GO Item #3
July 17, 2023
Worksession

M E M O R A N D U M

July 20, 2023

TO: Government Operations and Fiscal Policy (GO) Committee

FROM: Christine Wellons, Senior Legislative Attorney
Craig Howard, Deputy Director

SUBJECT: Expedited Bill 20-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments

PURPOSE: Worksession – Committee recommendation expected

Expected Attendees

- Jennifer Harling, Director, Office of Labor Relations (invited)
- Corey Orlosky, Office of Management and Budget
- Ed Haenftling, Office of the County Attorney (invited)
- Gino Renne, President, UFCW Local 1994 MCGEO (invited)
- Carol Jones, Montgomery County Employee Retirement Plans (MCERP)
- Yan Yan, MCERP

Expedited Bill 20-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments, sponsored by Council President Glass at the request of the County Executive, was introduced on April 11, 2023. A public hearing took place on April 25, 2023. Expedited Bill 20-23 would:

(1) amend Group E eligibility to add eligibility for certain ECC positions to the Group E Optional Retirement Plan and the Integrated Retirement Plan;
(2) amend Group J eligibility to add eligibility for certain ECC positions to be designated by the Chief Administrative Officer;
(3) amend credited service to provide credited service adjustments for military service;
(4) separate Group E and Group J regarding pension multipliers;
(5) adjust pension multipliers for Group E and Group J;
(6) amend the guaranteed retirement savings plan to default into the guaranteed retirement savings plan certain part-time employees in the OPT/SLT bargaining unit;
(7) amend the disability benefits plan; and
(8) generally amend pension and retirement benefits.

Group E is the retirement plan for sworn deputy sheriffs and uniformed correctional officers, and a current retirement plan summary for Group E is available online. Group J is the retirement plan for public safety correctional staff (as designated by the Chief Administrative Officer), and a current retirement plan summary for Group J is available online.

A. Background

The expedited bill was requested by the County Executive as a result the current Memorandum of Agreement (CBA) between the Montgomery County Government and the Municipal & County Government Employees Organization, UFCW, Local 1994 (MCGEO).

In its approval of the FY24 Operating Budget, the Council tentatively approved FY24 funding to implement Bill 20-23; approval of the funding is contingent upon the enactment of the bill.

B. Bill Description

Expedited Council Bill 20-23 would implement alterations to retirement eligibility and benefits under Sections 41 and 44 of the CBA, including: (1) amending Group E and Group J eligibility to include certain public safety emergency communications personnel; (2) providing credited service adjustments for certain military service; (3) adjusting pension multipliers for Group E and Group J; (4) altering the disability benefits plan; and (5) raising the Social Security integration age from 67 to 70 for Group E and Group J members.

1. Expanding pension plan eligibility

The proposed bill would make the following job classes for employees working in the Emergency Communications Center eligible for pension benefits: Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager 2. Based on the personnel complement submitted by the Executive as part of the recommended FY 24 operating budget, there are approximately 175 FTEs (filled and vacant) within the Public Safety Emergency Communications job classes.

Currently, these positions are eligible to participate in the RSP or GRIP retirement plans but not the pension plan. The average FY24 cost per employee is $12,142 for employees in the pension plan, compared to $6,729 for employees in the RSP and $3,626 for employees in the GRIP. The cost of this proposed change is $537,142 per year beginning in FY24.

2. Military service credit

The proposed bill would provide a military service pension credit to Group E members. The proposed military service credit would provide up to 24 months of service credit to employees with qualifying prior military service (at no cost to the employee), while allowing the employee to purchase an additional 24 months of services credit. The existing law allows eligible employees to purchase up to 48 months of pension service credit. The cost of this proposed change is $134,758 in FY24, and increases to $151,672 in FY29.

3. Long-term disability changes

The proposed bill makes three changes to long-term disability:

- the payment date for Long-Term Disability Benefits is increased from age 70 to 85;
- the minimum amount of the benefit for a non-service-connected disability is increased from 30% to 33.33% of the employee's final earnings; and
- the provision that disability benefits must be reduced by any amount the employee receives from "employment, including net earnings from self-employment, received directly or indirectly" is eliminated.

The cost for these proposed changes begins in FY25 at $640,000 and increases to $1.28 million per year beginning in FY26. The Fiscal Impact Statement notes that: "The disability retirement changes would begin to be factored into the County's health insurance rate setting for calendar year 2025 as these rates are adjusted every two years, with an estimated first year impact of $640,000 representing the County's share of the total cost."

4. Pension multiplier

The proposed bill changes the pension multiplier for both Group E and Group J members. At present, Group E members earn a pension benefit of 2.4% of average final earnings (AFE) for the first 25 years of service and 2.0% of AFE for the years 26 through 31 of service. The bill would modify the pension multipliers to 2.6% of AFE for the first 25 years of service and 2.25% of AFE for years 26 years through of 30 years. This proposed pension modification would increase the pension benefit to 76.25% of AFE after 30 years of service in place of the current maximum benefit of 72.0% after 31 years. The proposed changes would also raise the pension benefit for those retiring at an earlier age. For example, the pension benefit for an employee who retires after 25 years of service would increase from 60.0% to 65.0% of final earnings.

Pension Multipliers: Group E

Current	Proposed
Years 1-25: 2.4% of AFE for each year of service **Years 26-31:** 2.0% of AFE for each year of service **Benefit after 25 years:** 60.0% **Maximum benefit:** 72.0% after 31 years	**Years 1-25:** 2.6% of AFE for each year of service **Years 26-30:** 2.25% of AFE for each year of service **Benefit after 25 years:** 65.0% **Maximum benefit:** 76.25% after 30 years

At present, Group J members earn a pension benefit of 2.4% of AFE for the first 25 years of service and 2.0% of AFE for the years 26 through 31 of service. The bill modifies the pension multipliers to 2.5% of AFE for the first 25 years of service and 2.0% of AFE for years 26 years through 30 years. This proposed pension modification would raise the maximum pension benefit from 72% of final earning after 31 years of service to 72.5% of final earnings after 30 years. The proposed changes would also raise the pension benefit for those retiring at an earlier age. For example, the pension benefit for an employee who retires after 25 years of service would increase from 60.0% to 62.5% of final earnings.

Pension Multipliers: Group J

Current	Proposed
Years 1-25: 2.4% of AFE for each year of service **Years 26-31:** 2.0% of AFE for each year of service **Benefit after 25 years:** 60.0% **Maximum benefit:** 72.0% after 31 years	**Years 1-25:** 2.5% of AFE for each year of service **Years 26-30:** 2.0% of AFE for each year of service **Benefit after 25 years:** 62.5% **Maximum benefit:** 72.5% after 30 years

The multiplier increases would become effective in July 2024. The total cost of the proposed changes for both Group E and Group J is $1.28 million in FY24, increasing to $1.44 million by FY 29.

5. Social security integration

Under retirement laws, social security integration represents the amount the County-provided annual pension benefit is reduced at the approximate age when employees would be eligible to receive Social Security benefits to supplement their pension payments. At present, social security integration for Group E and Group J members begins when a retiree reaches age 67 (or 66 depending on year of birth). The bill would alter the Social Security integration to age 70 for retirees. As a result, regardless of when they begin collecting Social Security, retirees would receive a larger pension amount between the ages of 67 and 70 than they currently do. Additionally, a retiree could begin collecting social security at age 67 but would not have their pension reduced accordingly until age 70. In response to questions at the Committee's April 14 budget worksession on compensation and benefits, the Executive Branch provided the following response to clarify this provision:

> *The current Social Security integration age refers to existing code language explaining what happens when members in integrated retirement plans reach "Social Security retirement age". The legislation proposed to reflect the CBA agreements would change this to "the maximum Social Security retirement benefit age". This represents the latest date an individual could begin receiving Social Security benefits, which is currently age 70. The current normal retirement age based on year of birth, but is either 66 or 67. https://www.ssa.gov/pubs/EN-05-10035.pdf. The effect of this is to delay the effective date when the County's pension amount is offset by Social Security benefits.*

The table below summarizes the age of social security integration by age under the current structure and the proposed changes:

Age of Social Security Integration

Birth Date	Current	Proposed
Before 1/1/1938	65	70
1/1/1938-12/31/1954	66	70
On or after 1/1/1955	67	70

C. Summary of Impact Statements

Fiscal impact. According to the Office of Management and Budget, based on data from the County's actuarial consultant, Bill 20-23 would the bill would increase expenditures by approximately $1.95 million in FY24, increasing annually to $4.0 million by FY29 (broken down by element in the table below). These annual costs reflect the County's policy to amortize additional unfunded liability created by pension changes over 20 years, and would reduce the current funded ratio in the pension fund by approximately 3.0% for Group E and approximately 2.6% for Group J. Revenues would not be impacted.

Retirement Change	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
Pension Multiplier	$1,279,163	$1,317,538	$1,357,065	$1,397,776	$1,439,710	$1,439,710	$8,230,962
Military Service	$134,758	$138,800	$142,965	$147,254	$151,672	$151,672	$867,121
ECC to Group E/J	$537,142	$537,142	$537,142	$537,142	$537,142	$537,142	$3,222,852
Long-Term Disability	$0	$640,000	$1,280,000	$1,280,000	$1,280,000	$1,280,000	$5,760,000
SS Integration Age	$0	$526,306	$542,095	$558,358	$575,109	$592,363	$2,794,231
Total	**$1,951,063**	**$3,159,786**	**$3,859,267**	**$3,920,530**	**$3,983,633**	**$4,000,887**	**$20,875,166**

RESJ impact statement. "The Office of Legislative Oversight (OLO) anticipates Bill 20-23 will have a positive impact on racial equity and social justice (RESJ) in the County through makings changes to the County's Employees' Retirement System that will disproportionately benefit Black County employees, helping to address established racial inequities in retirement outcomes. The RESJ impact of other components of the Bill is indeterminant."

Economic impact statement. "The Office of Legislative Oversight (OLO) anticipates Expedited Bill 20-23 would have a moderate negative impact on economic conditions in the County in terms of the Council's priority indicators. By modifying the pension and retirement plans for County employees in Groups E and J, the Bill would increase the actuarial value of income for current and future sheriffs and correctional officers and staff who participate in the Employees' Retirement System. Based on low rates of County residence among retired Department of Corrections and Rehabilitation (DOCR) and Sheriff's Office personnel, a minor share of the income increase likely would go to residents. The remainder would constitute significant capital outflows in the form of government revenue used to fund pension increases for retired DOCR and Sheriff's Officer employees who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations. Moreover, capital outflows caused by the policy change would occur indefinitely if current rates of County residence among employees in these agencies continue. Because there are no indications current residence patterns among these employees will drastically change, OLO believes the negative impacts of the Bill would be significant in the long term."

Climate assessment. The bill has no anticipated climate impacts.

D. Summary of Public Hearing

There were no speakers at the public hearing on April 25.

E. Issues for the Committee's Consideration

1. Effects on Recruitment and Retention

The Committee might wish to discuss the potential effects of the bill upon recruitment and retention. Regarding retention, Council staff previously noted during FY24 budget deliberations that pension enhancements would accelerate the pace of benefit accrual. These modifications would allow employees to attain higher benefits in a shorter amount of time that under current plan designs. This acceleration of benefits could generate an incentive for employees to retire with fewer years of service, working counter to current efforts to encourage employee retention.

2. Long-term Costs

During FY24 budget worksessions, Council staff noted that pension enhancements will add unfunded liabilities to the County's pension fund, reduce the funded ratio, and necessitate higher annual County contributions in future years. An actuarial analysis of the pension enhancements estimated that these enhancements (under all CBAs) would increase County pension contributions by about $9.4 million annually for the next 20 years – for a total costs of approximately $188 million. As discussed during the FY24 budget deliberations, the trade-off anytime long-term, fixed costs are added to the budget is that there may be less room available for other spending priorities.

3. Timing of Social Security Integration

As detailed above, the timing of social security integration is changed from when a retiree reaches age 67 to when a retiree reaches age 70. However, a retiree could still choose to take social security before age 70 – and therefore could receive a non-integrated benefit for those years. Since the intent of social security integration is to reduce the benefit when social security is received, the Committee may want to discuss with Executive Branch representatives whether it is feasible to adjust this provision to state that integration will begin at whichever age (between normal and maximum social security age) that the employee begins taking social security benefits.

Expedited Bill No. 20-23
Concerning: OPT/SLT Bargaining Units – Pension and Retirement Adjustments
Revised: 04/05/2023 Draft No. 1
Introduced: April 11, 2023
Expires: December 7, 2026
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

(1) amend Group E eligibility to add eligibility for certain ECC positions to the Group E Optional Retirement Plan and the Integrated Retirement Plan;
(2) amend Group J eligibility to add eligibility for certain ECC positions to be designated by the Chief Administrative Officer;
(3) amend credited service to provide credited service adjustments for military service;
(4) separate Group E and Group J regarding pension multipliers;
(5) adjust pension multipliers for Group E and Group J;
(6) amend the guaranteed retirement savings plan to default into the guaranteed retirement savings plan certain part-time employees in the OPT/SLT bargaining unit;
(7) amend the disability benefits plan; and
(8) generally amend pension and retirement benefits.

By amending
Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-37, 33-41, 33-42, 33-115, 33-128, 33-131, 33-133, and 33-134

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 33-37, 33-41, 33-42, 33-115, 33-128, 33-131, 33-133, and 33-134 are amended as follows:

33-37. Membership requirements and membership groups.

* * *

(f) *Membership groups and eligibility.* Any full-time or part-time employee is eligible for membership in the appropriate membership group if the employee meets all of the requirements for the group:

* * *

(4) Group E: The Chief Administrative Officer, the Executive Director of the Office of the County Council, the hearing examiners, the County Attorney and each head of a principal department or office of the County government, if appointed to that position before July 30, 1978, or a member having held that position on or before October 1, 1972. Any sworn deputy sheriff or uniformed County correctional officer in the position of Correctional Officer I, Correctional Officer II, Correctional Officer III, Correctional Dietary Officer I, Correctional Dietary Officer II, Resident Supervisor I, Resident Supervisor II, Resident Supervisor III, Correctional Supervisor-Sergeant, Correctional Dietary Supervisor, Correctional Shift Commander-Lieutenant, Correctional Unit Commander-Captain, Deputy Warden, or Warden<u>, or the following positions in the Emergency Communications Center: Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency</u>

Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager 2. Any group E member who has reached elective early retirement date may retain membership in group E if the member transfers from the position which qualified the member for group E. Any group E member who is temporarily transferred from the position which qualified the member for group E may retain membership in group E as long as the temporary transfer from the group E position does not exceed 3 years. Notwithstanding the foregoing provisions in group E, any employee who is eligible for membership in group E must participate in the guaranteed retirement income plan or the retirement savings plan under Article VIII if the employee:

(A) (i) begins, or returns to, County service on or after October 1, 1994 (except as provided in the last sentence of subsection (e)(2));

(ii) is not represented by an employee organization; and

(iii) does not occupy a bargaining unit position; or

(B) (i) begins County service on or after October 1, 1994; and

(ii) is subject to the terms of a collective bargaining agreement between the County and an employee organization which requires the employee to participate in the guaranteed retirement income plan or the retirement savings plan.

* * *

(8) Group J: Any County member who works in a correctional facility or the Emergency Communications Center and due to the required duties of the member's position, is designated by the Chief Administrative Officer. Any group J member who has reached elective early retirement date may retain membership in group J if the member transfers from the position which qualified the member for group J. Any group J member who is temporarily transferred from the position which qualified the member for group J may retain membership in group J as long as the temporary transfer from the group J position does not exceed 3 years. Notwithstanding the foregoing provisions in group J, any employee who is eligible for membership in group J must participate in the guaranteed retirement income plan or the retirement savings plan under Article VIII if the employee:

(A) (i) begins, or returns to, County service on or after October 1, 1994 (except as provided in the last sentence of subsection (e)(2));

(ii) is not represented by an employee organization; and

(iii) does not occupy a bargaining unit position; or

(B) (i) begins County service on or after October 1, 1994; and

(ii) is subject to the terms of a collective bargaining agreement between the County and an employee organization which requires the employee to participate in the guaranteed retirement income plan or the retirement savings plan.

* * *

(k) *Eligibility for the guaranteed retirement income plan.*

* * *

(7) A member of the Office, Professional and Technical (OPT) or the Service, Labor and Trades (SLT) collective bargaining unit of the County government must participate in the guaranteed retirement income plan unless the employee makes a one-time irrevocable election to participate in the retirement savings plan during the first 150 days of **[**full time**]** employment, if the employee:

(A) is hired as a full-time employee on or after July 1, 2015; **[**or**]**

(B) is a part time employee who does not participate in the retirement savings plan and becomes a full-time employee on or after July 1, 2015**[**.**]**; or

(C) is hired as a part time employee on or after July 1, 2023, and does not elect to forego participation in either the guaranteed retirement income plan or the retirement savings plan.

* * *

33-41. Credited Service.

* * *

(e) *Credited service for prior military service.*

* * *

(4) A Group E member with 5 years of membership in the Employees' Retirement System enrolled or re-enrolled on or after July 1, 1978, may elect to obtain credited service for all or part of any military service in the uniformed services of the United States up to a maximum of 48 months, up to 24 months of which will be credited by the County Government at no cost to the member. A member exercising this option must pay, in a lump sum or an extended payment basis, the actuarial cost for credited service above the 24 months credited by the County Government.

* * *

(r) *Positions added to Group E eligibility.*

(1) Notwithstanding subsection (a)(2), an employee in the position of Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager 2 who was hired on or before July 1, 2023, and who was participating in the guaranteed retirement income plan or the retirement savings plan prior to eligibility in Group E may:

(A) make a one-time irrevocable election to purchase credited service with their entire existing guaranteed retirement income plan or retirement savings plan balances within 150 days of Group E eligibility, in accordance with an actuarial determination of the value transferred; or

(B) retain guaranteed retirement income plan or retirement savings plan balances, will no longer participate in the guaranteed retirement income plan or retirement savings plan, and will enter Group E with a credited service balance of 0 years, unless the employee is otherwise eligible to purchase other service credits provided for in this section.

(2) Eligible employees who elect to purchase credited service under this subsection may not apply any years of service while a member of the guaranteed retirement income plan or the retirement savings plan for the purposes of calculating years of service under either the optional retirement plan or the integrated retirement plan.

(3) Eligibility for early or normal retirement will be based upon the credited service at the time the employee enters Group E plus any credited service purchased by the employee.

(4) The vesting provisions in subsection (a)(2) will apply to employees listed in subsection (r)(1) regardless of whether they elect to purchase service credit under this subsection.

(s) *Positions added to Group J eligibility.*

(1) Notwithstanding subsection (a)(2), a County member who was hired on or before July 1, 2023, and who was participating in the

guaranteed retirement income plan or the retirement savings plan prior to Group J eligibility, and who becomes Group J eligible after July 1, 2023 may:

(A) make a one-time irrevocable election to purchase credited service with their entire existing guaranteed retirement income plan or retirement savings plan balances within 150 days of Group J eligibility, in accordance with an actuarial determination of the value transferred; or

(B) retain guaranteed retirement income plan or retirement savings plan balances, will no longer participate in the guaranteed retirement income plan or retirement savings plan, and will enter Group J with a credited service balance of 0 years, unless the employee is otherwise eligible to purchase other service credits provided for in this section.

(2) Eligible employees who elect to purchase credited service under this subsection may not apply any years of service while a member of the guaranteed retirement income plan or the retirement savings plan for the purposes of calculating years of service under either the optional retirement plan or the integrated retirement plan.

(3) Eligibility for early or normal retirement will be based upon the credited service at the time the employee enters Group J plus any credited service purchased by the employee.

(4) The vesting provisions in subsection (a)(2) will apply to employees listed in subsection (s)(1) regardless of whether they elect to purchase service credit under this subsection.

* * *

33-42. Amount of pension at normal retirement date or early retirement date.

* * *

(b) *Amount of pension at normal retirement date.*

(1) Pension amount for an Optional Retirement Plan member.

* * *

(B) For a Group E **[**or Group J**]** member who is a member of the optional plan and retires on a normal retirement, the annual pension must equal **[**2.4**]** <u>2.6</u> percent of average final earnings for each of the first 25 years of credited service completed, and **[**2**]** <u>2.25</u> percent of average final earnings for each year of credited service of more than 25 years, to a maximum of **[**31**]** <u>30</u> years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed **[**76**]** <u>80.25</u> percent of average final earnings.

* * *

<u>(E)</u> <u>For a Group J member who is a member of the optional plan and retires on a normal retirement, the annual pension must equal 2.5 percent of average final earnings for each of the first 25 years of credited service completed, and 2 percent</u>

of average final earnings for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 76.5 percent of average final earnings.

* * *

(2) Pension amount for an Integrated Retirement Plan member.

* * *

(C) For a Group E [or Group J] member in the integrated retirement plan who retires on a normal retirement, the annual pension must be computed as follows:

(i) From the date of retirement to the month that the member reaches Social Security retirement age: [2.4] 2.6 percent of average final earnings for each of the first 25 years of credited service completed, and [2] 2.25 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of [31] 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed [76] 80.25 percent of average final earnings. Beginning July 1, 2024, from the date of retirement to the month that the member reaches the maximum Social Security retirement benefit age: 2.6 percent of average final earnings for each of the first 25 years of credited service completed, and 2.25 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 80.25 percent of average final earnings.

(ii) From the month the member reaches Social Security normal retirement age: [1.65%] 1.25 percent of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of [31] 30 years plus sick leave credits, plus [2.4%] 2.6 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each of the first 25 years of credited service completed, and **[**2%**]** 2.25 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service of more than 25 years, to a maximum of **[**31**]** 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches Social Security retirement age. Beginning July 1, 2024, from the month the member reaches the maximum Social Security retirement benefit age: 1.25 percent of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of 30 years plus sick leave credits, plus 2.6 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each of the first 25 years of credited service completed, and 2.25 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches the maximum Social Security retirement benefit age.

* * *

(F) For a Group J member in the integrated retirement plan who retires on a normal retirement, the annual pension must be computed as follows:

(i) From the date of retirement to the month that the member reaches Social Security retirement age: 2.5 percent of average final earnings for each of the first 25 years of credited service completed, and 2 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 76.5 percent of average final earnings. Beginning July 1, 2024, from the date of retirement to the month that the member reaches the maximum Social Security retirement benefit age: 2.5 percent of average final earnings for each of the first 25 years of credited service completed, and 2 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 76.5 percent of average final earnings.

(ii) From the month the member reaches Social Security normal retirement age: 1.25% of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of 30 years plus sick leave credits, plus 2.5% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each of the first 25 years of credited service completed, and 2% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches Social Security retirement age. Beginning July 1, 2024, from the month the member reaches the maximum Social Security retirement benefit age: 1.25% of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of 30 years plus sick leave credits, plus 2.5% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each of the first 25 years of credited service completed, and 2% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches the maximum Social Security retirement benefit age.

* * *

33-115. Participant requirements and participant groups.

(a) *Participant [Requirements] requirements*.

* * *

(7) Participation in the guaranteed retirement income plan.

