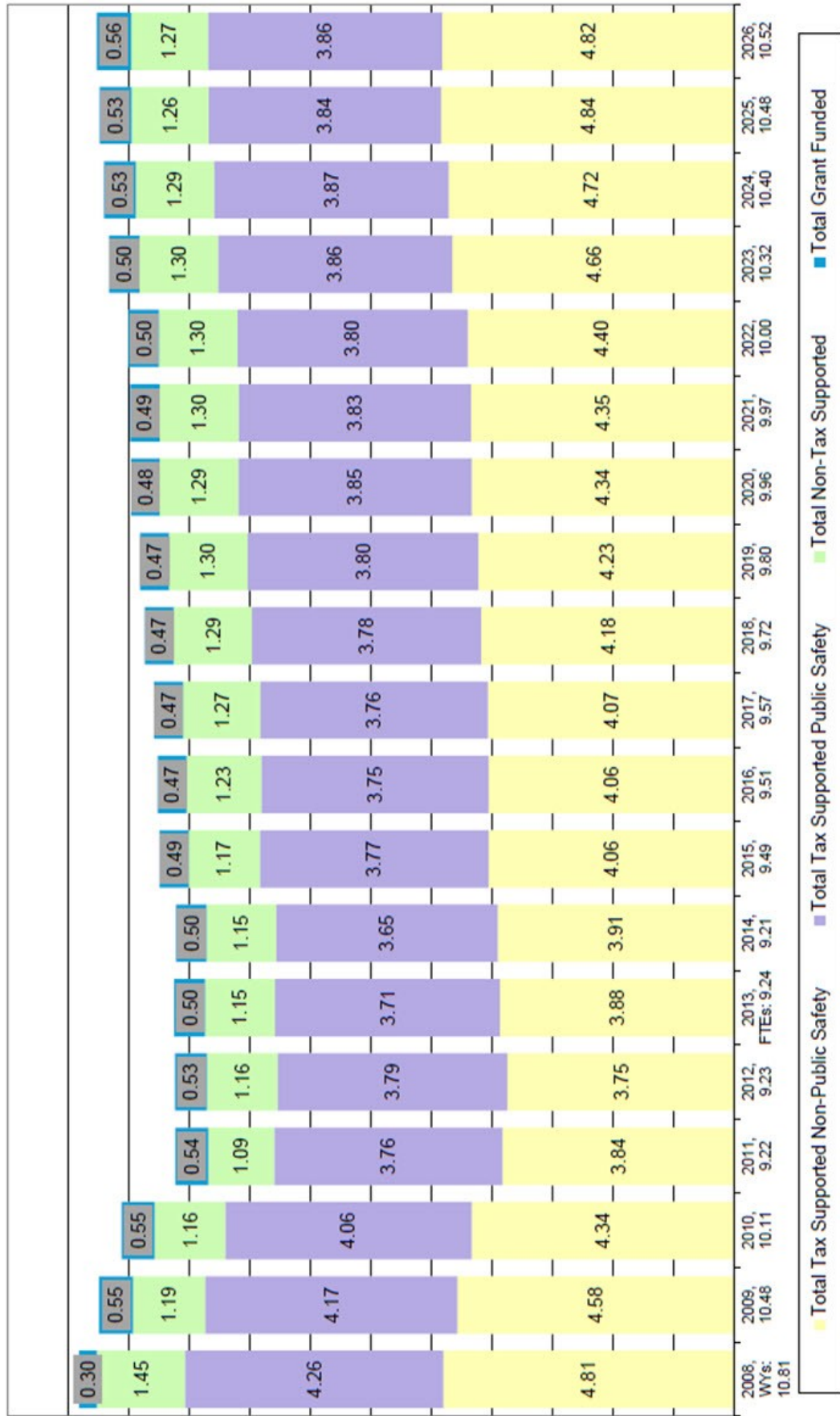
**Montgomery County Volunteer Fire and Rescue Association
Fiscal Impact Summary***

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY26</u>	<u>Annual Cost</u>	
				<u>Beyond FY26</u>	
12	Nominal Fee	A nominal fee increase will be paid in FY26. The nominal fee for eligible volunteers increases in July 2025 to \$650 and to \$1,400, depending on level of service	\$73,250	\$73,250	
25	Length of Service Award Program	An increase of 4 percent for certain active members effective July 1, 2025.	\$8,970	\$8,970	
Side Letter	Association Operating Funds	Association funding effective July 1 each year of the agreement	\$11,497	\$11,497	
Total			\$93,717	\$93,717	

* 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 FY08-FY25 Approved Workyears and FTEs, FY26 Recommended FTEs¹



¹ From FY08 through FY12, workyears are used; beginning in FY13, full-time equivalent (FTE) positions will be used.