(A) A participant who changes employment from the County directly to a participating agency or from a participating agency directly to the County must continue to participate in his or her retirement plan and is not eligible to make an election. A member of the Office, Professional and Technical (OPT) or the Service, Labor and Trades (SLT) collective bargaining unit of the County government must participate in the Guaranteed Retirement Income Plan, unless the employee makes a one-time irrevocable election to participate in the Retirement Savings Plan during the first 150 days of **[**full time**]** employment, if the employee:

(i) is hired as a full-time employee on or after July 1, 2015; **[**or**]**

(ii) is a part time employee who does not participate in the Retirement Savings Plan and becomes a full-time employee on or after July 1, 2015**[**.**]**<u>; or</u>

<u>(iii)</u> <u>is hired as a part time employee on or after July 1, 2023, and does not elect to forego participation in either the guaranteed retirement income plan or the retirement savings plan.</u>

* * *

33-128. Definitions.

In this Division, the following words and phrases have the following meanings:

* * *

Employee means a County employee who**[[**:

(1)**]]** participates in the retirement savings plan under this Article or in the elected officials' plan under Article III or the guaranteed retirement income plan under Article III**[**; and

(2) is regularly scheduled to work 20 hours or more per week**]**.

*   *   *

33-131. Amount of benefits.

*   *   *

(b) *Non-service-connected disability*. The annual amount of the non-service-connected disability benefit payment equals 2 percent of the employee's final earnings, multiplied by the number of years of credited service earned under Section 33-41 or Section 33-119. However, the benefit must be at least **[**30**]** 33 1/3 percent of the employee's final earnings, but no more than 60 percent of the employee's final earnings, less any reductions provided in Section 33-134.

*   *   *

33-133. Termination of benefits.

(a) *Non-public safety employee*. The administrator must terminate initial or continued disability benefits to a non-public safety employee if the employee:

(1) recovers from the disability, as determined by the administrator;

(2) does not provide the administrator with information that the administrator requires; or

(3) attains age **[**70**]** 85, or a later age if required under federal law.

(b) *Public safety employee*. The administrator must terminate initial or continued disability benefits to a public safety employee if the employee:

(1) recovers from the disability, as determined by the administrator;

(2) does not provide the administrator with information that the administrator requires; or

(3) attains age [70] 85, or a later age if required under federal law, if the benefit is for a non-service connected disability.

33-134. Reduction of benefits.

(a) *Reduction by payments received*. Disability benefits must be reduced by any amount the employee receives from:

* * *

(4) the optional or integrated plan of the employees' retirement system under Article III; and

(5) the retirement savings plan under this Division, or amounts the employee is entitled to receive under the retirement savings plan for a public safety employee[; and

(6) employment, including net earnings from self-employment, received directly or indirectly].

(b) Amount of reduction. The disability benefits must be reduced by[:

(1) one dollar for every three dollars of earnings under paragraph (a)(6); and

(2)] one dollar for every one dollar of other payments under subsection (a).

* * *

Sec. 2. Effective date. The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Fiscal Impact Statement

Office of Management and Budget

Bill XX-23 — OPT/SLT Bargaining Units - Pension and Retirement Adjustments

Bill Summary

Bill XX-23 adds additional job classes to pension eligibility, defaults part-time MCGEO employees who are not eligible for a pension into guaranteed retirement income plan (GRIP) participation, allows Group E members with military service to obtain credited service towards retirement, increases the pension amount for Group E and J participants, adjusts the effect of integration at Social Security retirement age, and increases the benefits for disability retirement for GRIP and RSP participants.

Fiscal Impact Summary

Expenditures increase by approximately $2.0 million in FY24, increasing annually to $4.0 million by FY29. Revenues are not impacted.

Fiscal Year	2024	2025	2026	2027	2028	2029	Total
Personnel Costs	$1,951,063	$3,159,786	$3,859,267	$3,920,530	$3,983,633	$4,000,887	$20,875,166
Operating Expenses	$0	$0	$0	$0	$0	$0	$0
Total Expenditures	**$1,951,063**	**$3,159,786**	**$3,859,267**	**$3,920,530**	**$3,983,633**	**$4,000,887**	**$20,875,166**
Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Impact	**($1,951,063)**	**($3,159,786)**	**($3,859,267)**	**($3,920,530)**	**($3,983,633)**	**($4,000,887)**	**($20,875,166)**
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

The pension multiplier increases for Groups E and J would increase the maximum benefit from 72% to 76.25% and 72.5% respectively, with an estimated first year impact of $1.3 million.

The military service credit will allow eligible employees to have up to two years of service credited at no cost to the employee, with an estimated first year impact of $134,758.

The change for additional pension-eligible job classes is determined by difference in the County contribution in FY24 for existing employees who will become eligible for Group E or J, which is estimated at $537,142.

The change to default part-time MCGEO employees to GRIP participation is not anticipated to have an impact, as it is unknown how many will continue to opt out of retirement benefits.

The disability retirement changes would begin to be factored into the County's health insurance rate setting for calendar year 2025 as these rates are adjusted every two years, with an estimated first year impact of $640,000 representing the County's share of the total cost.

The Social Security integration age change would adjust the age at which the benefit reduces for Social Security from 65 to 67 years (based on the date of birth) to the current Social Security normal retirement age of 70, with an estimated impact of $526,306 in FY25, when it will take effect.

Retirement Change	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
Pension Multiplier	$1,279,163	$1,317,538	$1,357,065	$1,397,776	$1,439,710	$1,439,710	$8,230,962
Military Service	$134,758	$138,800	$142,965	$147,254	$151,672	$151,672	$867,121

ECC to Group E/J	$537,142	$537,142	$537,142	$537,142	$537,142	$537,142	$3,222,852
Long-Term Disability	$0	$640,000	$1,280,000	$1,280,000	$1,280,000	$1,280,000	$5,760,000
SS Integration Age	$0	$526,306	$542,095	$558,358	$575,109	$592,363	$2,794,231
Total	**$1,951,063**	**$3,159,786**	**$3,859,267**	**$3,920,530**	**$3,983,633**	**$4,000,887**	**$20,875,166**

Staff Impact	The bill requires adjustments to retirement factors that will result in changes to enrollment processes and record keeping for both OHR and MCERP. These changes are anticipated to be absorbed by each department's current staff.
Actuarial Analysis	Actuarial analysis was performed in order to estimate the fiscal impact of each change. The actuaries measured the cost impact to the Montgomery County Employee's Retirement System with impacts calculated as of July 1, 2022 (the effective date of the most recent actuarial valuation) for FY24 contributions. The actuarial analysis also assumed modified retirement rates for certain scenarios where it could be assumed that the changes would result in a change in retiree behavior. See attached actuarial analysis performed by GRS and Oliver Wyman for full details.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The bill does not authorize future spending.
Ranges of revenue or expenditures that are uncertain or difficult to project	The expenditure estimates for FY25 and beyond are subject to actuarial valuations performed for each budget year. Changes to underlying actuarial assumptions could have an impact on the accuracy of the initial estimates, and the compounding effect of multiple provisions is likely to result in additional expenses in the valuations.
Contributors	Yan Yan, Montgomery County Employee Retirement Plans Corey Orlosky, Office of Management and Budget

LEGISLATIVE REQUEST REPORT

Bill XX-23
OPT/SLT – Pension adjustments for Group E and J Members; Adjustments to RSP and GRIP and Disability Benefits Plan

DESCRIPTION:	This Bill would amend the County Code to add eligibility for certain ECC positions to Group E Optional Retirement Plan and the Integrated Retirement Plan, provide credited service adjustments for military service, separate Group E and J regarding pension multipliers, increase pension multipliers for Group E and J, provide that part-time OPT/SLT employees default into the guaranteed retirement savings plan, adjustments to the disability benefits plan and other changes associated with the collectively bargained agreement for the OPT/SLT bargaining units.
PROBLEM:	Changes to County pensions require legislation.
GOALS AND OBJECTIVES:	To amend the County Code to implement negotiated provisions in the Collective Bargaining Agreement between United Food and Commercial Workers, Local 1994, Municipal and county Government Employees Organization, AFL-CIO.
COORDINATION:	Office of Labor Relations Montgomery County Employee Retirement Plans
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	Unknown.
SOURCE OF INFORMATION:	Jennifer Harling, Esquire Office of Labor Relations
APPLICATION WITHIN MUNICIPALITES:	N/A
PENALTIES:	N/A

MEMORANDUM OF AGREEMENT
BETWEEN
THE MONTGOMERY COUNTY GOVERNMENT
AND THE
MUNICIPAL & COUNTY GOVERNMENT EMPLOYEES ORGANIZATION, UFCW, LOCAL 1994

The Montgomery County Government (Employer) and the United Food and Commercial Workers, Local 1994, Municipal & County Government Employees Organization (Union), conducted negotiations pursuant to Section 33-153 of the Montgomery County Code for the term July 1, 2023 through June 30, 2026. As a result of those negotiations, the Employer and Union agree that the Collective Bargaining Agreement shall be amended according to the terms set forth below.

Please use the following key when reading this agreement:

> Underlining *Added to existing agreement.*
> **[**Single boldface brackets**]** *Deleted from existing agreement.*
> * * * *Existing language unchanged by parties.*

The parties agree to amend the contract as follows:

ARTICLE 5 – WAGES, SALARY, AND EMPLOYEE COMPENSATION

* * *

5.1 Fiscal Year Salary Schedules

Bargaining unit members are eligible for service increments of 3½ percent each. A service increment may be granted only to the extent that an employee's salary does not exceed the maximum salary for the assigned grade. Receipt of a service increment shall be conditioned upon the provisions of Article 6, Service Increments.

[The salary schedule shall contain a longevity increment for bargaining unit members who are at the maximum of their pay grade and have completed 20 years of service (beginning of year 21) equal to a 3 percent increase to be paid the first full pay period following their 20- year service anniversary. (See Appendix VII). Effective July 1, 2017, the value of the longevity increment after 20 years of service for bargaining unit members on the Correctional Officers or Deputy Sheriff Uniform Salary Schedules shall increase from 3 to 3.5 percent. Effective July 1, 2018, the 20-year 6 of 195 longevity increment for bargaining unit members in the OPT/SLT Salary Schedule only will be replaced with a longevity increment for bargaining unit members who are at the maximum of their pay grade and have completed 18 years of service (beginning year 19) equal to a 3 percent increase to be paid the first full pay period following their 18-year service anniversary. Effective July

1, 2018, the salary schedule for bargaining unit members in the OPT/SL T Salary Schedule only shall contain an additional longevity increment for bargaining unit members who are at the maximum of their pay grade, and have completed 24 years of service (beginning of year 25) equal to a 3 percent increase to be paid the first full pay period following their 24-year service anniversary (See Appendix VII). Bargaining unit members who are at the maximum of their pay grade and have already completed 18 years of service as of July 1, 2018, shall receive their 18-year longevity increment effective the first full pay period after July 1, 2018. Bargaining unit members who are at the maximum of their pay grade and have already completed 24 years of service as of July 1, 2018, shall receive their 24-year longevity increment effective the first full pay period after July 1, 2018. Effective July 1, 2019, the salary schedule for bargaining unit members on the Correctional Officers and Deputy Sheriff Uniform Salary Schedules shall contain an additional longevity increment for bargaining unit members who are at the maximum of their pay grade, and have completed 24 years of service (beginning of year 25 equal to a 2.5 percent increase to be paid the first full pay period following their 24-year service anniversary. Correctional Officers and Deputy Sheriffs who are at the maximum of their pay grade and have already completed 24 years of service as of July 1, 2019, shall receive their 24-year longevity increment effective the first full pay period after July 1, 2019.**]**

<u>Bargaining unit members on the OPT/SLT salary schedules and who are at the maximum of their pay grade are eligible for a 3.25 percent increase when they have completed 16 years of service (beginning of year 17); 20-years of service (beginning of year 21); and 25 years of service (beginning of year 26).</u> <u>Bargaining unit members on the Correctional Officers or Deputy Sheriff Uniform Salary Schedule who are at the maximum of their pay grade are eligible for a 3.5 percent increase when they have completed 16 years of service (beginning of year 17); 20 years of service (beginning of year 21), and 25 years of service (beginning of year 26).</u>

<u>Effective July 1, 2023, the OPT/SLT salary schedules shall contain a longevity increment for bargaining unit member who are at the maximum of their pay grade and have completed 16 years of service (beginning of year 17) equal to a 3.25 percent increase to be paid the first full pay period following their 16-year service anniversary. Effective July 1, 2023, the Correctional Officers and Deputy Sheriff Uniform Salary Schedules shall contain a longevity increment for bargaining unit members who are at the maximum of their pay grade and have completed 16 years of service (beginning year 17) equal to a 3.5 percent increase to be paid the first full pay period following their 16-year service anniversary.</u>

<u>Effective July 1, 2023, the OPT/SLT salary schedules shall contain an additional a longevity increment for bargaining unit members who are at the maximum of their pay grade, and have completed 20 years of service (beginning of year 21) equal to a 3.25 percent increase to be paid the first full pay period following their 20 year service anniversary. Effective July 1, 2023, the Correctional Officers and Deputy Sheriff Uniform Salary Schedules shall contain a longevity increment for bargaining unit members who are at the maximum of</u>

their pay grade and have completed 20 years of service (beginning year 21) equal to a 3.5 percent increase to be paid the first full pay period following their 20-year service anniversary.

Effective July 1, 2023, the OPT/SLT salary schedules shall contain a longevity increment for bargaining unit members who are at the maximum of their pay grade and have completed 25 years of service (beginning of year 26) equal to a 3.25 percent increase to be paid the first full pay period following their 25-year service anniversary. Effective July 1, 2023, the Correctional Officers and Deputy Sheriff Uniform Salary Schedules shall contain a longevity increment for bargaining unit members who are at the maximum of their pay grade and have completed 25 years of service (beginning year 26) equal to a 3.5 percent increase to be paid the first full pay period following their 25-year service anniversary.

The Transit Bus Operator and Transit Bus Coordinator salary schedules are not eligible for longevity increments.

*   *   *

5.2 Wages

(a) Effective the [last] first full pay period in January [June 2022] 2024, each bargaining unit member shall receive a 3% [$1,684] general wage adjustment (GWA) increase in their base pay. Effective the last full pay period in June 2024, each bargaining unit member shall receive a 3% GWA increase in their base pay. Effective the first full pay period in November 2024, each bargaining unit member shall receive a 4.5% GWA increase in their base pay. Effective the first full pay period in July 2025, each bargaining unit member shall receive a 3% GWA increase in their base pay. In the event the District of Columbia/Maryland/Virginia consumer price index (CPI) exceeds three and a half percent (3.5%) in FY26 as published in November 2025, or is below two and a half percent (2.5%), the parties shall have a reopener on GWA increases for FY26. Should the parties not reach agreement by February 1, 2026, the matter shall be subject to the impasse resolution procedures contained in the County collective law. [Effective the last full pay period in June 2023, each bargaining unit member shall receive a $4,333 GWA increase in their base pay or the dollar amount increase in base pay that County Councilmembers receive in December 2021. If the amount of the County Councilmembers' December 2021 statutory increase exceeds $4,333, the County shall submit a FY23 Recommended Budget that includes the difference between the amount given to the County Councilmembers and the $4,333 provided for in this section.] Bargaining unit employees shall be paid a base salary pursuant to the uniform pay plan, which appears in Appendix Vll of this Agreement. An equivalent increase shall be made to the Transit Bus Operators, Transit Bus Coordinators, Deputy Sheriff and Correctional Officer Uniform Salary Schedules, which appear in Appendix I and IV of this Agreement, respectively.

[(a)] All previously postponed general wage adjustments are considered resolved by the GWA provided in FY24, FY25, and FY26 [will not be paid in FY 2021].

[(c) Each unit member whose salary is at top of grade and who is not eligible to receive a service increment funded in this agreement shall receive a $600 $1500 lump sum payment in FY22. This payment will be made in one lump sum, by separate payment, on the same pay date as the one associated with the first full pay period after July 1, 2021 and a $600 $1500 lump sum payment on the same pay date as the one associated with the first full pay period after July 1, 2022. The lump sum payments are considered regular earnings for income, withholding, and employment tax purposes. The payments will not be added to the employees' base salary. The payments will be prorated for part time employees as a percentage of hours in a non-overtime pay status during the period of June 7, 2020 through June 5, 2021 for the FY22 lump sum payment and the period of June 6, 2021 through June 4, 2022 for the FY23 lump sum payment as compared to a full-time employee working 2,080 hours. These payments are not considered "regular earnings" for retirement/life insurance purposes and employees will not receive any retirement/life insurance benefits based on these payments. Employees will not be required to contribute toward their retirement for this payment.]

* * *

5.3 Shift Differential

(a) Effective the first full pay period following July 1, [2021] 2023, employees shall receive [one dollar and forty-two cents] one dollar and fifty-five cents ($1.55) for each hour worked on a work shift that begins on or after 12:00 noon and prior to 7:59 p.m., and [one dollar and eighty-seven cents ($1.87)] two dollars ($2.00) for each hour each hour worked on a shift that begins on or after 8:00 p.m. and before 5:59 a.m. Overtime hours worked during the above prescribed shifts shall be paid the differential. Where 50% or more of a shift is worked at the higher differential rate, the entirety of that shift shall be paid at that rate.

* * *

5.22 [Field Training Pay/Communications Training Officer (CTO) Differential] Training Pay Differential

Effective the first full pay period following July 1, [2021] 2023, Bus Operators, [Police Telecommunicators] Public Safety Communication Specialists, Correctional Officers, Deputy Sheriffs, Community Health Nurses, School Health Room Technicians, Forensic Scientists, Forensic Specialists, Forensic Firearms/Toolmark Examiners, Latent Print Examiners, and Housing Code Inspectors who have completed trainer training and are assigned to train [new unit members] employees, regardless of employment status, whose continued employment is contingent on successfully completing such training shall receive a field training pay differential of [$3.25] $4.25 for each hour of training

* * *

5.24 Meal Allowance

A meal allowance of up to [$10] $17 shall be paid when one or more of the following conditions are met:

* * *

5.28 Line of Duty Funeral Expenses

In the event a bargaining unit member is killed in the line of duty, the County will pay [$10,000] $20,000 toward funeral expenses

* * *

5.31 Get- In Program Transit Subsidy

[Employees shall be eligible to receive a monthly discount/ rebate of $265 for public transportation, commuter rail or van pools through the County Get-In Program.] Employees shall be eligible to receive a monthly discount/rebate of $285 for public transportation, commuter rail or van pools through the County Get-In Program. During the term of this agreement the $285 shall be adjusted once per year, each July, consistent with changes in the federal government's transit subsidy program.

* * *

ARTICLE 6 - SERVICE INCREMENTS

* * *

6.8 Effective the first full pay period following the effective date of this agreement [July 1, 2021], eligible bargaining unit employees shall receive an annual service increment of 3.5 percent as described in this Article.

6.9 [Service increments that eligible bargaining unit employees were scheduled to receive in FY 2011, but which the County Council elected not to fund for FY 2011, shall be granted and phased in over three years, with the first phase of the 3.5 percent occurring as a 1 percent increase effective during the first full pay period following January 1, 2020. The second phase of 1.25 percent shall be granted during the first full pay period after July 1, 2021, and the third phase of 1.25 percent shall be granted during the first full pay period after July 1, 2022. The FY 2012 and FY 2013 increment that eligible bargaining unit members would have received in FY 2012 and FY 2013 will not be paid in FY 2022 or FY 2023. Continued deferment of these increments does not prohibit the parties from discussing alternate resolutions in future collective bargaining negotiations. The addition and funding by the County Council of a third longevity award will fully resolve the outstanding service increments not funded by the County Council.]

Eligible bargaining unit employees that were scheduled to receive service increments in FY12 but did not because the County Council elected to not fund it in FY11, shall receive up to 3.5% added to their base pay effective the first full pay period following January 1, 2024 which will satisfy the owed increment for FY12.

Eligible bargaining unit employees that were scheduled to receive a service increment in FY13 but did not because the County Council elected to not fund it in FY11, shall receive up to 3.5% added to their base pay effective the first full pay period following July 1, 2024 which will satisfy the owed increment for FY13.

*   *   *

ARTICLE 8 - SENIORITY

*   *   *

8.3 [(For SLT Bargaining Unit Employees Only) The filling of vacancies by transfer or promotion will be made from the highest rating category of the eligibility list, based on criteria established by the Employer.] The filling of bargaining unit vacancies by "Montgomery County Employee Only" via transfer or promotion will be determined as follows, based on criteria established by the Employer.

(a) For job classes in the SLT unit on the below list, if the highest rating category contains two or more employees, selection will be based upon seniority.

(b) [For all vacancies to be filled by transfer or promotion other than those specified in subsection (a) above, seniority shall be considered when qualified candidates are otherwise deemed reasonably equal.] For all other bargaining unit vacancies to be filled by transfer or promotion, when recommended candidates are ranked equally by the interview panel(s) and other areas of consideration are otherwise equal, seniority shall be the determining factor.

(c) If any individual is selected to fill any vacancy in (a) and (b) because of affirmative action, the appointing authority must submit written justification for such action, which then must be approved by the Chief Administrative Officer or designee and made a part of the selection record.

*   *   *

ARTICLE 9 – WORKING CONDITIONS

*   *   *

9.3 Vacancy Announcements

(a) Announcement of employment opportunities must receive appropriate distribution to enable and encourage qualified candidates to apply. Announcements should be open for at least [2 weeks] five (5) business days. In unusual circumstances, the Chief Administrative Officer or designee may shorten the [2 week] five (5) day announcement period. Announcements must contain specific information about examinations, minimum qualifications, duties and other relevant job factors. Length of County service (seniority) shall be considered when qualified candidates are otherwise deemed reasonably equal.

(b) The Chief Administrative Officer or designee may establish a reasonable deadline for receipt of application for announced vacancies and provide for open continuous examinations for entry level positions. Applications may be accepted at any time for future consideration when vacancies occur but must not be considered for a vacancy if submitted after an announced deadline.

(c) At the end of the selection process, when recommended candidates are otherwise deemed reasonably equal, County employees recommended for hire will receive preference over external candidates. This excludes seasonal employees limited in scope.

* * *

9.9 Classification Issues

* * *

(j) Each bargaining unit member whose position is reclassified upward, or whose job is reallocated upward, will receive [increases as provided in section 5.14 - Salary on Promotion.] a 5% increase to base pay and will be eligible for his or her regular service increment. The salary increase from an upward reclassification will not trigger a wage equity review.

* * *

ARTICLE 13 - WORK SCHEDULES; ATTENDANCE; HOURS OF WORK

* * *

13.2 Work Day and Work Week

* * *

(c) The County recognizes that periodic rest periods are necessary to maintain productivity of employees. **[**Subject to operational and work load needs,**]** Employees are entitled to take two paid 15-minute rest breaks during **[**the work day, in addition to the half-hour meal period. Employees working eight and one-half (8.5) hour shifts who are required to work through their meal period will have the half-hour meal period counted as hours worked for overtime purposes.**]** an 8 and 10-hour workday, three paid 15-minute breaks during a 12-hour workday in addition to an a nonpaid uninterrupted half hour 30 consecutive-minute meal period.