MONTGOMERY COUNTY PRODUCTION REPORT

FY26 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
County General Fund				
General Government				
Board of Appeals	35,867	53,946	27,401	117,214
Board of Elections	390,525	579,658	216,082	1,186,265
Circuit Court	788,116	1,801,086	793,743	3,382,945
Community Engagement Cluster	401,482	963,849	347,407	1,712,738
County Attorney	573,842	918,618	519,675	2,012,135
County Council	1,039,057	2,022,975	928,712	3,990,744
County Executive	368,091	651,488	365,783	1,385,362
Ethics Commission	19,789	35,964	12,879	68,632
Finance	1,017,937	1,786,437	825,989	3,630,363
Food Systems Resilience	50,224	98,901	42,735	191,860
General Services	1,174,226	2,506,934	944,559	4,625,719
Grants Management	54,902	107,892	45,432	208,226
Human Resources	566,839	1,083,746	441,396	2,091,981
Human Rights	108,836	197,802	87,630	394,268
Inspector General	234,232	391,109	209,125	834,466
Intergovernmental Relations	51,225	89,910	41,463	182,598
Labor Relations	125,410	228,886	105,009	459,305
Legislative Oversight	168,967	267,033	145,491	581,491
Management and Budget	472,187	757,355	411,021	1,640,563
Merit System Protection Board	17,950	35,964	5,686	59,600
People's Counsel	14,670	26,973	7,670	49,313
Procurement	334,598	660,063	279,827	1,274,488
Public Information	174,238	320,229	156,373	650,840
Racial Equity and Social Justice	83,531	161,838	72,672	318,041
State's Attorney	1,427,001	2,876,597	1,366,789	5,670,387
Technology and Enterprise Business Solutions	2,269,612	3,817,218	1,928,763	8,015,593
Zoning and Administrative Hearings	44,007	71,928	43,396	159,331
Total General Government	12,007,361	22,514,399	10,372,708	44,894,468
Public Safety				
Animal Services	530,124	1,330,146	406,895	2,267,165

MONTGOMERY COUNTY PRODUCTION REPORT

FY26 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
Consumer Protection	173,201	317,137	142,773	633,111
Correction and Rehabilitation	4,919,865	9,244,797	6,046,342	20,211,004
Emergency Management and Homeland Security	160,267	289,614	145,098	594,979
Police	17,036,441	34,690,046	21,708,276	73,434,763
Sheriff	1,481,139	3,248,795	2,345,654	7,075,588
Total Public Safety	24,301,037	49,120,535	30,795,038	104,216,610
Transportation				
Transportation	1,757,529	4,088,072	1,263,264	7,108,865
Health and Human Services				
Health and Human Services	12,153,570	27,791,415	9,876,051	49,821,036
Culture and Recreation				
Public Libraries	2,517,435	7,404,032	1,931,152	11,852,619
Housing and Community Development				
Agriculture	58,203	106,094	48,122	212,419
Housing and Community Affairs	774,103	1,567,104	631,178	2,972,385
Total Housing and Community Developme	832,306	1,673,198	679,300	3,184,804
Environment				
Environmental Protection	239,121	443,959	189,637	872,717
Other County Functions				
NDA - Compensation and Employee Benefit Adjustments	7,783	12,408	6,421	26,612
NDA - Conference Center	9,665	17,982	10,107	37,754
NDA - Early Care and Education	110,840	278,721	69,017	458,578
NDA - Incubator Programs	26,890	53,946	24,064	104,900
NDA - Independent Audit	2,072	2,697	1,678	6,447
NDA - Legislative Branch Communications Outreach	118,149	233,766	101,101	453,016
NDA - Police Accountability Board	33,320	35,964	20,080	89,364
NDA - Small Business Support Services	38,433	71,928	37,578	147,939
NDA - Vision Zero	10,601	17,982	11,086	39,669
Total Other County Functions	357,753	725,394	281,132	1,364,279
Total County General Fund	54,166,112	113,761,004	55,388,282	223,315,398
Special Funds - Tax Supported				
Bethesda Urban District	7,406	17,982	7,744	33,132
Economic Development Fund	11,419	17,982	11,942	41,343

MONTGOMERY COUNTY PRODUCTION REPORT

FY26 Total Employee Benefits County Wide

	Social Security	Group Insurance	Retirement	Total Benefits
Fire	13,915,419	24,581,932	40,632,939	79,130,290
Mass Transit	7,294,179	15,905,969	5,219,456	28,419,604
Recreation	2,599,335	3,345,535	1,179,309	7,124,179
Silver Spring Urban District	190,738	596,914	151,050	938,702
Wheaton Urban District	130,985	404,350	106,663	641,998
Total Special Funds - Tax Supported	24,149,481	44,870,664	47,309,103	116,329,248
Total Tax Supported Funds	78,315,593	158,631,668	102,697,385	339,644,646
Special Funds - NonTax Supported				
Grant Fund	4,704,858	11,409,313	3,928,653	20,042,824
Montgomery Housing Initiative	237,645	430,362	219,080	887,087
Opioid Abatement	27,946	67,433	14,613	109,992
Water Quality Protection	830,417	1,767,908	851,277	3,449,602
Total Special Funds - NonTax Supported	5,800,866	13,675,016	5,013,623	24,489,505
Enterprise Funds				
Bethesda Parking	187,278	381,651	157,420	726,349
Community Use of Public Facilities	256,801	559,005	218,302	1,034,108
Leaf Vacuuming	216,772	511,140	155,198	883,110
Liquor	2,797,131	8,235,981	2,173,065	13,206,177
Permitting Services	2,347,628	4,447,365	1,940,397	8,735,390
Silver Spring Parking	203,501	442,021	171,289	816,811
Solid Waste Collection	98,991	174,662	97,328	370,981
Solid Waste Disposal	933,716	1,873,990	795,562	3,603,268
Wheaton Parking	29,826	60,989	25,649	116,464
Total Enterprise Funds	7,071,644	16,686,804	5,734,210	29,492,658
Total Non Tax Supported Funds	12,872,510	30,361,820	10,747,833	53,982,163
Internal Service Funds				
Central Duplicating (Printing & Mail)	236,205	616,705	186,405	1,039,315
Employee Health Self Insurance	234,637	421,523	225,229	881,389
Motor Pool	1,834,801	3,753,806	1,525,356	7,113,963
Risk Management (Self Insurance - ISF)	360,790	590,373	313,579	1,264,742
Total Internal Service Funds	2,666,433	5,382,407	2,250,569	10,299,409
Total Benefits	93,854,536	194,375,895	115,695,787	403,926,218