* * *

(e) Meal Periods

Managers must communicate that working during the unpaid meal period is not permitted. Employees must receive approval from their supervisor or manager in writing prior to doing so. Unless an emergency situation arises, supervisors and managers will not require or encourage bargaining unit employees to perform work during the meal period regardless of whether the employee remains on the premises. Any hours an employee is directed to work during the meal period, or any hours approved by a supervisor or manager will count towards the employee's hours worked for overtime purposes.

Bargaining unit employees who are on approved telework must abide by the terms of their telework agreement regarding meal periods.

* * *

14.11 Reservation Costs

Non-reimbursed reservation costs incurred by an employee caused by the rescheduling of the employee's approved vacation by the Employer will be reimbursed by the employee's department, provided the employee makes a good faith effort to recover the costs and fails. Upon submission of a receipt, the employee shall be reimbursed **[**up to $75.00 for his/her ticket and $75.00 for each ticket purchased for any immediate family members for the fee charged by the airline to change the reservation on a non-refundable ticket**]** any non-refundable/non-creditable portion of pre-scheduled travel expenses to include travel tickets, any prepaid lodging costs, and prepaid reservation fees. Expenses must have been incurred after the leave was approved in order to qualify for reimbursement.

* * *

15.6 Use of Sick Leave

* * *

(b) Sick Leave Restriction - whenever employees are placed upon sick leave restriction, notice shall be given in writing to the employee. Employees shall be given the opportunity to respond to the notice. Written notice must include the specific instances or pattern of sick leave abuse.

i. Examples of sick leave abuse may include but are not limited to use of sick leave in conjunction with a weekend, holiday or pre-approved annual or compensatory leave or sick leave following a pay day.

ii. A pattern must include three (3) or more such instances

iii. Sick Leave Restriction shall last no longer than ninety (90) days.

* * *

15.8 Disposition of Accumulated Sick Leave at Separation from County Service

Accumulated sick leave must be forfeited upon separation for any purpose other than retirement**[**.**]** except for as provided for in 44.12 of this agreement. **[**Accumulated sick leave is creditable for retirement purposes as provided in the Employees' Retirement System of Montgomery County.**]**

*   *   *

ARTICLE 20 – HOLIDAY LEAVE

*   *   *

20.2 Holidays

(l) **[**Substitute**]** <u>Observed</u> Holidays — Other days designated by the Chief Administrative Officer or as specifically provided in these regulations as a full-day or part day holiday or as a non-workday.

*   *   *

20.3 [Substitute] <u>Observed Holidays</u>

(a) When a holiday falls on a Sunday, the following Monday is [a substitute holiday and] observed as a holiday for that year for each eligible employee.

(b) When a holiday falls on a Saturday, the preceding Friday [is a substitute holiday and] observed as a holiday for that year for each eligible employee.

(c) The Chief Administrative Officer or designee may require some or all employees of an agency which provides services on Saturday or Sunday to observe the actual holiday in lieu of a<u>n</u> [substitute] <u>observed</u> holiday on the preceding Friday or following Monday.

(d) When a holiday falls on an eligible employee's regular day off, a department head or designee should assign the employee an alternate day off within the same pay period in which the holiday occurs.

(1) The alternate day off for a part-time employee must [be on a prorated basis] <u>equal the employee's scheduled hours on the day the employee chooses as their alternate holiday.</u>

20.4 Employees Eligible for Holiday Leave and Special Substitute Holiday

(d) [Holiday leave and compensation for part-time employees must be computed on a prorated basis.] <u>Holiday leave and compensation for part-time employees must be computed based on the employee scheduled hours worked that the holiday occurs.</u>

*   *   *

20.7 Premium Pay for Holiday Work

(a) A full-time employee who is required to work on a holiday must receive:

(1) **[**regular pay for the hours scheduled to be worked on the workday 8, 10, or 12 hours, as applicable;**]** <u>regular pay for the hours scheduled to be worked on the workday holiday</u>

(2) premium pay at a rate of 1½ times the regular hourly rate for each hour worked for the workday on which the holiday occurs; and

(3) **[**overtime compensation for each hour worked in excess of the workday of 8, 10, or 12 hours, as applicable.**]**overtime compensation for each hour worked in excess of the hours scheduled to be worked on the holiday as applicable.

(b) A part-time employee who is required to work on a holiday must receive:

(1) **[**regular pay for the prorated share of the all the hours scheduled to be worked on the workday holiday; and,**]** regular pay for the hours scheduled to be worked on the holiday; and,

(2) premium pay at a rate of 1½ times the regular rate of pay for the prorated share of all the hours worked on the holiday; and

(3) **[**overtime compensation for each hour worked in excess of the normal workday of 8, 10, or 12 hours, as applicable.**]** overtime compensation for each hour worked in excess of the hours scheduled to be worked on the holiday workday as applicable.

*   *   *

20.8 Premium Pay for Holiday Work on an Employee's Regular Day Off

*   *   *

(a) A full-time employee who is required to work on a holiday which is the employee's regular day off, must receive:

(1) **[**regular pay for the hours scheduled to be worked in the normal workday of 8 or 10 hours, as applicable, or a substitute holiday scheduled within the same pay period in which the holiday occurs;**]** regular pay for the hours scheduled to be worked on the holiday, as applicable, or the observed holiday scheduled within the same pay period in which the holiday occurs;

(2) **[**premium pay at a rate of double the regular hourly rate for each hour worked for the normal workday on which the holiday occurs; and**]** premium pay at a rate double the regular hourly rate for all hours worked the holiday; and

(3) **[**overtime compensation for each hour worked in excess of the normal workday of 8 or 10 hours, as applicable **]** overtime compensation for each hour scheduled to be worked on the holiday as applicable.

(e) A part-time employee who is required to work on a holiday which is the employee's regular day off, must receive:

(1) **[**regular pay for the prorated share of all the hours scheduled to be worked for the normal workday.**]** regular pay for all hours scheduled to be worked on the holiday.

(2) **[**premium pay at a rate double the regular hourly rate for the prorated share of all the hours worked hours worked on the holiday; and**]** premium pay at a rate double the regular hourly rate for all hours worked the holiday; and

(3) **[**overtime compensation for each hour worked in excess of the normal workday of 8 or 10 hours, as applicable.**]** overtime compensation for each hour worked in excess of the hours scheduled to be worked on the holiday normal workday as applicable.

20.9 Premium Pay for Work on Actual and [Substitute] Observed Holidays

(a) A employee who works both the actual and [substitute] observed holiday must receive:

(1) [regular pay for hours scheduled to be worked in the normal workday on which the actual the actual or substitute holiday occurs of 8 or 10 hours, as applicable;] regular pay for hours scheduled to be worked in the normal workday on which the actual or observed holiday occurs as applicable;

(2) [premium pay at the rate of 1½ times the regular rate of pay for each hour worked for the normal workday of 8 or 10 hours, as applicable on either the actual or substitute holiday, substitute holiday, but not for both days; and] premium pay at the rate of 1½ times the regular rate of pay for each hour scheduled to be worked for the normal workday, as applicable on either the actual or observed holiday, but not for both days; and

(3) [overtime compensation for each hour worked in excess of the normal work day on which the holiday or substitute holiday occurs of 8 or 10 hours, as applicable.] overtime compensation for each hour worked in excess of the hours scheduled to be worked on which the holiday or observed holiday, as applicable.

(b) A part-time employee who works the actual or [substitute] observed holiday must receive:

(1) [regular pay for the prorated share all of the hours worked on the holiday or substitute holiday;] regular pay for all hours worked on the actual or observed holiday;

(2) [premium pay at a rate of 1½ times the regular rate of pay for all the prorated share of hours worked on either the actual or substitute holiday, but not for both days; and] premium pay at a rate of 1½ times the regular rate of pay for all hours worked on either the actual or observed holiday, but not for both days; and

(3) [overtime compensation for each hour worked in excess of the normal work day of 8, 9, 10 or 12 hours or 10 hours, as applicable on which the holiday or substitute holiday occurs.] overtime compensation for each hour worked in excess of the hours scheduled to be worked normal work day, as applicable on which the holiday or observed holiday occurs.

*   *   *

[20.11 Basis for Computing Prorated Hours in Determining Pay and Leave Credits on a Holiday A part-time employee must receive leave or compensation in connection with a holiday based upon a prorated share of the hours the employee is scheduled to work during the pay period in which the holiday falls in accordance with the following formula: Hours normally scheduled to work in the pay period in which the holiday falls = Prorated Hour]

*   *   *

21.2 Health Benefits

*   *   *

(b) (1) Effective January 1, **[**2009**]** 2024, the County shall **[**continue to**]** provide one prescription plan**[**s**]** (**[**High Option and **]**Standard Option). Bargaining unit employees **[**who select the standard option prescription plan**]** shall pay 20 percent of the total premium cost of the standard option prescription drug plan offered by the employer. The employer shall pay the remaining 80 percent of the total premium cost of the standard option plan. **[**Should the bargaining unit employee select the high option prescription drug plan, the employer shall pay 80 percent of the total premium cost of the standard option prescription drug plan offered by the employer. The bargaining unit employee shall pay the remainder of the high option prescription drug plan premium.**]**

(2) **[**Both**]** The prescription plan**[s]** shall restrict generics. In the event the bargaining unit employee elects to receive a brand medication when a generic medication is available, the member shall pay the cost difference between the brand and generic medication. In the event a physician requires a brand medication; the employee shall not be responsible for the difference in cost.

(3) **[**Both**]** The prescription plan**[**s**]** shall incentivize mail-order prescriptions. In the event the employee fills a prescription at retail more than twice, rather than utilizing mail-order, the member shall pay the cost difference.

* * *

[(c) Effective January 1, 2009, the County shall continue to provide prescription plans (High Option and Standard Option). Bargaining unit employees who select the standard option prescription plan shall pay 20 percent of the total premium cost of the standard option prescription plan offered by the employer. The employer shall pay the remaining 80 percent of the total premium cost of the standard option plan. Should the bargaining unit employee select the high option prescription drug plan, the employer shall pay 80 percent of the total premium cost of the standard option prescription drug plan offered by the employer. The bargaining unit employee shall pay the remainder of the high option prescription drug plan premium. Both prescription plans shall restrict generics. In the event the bargaining unit employee elects to receive a brand medication when a generic medication is available, the member shall pay the cost difference between the brand and generic medication. In the event a physician requires a brand medication, the employee shall not be responsible for the difference in cost.

Both prescription plans shall incentivize mail-order prescriptions. In the event the employee fills a prescription at retail more than twice, rather than utilizing mail-order, the member shall pay the cost difference.**]**

[(d)**]** **(c)** Three health maintenance organizations (HMOs) will be open to employees hired before July 1, 1993, two for employees hired on or after July 1, 1993.

[(e)**]** **(d)** For employees enrolled in the current POS medical plan and who reside outside the service area as defined by the current POS medical plan, a schedule of benefits comparable to the current in-network and out-of-network benefit levels of the current POS medical plan will be available as an out-of-area plan through a preferred provider organization (PPO) plan.

* * *

21.13 Vision Care

(a) A new discount card program through a national network will be offered to those who retire after 1/1/2002.

(b) Effective January 1, 2024 retirees will have access to a fully insured vision plan and the applicable cost share will be applied.

* * *

ARTICLE 23- PROMOTION

* * *

23.2 Policy

(a) Promotions must be made on a competitive basis after an evaluation of each individual's qualifications. The County's promotional program for positions within the unit should provide that qualified employees are given an opportunity to receive fair and appropriate consideration for higher level positions. Length of County service (seniority) shall be **[**considered**]** considered in accordance with **[**when qualified candidates are otherwise deemed reasonable equal. except as provided under**]** Article 8, Seniority, of this Agreement.

* * *

28.1 Policy

a. A disciplinary action against an employee must be initiated promptly when it is evident that the action is necessary to maintain an orderly and productive work environment. Except in cases of theft or serious violations of policy or procedure that create a health or safety risk, disciplinary actions must be progressive in severity. However, the Employer reserves the right to impose discipline at any level based on cause. The severity of the action should be determined after consideration of the nature and gravity of the offense, its relationship to the employee's assigned duties and responsibilities, the employee's work record, and other relevant factors.

b. In evaluating whether to discipline an employee, supervisors are encouraged to first consider non-disciplinary oral or written counseling. Counseling should be documented and maintained in the supervisory file.

* * *

32.5 Uniforms For Employees

* * *

(b) **[**Department of Public Works & Transportation

(3) The County will reimburse for one pair of Departmentally approved winter boots to employees assigned as uniformed "Ride-On" Bus operators and Controllers for an amount not to exceed $75 during the first and third contract year.**]**

Any applicable departmental appendices in this Agreement will supersede the uniforms provisions in this Article and the provisions below will not apply.

*   *   *

(d) Safety Apparel/Equipment

(3) The County shall contribute up to [$145] <u>$150</u> in each fiscal year of the agreement toward the purchase of safety shoes by employees, as required or recommended by management. To receive this reimbursement the employee must: present a valid receipt for the purchase of the shoes to his or her assigned Department or Agency; the shoes must fit the job assignment to the bargaining unit employee as determined by Risk Management, and the shoes must comply with American National Standard Institute (ANSI) safety standard ANSI: Z41-l983, or subsequently adopted appropriate ANSI standard.

(e) Uniform Shoe Alternative

Employees in the bargaining unit who are required to wear a department issued uniform shoe, will be permitted to wear an alternate shoe as approved by their department. In such instances, the employee will receive up to [$95] <u>$110 for each</u> <u>fiscal year of the agreement</u> to be used towards the purchase of the departmental approved alternative.

*   *   *

ARTICLE 36 – UNION ACTIVITIES

*   *   *

36.5 – Administrative Leave for [Secretary/Treasurer or Recorder] <u>Elected Montgomery County Union Officers</u>

The Secretary/Treasurer or Recorder, at the discretion of the President of the UFCW Local 1994, MCGEO shall be released from work 80 hours per pay period to engage in representational activities of the Union. [Each member of the bargaining unit will be assessed½ hour for each year of this Agreement of annual or compensatory leave, which leave shall be contributed to an administrative leave bank for the purpose of providing administrative leave to the Secretary/Treasurer or Recorder. The County will notify the Union of the balance over 2,080 hours annually by September 1, which may be used for representational activities for additional elected officials of the Union with notice to the County. Hours used for this purpose must be coded as "admin leave - union official" time in MCtime.]

<u>(b) At the discretion of the President of UFCW Local 1994 MCGEO, an elected Montgomery County Vice President shall be released from work 80 hours per pay period to engage in representational activities of the Union. Each dues paying member of the bargaining unit will be assessed ½ hour for each year of this Agreement of annual or compensatory leave, which leave shall be contributed to an administrative leave bank for the purpose of providing administrative leave to the Vice President.</u>

*   *   *

41.4 Employee Retirement System

The parties will submit legislation to the County Council that would amend Montgomery County Code to provide for the following revisions affecting bargaining unit employees.

(a) Group E

Add the following job classifications into Group E
(A) Senior Public Safety Emergency Communications Specialist
(B) Public Safety Emergency Communications Specialist IV
(C) Public Safety Emergency Communications Specialist III
(D) Public Safety Emergency Communications Specialist II

Affected employees in the RSP or GRIP, upon transfer to Group E and J, shall have a one-time irrevocable opportunity to purchase service credits with their RSP or GRIP balances at the time of transfer and any other eligible purchase method (such as DCP, payroll deduction, or lump sum payment). Employees who elect to purchase service credits shall forfeit their RSP or GRIP balances upon transfer, and enter Group E and J with the years of credited service purchased for earnings calculations. These employees will receive credited service for vesting. Eligibility for early or normal retirement will be based on credited service in Group E or J.

Affected employees who do not elect to purchase credited service shall retain their RSP or GRIP accounts and receive credited service for vesting. Eligibility for early or normal retirement will be based on credited service in Group E or J. All affected employees will enter Group E or J with zero years of credited service for earnings calculations.

(1) Non-integrated Plan:

(A) Pension Formula - [60] 65 percent@ 25 years; [72] 76.25 percent max plus sick leave credits for an for an overall max of [76] 80.25 percent.

For a Group E member who is a member of the optional plan and retires on a normal retirement, the annual pension must equal [2.4] 2.6 percent of average final earnings, for each of the first 25 years of credited service completed, and 2.25 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of [31] 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed [76] 80.25 percent of average final earnings.

*   *   *

(2) Integrated Plans (Optional and Mandatory):

(A) Pension Formula – **[**60**]** 65 percent@ 25 years; **[**72**]** 76.25 percent max plus sick leave credits for an overall max of **[**76**]** 80.25 percent, up to SSNRA; reduce the pre-SS benefit to 1.25 percent of average final earnings after attainment of SSNRA.

For a Group E member in the integrated retirement plan who retires on a normal retirement, the annual pension must be computed as follows:

• From the date of retirement to the month that the member reaches Social Security normal retirement age: **[**2.4**]** 2.6 percent of average final earnings, for each of the first 25 years of credited service completed, and 2.25 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of **[**31**]** 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed **[**76**]** 80.25 percent of average final earnings.

• From the month the member reaches Social Security normal retirement age:
1.25 percent of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of 31 years plus sick leave credits, plus **[**2.4**]** 2.6 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement, for each of the first 25 years of credited service completed, and 2.25 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement, for each year of credited service of more than 25 years, to a maximum of **[**31**]** 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement.

Legislation will be submitted to change the age of social security integration; integration will begin at age 70, effective July 1, 2024.

(e) Group J

Add the following job classifications into Group J

(A) Administrative Specialist I
(B) Administrative Specialist II
(C) Administrative Specialist III
(D) Information Technology Specialist II

(E) Information Technology Specialist III
(F) Program Manager I
(G) Program Manager II
(H) Social Worker III

Affected employees in the RSP or GRIP, upon transfer to Group E and J, shall have a one-time irrevocable opportunity to purchase service credits with their RSP or GRIP balances at the time of transfer and any other eligible purchase method (such as DCP, payroll deduction, or lump sum payment). Employees who elect to purchase service credits shall forfeit their RSP or GRIP balances upon transfer, and enter Group E and J with the years of credited service purchased for earnings calculations. These employees will receive credited service for vesting. Eligibility for early or normal retirement will be based on credited service in Group E or J.

Affected employees who do not elect to purchase credited service shall retain their RSP or GRIP accounts and receive credited service for vesting. Eligibility for early or normal retirement will be based on credited service in Group E or J. All affected employees will enter Group E or J with zero years of credited service for earnings calculations.

(1) Non-integrated Plan:

(A) Pension Formula - 62.5 percent@ 25 years; 72.5 percent max plus sick leave credits for an for an overall max of 76.5 percent.

For a Group J member who is a member of the optional plan and retires on a normal retirement, the annual pension must equal 2.5 percent of average final earnings, for each of the first 25 years of credited service completed, and 2 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of [31] 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 76.5 percent of average final earnings.

(2) Integrated Plans (Optional and Mandatory):

(A) Pension Formula – 62.5 percent@ 25 years; 72.5 percent max plus sick leave credits for an overall max of 76.5 percent, up to SSNRA; reduce the pre-SS benefit to 1.25 percent of average final earnings after attainment of SSNRA.

For a Group E member in the integrated retirement plan who retires on a normal retirement, the annual pension must be computed as follows:

• From the date of retirement to the month that the member reaches Social Security normal retirement age: 2.5 percent of average final earnings, for each of the first 25 years of credited service completed, and 2 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of [31] 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 76.5 percent of average final earnings.

• From the month the member reaches Social Security normal retirement age: 1.25 percent of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of 31 years plus sick leave credits, plus 2.5 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement, for each of the first 25 years of credited service completed, and 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement, for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement.

Legislation will be submitted to change the age of social security integration; integration will begin at age 70, effective July 1, 2024.

*   *   *

Article 44 NON-PUBLIC SAFETY RETIREMENT PLANS

44.1 Retirement Options

(A) Each permanent bargaining unit employee on the OPT/SLT, Transit Bus Operator, or Transit Bus Coordinator salary schedules hired on or after July 1, 2023, regardless of hours scheduled to work, must be automatically enrolled in the Guaranteed Retirement Option Plan (GRIP). Each employee shall be afforded the opportunity to complete the election form to enroll in the Retirement Savings Plan (RSP) as an alternative to GRIP, and part-time employees shall have the opportunity to opt-out of receiving retirement benefits. Any alternative enrollment or opt-out must be made within the first 150 days of employment. Full-time employees who move to part-time employment shall have the opportunity to opt out of participation in either the RSP or GRIP.

The County will submit any legislation required to adjust the County Code to implement the above paragraph.

[44.2 Contributions

Employees must contribute 3 percent of base salary up to the FICA maximum, and 6 percent of base salary above the FICA maximum. The Employer will contribute an amount equal to 6 percent of the employees' regular earnings. Effective the first full pay period following July 1, 2008, employees must 105 of 195 contribute 4 percent of base salary up to the FICA maximum, and 8 percent of base salary above the FICA maximum. The Employer will contribute an amount equal to 8 percent of the employees' regular earnings.

Bargaining unit members participating in the RSP would be credited with the County contribution of 6% instead of 8% of employee's regular earnings for the July 1, 2011- June 30, 2012 Fiscal Year. However, RSP participants shall continue to pay their full contribution rate during the same period.[10]**]**

* * *

44.5 Long Term Disability Benefit

The following constitute benefits provided under the long term disability component of the defined contribution plan:

(a) Basic Benefit:

(1) Service connected: **[**66 2/3**]** <u>52.5% (Partial) or 70% (Total)</u> percent of pay

(2) Non-service connected: 2 percent of pay x yrs. service, minimum **[**30**]** <u>33 1/3</u> percent, maximum 60 percent of pay.

(b) Definition of Disability:

1) Service connected: your occupation for 3 years; after 3 years, any occupation **[**with similar earnings**]** <u>commensurate with the employee's training or retraining, education, and experience.</u>

(2) Non-service connected: your occupation for 1 year; any occupation thereafter (see current LTD plan for longer definition).

(c) Date Payment Ends:

(1) Service connected: life (or until recovered prior to age **[**65**]** <u>85</u>)

(2) Non-service connected: age **[**65**]** <u>85</u> or until recovery.

(d) Eligibility:

[[10] 10 Funding for section 44.2 was rejected by Council on May 9, 2011. Council alternative approved May 26, 2011, see Appendix XXII.]

All bargaining unit employees <u>who participate in either the GRIP or RSP</u> **[**regularly scheduled to work 20 or more hours (.5 work year or more)**]**.

(e) Direct Offsets:
Offset is dollar for dollar for actual payments received from Social Security or Workers' Compensation. Lump sum Workers' Compensation payments will be annuitized as is currently done. Offsets also made for lifetime annuitized total defined contribution account balances regardless of whether or not they are annuitized or paid out.

f) Earnings Offset: <u>None</u>.
[Earnings reduce LTD benefits on a 1 for 3 basis. Earnings include "Incorporation" income from a company controlled by a family member or due to work performed. There is no specific limit to the sum of LTD benefit plus income.**]**

<u>GRIP and RSP</u>

<u>1. The County will submit no later than June 1, 2023, and at full County cost, a request for private letter ruling to the IRS to cover reopening GRIP to individuals who were employed with the County prior to July 1, 2015 and who previously elected or defaulted into the RSP.</u>

<u>2. Within two (2) months of receipt of a private letter ruling from the IRS, the parties shall re-open the contract and engage in bargaining over retirement benefits for GRIP and RSP participants.</u>

<u>The reopener will consist of the following subjects:</u>

<u>a. If the private letter ruling is favorable, a process for reopening the GRIP to allow for individuals who previously elected or defaulted to the RSP prior to GRIP being made the default retirement election in 2015 will be given a one-time irrevocable opportunity to switch to the GRIP according to framework determined by the RSP/GRIP reopener agreement.</u>

<u>b. Assess what changes to RSP and GRIP are necessary, as well as the costs of those changes, to ensure that those plans provide enhanced benefit levels, including but not limited to:</u>

<u>i. Disposition of sick leave upon retirement</u>
<u>ii. Employer and employee contribution percentages</u>
<u>iii. Modifications necessary to permit monthly benefit withdrawals</u>

<u>c. Compare RSP and GRIP benefit levels with regional retirement plans to ascertain the market competitiveness of these plans.</u>
<u>d. Retirement income replacement ratios of retirement ERS members to ensure current benefit levels provide sufficient income to ERS retirees and participants in the RSP and</u>

GRIP.
e. Should the parties not reach agreement the matter shall be subject to the impasse resolution procedures contained in the County collective bargaining law. If the resolution of this subject matter is reached outside the budget cycle, the County shall request a supplemental appropriation to fund any cost associated with implementing the outcome of negotiations.
3. Within sixty (60) days of resolution of the RSP/GRIP contract reopener, any required legislative changes and/or supplemental appropriation requests shall be submitted to the County Council.

* * *

ARTICLE 53 - SUBSTITUTE, SEASONAL, AND TEMPORARY EMPLOYEES

53.1 Wages

* * *

(b) Seasonal employees on the Seasonal Salary Schedule who do not encumber OPT/SLT unit positions shall receive an adjustment equal to the increase in the Montgomery County minimum wage. **[**Effective the first full pay period following July 1, 2023, each substitute, seasonal and temporary employee shall receive an additional ten cents (.10) per hour per hour worked. (1) a $0.50 wage adjustment in FY22 effective the first full pay period following July 1, 2021, or the Montgomery County minimum wage, whichever is greater, and (2) a $1.00 wage adjustment in FY23 ($0.50 of which will be effective the first full pay period following July 1,2022 and $0.50 of which will be effective the last full pay period in June 2023) or the Montgomery County minimum wage, whichever is greater.**]**

(c) The parties agree to resolve the wage compression issues in the current Seasonal Salary Schedules by implementing the May 11, 2022 MOA, with the agreed upon changes effective July 1, 2023. **[**no later than August 1, 2020. **]**

* * *

APPENDIX I - OPT UNIT - SHERIFFS

(a) The clothing allowance shall be [$1388] $1450

* * *

(c) Shoe Allowance for Non-uniformed Employees Unit members receiving a clothing allowance shall receive [$105] $130 per year for shoes, to be paid as provided in (b) of this Article.

* * *

(g) [Shoe Allowance for Certain Uniformed Officers] Shoe Reimbursement for Uniformed Officers

[Unit members requiring irregular shoes sizes that are considered "hard to fit", i.e. size not available through supply, shall receive an annual shoe allowance of $125.00] Deputies required to wear a department issued uniform shoe, will be permitted to wear an alternate shoe as approved by their department. In such instances, the Employee shall be reimbursed up to $150.

*   *   *

(i) During the term of this Agreement, the Employer shall:
(1) [allocate up to $50.00 per Deputy Sheriff for the purchase of business cards] provide business cards to each Deputy Sheriff who requests cards; and

[(2) allocate up to $25.00 50.00 per Deputy Sheriff for the purchase of handheld radios and accessories. allocate up to $25.00 per Deputy Sheriff for the purchase of handheld radio accessories. allocate up to $25.00 per Deputy Sheriff for the purchase of handheld radio accessories]

*   *   *

(r) The Sheriff's Office will award annual physical fitness incentives to encourage all deputies to remain in their best physical condition.

(iv) Awards. Unit members who qualify for an award based upon their test results will [receive] choose between receiving an annual grant of paid administrative leave, or lump sum fitness incentive payment in the following amounts, [to be used within a year of the date of the test]:
Outstanding: 20 hours or $600
Excellent: 16 hours or $475
Good: 12 hours or $350

[(u) The following items will be referred to the Department LMRC:
1. Tasers: The development of a joint recommendation to the County Executive to issue tasers to all to all Deputies.**]**

*   *   *

(u) The County agrees to fund the purchase of additional vehicles for use by the Sheriff's Office as compensation/a fringe benefit for Deputy Sheriffs in accordance with the Sheriff's Office Assigned Vehicle Program as follows:
Fiscal Year 2024 – 20 vehicles
Fiscal Year 2025 - 20 vehicles

<u>Fiscal Year 2026 – 20 vehicles</u>

<u>Purchase of vehicles is subject to availability through DGS – Fleet Management. Additional vehicles may be purchased and provided if funding is available and appropriated during the annual budget process.</u>

* * *

APPENDIX II - OPT Unit - DEPARTMENT OF HEALTH AND HUMAN SERVICES

* * *

• School Health Services LMRC:
- o Employee access to and use of the NEXTGEN computer system.
- o Convert workday from 7 to 8 hours.
- o Hiring additional substitutes and substitute SCHN/**[**SHRA**]** <u>SHRT</u> coverage.
- o School health room supplies and furnishings.
- o Procedures and practices for student referrals to health rooms.
- o MCGEO representation on School Health Council.
- o A survey of SHRTs and School Health nurses regarding training opportunities.
- o Development of a subcommittee to meet with MCPS to **[**educate the appropriate MCPS individuals about School Health Services**]** discuss <u>MCPS matters as it relates specifically to School Health Services.</u> <u>A Committee of two Department representatives (e.g. Nurse Administrators/Nurse Managers) and two Union Representatives (e.g. SCHN/SHRT and a Union Representative) will initiate this committee. The HHS will invite MCPS to send representatives to participate at their discretion.</u>

(g) Therapists, Behavioral Health Associate Counselors, **[**and**]** Behavioral Health Technicians, <u>and Community Service Aides hired as Peer Support Specialists</u> assigned to the Crisis Center shall receive a yearly stipend of $1,500 in the last full pay period of the fiscal year. Affected employees who work a minimum of seventy-five percent (75%) of the scheduled hours in that fiscal year shall receive the stipend.

<u>School Health Services</u>

* * *

(e) **[**Provide year end guidelines to school health room aides regarding the process for requesting to assistance to complete year end duties.**]** <u>All Merit SHRTs will be allowed to work the last Professional Day for MCPS Teachers in accordance with the MCPS Calendar,</u>

to include when applicable, the Juneteenth Holiday pay.

(f) School Health Services management will add selection boxes, with a drop-down menu, to identify up to three preferred assignments; and will publicize the updated assignments list a minimum of three times each school year (i.e. September, December, and March).

(g) The County agrees to provide cell phones to School Health Room Nurses to conduct County business.

(h) The Department will remind staff via the School Health Services newsletter of the established procedures for requesting and obtaining supplies and furniture

(i) Each health room in all MCPS schools will be provided a Fax/Scanner in order to maintain security and confidentiality of personal identifying health information of MCPS students. This will be used to transmit health information to SHS Main Office, and to communicate with Physicians concerning orders received for medications, treatments, care, and any other communication required to give nursing care.

(j) A protocol will be established to follow for critical incident stress management in cases when SHS personnel are involved in a traumatic event at school, including any time extraordinary measures for life saving while waiting for EMS/Police to arrive.

APPENDIX III – DEPARTMENT OF POLICE

* * *

[(a) Bargaining unit members not assigned to ECC who work a shift that includes the period 8:00 pm to 4:00 am shall receive the same hourly shift differential under Article 5.3(a) as employees who work on a shift that begins between the hours of 11:00 pm and 5:00 am.**]**

[(b)**]** (a) Crossing Guards

* * *

2. Crossing guards may request a **[**$275**]** 150 shoe/boot reimbursement every **[**three (3) years**]** year which includes shoes, winterized boots and rain boots/galoshes.

* * *

[(c) Forensics**]** (b) Crime Lab and Evidence Management

*   *   *

4. CSU employees will be reimbursed up to $150 annually for boots.

5. The department will provide maternity uniforms for CSU employees or they will reimbursement to bargaining unit employees up to $400.00 every year for maternity clothes.

6. The County will provide voluntary self-defense classes.

7. Bargaining unit employees assigned to the Crime Lab shall be allowed to use the Department's Laundry Services for cleaning of court appearance attire, following an actual appearance in court related to job duties.

8. The following item will be referred to the departmental LMRC:
- Development and implementation of a leave awards program.
- Development, redesign, and implementation of a new uniform and environmental/weather appropriate accessories for the crime scene unit that are conducive to working conditions, environment, and needs.

[(d)**]** (c) Police Service Assistance

*   *   *

3. Each district station, to include PSHQ shall develop and implement an emergency preparedness plan that includes topics of active assailant, bomb threats, riots, chemical/biological release, etc. These plans must be completed by June 30, 2024, and updated at a minimum every three (3) years.

- Training on these plans shall be completed at a minimum every two (2) years.

4. The following items will be referred to the departmental LMRC.
- Replace current phone system with updated system in all district stations.
- Improve security at all stations by having SWAT conduct an assessment and implement accordingly, which shall be completed and a report to the LMRC by **[**December 31, 2020**]** June 30, 2024;
- All front doors to District Station lobbies shall be locked at night. Such doors shall be equipped with an entry buzzer controlled by the front lobby;
- Issue new headsets for all unit members assigned to district stations;
- Emergency radio/communications equipment assessment for District Stations.

[(e)**]** (d) Emergency Communications Center

[1. The Department agrees to provide conflict and stress management training.**]**

1. Bargaining unit members assigned to ECC who work a shift that includes the period 8:00 pm to 4:00 am shall receive the same hourly shift differential under Article 5.3(a) as employees who work on a shift that begins between the hours of 11:00 pm and 5:00 am.

* * *

4. The following item(s) will be referred to the departmental LMRC

[• continued review of, and possible updates to, ECC policy and security protocols.
• Fence perimeter
• Improved parking lot lighting**]**
• Design and install a Fence perimeter around the facility referred to as PSCC
• Sleeping quarters
• Elimination of uniforms

[(f)**]** (e) Automated Traffic Enforcement Unit – Field Service Technicians
1. The following items will be referred to the departmental LMRC:
• Laser metro counters shall be provided.
• IT certification courses shall be provided.

[(g) Animal Services
1. Employees are to receive three (3) hours of court time (for court hearings in District or Circuit court) when scheduled for court on a regular day off or during off-duty hours.

2. FTO Pay: All employees who perform training, shall receive training pay as described in 5.22 of the MCGEO contract**]**

[(h)**]** (f) Security Services

* * *

17. Security Section

1. Each Security Officer shall be issued a hand-held radio with charger, and a collar mike with direct channel to ECC.
2. With supervisory approval, Security Officers may attend applicable course offered at the Montgomery County Academy.

Security Officers will be granted first right of refusal for special details held at County facilities. If a Security Officer does not voluntarily sign up for the detail, the County will fill detail vacancies with contract security.

* * *

APPENDIX IV - OPT Unit - DEPARTMENT OF CORRECTION AND REHABILITATION

* * *

(i) 1. Any Nurse who is identified as the medical charge nurse shall be paid a **[**$1.75] $2.75 per hour differential for each hour worked.

[2. At the beginning of the first full pay period following July 1, 2009, all bargaining unit employees who are merit Correctional Health Nurses and Licensed Practical Nurses working in the Department of Correction and Rehabilitation on that date will receive a $1100 one-time, lump- sum retention incentive payment. The retention incentive payment will not be added to base salary. Any bargaining unit employee receiving the retention incentive must remain a merit Correctional Health Nurse or Licensed Practical Nurse working in the Department of Correction and Rehabilitation for at least 1 year after receiving the incentive, and must agree to repay a prorated amount of the total incentive to the employer if the bargaining unit employee does not continue working as a nurse in the Department of Correction for the entire 1 year period. The employee will not have to repay the incentive if the employee dies, the County terminates the individual, or the employee is promoted to another position within the Montgomery County government. Employees hired or transferred after July 1, 2013, shall not be eligible to receive this incentive.**]**

* * *

K. Emergency Response Team (ERT) and Critical Incident Support Member (CISM)

1. As the department regularly replaces equipment for the ERT team, it will be done on**[**e**]** a uniform basis so that all unit members receive identical equipment.

2. An employee who is assigned to the emergency response team will receive a yearly stipend of **[**$1200**]** $1800 in the last full pay period of the Fiscal Year (after performing duties and responsibilities of the ERT). ERT members who have performed within the team (i.e. not on light duty, disability, extended leave or other leave status) for 75% (1,560 hours) of the fiscal year, shall receive the stipend. On a quarterly basis, a report will be provided to employees so that they may monitor if they are in danger of falling below the 75% qualification to be eligible for the stipend.

3. An employee who is assigned as a Critical Incident Support Member will receive a yearly stipend of $1,200 in the last full pay period of the Fiscal Year (after performing duties and responsibilities of a CISM member). CISM members who have performed within the team (i.e. not on light duty, disability, extended leave or other leave status) for 75% (1,560 hours) of the fiscal year shall receive the stipend.

4. A Critical Incident Support Member (CISM) is an individual, sworn or civilian member of the Department, who has received training in Critical Incident Stress Management and who has been designated and trained to provide emotional, social, practical, and moral support to a Department of Correction and Rehabilitation staff member. This is a peer support team member.

*   *   *

(n) MCDC

1. The following items are referred to the LMRC:
• Secure fenced area for staff parking lot;
[• Upgrade CPU copier;
• Provide non-toxic "Green" cleaning and floor stripping supplies;
• Regular equipment maintenance.**]**

(o) PRC
1. The following items are referred to the LMRC:
[• Provide additional employee parking.
• Create additional employee parking**]**

(p) Pre-Trial
1. The following items are referred to the LMRC:
[• Institute a weapons screening policy to include use of (metal detectors/wands);**]**
• Develop a security protocol which specifically restricts client movement in a facility;
• Bullet proof glass for both reception areas

*   *   *

(y) Resident Supervisor Uniforms

*   *   *

2. Current and new Resident Supervisors shall receive a shoe [allowance] reimbursement of [$145] $150 per year.

*   *   *

(z) If an employee calls out for unscheduled sick leave on the observed County holidays of New Year's Day, Memorial Day, Independence Day, Thanksgiving Day, and Christmas Day the employee must submit a medical certification from a licensed healthcare provider (doctor's note) upon return to work in accordance with current DOCR policies. The doctor's note must identify the date that the employee was seen by the doctor and the dates(s) covered by the doctor's note.

1. If the employee does not submit a medical certification, said employee will not receive holiday leave as provided for in 20.13 of the CBA.

2. If an employee does provide a doctor's note, then the employee's time off work will be recorded as holiday leave in accordance with 20.13 of the CBA.

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APPENDIX VI – OPT/SLT Units – DEPARTMENT OF TRANSPORTATION

(a) **[**Transit Services - Ride-On**]** Division of Transit Services

1. **[**Gaithersburg and Silver Spring**]** All Ride On depots will run their relief boards in the same manner. **[**The parties will discuss at an LMRC relief operator procedures, strategic operator procedures, stand-by operator procedures, pick operating procedure, and the calculation of seniority.**]**

2. Transit Coordinators shall be on duty during all operating hours.

3. Transit Coordinators shall have integrated seniority pick procedures.

4. Operators shall not perform maintenance on Ride-On buses.

5. All operational policies shall be consistent amongst all **[**modules**]** Ride on depots.

[6. The Employer will pursue and request additional parking spaces from Montgomery Mall Management.**]**

[7.**]** 6. Master seniority lists shall be updated at least quarterly and posted at all modules.

[8. Drivers shall be issued one zippered sweater at no cost to the Operator.

9. The County shall install emergency lighting and safety reflector striping on all Transit Coordinator road vehicles. Emergency lighting will be operationally comparable to that of a first responder.

10. Referred to a joint labor-management committee (LMRC) for review: (A) routing practices; (B) bus maintenance; (C) policy on driving of unsafe buses; (D) Bus Operator overtime limitation; and (E) assignment of buses.**]**

[11.**]** 8. All language in this agreement that pertains specifically to Ride-On operators shall also apply to Transit Coordinators. The same seniority and pick procedures that apply to operators shall apply to coordinators as well.

[12.] 9. An Operator may refuse to drive a bus that he/she reasonably believes to be unsafe due to malfunctioning brakes, steering, or other critical safety equipment, subject to verification by an ASE Certified mechanic or a Fleet Service representative. If the Fleet Service representative or mechanic determines that the bus is sufficiently safe to drive, the operator will resume operation of the bus. If it is demonstrated that the driver deemed the bus unsafe under false pretense, the employer may take disciplinary action against the operator. In the event of inoperative heat or air conditioning, the employer will trade out the bus as soon as operationally practicable in accordance with existing practice.

[13.] 10. Transit Coordinators will resolve disputes with passengers. Transit Coordinators will be required to attend conflict resolution training.

[14] 11. In accordance with Section 54A-3 of the Montgomery County Code, Ride-On, as a public carrier, may refuse to transport any person who disturbs the public peace, as defined in state law. Under this section of the Code, a bus operator or police officer who reasonably believes that a passenger is disturbing the public peace may direct the passenger to leave the vehicle, and the passenger must not refuse to do so. A passenger who refuses to obey such a direction to leave the bus commits a Class C violation of County law. A bus operator is not authorized, however, to physically restrain a passenger, or forcibly evict or remove a passenger from the vehicle. Prior to directing a passenger who is currently disturbing the public peace to leave the vehicle, the bus operator should use professional passenger relations skills and conflict resolution techniques to try to reduce tensions and resolve the dispute or incident. The bus operator's action of directing a passenger to leave the vehicle must be based on a reasonable and objective belief that the passenger is disturbing the public peace. Should the bus operator exercise authority under this provision unreasonably, the operator will be subject to discipline by the Department.

[15.] 12. If employees are sent home because the employer elects to stop services and other work is not assigned to them, employees will be placed on administrative leave.

[16.] 13. Red light Policy - Mandatory ADR

[17.] 14. If an employee is physically assaulted on the job by a member of the public, the employer will provide legal assistance to employees who file criminal charges where legal assistance is reasonably necessary absent suspicion that the charges are erroneous.

[18.] 15. All Transit Coordinator Vehicles will continue to be [as SUVs by 12/1/08] SUV's w/4x4 or AWD capabilities.

16. All County physicals for Bus Operators and Transit Coordinators should be so scheduled that unit members do not have to report for duty prior to their physical.

[19. The following items will be referred to the LMRC: a. Professional cleaning of the office annually; b. County physicals for operators/coordinators should be so scheduled that unit members do not have to report for duty prior to their physical. c. Updated phone system.

20. Provide basic computer training for all coordinators.

21. The parties agree to discuss excessive consecutive overtime hours' operators are working to keep system running. Fatigue and excessive sick leave usage are current issues.

22. The parties agree to discuss holiday schedules vs. Sunday schedule following holiday.

23. The parties agree to discuss change in holiday/Sunday service]

[24.] <u>17.</u> The use of recapped tires will be permitted on the rear of transit busses.

[25.] <u>18.</u> Operators who were formerly substitute operators currently in full time merit operator positions will be granted schedule pick seniority retroactive to July 1st,2010. Pick seniority will be calculated on a prorated basis½ year for every 1040 hours worked since July 1st, 2010. Going forward the same rule will apply to current or future substitute bus operators who transition into full time merit bus operator positions. Calculations we will be based on the total hours worked since July 1st, 2010.

[26.] <u>19.</u> Transit Information Techs shall be provided with a rugged laptop. In the event Gaithersburg depot is unable provide secured storage for Transit Info Systems tools, the Department will purchase a storage shed. The <u>shed</u> will be housed at Gaithersburg Ride-on.

[(a) Transit Information Technicians will be included in Article 32.5" Uniforms for Employees" and will be included in every section of the article that mentions Ride-On bus operators and transit coordinators. The Department will continue to provide long sleeve polos, short sleeve polos and sweatshirts.

27. Transit coordinators will be issued all weather outerwear. The parties will jointly select these items.

(b) Commuter Services

1. The following items are referred to the LMRC:

• Provide additional storage space;

• Provide cross-training for staff.

(c) Highway Services

1. Employees will be sent their score.

2. Staff will be provided with 1 cap, 1 summer hat, and 2 knit cold weather caps each year.

3. Staff will be provided with 5 pairs of pants each year.

4. Staff will be provided with 1 insulated coverall each year.

5. DOT – Highways shall contribute up to $200.00 annually towards the purchase of safety shoes by employees, as required or recommended by management for DOT Highways Services employees. To receive reimbursement, the employee must present a valid receipt for the purchase of the shoes to his or her assigned Department or Agency, the shoes must fit the job assignment of the bargaining unit employee as determined by Risk Management, and the shoes must comply with American National Standard Institute (ANSI) safety standard ANSI:Z411999 or any subsequently adopted appropriate ANSI or ASTM standard. Bargaining unit members assigned to MCPS will be issued a pass to appropriate worksites**]**

<u>20. See Appendix XI for the Attendance Policy for Bus Operators, Transit Coordinators and Motor Pool Attendants.</u>

<u>21. See Appendix [???] for the Salary Schedules for Bus Operators and Transit Coordinators.</u>

<u>22. See Appendix [???] for the Ride-On Crash/Incident Review Procedure.</u>

<u>23. Ride On uniforms are provided to all bargaining unit members. For employees assigned as Bus Operators, Transit Coordinators and Motor Pool Attendants, the County will:</u>

<u>a) Provide 2 pair of pants, 2 shirts and one zip up sweater each year.</u>
<u>b) Provide one pair of uniform shoes or winter boots each contract year. Alternatively, the County will reimburse for one pair of Departmentally approved winter boots for an amount not to exceed $75 per year in lieu of County issued shoes or boots.</u>
<u>c) Reimburse for alterations for County issued uniform pants for an amount not to exceed $40 per year.</u>
<u>d) Provide inclement weather apparel in accordance with Article 32 – Tools and Uniforms.</u>

<u>24. Transit Information Technicians will be provided with long and short sleeve polo shirts and sweatshirts.</u>

<u>(b) Division of Highway Services (DHS)</u>

1. Upon request, employees will be provided their skills test score when applying for higher level positions.
2. The MCDOT-DHS and MCGEO will work collaboratively to develop a depot transfer policy for vacant positions.
3. Each year, all staff in MCDOT – DHS will be provided:

- 1 cap
- 1 summer hat
- 2 knit cold weather caps
- 5 pair of pants
- 1 insulated coverall
- A year-round jacket with zip out lining

If the employee does not need a particular item from the above list, they have the option of selecting items from an alternate uniform list provided by the Department.

4. MCDOT - DHS shall contribute up to $200.00 annually towards the purchase of safety shoes by employees, as required or recommended by management for MCDOT - DHS employees. To receive reimbursement, the employee must present a valid receipt for the purchase of the shoes to his or her assigned Department or Agency, the shoes must fit the job assignment of the bargaining unit employee as determined by Risk Management, and the shoes must comply with American National Standard Institute (ANSI) safety standard ANSI:Z411999 or any subsequently adopted appropriate ANSI or ASTM standard.

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Appendix VIII: Reasonable Accommodation

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Policy & Procedure

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3.3 Montgomery County Government will make reasonable efforts, through job restructuring and/or reassignment, to accommodate an employee who has a disability that prevents him/her from fully carrying out the duties of his/her position.

(a) When a bargaining unit member receives a health status report from Occupational Medical Services (OMS) which may result in the invocation of the priority consideration process, the County will provide the affected employee and the Union with a fact sheet outlining the priority consideration process.

(b) To initiate the priority consideration process, which lasts one hundred and five (105) calendar days, the County will hold an explanatory meeting to discuss the process with the employee and issue a priority consideration memorandum. The County will notify the Union of said meeting at the same time as the employee. The employee will also be provided with information on currently active vacant positions and instructions on how to apply for positions. Concurrent with the beginning of the priority consideration process, the Department has up to fifteen (15) days to find and offer an affected employee an internal Departmental transfer, if available.

* * *

APPENDIX X - DEPARTMENT OF PERMITTING SERVICES

(a) **[**The DPS LMRC will continue to explore alternative/mobile workstations for Field Inspectors**]** On request, the Department will provide a list of available alternative workstations/worksites for use by DPS personnel.

(b) The following items will be referred to the LMRC:

[• replace current vehicles used by unit members with 4X4 vehicles equipped with appropriate equipment and supplies. The parties agree to refer this item to the Countywide LMRC.
• Job related training will continue to be provided.

• Foreign language training is available through tuition assistance program**.]**

• The creation of a DPS onboarding manual and training program for new DPS employees.

• The LMRC will assess the vehicle needs of field inspectors and develop a recommendation to replace and equip vehicles accordingly. (will be the first agenda item for county-wide LMRC)

• Immediately create "redundancy" capabilities such that field inspectors do not lose data entered into new or modified, but unsaved, IPS and or ePlans records when the wireless connection is temporarily lost (as was the case with DPSIO Direct Access).

• The LMRC will continue to discuss the creation of automated permit renewal letters as needed and where appropriate.

• Uniforms - Each fiscal year the Department will provide the following for all field inspection staff:

o 3 (three) long sleeve shirts
o 3 (three) short sleeve shirts

(c) The Department will provide boots, insulated winter parkas, rain gear, insulated gloves, and one (1) winter and one (1) summer hat to bargaining unit members with field assignments each fiscal year.

(d) The Department shall incorporate hazardous materials awareness training for code enforcement inspectors as part of the Department's overall continuous safety training. **[**The Department shall provide PPE face shields as requested in writing by individual code enforcement Inspectors.**]**

(e) The Department will provide each bargaining unit member with one (1) shirt with the Department logo. The member will be afforded the choice of the shirt being long sleeve or short sleeve.

(f) The Department will provide face and eye protection as requested in writing by individual field inspection staff appropriate for the hazard (s) associated with their specific job function(s).

* * *

APPENDIX XIII - DEPARTMENT OF PUBLIC LIBRARIES

(a) The following items will be referred to the LMRC:

[• Restrict access to "staff only" areas in all branches.
• Handheld Devices: Piloted at selected branches, awaiting results
• Provide regularly cleaning of floors.
• The department will address heating and cooling issues identified by the Union.
• Increase security and safety: Issues will be reviewed and resolved when identified
• Lighting issues: both interior and exterior. The Union will identify concerns. This is an ongoing, seasonal issue
• Wall at Metropolitan Grove - continue to work to identify issues.
• If multiple Department wide reassignments are needed to balance staffing complements, the Department will continue to inform the Union in order to give them opportunity for feedback prior to notifying staff of reassignments.
• Training: management works with staff to identify CEU and training opportunities relevant for staff and enables staff to attend training.
• Work-life issues: should continue to be reviewed. All work-life requests are reviewed and every attempt is made to satisfy these requests as long as they are fair to other staff and within the resources, policies, and procedures of the Department.

• PA systems and panic buttons: These are included in renovation and new construction plans. MCPL will conduct survey to ascertain present needs at other branches.
• Continuing to secure staff work areas in all branches.**]**
• The Department will address heating and cooling issues identified by the Union.
• Safety and security protocols: to include police presence, PA systems, panic buttons, security cameras, wearable communication devices, <u>securing staff work areas,</u> and resolve security issues as they arise.
• Lighting issues: both interior and exterior. The Union will identify concerns.
• If Department-wide reassignments are needed, the Department will inform the Union in order to give them an opportunity for feedback prior to notifying staff of reassignments.

(b) The designated Union representative will be <u>given access to or</u> copied on all Incident Reports upon submission.
[(c) Long Branch Library - MCPL will ensure that the upper level door is locked from the outside, except for outside MCPL events. It will remain open as an emergency exit but will not be available as an entrance.
(d) MCPL will send out clarification of the County's multilingual pay process to all MCPL employees.
(e) MCPL will send out guidance about the roving process to all staff that will include how staff should handle end-of-shift issues.
(f) Department of Public Libraries will refer branch security issues to LMRC. The library LMRC will review safety and security protocols to include police presence, panic buttons, security cameras, old HVAC's, ergonomics' and resolve security issues as they arise.
(g) The library shall expand the implementation of wearable communication devices to additional branches as agreed upon by the department LMRC**]**
[(h)**]** <u>(c)</u> Work-life issues are reviewed by the Department Director and every attempt is made to satisfy these requests as long as they are fair to other staff and within the resources, policies, and procedures of the Department and recommend 3 electronic scheduling systems to be implemented at each branch.

<u>(d) A subgroup will be created made up of equal representatives from management and labor to review and recommend scheduling best practices in the branches to ensure fairness and adequate staffing levels and consider possible electronic scheduling systems for recommendation to the Director.</u>

<u>(e) The Department agrees to conduct at study analyzing whether or not each individual branch has adequate FTEs assigned to it to ensure the creation of fair, proper schedules that cover operational needs.</u>

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APPENDIX XVIII - INTERNAL SALARY EQUITY REVIEW PROGRAM

A. The Office of Human Resources will ensure internal salary equity within the job classification in setting salaries for new hires and promotional employees by reviewing average salaries and time in-grade for incumbents in the job classification.

B. If a new hire is offered a salary that exceeds the average salary and time-in-grade, applicable incumbents in the department will be granted a within-grade pay increase equal to the salary of the new employee. Salary on promotions and within-grade increases will be determined in accordance with these criteria. These equity adjustments will be made upon hire of the new employee, promotion, or within-grade advancement.

C. The internal salary equity process will address long-standing inequities among incumbents by benchmarking average salaries and time-in-grade, using a phased approach by Department and employee group, prioritized as follows:

i. By September 30, December 30, 2023: • Social Workers, Therapists (DHHS) • Truck Warehouse Driver (ABS & DOT) • Recreation Coordinator, Recreation Specialists (REC)

ii. July 1, 2024:

- TBD
- TBD

iii. By December 31, 2025

- TBD
- TBD

D. To resolve any outstanding issues of retroactivity for Truck Warehouse Driver (ABS & DOT) and Recreation Coordinator and Recreation Specialists, the parties shall negotiate a lump sum payment upon completion and review of the findings of the internal equity review. Should the parties not reach agreement by January 31, 2024, the matter shall be subject to the impasse resolution procedures contained in the County collective bargaining law

[A. The parties agree to establish a Wage Equity Workgroup consisting of three (3) employer representatives and three (3) Union representatives. The Workgroup will meet from July 1, 2017 to June 30, 2018 and report to the Parties.

The Wage Equity Workgroup will advise on how to standardize the way in which relevant experience, education, training, and skills relevant to the job are evaluated by reviewing selected job classifications.

B. When a newly hired employee, hired between July 1, 2017 and June 30, 2019, (who can enter the bargaining unit after completing their probationary period) is granted a salary above the minimum of the pay grade, the Office of Human Resources agrees to conduct a salary review to compare the salaries of similarly situated incumbents with the salary of the new employee. The Office of Human Resources will give the Union written notification whenever a salary review is prompted by a hire above the minimum of the salary range of the pay grade.

It may be determined that new hires' salaries (this assumes that an offer was made and accepted by the applicant) will affect incumbent employees (who are more skilled than new hires in terms of the relevant criteria) in the appropriate area of consideration (i.e. Department, Division, or Team).

The parties agree that the proper application of pay policies and practices in connection with the implementation of personnel actions is not sufficient to trigger a pay increase for individual employees. These applications include changes in base salary associated with: grants of merit system status, promotions, performance awards, demotion, reclassification, reallocation, transfer, periods of leave without pay resulting in service increment delays, or performance-based actions including service increment delays.

In such situations, if an incumbent's relevant experience, education, training, and skills relevant to the job are greater than those of the new employee, the incumbent will be granted a within-grade pay increase to a point $500 above the salary of the new employee.

If an incumbent's relevant experience, education, training, and skills relevant to the job are equivalent to those of the new employee, the incumbent's salary must be adjusted so that it is equal to the new employee's salary.

Any changes that are required to be made to an incumbent employee's salary under this section will be effective the date on which the newly hired employee completes their probationary period and enters the bargaining unit, and the pay increase will be retroactive to the date the new employee was hired.

If, after a salary review described in this Appendix is completed, the Union believes that an individual bargaining unit employee is adversely affected by a pay inequity, the Union may file a "pay inequity" grievance under Article 10 of this Agreement and, if necessary, invoke arbitration under Article 11.

The effective date of this Appendix is July 1, 2017 through June 30, 2019. The parties can agree to make revisions to this Appendix during the Work Group's evaluation period.**]**

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APPENDIX XX - DEPARTMENT OF GENERAL SERVICES

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(f) *   *   *

<u>(7) The Office of Human Resources (OHR) has determined that the Mechanic I job classification no longer requires a Commercial Driver's License (CDL) as a minimum qualification. OHR will take the appropriate steps to update this job classification to remove the CDL requirement as a minimum qualification.</u>

<u>If an employee encumbering a DGS job classification requiring a CDL becomes unable to qualify for a CDL due to a certified medical condition, Appendix VIII (Reasonable Accommodation) will govern the evaluation, accommodation, and disposition thereof.</u>

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<u>APPENDIX (TBD) - ANIMAL SERVICES</u>

<u>1. Employees are to receive three (3) hours of court time (for court hearings in District or Circuit Court) when scheduled for court on a regular day off or during off-duty hours.</u>

<u>2. FTO Pay: All employees who perform training, shall receive training pay as described in 5.22 of the MCGEO contract.</u>

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<u>MEMORANDUM OF AGREEMENT</u>
<u>BETWEEN</u>
<u>THE MONTGOMERY COUNTY GOVERNMENT</u>
<u>AND THE</u>
<u>MUNICIPAL & COUNTY GOVERNMENT</u>
<u>EMPLOYEES ORGANIZATION, UFCW, LOCAL 1994</u>

<u>During 2023 MCGEO Term Bargaining the parties discussed a new concept to include overtime in the threshold calculation for DOCR ERT members to qualify for the stipend described in Appendix IV of the CBA. It is understood that Parties have a joint interest in resolving this issue. Therefore, the parties agree to the following:</u>

<u>The Parties will discuss including overtime hours worked in the 75% qualification to be eligible for the stipend. The voluntary and draft overtime process will be similar to the practice in the Central Control Unit. This will include the concept of creating a separate</u>

ERT overtime list where ERT members will be used for overtime in the ERT program on a priority basis. An agreement must be made prior to July 1, 2023. If no agreement is made, the parties will continue with practice for calculating the 75% qualifications as previously established

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MEMORANDUM OF AGREEMENT
BETWEEN
THE MONTGOMERY COUNTY GOVERNMENT
AND THE
MUNICIPAL & COUNTY GOVERNMENT
EMPLOYEES ORGANIZATION, UFCW, LOCAL 1994

This Memorandum of Understanding (MOU) between the Montgomery County Government (hereinafter, the "County") and UFCW Local 1994 MCGEO (hereinafter "MCGEO") hereby memorializes the agreements between the parties, arising out of collective bargaining negotiations that occurred during November 2022 through February 2023.

1. The County and MCGEO jointly identify the need to recognize the military service of employees through retirement credit and that, to do so, legislation will be required.

2. By April 1, 2023, the County Executive shall propose legislation to modify Section 33-41 (e) of the County Code as necessary to effectuate this MOU.

3. Upon the passage of the legislation the County Executive shall propose to modify Section 33-41,

Article 41.7 of the CBA shall be amended as follows:

41.7 Pension Credit and Contributions for Military Service
The County shall submit legislation to accomplish the following: Amend County Code
Section 33-41 and relevant personnel regulations. Active employees who are called to duty
during employment shall be credited with up to five (5) years of services in the armed
forces of the United States towards their County credited service if they return to County
service or apply for reemployment and submit proof of military service within one year of

leaving military service and without taking other employment. Upon return to County
employment, the County agrees to make any required employer and employee
contributions for the period of military service. In order for employees to be eligible for this
credit, the military service must qualify under the Uniform Service Rights and
Reemployment Acts (USERRA).

(a) A Group E member with 5 years of membership in the Employees Retirement System enrolled or re-enrolled on or after July 1, 1978, may elect to obtain credited service for all or part of any military service in the uniformed services of the United States up to a maximum of 48 months, up to 24 months of which would be credited by the County Government at no cost to the member. A member exercising this option must pay, in a lump sum or on an extended payment basis, the actuarial cost for credited service above the 24 months credited by the County Government.

4. The parties shall incorporate the revised Article 41.7 in the next collective bargaining agreement.
5. The terms herein are effective upon the execution of this MOU.

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MEMORANDUM OF AGREEMENT
BETWEEN
THE MONTGOMERY COUNTY GOVERNMENT
AND THE
MUNICIPAL & COUNTY GOVERNMENT
EMPLOYEES ORGANIZATION, UFCW, LOCAL 1994

Currently, there are unique staffing challenges effecting the Emergency Communications Center ("ECC") with currently only 40% of the operational FTEs encumbered. In order to address the operational needs of the Department, the following overtime procedures will be permitted until operational needs are met.

The Department will re-evaluate the staffing challenges on a yearly basis. The overtime procedures below will be in effect until the staffing levels of fully trained employees have reached at least 80%. The Department will present its evaluation and findings to the LMRC on a quarterly basis.

The parties agree to the following procedures:

- If an employee's request for leave is denied and the employee works overtime the same day/shift of the requested leave, and the employee is later notified that their leave request can be granted, the employee will receive time and a half compensation for the overtime hours worked and be permitted to take the previously requested leave.

- If an employee takes leave on the front end of their shift and works unscheduled overtime on the backend of their shift, the employee will receive time and a half compensation for the overtime hours worked.

- If an employee works any unscheduled overtime (secured within the same day up to 48 hours in advance) on the same day as guaranteed or pre-scheduled leave, the employee will receive time and a half compensation for overtime hours worked

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MEMORANDUM OF AGREEMENT
BETWEEN
MONTGOMERY COUNTY GOVERNMENT
AND THE
UNITED FOOD and COMMERCIAL WORKERS (UFCW), LOCAL 1994,
MUNICIPAL and COUNTY GOVERNMENT
EMPLOYEES ORGANIZATION (MCGEO)

Multilingual Pay

The parties agree that the County is establishing standards to ensure effective translations and interpretations provided by Certified Multilingual Employees. This process includes in-depth job studies in partnership with the County, the Union and the County's language certification vendor to assure that the multilingual program meets the translation/communication needs of the community.

The parties agree to meet no later than June 30, 2023, to collectively develop and implement multilingual standards for the recertification process in accordance with existing multilingual certification designations. The parties will work collectively to establish dates and times to complete the first recertification during FY24. The recertification will only take place once the parties agree to the standards for recertification. The first recertification will begin as soon as practicable but no more than 3 months after development of standards. Upon the unit's completion of the first recertification, multilingual pay will increase $1.00 per hour for each certification level. The recertification process will occur every five (5) years. Departments shall not set arbitrary limits on how many bargaining unit members are eligible to receive multilingual pay.

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MEMORANDUM OF AGREEMENT
BETWEEN
MONTGOMERY COUNTY GOVERNMENT
AND THE
UNITED FOOD and COMMERCIAL WORKERS (UFCW), LOCAL 1994,
MUNICIPAL and COUNTY GOVERNMENT
EMPLOYEES ORGANIZATION (MCGEO)

The County and the Union agree to address the following issues at the Countywide LMRC:

34.20 Home Visits/ Investigations

34.21 Mold/ Mildew Abatement

Hazardous Air Quality

Worksite Emergencies

Building and HVAC Inspections

New Facilities

Lyme Disease

Retention Bonus

Recruitment Bonus

Internal Temperature

Outdoor Heat

Any of the above issues that have been introduced but not resolved at the Countywide LMRC will be the basis of a reopener beginning July 1, 2024. Should the parties not reach agreement, the matter shall be subject to the impasse resolution procedures contained in the County collective bargaining law.

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MEMORANDUM OF AGREEMENT
BETWEEN
MONTGOMERY COUNTY GOVERNMENT
AND
THE UNITED FOOD AND COMMERCIAL WORKERS, LOCAL 1994
MUNICIPAL AND COUNTY GOVERNMENT EMPLOYEES ORGANIZATION
AFL-CIO
OFFICE, PROFESSIONAL, AND TECHNICAL (OPT) AND
SERVICE, LABOR, AND TRADES (SLT) BARGAINING UNITS

The Montgomery County Government ("County") and the United Food and Commercial Workers, Local 1994, Municipal and County Government Employees Organization AFL-CIO, Office, Professional, and Technical and Service, Labor, and Trades Bargaining Units ("MCGEO") agree as follows regarding the procedure to ensure timely and efficient completion of CDL and other medical examinations:

1. The Parties will, by September 1, 2023, establish a working group with defined membership, tasks, schedule and results:
    a. Responsibility to establish the group and monitor compliance with the terms of this framework agreement is joint and several;
    b. Goal of group and process is to negotiate and provide memorandum of agreement covering labor relations aspects of CDL and other County-required employee medical examinations;
    c. Parties agree in advance to adopt the negotiated MOA within a specified period from receipt; any reasons not to do so must be agreed in advance;
    d. Each Team Head appoints subject matter specialists of its choosing (keeping it small);

e. Working with their respective group members, Team Leaders agree on scope, task, schedule and product, reduce to writing and instruct group;
f. Team Heads take action to ensure that Departments, managers and employees provide full cooperation with the group. Requests for cooperation to be in writing and confirmed;
g. Group promptly brings non-compliance issues to attention of Team Heads;
h. Team Heads agree on timeframe (like 60 days from establishment but extendable by agreement) and on Schedule for meetings (weekly to start) and instruct group to meet as scheduled;
i. Team Leaders retain mediator and coordinate schedule to ensure the mediator's attendance;
j. Group meets and conducts inventory of components: (this should not take long, but need agreement), take notes of each meeting and sign off as go, and disagreements must be brought back to Team Leaders at once;
k. Inventory needs to include:
   (i) How many examinations need to be done over course of day/week/month/year?
   (ii) How much time/resources/costs does each such procedure take?
   (iii) What facilities and resources are presently available? Locations, hours, number, schedules of certified physicians, administrative support.
   (iv) What are the numbers of examinations needed, now and projected? If projected, quantify and confirm timeline.
   (v) What are special exam requirements? E.g., morning appointments for procedures requiring fasting for employees on am schedules? Others?
   (vi) If examiners must be specially certified for CDL exams (or other exams covered by this agreement), how many are there and how and when are they scheduled?
   (vii) How far in advance of expirations need employee procedures be complete?
   (viii) How are appointments scheduled?
   (ix) Are the appointment procedures efficient/responsive?
   (x) If the procedures are not the same department to department, should they be?
   (xi) Should employees be able to schedule appointments directly?
l. The inventory (above) becomes the basis for discussion.
m. If the premises are not agreed or if they change, they must be adjusted.
n. If the group cannot agree, they must report the disagreements to their respective Team Leaders;

o. The Parties share an interest in a system which will be timely and efficient and which will minimize the burden on both management to provide and employees to receive timely examinations by qualified medical providers;
p. The examinations must be conducted and the results forwarded to the appropriate individuals or agencies in a way that eliminates situations where employees cannot work because of untimely examinations;
q. Employees have a duty to cooperate in the scheduling of CDL and other required examinations;
r. Except in emergency situations, employees should not be scheduled for CDL or other examinations during their time off. If that happens, the MOA must address whether employees to be paid for that time; and if so, how and on what basis?;
s. Except in emergency situations, employee should be scheduled to receive and complete their required medical examinations not fewer than an agreed date in advance of the relevant expiration date. Team Leaders need to agree on what that period is to be. I suggest 30 calendar days. That will require advance planning and an adjustment of pending examinations;
t. The employee's Department shall notify OMS and the employee at least 90 days in advance of the need to schedule employee CDL and other required medical examinations;
u. If the medical resources available and the scheduling system adopted cannot consistently (let's say 90% of the time) meet the advance time period, within a specified amount of time following execution of the MOA, employees shall notify their Department and, if not scheduled will be allowed to schedule and undergo their examinations, using any designated, properly certified medical professional. The Employer shall prepare, and OMS and/or the employee's department will provide the employee with a list of such providers.

2. The group shall reduce the terms adopted to writing and provide the proposed MOA to their respective Team Leaders for review and execution.
3. If the MOA is not executed by the Parties within thirty (30) days, it may be submitted by either Party to expedited arbitration. The Parties will be bound by the result.
4. When executed by the Parties or awarded by an arbitrator, it becomes binding on them for the duration of the collective bargaining agreement or such other period as the Parties agree.

* * *

MEMORANDUM OF AGREEMENT
BETWEEN
MONTGOMERY COUNTY GOVERNMENT
AND
THE UNITED FOOD AND COMMERCIAL WORKERS, LOCAL 1994
MUNICIPAL AND COUNTY GOVERNMENT EMPLOYEES ORGANIZATION
AFL-CIO
OFFICE, PROFESSIONAL, AND TECHNICAL (OPT) AND
SERVICE, LABOR, AND TRADES (SLT) BARGAINING UNITS

The Montgomery County Government ("County") and the United Food and Commercial Workers, Local 1994, Municipal and County Government Employees Organization AFL-CIO, Office, Professional, and Technical and Service, Labor, and Trades Bargaining Units ("MCGEO") agree as follows regarding market comparability wage adjustment studies:

In order to mitigate current retention and recruitment challenges, the County and the Union shall agree to analyze appropriate classification and market comparability wage adjustments for the following job classes by November 1, 2023. In the event the market analysis indicates an adjustment is required to ensure competitive compensation, funding will to be included in the County Executive's proposed operating budget for FY25 for:

1. Latent Print Examiner
2. Senior Latent Print Examiner
3. Firearm Examiner
4. Forensic Specialist
5. Forensic Scientist
6. Senior Forensic Scientist
7. School Health Nurses
8. School Health Techs
9. Equipment Operator occupational series

IN WITNESS WHEREOF, the Parties hereto have caused their names to be subscribed by their duly authorized officers and representatives as of the dates indicated below.

*   *   *

IN WITNESS WHEREOF, the parties hereto have caused their names to be subscribed by their duly authorized officers and representatives as of the dates indicated below.

United Food Commercial Workers
Local 1994, Municipal & County
Government Employees Organization:

By: Gino Renne 04/03/2023
Gino Renne Date
President

Montgomery County, Maryland:
Montgomery County, Maryland

By: Marc Elrich 4/3/2023
Marc Elrich Date
County Executive

By: Jennifer Harling 4/3/23
Jennifer Harling, Esq. Date
Chief Labor Relations Officer

For Form and Legality

4/3/2023
Edward E. Haenftling, Jr. Date
Associate County Attorney

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

April 3, 2023

TO: Evan Glass, President
Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: Memorandum of Agreement between the County and MCGEO

I have attached for review the Memorandum of Agreement resulting from the recent negotiations between the Montgomery County Government and the Municipal & County Government Employees Organization, UFCW, Local 1994. The agreement reflects the changes to the existing Collective Bargaining Agreement. I have attached a draft of legislative changes that we are proposing that must be submitted to the County Council; as well as a summary of all changes made within the agreement. The agreement is effective July 1, 2023 through June 30, 2026.

I have also attached a summary of the agreed upon items as well as a copy of the fiscal impact statement referenced in the Workforce/Compensation chapter of my budget to assist in your review of the document. The items will take effect for the first time in FY2024 and have a fiscal impact in FY2024.

ME:jh

Enclosure

cc: Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive
Jennifer Bryant, Director, Office of Management and Budget
Jennifer Harling, Chief Labor Relations Officer, Office of Labor Relations
John Markovs, County Attorney, Office of the County Attorney

101 Monroe Street • Rockville, Maryland 20850
240-777-2500 • 240-777-2544 TTY • 240-777-2518 FAX
www.montgomerycountymd.gov

Summary of Proposed Labor Agreement with MCGEO Effective FY24

Article	Subject	Summary of Change	Requires Appropriation of funds	Present or Future Fiscal Impact	Requires Legislative Change	Requires Regulation Change	Notes
5	Wages	3.0 and 3.0 Percent General Wage Adjustment in January 2024 and June 2024, Respecitvely	Yes	Yes			
5.1	Longevity	Longevity Step Increase of 3.25 or 3.5 Percent for Eligible Employees, after completion of 16, 20 and 25 years of service	Yes	Yes			
5.3	Shift Differential	Increase Shift Differential from $1.42/$1.87 to $1.55/$2.00 for Eligible Employees	Yes	Yes			
5.4	Multilingual	Increase in Multilingual Pay of $1.00 per hour upon Successful completion of recertification	Yes	Yes			
5.22	Field Training Pay	Increase in Field Training Pay to $4.25 per Hour	Yes	Yes			
5.24	Meal Allowance	Increase Meal Allowance to $17	Yes	Yes			
5.31	Transit Subsidy	Increase to up to $285 per Month	Yes	Yes			
6	Service Increments	Service Increment of 3.5 percent for eligible employees	Yes	Yes			
6	Deferred Increment	deferred service increment from FY12 for eligible employees, 3.5% effective January 2024	Yes	Yes			
20	Holiday Pay	Adjustment to Part time Employee Holiday Pay Requirements	Yes	Yes			
21	Health Benefits	Offering MCGEO retirees fully insured vision benefit	Yes	Yes			
41	Pension	Increase pension formula for Groups E and J participants	Yes	Yes	Yes	Yes	
41	Pension	Add ECC Employees to Groups E and J	Yes	Yes	Yes	Yes	
44	Military Credit	Military Service Credit for Eligible Group E Members	Yes	Yes	Yes	Yes	
44	Long-Term Disability	Adjustment to long-term disability benefits for employees in GRIP/RSP	No	Yes	Yes	Yes	LTD rates are set/adjusted every 2 years; next adjustment will be 1/1/25, requiring no appropriation change for FY24.
53	Seasonal Employees	Adjustment to Wage Scale to Alleviate Compression and $1.05 Adjustment Effective the first full pay period in July 2023	Yes	Yes			
Sheriff Appendix		Adjustments to Clothing Allowance	Yes	Yes			
Sheriff Appendix		Adjustment to Boot Allowance	Yes	Yes			
Sheriff Appendix		Physical Fitness Award Lump Sum Payments	Yes	Yes			
Sheriff Appendix		Addition of 20 Vehicles	Yes	Yes			
HHS Appendix		Additional Positions Eligible for Crisis Center Stipend of $1,200 Annually	Yes	Yes			
Police Appendix		Adjustments to Boot Allowance	Yes	Yes			
DOCR Appendix		Increase in Charge Nurse Differential to $2.75 per hour	Yes	Yes			
DOCR Appendix		Adjustments to Boot Allowance	Yes	Yes			
DOCR Appendix		Increase to DOCR Stipends	Yes	Yes			
DOCR Appendix		Adjustment to Correctional Officer Salary Schedule to add Step 15 for Correctional Officer III Grade	Yes	Yes			
DOT Appendix		County Cost to Cover Uniform Alternations	Yes	Yes			

Municipal and County Government Employees Organization
United Food and Commercial Workers, Local 1994
Fiscal Impact Summary*

Article	Item	Description	FY24	Annual Cost Beyond FY24	Estimated # affected**
5	Wages	3.0 and 3.0 Percent General Wage Adjustment in January 2024 and June 2024, Respectively	$7,678,972	$29,251,524	6,056
5.1	Longevity	Longevity Step Increase of 3.25 or 3.5 Percent for Eligible Employees, After Completion of 16, 20, and 25 Years of Service	$4,056,783	$4,526,889	2,618
5.3	Shift Differential	Increase Shift Differential from $1.42/$1.87 to $1.55/$2.00 for Eligible Employees	$601,956	$601,956	
5.4	Multilingual	Increase in Multilingual Pay of $1.00 per Hour upon Successful Completion of Recertification	$812,873	$1,069,746	
5.22	Field Training Pay	Increase Field Training Pay to $4.25 per Hour	$44,651	$44,651	
5.24	Meal Allowance	Increase Meal Allowance to $17	$2,000	$2,000	
5.31	Transit Subsidy	Increase to up to $285 per Month	$24,000	$24,000	
6	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	$4,906,891	$9,705,858	2,773
6	Deferred Increment	Deferred Service Increment from FY12 for Eligible Employees, 3.5% Effective January 2024	$546,957	$546,957	515
20	Holiday Pay	Adjustment to Part-Time Employee Holiday Pay Requirements	$259,351	$259,351	
21	Health Benefits	Offering MCGEO Retirees Fully Insured Vision Benefit	$87,756	$87,756	
41	Pension	Increase Pension Formula for Groups E and J Participants	$1,279,163	$0	
41	Pension	Add ECC Employees to Groups E and J	$157,397	$0	
44	Military Credit	Military Service Credit for Eligible Group E Members	$134,758	$134,758	
53	Seasonal Employees	Adjustment to Wage Scale to Alleviate Compression and $1.05 Adjustment Effective the First Full Pay Period in July 2023	$560,438	$560,438	
	Sheriff Appendix	Adjustments to Clothing Allowance	$16,800	$16,800	
	Sheriff Appendix	Adjustments to Boot Allowance	$3,750	$3,750	
	Sheriff Appendix	Physical Fitness Award Lump-Sum Payments	$38,350	$38,350	
	Sheriff Appendix	Addition of 20 Vehicles	$1,200,000	$1,200,000	
	HHS Appendix	Additional Positions Eligible for Crisis Center Stipend of $1,200 Annually	$16,148	$16,148	
	Police Appendix	Adjustments to Boot Allowance	$31,000	$31,000	
	DOCR Appendix	Increase in Charge Nurse Differential to $2.75 per Hour	$18,860	$18,860	
	DOCR Appendix	Adjustments to Boot Allowance	$1,750	$1,750	
	DOCR Appendix	Increase to DOCR Stipends	$34,233	$34,233	
	DOCR Appendix	Adjustment to Correctional Officer Salary Schedule to add Step 15 for Correctional Officer III Grade	$130,772	$130,772	
	DOT Appendix	County Cost to Cover Uniform Alterations	$5,000	$5,000	
		Total	**$22,650,609**	**$48,312,548**	**6,056**

MONTGOMERY COUNTY GOVERNMENT
OFFICE, PROFESSIONAL & TECHNICAL AND SERVICE,
LABOR, AND TRADES (MCGEO OPT/SLT) BARGAINING
FISCAL YEAR 2024
EFFECTIVE JULY 2, 2023
NEW LONGEVITY UPDATES

GRADE	MINIMUM	MIDPOINT	MAXIMUM	16 YEAR LONGEVITY (3.25%)	20 YEAR LONGEVITY (3.25%)	25 YEAR LONGEVITY (3.25%)
5	$38,505	$44,463	$50,421	$52,060	$53,752	$55,499
6	$38,505	$45,388	$52,272	$53,971	$55,725	$57,536
7	$38,505	$46,377	$54,249	$56,012	$57,832	$59,712
8	$38,505	$47,474	$56,443	$58,277	$60,171	$62,127
9	$39,505	$49,128	$58,751	$60,660	$62,631	$64,667
10	$40,848	$51,044	$61,240	$63,230	$65,285	$67,407
11	$42,257	$53,048	$63,839	$65,914	$68,056	$70,268
12	$43,724	$55,148	$66,572	$68,736	$70,970	$73,277
13	$45,278	$57,360	$69,442	$71,699	$74,029	$76,435
14	$46,910	$59,687	$72,463	$74,818	$77,250	$79,761
15	$48,618	$62,119	$75,621	$78,079	$80,617	$83,237
16	$50,438	$64,693	$78,947	$81,513	$84,162	$86,897
17	$52,453	$67,445	$82,436	$85,115	$87,881	$90,737
18	$54,583	$70,343	$86,103	$88,901	$91,790	$94,773
19	$56,872	$73,410	$89,948	$92,871	$95,889	$99,005
20	$59,263	$76,624	$93,986	$97,041	$100,195	$103,451
21	$61,788	$80,008	$98,228	$101,420	$104,716	$108,119
22	$64,426	$83,554	$102,682	$106,019	$109,465	$113,023
23	$67,206	$87,287	$107,367	$110,856	$114,459	$118,179
24	$70,119	$91,193	$112,267	$115,916	$119,683	$123,573
25	$73,173	$95,299	$117,424	$121,240	$125,180	$129,248
26	$76,394	$99,618	$122,842	$126,834	$130,956	$135,212
27	$79,743	$104,137	$128,531	$132,708	$137,021	$141,474
28	$83,052	$108,776	$134,500	$138,871	$143,384	$148,044

FY24 Notes:
1) No retroactive pay for updated longevity.

MONTGOMERY COUNTY GOVERNMENT
OFFICE, PROFESSIONAL & TECHNICAL AND SERVICE,
LABOR, AND TRADES (MCGEO OPT/SLT) BARGAINING
FISCAL YEAR 2024
EFFECTIVE JANUARY 14, 2024
GWA: 3% INCREASE

GRADE	MINIMUM	MIDPOINT	MAXIMUM	16 YEAR LONGEVITY (3.25%)	20 YEAR LONGEVITY (3.25%)	25 YEAR LONGEVITY (3.25%)
5	$39,660	$45,797	$51,934	$53,622	$55,365	$57,164
6	$39,660	$46,750	$53,840	$55,590	$57,397	$59,262
7	$39,660	$47,768	$55,876	$57,692	$59,567	$61,503
8	$39,660	$48,898	$58,136	$60,025	$61,976	$63,990
9	$40,690	$50,602	$60,514	$62,481	$64,512	$66,609
10	$42,073	$52,575	$63,077	$65,127	$67,244	$69,429
11	$43,525	$54,639	$65,754	$67,891	$70,097	$72,375
12	$45,036	$56,802	$68,569	$70,797	$73,098	$75,474
13	$46,636	$59,081	$71,525	$73,850	$76,250	$78,728
14	$48,317	$61,478	$74,637	$77,063	$79,568	$82,154
15	$50,077	$63,983	$77,890	$80,421	$83,035	$85,734
16	$51,951	$66,634	$81,315	$83,958	$86,687	$89,504
17	$54,027	$69,468	$84,909	$87,669	$90,518	$93,460
18	$56,220	$72,453	$88,686	$91,568	$94,544	$97,617
19	$58,578	$75,612	$92,646	$95,657	$98,766	$101,976
20	$61,041	$78,923	$96,806	$99,952	$103,200	$106,554
21	$63,642	$82,408	$101,175	$104,463	$107,858	$111,363
22	$66,359	$86,061	$105,762	$109,199	$112,748	$116,412
23	$69,222	$89,906	$110,588	$114,182	$117,893	$121,725
24	$72,223	$93,929	$115,635	$119,393	$123,273	$127,279
25	$75,368	$98,158	$120,947	$124,878	$128,937	$133,127
26	$78,686	$102,607	$126,527	$130,639	$134,885	$139,269
27	$82,135	$107,261	$132,387	$136,690	$141,132	$145,719
28	$85,544	$112,039	$138,535	$143,037	$147,686	$152,486

MONTGOMERY COUNTY GOVERNMENT
OFFICE, PROFESSIONAL & TECHNICAL AND SERVICE,
LABOR, AND TRADES (MCGEO OPT/SLT) BARGAINING
FISCAL YEAR 2024
EFFECTIVE JUNE 16, 2024
GWA: 3% INCREASE

GRADE	MINIMUM	MIDPOINT	MAXIMUM	16 YEAR LONGEVITY (3.25%)	20 YEAR LONGEVITY (3.25%)	25 YEAR LONGEVITY (3.25%)
5	$40,850	$47,171	$53,492	$55,230	$57,025	$58,878
6	$40,850	$48,153	$55,455	$57,257	$59,118	$61,039
7	$40,850	$49,201	$57,552	$59,422	$61,353	$63,347
8	$40,850	$50,365	$59,880	$61,826	$63,835	$65,910
9	$41,911	$52,120	$62,329	$64,355	$66,447	$68,607
10	$43,335	$54,152	$64,969	$67,080	$69,260	$71,511
11	$44,831	$56,278	$67,727	$69,928	$72,201	$74,548
12	$46,387	$58,506	$70,626	$72,921	$75,291	$77,738
13	$48,035	$60,853	$73,671	$76,065	$78,537	$81,089
14	$49,767	$63,322	$76,876	$79,374	$81,954	$84,618
15	$51,579	$65,902	$80,227	$82,834	$85,526	$88,306
16	$53,510	$68,633	$83,754	$86,476	$89,286	$92,188
17	$55,648	$71,552	$87,456	$90,298	$93,233	$96,263
18	$57,907	$74,627	$91,347	$94,316	$97,381	$100,546
19	$60,335	$77,880	$95,425	$98,526	$101,728	$105,034
20	$62,872	$81,291	$99,710	$102,951	$106,297	$109,752
21	$65,551	$84,880	$104,210	$107,597	$111,094	$114,705
22	$68,350	$88,643	$108,935	$112,475	$116,130	$119,904
23	$71,299	$92,603	$113,906	$117,608	$121,430	$125,376
24	$74,390	$96,747	$119,104	$122,975	$126,972	$131,099
25	$77,629	$101,103	$124,575	$128,624	$132,804	$137,120
26	$81,047	$105,685	$130,323	$134,558	$138,931	$143,446
27	$84,599	$110,479	$136,359	$140,791	$145,367	$150,091
28	$88,110	$115,400	$142,691	$147,328	$152,116	$157,060

MONTGOMERY COUNTY GOVERNMENT
CORRECTIONAL OFFICER UNIFORM SALARY SCHEDULE
FISCAL YEAR 2024
EFFECTIVE JULY 2, 2023
NEW LONGEVITY UPDATES

STEP	YEAR	CO I (C3)	CO II (C4)	CO III (C5)	SGT (C6)
1	0	$54,090	$56,495	$61,542	$67,373
2	1	$55,774	$58,263	$63,486	$69,522
3	2	$57,516	$60,092	$65,500	$71,745
4	3	$59,318	$61,986	$67,582	$74,045
5	4	$61,185	$63,944	$69,738	$76,427
6	5	$63,119	$65,974	$71,968	$78,893
7	6	$65,118	$68,072	$74,278	$81,444
8	7	$67,186	$70,245	$76,668	$84,085
9	8	$69,326	$72,494	$79,140	$86,817
10	9	$71,543	$74,820	$81,701	$89,645
11	10	$73,836	$77,228	$84,350	$92,573
12	11	$76,210	$79,724	$87,094	$95,604
13	12		$82,305	$89,930	$98,738
14	13		$84,976	$92,867	$101,985
15	14-16			$95,927	$105,345
16 YEAR LONGEVITY (3.5%)	17+	$78,877	$87,950	$99,284	$109,032
20 YEAR LONGEVITY (3.5%)	21+	$81,638	$91,028	$102,759	$112,848
25 YEAR LONGEVITY (3.5%)	26+	$84,495	$94,214	$106,356	$116,798

MONTGOMERY COUNTY GOVERNMENT
CORRECTIONAL OFFICER UNIFORM SALARY SCHEDULE
FISCAL YEAR 2023
EFFECTIVE JANUARY 14, 2024
GWA: 3% INCREASE

STEP	YEAR	CO I (C3)	CO II (C4)	CO III (C5)	SGT (C6)
1	0	$55,713	$58,190	$63,388	$69,394
2	1	$57,447	$60,011	$65,391	$71,608
3	2	$59,241	$61,895	$67,465	$73,897
4	3	$61,098	$63,846	$69,609	$76,266
5	4	$63,021	$65,862	$71,830	$78,720
6	5	$65,013	$67,953	$74,127	$81,260
7	6	$67,072	$70,114	$76,506	$83,887
8	7	$69,202	$72,352	$78,968	$86,608
9	8	$71,406	$74,669	$81,514	$89,422
10	9	$73,689	$77,065	$84,152	$92,334
11	10	$76,051	$79,545	$86,881	$95,350
12	11	$78,496	$82,116	$89,707	$98,472
13	12		$84,774	$92,628	$101,700
14	13		$87,525	$95,653	$105,045
15	14-16			$98,805	$108,505
16 YEAR LONGEVITY (3.5%)	17+	$81,243	$90,588	$102,263	$112,303
20 YEAR LONGEVITY (3.5%)	21+	$84,087	$93,759	$105,842	$116,234
25 YEAR LONGEVITY (3.5%)	26+	$87,030	$97,041	$109,546	$120,302

MONTGOMERY COUNTY GOVERNMENT
CORRECTIONAL OFFICER UNIFORM SALARY SCHEDULE
FISCAL YEAR 2023
EFFECTIVE JUNE 16, 2024
GWA: 3% INCREASE

STEP	YEAR	CO I (C3)	CO II (C4)	CO III (C5)	SGT (C6)
1	0	$57,384	$59,936	$65,290	$71,476
2	1	$59,170	$61,811	$67,353	$73,756
3	2	$61,018	$63,752	$69,489	$76,114
4	3	$62,931	$65,761	$71,697	$78,554
5	4	$64,912	$67,838	$73,985	$81,082
6	5	$66,963	$69,992	$76,351	$83,698
7	6	$69,084	$72,217	$78,801	$86,404
8	7	$71,278	$74,523	$81,337	$89,206
9	8	$73,548	$76,909	$83,959	$92,105
10	9	$75,900	$79,377	$86,677	$95,104
11	10	$78,333	$81,931	$89,487	$98,211
12	11	$80,851	$84,579	$92,398	$101,426
13	12		$87,317	$95,407	$104,751
14	13		$90,151	$98,523	$108,196
15	14-16			$101,769	$111,760
16 YEAR LONGEVITY (3.5%)	17+	$83,680	$93,306	$105,331	$115,672
20 YEAR LONGEVITY (3.5%)	21+	$86,610	$96,572	$109,018	$119,721
25 YEAR LONGEVITY (3.5%)	26+	$89,641	$99,952	$112,834	$123,911

FY24 Notes:
1) No retroactive pay for updated longevity.
2) Inclusion of Step 15 to the Correction Officer III (Class Plan C5) position.

MONTGOMERY COUNTY GOVERNMENT
TRANSIT BUS OPERATORS AND TRANSIT
COORDINATORS SALARY SCHEDULE
FISCAL YEAR 2024
EFFECTIVE JULY 1, 2023

STEP	Transit Bus Operators (T1)	Transit Coordinators (T2)
0	$51,017	$55,017
1	$54,517	$58,017
2	$57,017	$65,017
3	$59,517	$69,017
4	$63,517	$73,517
5	$68,017	$78,017
6	$72,017	$82,017
7	$75,017	$84,517
8	$78,017	$87,017
9	$78,017	$87,017
10	$80,017	$88,017
11	$80,017	$88,017
12	$81,017	$89,517
13	$81,017	$89,517
14	$81,017	$90,517
15	$82,017	$90,517
16	$82,017	$90,517
17	$82,017	$90,517
18	$82,017	$91,017
19	$83,017	$91,017
20	$83,017	$91,017
21	$83,017	$91,017
22	$83,017	$91,517
23	$84,017	$91,517
24	$84,017	$94,017
25	$85,017	$94,017

Note: Service Increments and Longevity are not applicable.

MONTGOMERY COUNTY GOVERNMENT
TRANSIT BUS OPERATORS AND TRANSIT
COORDINATORS SALARY SCHEDULE
FISCAL YEAR 2024
EFFECTIVE JANUARY 14, 2024
GWA: 3% INCREASE

STEP	Transit Bus Operators (T1)	Transit Coordinators (T2)
0	$52,548	$56,668
1	$56,153	$59,758
2	$58,728	$66,968
3	$61,303	$71,088
4	$65,423	$75,723
5	$70,058	$80,358
6	$74,178	$84,478
7	$77,268	$87,053
8	$80,358	$89,628
9	$80,358	$89,628
10	$82,418	$90,658
11	$82,418	$90,658
12	$83,448	$92,203
13	$83,448	$92,203
14	$83,448	$93,233
15	$84,478	$93,233
16	$84,478	$93,233
17	$84,478	$93,233
18	$84,478	$93,748
19	$85,508	$93,748
20	$85,508	$93,748
21	$85,508	$93,748
22	$85,508	$94,263
23	$86,538	$94,263
24	$86,538	$96,838
25	$87,568	$96,838

MONTGOMERY COUNTY GOVERNMENT
TRANSIT BUS OPERATORS AND TRANSIT
COORDINATORS SALARY SCHEDULE
FISCAL YEAR 2024
EFFECTIVE JUNE 16, 2024
GWA: 3% INCREASE

STEP	Transit Bus Operators (T1)	Transit Coordinators (T2)
0	$54,124	$58,368
1	$57,837	$61,550
2	$60,489	$68,977
3	$63,142	$73,220
4	$67,385	$77,994
5	$72,159	$82,768
6	$76,403	$87,012
7	$79,586	$89,664
8	$82,768	$92,316
9	$82,768	$92,316
10	$84,890	$93,377
11	$84,890	$93,377
12	$85,951	$94,969
13	$85,951	$94,969
14	$85,951	$96,029
15	$87,012	$96,029
16	$87,012	$96,029
17	$87,012	$96,029
18	$87,012	$96,560
19	$88,073	$96,560
20	$88,073	$96,560
21	$88,073	$96,560
22	$88,073	$97,090
23	$89,134	$97,090
24	$89,134	$99,743
25	$90,195	$99,743

MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF UNIFORM SALARY SCHEDULE
FISCAL YEAR 2024
EFFECTIVE JULY 2, 2023
NEW LONGEVITY UPDATES

STEP	YEAR	DS I (G2)	DS II (G3)	DS III (G4)	SGT (D1)
0	1	$57,772	$61,395	$65,272	$71,196
1	2	$59,585	$63,335	$67,346	$73,480
2	3	$61,458	$65,341	$69,492	$75,841
3	4	$63,400	$67,415	$71,715	$78,285
4	5	$65,409	$69,567	$74,016	$80,814
5	6	$67,487	$71,792	$76,395	$83,434
6	7	$69,639	$74,094	$78,860	$86,142
7	8	$71,867	$76,479	$81,408	$88,947
8	9	$74,172	$78,945	$84,049	$91,851
9	10	$76,559	$81,498	$86,779	$94,855
10	11		$84,141	$89,605	$97,965
11	12		$86,876	$92,536	$101,184
12	13			$95,565	$104,515
13	14			$98,696	$107,963
14	15-16			$101,939	$111,531
16 YEAR LONGEVITY (3.5%)	17+	$79,239	$89,917	$105,507	$115,435
20 YEAR LONGEVITY (3.5%)	21+	$82,012	$93,064	$109,200	$119,475
25 YEAR LONGEVITY (3.5%)	26+	$84,882	$96,321	$113,022	$123,656

MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF UNIFORM SALARY SCHEDULE
FISCAL YEAR 2024
EFFECTIVE JANUARY 14, 2024
GWA: 3% INCREASE

STEP	YEAR	DS I (G2)	DS II (G3)	DS III (G4)	SGT (D1)
0	1	$59,505	$63,237	$67,230	$73,332
1	2	$61,373	$65,235	$69,366	$75,684
2	3	$63,302	$67,301	$71,577	$78,116
3	4	$65,302	$69,437	$73,866	$80,634
4	5	$67,371	$71,654	$76,236	$83,238
5	6	$69,512	$73,946	$78,687	$85,937
6	7	$71,728	$76,317	$81,226	$88,726
7	8	$74,023	$78,773	$83,850	$91,615
8	9	$76,397	$81,313	$86,570	$94,607
9	10	$78,856	$83,943	$89,382	$97,701
10	11		$86,665	$92,293	$100,904
11	12		$89,482	$95,312	$104,220
12	13			$98,432	$107,650
13	14			$101,657	$111,202
14	15-16			$104,997	$114,877
16 YEAR LONGEVITY (3.5%)	17+	$81,616	$92,614	$108,672	$118,898
20 YEAR LONGEVITY (3.5%)	21+	$84,472	$95,856	$112,476	$123,059
25 YEAR LONGEVITY (3.5%)	26+	$87,429	$99,211	$116,412	$127,366

MONTGOMERY COUNTY GOVERNMENT
DEPUTY SHERIFF UNIFORM SALARY SCHEDULE
FISCAL YEAR 2024
EFFECTIVE JUNE 16, 2024
GWA: 3% INCREASE

STEP	YEAR	DS I (G2)	DS II (G3)	DS III (G4)	SGT (D1)
0	1	$61,290	$65,134	$69,247	$75,532
1	2	$63,214	$67,192	$71,447	$77,955
2	3	$65,201	$69,320	$73,724	$80,460
3	4	$67,261	$71,521	$76,082	$83,053
4	5	$69,392	$73,804	$78,524	$85,736
5	6	$71,597	$76,164	$81,047	$88,515
6	7	$73,880	$78,606	$83,663	$91,388
7	8	$76,244	$81,137	$86,366	$94,364
8	9	$78,689	$83,753	$89,168	$97,445
9	10	$81,221	$86,461	$92,064	$100,632
10	11		$89,265	$95,062	$103,931
11	12		$92,167	$98,171	$107,346
12	13			$101,385	$110,880
13	14			$104,707	$114,538
14	15-16			$108,147	$118,323
16 YEAR LONGEVITY (3.5%)	17+	$84,064	$95,393	$111,932	$122,465
20 YEAR LONGEVITY (3.5%)	21+	$87,006	$98,731	$115,850	$126,751
25 YEAR LONGEVITY (3.5%)	26+	$90,052	$102,187	$119,905	$131,187

FY24 Notes:
1) No retroactive pay for updated longevity.
2) Deputy Sheriff Candidates (G1) salary is equal to the DS I - Step 0.

MONTGOMERY COUNTY GOVERNMENT
MINIMUM WAGE/SEASONAL SALARY SCHEDULE
FISCAL YEAR 2024
EFFECTIVE JUNE 18, 2023
***MINIMUM WAGE: $16.70**
HOURLY WAGE INCREASE

GRADE	MINIMUM ANNUAL	MINIMUM HOURLY	MAXIMUM ANNUAL	MAXIMUM HOURLY
S1*	$34,736	$16.70	$34,736	$16.70
S2	$35,776	$17.20	$35,776	$17.20
S3	$36,816	$17.70	$36,816	$17.70
S4	$37,856	$18.20	$37,856	$18.20
S5	$38,896	$18.70	$38,896	$18.70
S6	$39,936	$19.20	$45,947	$22.09
S7	$43,701	$21.01	$53,186	$25.57
S8	$49,442	$23.77	$60,674	$29.17

FY24 Notes:
1) Minimum wage increases on July 1, 2023, but is effective the first day of the pay period that date falls in.

The following job classes are assigned to the Minimum Wage/Seasonal Salary Schedule:
Community Correctional Intern (S1)
County Government Aide (MW) (S1)
County Government Assistant (S1)
Recreation Assistant I (S1)
Library Page (S2)
Recreation Assistant II (S2)
Recreation Assistant III (S3)
Recreation Assistant IV (S4)
Recreation Assistant V (S5)
Recreation Assistant VI (S6)
Gilchrist Center Office Assistant (S7)
Recreation Assistant VII (S7)
Recreation Assistant VIII (S8)

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

M E M O R A N D U M

April 3, 2023

TO: Evan Glass, President
Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: Proposed Legislation in Support of the Negotiated Agreement with MCGEO

I have attached for the Council's review proposed legislation necessary to implement retirement and pension changes for the OPT/SLT bargaining unit resulting from the recent negotiations between the Montgomery County Government and the and Government and the Municipal & County Government Employees Organization, UFCW, Local 1994. The proposed legislation would do the following:

(1) amend Group E eligibility to add eligibility for certain ECC positions to the Group E Optional Retirement Plan and the Integrated Retirement Plan;
(2) amend Group J eligibility to add eligibility for certain ECC positions to be designated by the Chief Administrative Officer;
(3) amend credited service to provide credited service adjustments for military service;
(4) amend the County Code to separate Group E and J regarding pension multipliers;
(5) amend Group E and J to adjust pension multipliers;
(6) amend guaranteed retirement savings plan to default part-time employees in the OPT/SLT bargaining unit into the guaranteed retirement savings plan;
(7) amend the disability benefits plan; and
(8) other amendments to pension and retirement benefits.

ME: jh

Enclosure

cc: Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive
Traci Anderson, Director, Office of Human Resources
Jennifer Bryant, Director, Office of Management and Budget
Jennifer Harling, Chief Labor Relations Officer, Office of Labor Relations
John Markovs, County Attorney, Office of the County Attorney

Expedited Bill No. [Click - type number]
Concerning: OPT/SLT Bargaining Units – Pension and Retirement Adjustments
Revised: [date] Draft No. [#]
Introduced: [date]
Expires: [18 mos. after intro]
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EPEDITED ACT to:

(1) amend Group E eligibility to add eligibility for certain ECC positions to the Group E Optional Retirement Plan and the Integrated Retirement Plan;
(2) amend Group J eligibility to add eligibility for certain ECC positions to be designated by the Chief Administrative Officer;
(3) amend credited service to provide credited service adjustments for military service;
(4) amend the County Code to separate Group E and J regarding pension multipliers;
(5) amend Group E and J to adjust pension multipliers;
(6) amend guaranteed retirement savings plan to default part-time employees in the OPT/SLT bargaining unit into the guaranteed retirement savings plan;
(7) amend the disability benefits plan; and
(8) other amendments to pension and retirement benefits.

By amending
Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-37, 33-41, 33-42, 33-115, 33-128, 33-131, 33-133, and 33-134

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 33-37, 33-41, 33-42, 33-115, 33-128, 33-131, 33-133, and 33-134 are amended as follows:

33-37. Membership requirements and membership groups.

* * *

(f) *Membership groups and eligibility.* Any full-time or part-time employee is eligible for membership in the appropriate membership group if the employee meets all of the requirements for the group:

* * *

(4) Group E: The Chief Administrative Officer, the Executive Director of the Office of the County Council, the hearing examiners, the County Attorney and each head of a principal department or office of the County government, if appointed to that position before July 30, 1978, or a member having held that position on or before October 1, 1972. Any sworn deputy sheriff or uniformed County correctional officer in the position of Correctional Officer I, Correctional Officer II, Correctional Officer III, Correctional Dietary Officer I, Correctional Dietary Officer II, Resident Supervisor I, Resident Supervisor II, Resident Supervisor III, Correctional Supervisor-Sergeant, Correctional Dietary Supervisor, Correctional Shift Commander-Lieutenant, Correctional Unit Commander-Captain, Deputy Warden, or Warden, or the following positions in the Emergency Communications Center: Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency

Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager 2. Any group E member who has reached elective early retirement date may retain membership in group E if the member transfers from the position which qualified the member for group E. Any group E member who is temporarily transferred from the position which qualified the member for group E may retain membership in group E as long as the temporary transfer from the group E position does not exceed 3 years. Notwithstanding the foregoing provisions in group E, any employee who is eligible for membership in group E must participate in the guaranteed retirement income plan or the retirement savings plan under Article VIII if the employee:

(A) (i) begins, or returns to, County service on or after October 1, 1994 (except as provided in the last sentence of subsection (e)(2));

(ii) is not represented by an employee organization; and

(iii) does not occupy a bargaining unit position; or

(B) (i) begins County service on or after October 1, 1994; and

(ii) is subject to the terms of a collective bargaining agreement between the County and an employee organization which requires the employee to participate in the guaranteed retirement income plan or the retirement savings plan.

* * *

(8) Group J: Any County member who works in a correctional facility <u>or the Emergency Communications Center</u> and due to the required duties of the member's position, is designated by the Chief Administrative Officer. Any group J member who has reached elective early retirement date may retain membership in group J if the member transfers from the position which qualified the member for group J. Any group J member who is temporarily transferred from the position which qualified the member for group J may retain membership in group J as long as the temporary transfer from the group J position does not exceed 3 years. Notwithstanding the foregoing provisions in group J, any employee who is eligible for membership in group J must participate in the guaranteed retirement income plan or the retirement savings plan under Article VIII if the employee:

(A) (i) begins, or returns to, County service on or after October 1, 1994 (except as provided in the last sentence of subsection (e)(2));

(ii) is not represented by an employee organization; and

(iii) does not occupy a bargaining unit position; or

(B) (i) begins County service on or after October 1, 1994; and

(ii) is subject to the terms of a collective bargaining agreement between the County and an employee organization which requires the employee to participate in the guaranteed retirement income plan or the retirement savings plan.

* * *

(k) *Eligibility for the guaranteed retirement income plan.*

* * *

(7) A member of the Office, Professional and Technical (OPT) or the Service, Labor and Trades (SLT) collective bargaining unit of the County government must participate in the guaranteed retirement income plan unless the employee makes a one-time irrevocable election to participate in the retirement savings plan during the first 150 days of **[**full time**]** employment, if the employee:

(A) is hired as a full-time employee on or after July 1, 2015; **[**or**]**

(B) is a part time employee who does not participate in the retirement savings plan and becomes a full-time employee on or after July 1, 2015**[**.**]**; or

(C) is hired as a part time employee on or after July 1, 2023, and does not elect to forego participation in either the guaranteed retirement income plan or the retirement savings plan.

* * *

33-41. Credited Service.

* * *

(e) *Credited service for prior military service.*

* * *

(4) A Group E member with 5 years of membership in the Employees' Retirement System enrolled or re-enrolled on or after July 1, 1978, may elect to obtain credited service for all or part of any military service in the uniformed services of the United States up to a maximum of 48 months, up to 24 months of which will be credited by the County Government at no cost to the member. A member exercising this option must pay, in a lump sum or an extended payment basis, the actuarial cost for credited service above the 24 months credited by the County Government.

* * *

(r) *Positions added to Group E eligibility.*

(1) Notwithstanding subsection (a)(2), an employee in the position of Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager 2 who was hired on or before July 1, 2023, and who was participating in the guaranteed retirement income plan or the retirement savings plan prior to eligibility in Group E may:

(A) make a one-time irrevocable election to purchase credited service with their entire existing guaranteed retirement income plan or retirement savings plan balances within 150 days of Group E eligibility, in accordance with an actuarial determination of the value transferred; or

(B) retain guaranteed retirement income plan or retirement savings plan balances, will no longer participate in the guaranteed retirement income plan or retirement savings plan, and will enter Group E with a credited service balance of 0 years, unless the employee is otherwise eligible to purchase other service credits provided for in this section.

(2) Eligible employees who elect to purchase credited service under this subsection may not apply any years of service while a member of the guaranteed retirement income plan or the retirement savings plan for the purposes of calculating years of service under either the optional retirement plan or the integrated retirement plan.

(3) Eligibility for early or normal retirement will be based upon the credited service at the time the employee enters Group E plus any credited service purchased by the employee.

(4) The vesting provisions in subsection (a)(2) will apply to employees listed in subsection (r)(1) regardless of whether they elect to purchase service credit under this subsection.

(s) *Positions added to Group J eligibility.*

(1) Notwithstanding subsection (a)(2), a County member who was hired on or before July 1, 2023, and who was participating in the

guaranteed retirement income plan or the retirement savings plan prior to Group J eligibility, and who becomes Group J eligible after July 1, 2023 may:

(A) make a one-time irrevocable election to purchase credited service with their entire existing guaranteed retirement income plan or retirement savings plan balances within 150 days of Group J eligibility, in accordance with an actuarial determination of the value transferred; or

(B) retain guaranteed retirement income plan or retirement savings plan balances, will no longer participate in the guaranteed retirement income plan or retirement savings plan, and will enter Group J with a credited service balance of 0 years, unless the employee is otherwise eligible to purchase other service credits provided for in this section.

(2) Eligible employees who elect to purchase credited service under this subsection may not apply any years of service while a member of the guaranteed retirement income plan or the retirement savings plan for the purposes of calculating years of service under either the optional retirement plan or the integrated retirement plan.

(3) Eligibility for early or normal retirement will be based upon the credited service at the time the employee enters Group J plus any credited service purchased by the employee.

(4) The vesting provisions in subsection (a)(2) will apply to employees listed in subsection (s)(1) regardless of whether they elect to purchase service credit under this subsection.

* * *

33-42. Amount of pension at normal retirement date or early retirement date.

* * *

(b) *Amount of pension at normal retirement date.*

(1) Pension amount for an Optional Retirement Plan member.

* * *

(B) For a Group E [or Group J] member who is a member of the optional plan and retires on a normal retirement, the annual pension must equal [2.4]2.6 percent of average final earnings for each of the first 25 years of credited service completed, and [2]2.25 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of [31]30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed [76]80.25 percent of average final earnings.

* * *

(E) For a Group J member who is a member of the optional plan and retires on a normal retirement, the annual pension must equal 2.5 percent of average final earnings for each of the first 25 years of credited service completed, and 2 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 76.5 percent of average final earnings.

* * *

(2) Pension amount for an Integrated Retirement Plan member.

* * *

(C) For a Group E [or Group J] member in the integrated retirement plan who retires on a normal retirement, the annual pension must be computed as follows:

(i) From the date of retirement to the month that the member reaches Social Security retirement age: [2.4]2.6 percent of average final earnings for each of the first 25 years of credited service completed, and [2]2.25 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of [31]30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed [76]80.25 percent of average final earnings. Beginning July 1, 2024, from the date of retirement to the month that the member reaches the maximum Social Security retirement benefit age: 2.6 percent of average final earnings for each of the first 25 years of credited service completed, and 2.25 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 80.25 percent of average final earnings.

(ii) From the month the member reaches Social Security normal retirement age: [1.65%]1.25 percent of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of [31]30 years plus sick leave credits, plus [2.4%]2.6 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each of the first 25 years of credited service completed, and **[**2%**]**<u>2.25 percent</u> of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service of more than 25 years, to a maximum of **[**31**]**<u>30</u> years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches Social Security retirement age. <u>Beginning July 1, 2024, from the month the member reaches the maximum Social Security retirement benefit age: 1.25 percent of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of 30 years plus sick leave credits, plus 2.6 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each of the first 25 years of credited service completed, and 2.25 percent of average final earnings above the Social Security maximum</u>

covered compensation in effect on the date of retirement for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches the maximum Social Security retirement benefit age.

* * *

(F) For a Group J member in the integrated retirement plan who retires on a normal retirement, the annual pension must be computed as follows:

(i) From the date of retirement to the month that the member reaches Social Security retirement age: 2.5 percent of average final earnings for each of the first 25 years of credited service completed, and 2 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 76.5 percent of average final earnings. Beginning July 1, 2024, from the date of retirement to the month that the member reaches the maximum Social Security retirement benefit age: 2.5 percent of average final earnings for each of the first 25 years of credited service completed, and 2 percent of average final earnings for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings. The maximum benefit with the application of sick leave credits must not exceed 76.5 percent of average final earnings.

(ii) From the month the member reaches Social Security normal retirement age: 1.25% of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of 30 years plus sick leave credits, plus 2.5% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each of the first 25 years of credited service completed, and 2% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches Social Security retirement age. Beginning July 1, 2024, from the month the member reaches the maximum Social Security retirement benefit age: 1.25% of average final earnings up to the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service to a maximum of 30 years plus sick leave credits, plus 2.5% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each of the first 25 years of credited service completed, and 2% of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement for each year of credited service of more than 25 years, to a maximum of 30 years plus sick leave credits. Years of credited service of less than one full year must be prorated. Sick leave credits used for years in excess of 25 years must be credited at 2 percent of average final earnings above the Social Security maximum covered compensation in effect on the date of retirement. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches the maximum Social Security retirement benefit age.

*   *   *

33-115. Participant requirements and participant groups.

(a) *Participant [Requirements] requirements*.

*   *   *

(7) Participation in the guaranteed retirement income plan.

(A) A participant who changes employment from the County directly to a participating agency or from a participating agency directly to the County must continue to participate in his or her retirement plan and is not eligible to make an election. A member of the Office, Professional and Technical (OPT) or the Service, Labor and Trades (SLT) collective bargaining unit of the County government must participate in the Guaranteed Retirement Income Plan, unless the employee makes a one-time irrevocable election to participate in the Retirement Savings Plan during the first 150 days of [full time] employment, if the employee:

(i) is hired as a full-time employee on or after July 1, 2015; [or]

(ii) is a part time employee who does not participate in the Retirement Savings Plan and becomes a full-time employee on or after July 1, 2015[.]; or

(iii) is hired as a part time employee on or after July 1, 2023, and does not elect to forego participation in either the guaranteed retirement income plan or the retirement savings plan.

* * *

33-128. Definitions.

In this Division, the following words and phrases have the following meanings:

* * *

Employee means a County employee who:

(1) participates in the retirement savings plan under this Article or in the elected officials' plan under Article III or the guaranteed retirement income plan under Article III[; and

(2) is regularly scheduled to work 20 hours or more per week].

* * *

33-131. Amount of benefits.

* * *

(b) *Non-service-connected disability*. The annual amount of the non-service-connected disability benefit payment equals 2 percent of the employee's final earnings, multiplied by the number of years of credited service earned under Section 33-41 or Section 33-119. However, the benefit must be at least **[**30**]**33 1/3 percent of the employee's final earnings, but no more than 60 percent of the employee's final earnings, less any reductions provided in Section 33-134.

* * *

33-133. Termination of benefits.

(a) *Non-public safety employee*. The administrator must terminate initial or continued disability benefits to a non-public safety employee if the employee:

(1) recovers from the disability, as determined by the administrator;

(2) does not provide the administrator with information that the administrator requires; or

(3) attains age **[**70**]**85, or a later age if required under federal law.

(b) *Public safety employee*. The administrator must terminate initial or continued disability benefits to a public safety employee if the employee:

(1) recovers from the disability, as determined by the administrator;

(2) does not provide the administrator with information that the administrator requires; or

(3) attains age **[**70**]**<u>85</u>, or a later age if required under federal law, if the benefit is for a non-service connected disability.

33-134. Reduction of benefits.

(a) *Reduction by payments received*. Disability benefits must be reduced by any amount the employee receives from:

* * *

(4) the optional or integrated plan of the employees' retirement system under Article III; <u>and</u>

(5) the retirement savings plan under this Division, or amounts the employee is entitled to receive under the retirement savings plan for a public safety employee**[**; and

(6) employment, including net earnings from self-employment, received directly or indirectly**]**.

(b) Amount of reduction. The disability benefits must be reduced by**[**:

(1) one dollar for every three dollars of earnings under paragraph (a)(6); and

(2)**]** one dollar for every one dollar of other payments under subsection (a).

* * *

Sec. 2. Effective date.

The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Approved:

Evan Glass, President, County Council Date

Approved:

Marc Elrich, County Executive Date

This is a correct copy of Council action.

Judy Rupp, Clerk of the Council Date

APPROVED AS TO FORM AND LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: ______________________
Edward E. Haenftling, Jr.

Date: March 31, 2023

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March 29, 2023

CONFIDENTIAL

Ms. Jennifer Harling, Esq.
Chief Labor Relations Officer
Office of Labor Relations
Montgomery County Government
101 Monroe Street, 6th Floor
Rockville, Maryland 20850

Subject: Cost Impact of Proposed Changes for Groups E, J, F, and G

Dear Ms. Harling:

As requested, we have measured the cost impact to the Montgomery County Employees' Retirement System (ERS) of proposals to change the benefit provisions for current and future members of Groups E, J, F, and G.

Following is a summary of the proposed changes included in this analysis. A detailed summary of the changes for each group can be found in Exhibit V.

- For Groups E, F and J, the age at which the benefit reduces would increase from SSNRA to age 70 as shown below.

Birth Date	Current	Proposed
Before 1/1/1938	65	70
1/1/1938 to 12/31/1954	66	70
On or after 1/1/1955	67	70

- For Group E, payment would be waived for up to 24 months of prior military service credit. The assumed increases in military service are projected to increase projected benefit amounts, but do not result in earlier eligibility for retirement benefits.
- For Group F, the DSRP eligibility requirement would be changed from age 46 with 25 years of service to eligibility for normal retirement (age 55 with 15 years of service or 25 years of service with no age requirement). Members younger than age 46 and members with fewer than 25 years of service would now be eligible to enter DRSP if eligibility conditions are met.
- For Group G, the Cost-of-Living adjustment (COLA) on retiree benefits for members enrolled on or after July 1, 1978 and retired (or will retire) on or after March 1, 2000 would be capped at 5.0 percent (compared to the current cap of 7.5 percent).
    - The COLA on benefits attributable to post-July 1, 2011 service for all members would also be capped at 5.0 percent (compared to the current cap of 2.5 percent).

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- For Groups E, F, G and J, the benefit accrual rate applicable to benefits payable until Social Security Normal Retirement Age (SSNRA) would be increased as shown in the table below.
  - Corresponding increases would also affect benefits payable after attainment of SSNRA
    - For Groups F and G, the benefit accrual rate applicable to benefits payable after SSNRA is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for pay up to Social Security Covered Compensation (SSCC).
    - For Groups E and J, the benefit accrual rate applicable to benefits payable after SSNRA is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for the first 25 years of service and is 82.50 percent of the benefit accrual rate prior to SSNRA (17.50 percent reduction) for each year of credited service in excess of 25 years, to the maximum number of years, for pay up to SSCC.
    - The benefit accrual rates are the same as prior to attainment of SSNRA for pay in excess of SSCC.

	Pre-SSNRA Benefit Multiplier							
	Group E		Group F		Group G		Group J	
Years of Service	Current Rates	Proposed Rates	Current Rates	Proposed Rates	Current Rates	Proposed Rates	Current Rates	Proposed Rates
Up to 20	2.40%	2.60%	2.40%	2.60%	2.50%	2.60%	2.40%	2.50%
20-25	2.40%	2.60%	2.40%	2.60%	2.00%	2.60%	2.40%	2.50%
25 to Maximum Years	2.00%	2.25%	2.40%	2.40%	2.00%	1.25%	2.00%	2.00%
Maximum Years	31	30	36	34	31	31	31	30
Benefit Percentage - 20 Years	48.00%	52.00%	48.00%	52.00%	50.00%	52.00%	48.00%	50.00%
Benefit Percentage - 25 Years	60.00%	65.00%	60.00%	65.00%	60.00%	65.00%	60.00%	62.50%
Benefit Percentage - 30 Years	70.00%	76.25%	72.00%	77.00%	70.00%	71.25%	70.00%	72.50%
Benefit Percentage - 31 Years	72.00%	76.25%	74.40%	79.40%	72.00%	72.50%	72.00%	72.50%
Benefit Percentage - 34 Years	72.00%	76.25%	81.60%	86.60%	72.00%	72.50%	72.00%	72.50%
Maximum Benefit Percentage	72.00%	76.25%	86.40%	86.60%	72.00%	72.50%	72.00%	72.50%

Following is a summary of the scenarios contained in this letter.

	Group			
Scenario	**E**	**F**	**G**	**J**
Baseline	Results from July 1, 2022 Actuarial Valuation			
Updated Baseline	NA	NA	Updated sick leave credit multiplier	NA
Scenario 1	Age 70 reduction	DRSP eligibility	Increase COLA cap to 5%	2.50%/2.00% multiplier
Scenario 2	Age 70 reduction*	Age 70 reduction	2.60%/1.25% multiplier	Age 70 reduction
Scenario 3	2.60%/2.25% multiplier	2.60%/2.40% multiplier	Combined scenarios 1-2	Age 70 reduction*
Scenario 4	Military service credit	2.60%/2.40% multiplier*		Combined scenarios 1-2
Scenario 5	Combined scenarios 1, 3-4	Combined scenarios 1-3		Combined scenarios 1,3
Scenario 6	Combined scenarios 2-4	Combined scenarios 1-2,4		

* *The Group E and J age 70 change is effective July 1, 2024 and the Group F multiplier change is effective January 1, 2025. Therefore, we have illustrated alternate scenarios reflecting that members may choose to delay retirement after the effective date of the changes in order to receive a benefit at a later age based on a higher benefit accrual rate.*

Our analysis of these proposals includes the following data, assumptions and methods:

- The estimated cost impact is measured as of July 1, 2022, which calculates the fiscal year 2024 County contribution and the proposed changes are assumed to be effective July 1, 2022 (unless otherwise noted).
- The additional unfunded liability is amortized over a 20-year period as a level percentage of pay (consistent with the current funding policy).
- All proposed changes (except for the COLA cap change for Group G) are assumed to only affect members who are active as of July 1, 2022.
    - The benefit accrual rate change is assumed to apply to both past and future service for employees who are active (and not in DROP) at the assumed effective date.
    - The COLA cap change is assumed to affect both current and future benefit recipients who enrolled on or after July 1, 1978 and retired (or retire) on or after March 1, 2000.
        - Members who enrolled before July 1, 1978 receive an unlimited COLA increase.
        - The COLA assumptions would change as follows:

	Current	Scenario 1	Change
Enrolled prior to 7/1/1978	2.50%	2.50%	0.00%
Enrolled on or after 7/1/1978 and retired prior to 3/1/2000	1.50%	1.50%	0.00%
Enrolled on or after 7/1/1978 and retire on or after 3/1/2000	2.50%	2.45%	-0.05%
Benefits attributable to service after 7/1/2011	2.20%	2.45%	0.25%

- The proposed changes may result in increases in administrative expenses related to implementing the changes. This analysis does not include the cost impact of potential increases in administrative expenses.
- For the Group E proposed military service change, at the direction of the County, we have assumed that 13 percent of Group E members would be eligible to receive 24 months of service credit for military service at no cost to the member.
    - Because some members with prior military service may have already purchased service credit for their prior military service, estimated cost may be lower than what is reflected in this analysis.
- Because certain proposed changes have an effective date in 2024 or 2025, active members may choose to delay retirement until after the effective date of the proposed change in order to receive a benefit (at a later age) based on a higher benefit accrual rate or for a longer period of time. Therefore, modified retirement rates were assumed for certain scenarios.
    - For Group E, Scenario 2 and Group J, Scenario 3 (and combined scenarios)
        - Because the proposal has an effective date of July 1, 2024, members may choose to delay retirement until after July 1, 2024 in order to have their benefits reduced at a later age (age 70 instead of SSNRA). Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.
    - For Group F, Scenario 1 (and combined scenarios)
        - Members who are eligible for DRSP under the proposed eligibility conditions who are not eligible for DRSP under the current conditions may modify their retirement behavior due to the changes. Therefore, modified retirement rates are assumed.

- For Group F, Scenario 4 (and combined scenario)
    - Because the proposal has an effective date of January 1, 2025, members may choose to delay retirement until after January 1, 2025 in order to receive a benefit (at a later age) based on a higher benefit accrual rate. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.

Exhibits I(a) through I(d) contain a summary of results and Exhibits II(a) through II(d) contain detailed calculations of the cost impact measured as of July 1, 2022 (which calculated the fiscal year 2024 contribution requirement) of providing benefits under the proposals described.

Exhibits III(a) through III(d) contain a five-year projection of the County contribution requirement for Groups E, J, F and G under the proposals. Exhibit III(e) contains a five-year projection of the County contribution requirement for Groups E, J, F and G based on the combined scenarios. (If there were two combined scenarios for a group, the combined scenario with the higher contribution requirement was used.) The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022. In addition, the projections do not include any projected increases in administrative expenses under any of the proposals compared to the current projected expenses.

Exhibit IV contains a summary of the census data used in the actuarial valuation as of July 1, 2022 (which was the basis for the cost analysis presented in this letter).

Exhibit V has a detailed summary of the proposed changes for each group.

The Appendix shows the current retirement rates and describes the modified retirement rates for Groups E, J and F, as well as a summary of the current benefit provisions.

Summary of Results

All of the proposed changes (increasing the benefit accrual rates, increasing the age at which benefits decrease, waiving the payment for up to 24 months of military service, increasing the COLA cap and changing the eligibility for DRSP) are all expected to increase both the actuarial liabilities and the County contribution rate (and the total contribution requirements of the System).

On the following two pages, there are summaries of the estimated funded ratio (based on the actuarial value of assets) as of July 1, 2022 and the estimated illustrative fiscal year 2024 County contribution based on amortizing the change in unfunded liability due to the proposed changes over a 20-year period (and alternatively, a 10-year period). The 20-year period is consistent with the current funding policy and the 10-year period is based on the Conference of Consulting Actuaries model practice to amortize active member plan amendments over a closed period of no longer than the lesser of 15 years and future service based on active member demographics. (10 years is approximately the average remaining number of years that current active Group E, F, G and J members are expected to work.)

Considerations and Disclosures

The analysis was performed at the request of Montgomery County ("County") and is intended for use by the County and those designated by the County. This analysis may be provided to parties other than the County only in its entirety and only with the permission of the County.

The actuarial assumptions used in this analysis are the same as those used in the actuarial valuation of the Montgomery County Employees' Retirement System as of July 1, 2022, with the exception of the modified retirement rates used in certain scenarios, as indicated in this letter. Changes to assumptions (such as decreasing the investment return assumption) will impact the cost impact in this letter.

We amortized the change in unfunded liability over a 20-year period, which is consistent with the current funding policy for Groups E, J, F and G. The Conference of Consulting Actuaries (CCA) issued a white paper on funding policies. Based on the CCA white paper, the model practice is to amortize active member plan amendments over a closed period of no longer than the lesser of 15 years and future service based on active member demographics. However, an amortization period of up to 25 years is acceptable with conditions to amortize the unfunded liability on a combined basis from all sources. We have also illustrated the County contribution based on an amortization period of 10 years for changes in plan provisions (consistent with the CCA model practice). (10 years is approximately the average remaining number of years that current active Group E, F, G and J members are expected to work.)

If any of the provisions, underlying data or assumptions used in this analysis appear to be incorrect or unreasonable, please let us know as soon as possible so we can update the analysis.

Future actuarial measurements may differ significantly from the current measurements presented in this cost analysis due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions, contribution amounts or applicable law.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training and Processes Team, who developed and maintain the model.

This report reflects the impact of COVID-19 through June 30, 2022. However, this report does not reflect the longer term and still developing future impact of COVID-19, which may further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact on the System and the actuarial assumptions. Actual experience will be reflected in each subsequent annual valuation, as experience emerges.

To the best of our knowledge, the information contained in this analysis is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Amy Williams and Cassie Rapoport are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Please let us know if you have any questions or would like to discuss the results of this analysis further.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

Amy Williams

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Cassie Rapoport, ASA, MAAA
Senior Analyst

Cost Impact Summary of Proposed Changes in Group E Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

	Baseline	Scenario 1 - Age 70 Reduction	Scenario 2 - Age 70 Reduction with Modified Retirement Rates	Scenario 3 - 2.60%/2.25% Multiplier	Scenario 4 - Military Service	Scenario 5 - Combined Scenarios 1, 3-4	Scenario 6 - Combined Scenarios 2-4
Group E							
Present Value of Future Benefits - Active Members	$ 167,428,353	$ 171,644,615	$ 171,863,939	$ 180,512,836	$ 168,931,696	$ 186,736,761	$ 186,976,086
Actuarial Accrued Liability - Active Members	113,450,522	116,431,122	116,426,592	122,811,364	114,491,014	127,181,868	127,180,526
Normal Cost Rate (%)	20.16%	20.58%	20.58%	21.49%	20.33%	22.13%	22.13%
County Normal Cost Rate (%)	13.41%	13.83%	13.83%	14.74%	13.58%	15.38%	15.38%
Total Actuarial Accrued Liability	$ 445,821,148	$ 448,801,748	$ 448,797,218	$ 455,181,990	$ 446,861,640	$ 459,552,494	$ 459,551,152
Amortization of Unfunded Liability Rate (%)	-3.85%	-3.25%	-3.25%	-1.98%	-3.64%	-1.10%	-1.10%
County Contribution Requirement $	3,269,384	3,631,943	3,680,057	4,413,836	3,404,142	4,955,380	5,009,237
County Contribution Requirement %	9.56%	10.58%	10.58%	12.76%	9.94%	14.28%	14.28%
Total Contribution Requirement $	5,621,649	5,984,208	6,055,704	6,766,101	5,756,407	7,307,645	7,384,884
Funded Ratio (Actuarial Value of Assets)	104.1%	103.4%	103.4%	102.0%	103.9%	101.0%	101.0%

Difference from Baseline	Scenario 1 - Age 70 Reduction	Scenario 2 - Age 70 Reduction with Modified Retirement Rates	Scenario 3 - 2.60%/2.25% Multiplier	Scenario 4 - Military Service	Scenario 5 - Combined Scenarios 1, 3-4	Scenario 6 - Combined Scenarios 2-4
Group E						
Present Value of Future Benefits - Active Members	$ 4,216,262	$ 4,435,586	$ 13,084,483	$ 1,503,343	$ 19,308,408	$ 19,547,733
Actuarial Accrued Liability - Active Members	2,980,600	2,976,070	9,360,842	1,040,492	13,731,346	13,730,004
Normal Cost Rate (%)	0.42%	0.42%	1.33%	0.17%	1.97%	1.97%
County Normal Cost Rate (%)	0.42%	0.42%	1.33%	0.17%	1.97%	1.97%
Total Actuarial Accrued Liability	$ 2,980,600	$ 2,976,070	$ 9,360,842	$ 1,040,492	$ 13,731,346	$ 13,730,004
Amortization of Unfunded Liability Rate (%)	0.60%	0.60%	1.87%	0.21%	2.75%	2.75%
County Contribution Requirement $	362,559	410,673	1,144,452	134,758	1,685,996	1,739,853
County Contribution Requirement %	1.02%	1.02%	3.20%	0.38%	4.72%	4.72%
Total Contribution Requirement $	362,559	434,055	1,144,452	134,758	1,685,996	1,763,235
Funded Ratio (Actuarial Value of Assets)	-0.7%	-0.7%	-2.1%	-0.2%	-3.1%	-3.1%

Cost Impact Summary of Proposed Changes in Group J Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

	Baseline	Scenario 1 - 2.50%/2.00% Multiplier	Scenario 2 - Age 70 Reduction	Scenario 3 - Age 70 Reduction with Modified Retirement Rates	Scenario 4 - Combined Scenarios 1-2	Scenario 5 - Combined Scenarios 1, 3
Group J						
Present Value of Future Benefits - Active Members	$ 47,315,341	$ 48,790,110	$ 48,517,265	$ 48,530,100	$ 50,036,259	$ 50,044,051
Actuarial Accrued Liability - Active Members	36,802,546	37,953,625	37,770,241	37,669,737	38,956,319	38,847,391
Normal Cost Rate (%)	19.82%	20.40%	20.18%	20.16%	20.77%	20.75%
County Normal Cost Rate (%)	13.04%	13.62%	13.40%	13.38%	13.99%	13.97%
Total Actuarial Accrued Liability	$ 58,280,979	$ 59,432,058	$ 59,248,674	$ 59,148,170	$ 60,434,752	$ 60,325,824
Amortization of Unfunded Liability Rate (%)	-10.18%	-9.29%	-9.44%	-9.51%	-8.52%	-8.60%
County Contribution Requirement $	183,742	318,453	285,782	299,375	424,282	438,242
County Contribution Requirement %	2.86%	4.33%	3.96%	3.87%	5.47%	5.37%
Total Contribution Requirement $	778,714	913,425	880,754	906,454	1,019,254	1,045,321
Funded Ratio (Actuarial Value of Assets)	122.2%	119.8%	120.2%	120.4%	117.8%	118.0%

Difference from Baseline	Scenario 1 - 2.50%/2.00% Multiplier	Scenario 2 - Age 70 Reduction	Scenario 3 - Age 70 Reduction with Modified Retirement Rates	Scenario 4 - Combined Scenarios 1-2	Scenario 5 - Combined Scenarios 1, 3
Group J					
Present Value of Future Benefits - Active Members	$ 1,474,769	$ 1,201,924	$ 1,214,759	$ 2,720,918	$ 2,728,710
Actuarial Accrued Liability - Active Members	1,151,079	967,695	867,191	2,153,773	2,044,845
Normal Cost Rate (%)	0.58%	0.36%	0.34%	0.95%	0.93%
County Normal Cost Rate (%)	0.58%	0.36%	0.34%	0.95%	0.93%
Total Actuarial Accrued Liability	$ 1,151,079	$ 967,695	$ 867,191	$ 2,153,773	$ 2,044,845
Amortization of Unfunded Liability Rate (%)	0.89%	0.74%	0.67%	1.66%	1.58%
County Contribution Requirement $	134,711	102,040	115,633	240,540	254,500
County Contribution Requirement %	1.47%	1.10%	1.01%	2.61%	2.51%
Total Contribution Requirement $	134,711	102,040	127,740	240,540	266,607
Funded Ratio (Actuarial Value of Assets)	-2.4%	-2.0%	-1.8%	-4.4%	-4.2%

Exhibit I(c)

Cost Impact Summary of Proposed Changes in Group F Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

	Baseline	Scenario 1 - DRSP Eligibility	Scenario 2 - Age 70 Reduction	Scenario 3 - 2.60%/2.40% Multiplier	Scenario 4 - Multiplier Change with Modified Retirement Rates	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4
Group F							
Present Value of Future Benefits - Active Members	$ 597,525,048	$ 597,919,870	$ 612,030,883	$ 629,681,817	$ 631,024,522	$ 645,200,382	$ 646,444,641
Actuarial Accrued Liability - Active Members	412,551,317	413,624,459	423,582,146	434,898,950	433,750,808	447,440,528	445,485,973
Normal Cost Rate (%)	23.60%	23.64%	24.03%	24.66%	24.64%	25.15%	25.10%
County Normal Cost Rate (%)	16.83%	16.87%	17.26%	17.89%	17.87%	18.38%	18.33%
Total Actuarial Accrued Liability	$ 1,308,897,685	$ 1,309,970,827	$ 1,319,928,514	$ 1,331,245,318	$ 1,330,097,176	$ 1,343,786,896	$ 1,341,832,341
Amortization of Unfunded Liability Rate (%)	-5.84%	-5.76%	-5.05%	-4.23%	-4.32%	-3.33%	-3.47%
County Contribution Requirement $	10,512,916	10,633,243	11,733,494	13,172,141	13,394,555	14,568,571	14,702,803
County Contribution Requirement %	10.99%	11.11%	12.21%	13.66%	13.55%	15.05%	14.86%
Total Contribution Requirement $	17,113,527	17,233,854	18,334,105	19,772,752	20,119,872	21,169,182	21,428,120
Funded Ratio (Actuarial Value of Assets)	105.6%	105.5%	104.7%	103.9%	103.9%	102.9%	103.0%

Difference from Baseline	Scenario 1 - DRSP Eligibility	Scenario 2 - Age 70 Reduction	Scenario 3 - 2.60%/2.40% Multiplier	Scenario 4 - Multiplier Change with Modified Retirement Rates	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4
Group F						
Present Value of Future Benefits - Active Members	$ 394,822	$ 14,505,835	$ 32,156,769	$ 33,499,474	$ 47,675,334	$ 48,919,593
Actuarial Accrued Liability - Active Members	1,073,142	11,030,829	22,347,633	21,199,491	34,889,211	32,934,656
Normal Cost Rate (%)	0.04%	0.43%	1.06%	1.04%	1.55%	1.50%
County Normal Cost Rate (%)	0.04%	0.43%	1.06%	1.04%	1.55%	1.50%
Total Actuarial Accrued Liability	$ 1,073,142	$ 11,030,829	$ 22,347,633	$ 21,199,491	$ 34,889,211	$ 32,934,656
Amortization of Unfunded Liability Rate (%)	0.08%	0.79%	1.61%	1.52%	2.51%	2.37%
County Contribution Requirement $	120,327	1,220,578	2,659,225	2,881,639	4,055,655	4,189,887
County Contribution Requirement %	0.12%	1.22%	2.67%	2.56%	4.06%	3.87%
Total Contribution Requirement $	120,327	1,220,578	2,659,225	3,006,345	4,055,655	4,314,593
Funded Ratio (Actuarial Value of Assets)	-0.1%	-0.9%	-1.7%	-1.7%	-2.7%	-2.6%

Cost Impact Summary of Proposed Changes in Group G Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

	Baseline	Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
Group G					
Present Value of Future Benefits - Active Members	$ 613,485,906	$ 632,155,314	$ 645,056,051	$ 655,280,699	$ 668,654,251
Actuarial Accrued Liability - Active Members	383,353,802	396,388,325	403,521,208	411,785,806	419,201,870
Normal Cost Rate (%)	26.84%	27.47%	28.01%	28.34%	28.90%
County Normal Cost Rate (%)	19.41%	20.04%	20.58%	20.91%	21.47%
Total Actuarial Accrued Liability	$ 1,123,005,194	$ 1,136,039,717	$ 1,145,116,162	$ 1,151,437,198	$ 1,160,796,824
Amortization of Unfunded Liability Rate (%)	4.91%	5.82%	6.45%	6.89%	7.54%
County Contribution Requirement $	24,733,634	26,315,333	27,525,424	28,310,857	29,560,016
County Contribution Requirement %	24.32%	25.86%	27.03%	27.80%	29.01%
Total Contribution Requirement $	32,239,550	33,821,249	35,031,340	35,816,773	37,065,932
Funded Ratio (Actuarial Value of Assets)	96.5%	95.4%	94.6%	94.1%	93.3%

Difference from Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
Group G			
Present Value of Future Benefits - Active Members	$ 12,900,737	$ 23,125,385	$ 36,498,937
Actuarial Accrued Liability - Active Members	7,132,883	15,397,481	22,813,545
Normal Cost Rate (%)	0.54%	0.87%	1.43%
County Normal Cost Rate (%)	0.54%	0.87%	1.43%
Total Actuarial Accrued Liability	$ 9,076,445	$ 15,397,481	$ 24,757,107
Amortization of Unfunded Liability Rate (%)	0.63%	1.07%	1.72%
County Contribution Requirement $	1,210,091	1,995,524	3,244,683
County Contribution Requirement %	1.17%	1.94%	3.15%
Total Contribution Requirement $	1,210,091	1,995,524	3,244,683
Funded Ratio (Actuarial Value of Assets)	-0.8%	-1.3%	-2.1%

Cost Impact Details of Proposed Changes in Group E Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

	Group E						
	Baseline	Scenario 1 - Age 70 Reduction	Scenario 2 - Age 70 Reduction with Modified Retirement Rates	Scenario 3 - 2.60%/2.25% Multiplier	Scenario 4 - Military Service	Scenario 5 - Combined Scenarios 1, 3-4	Scenario 6 - Combined Scenarios 2-4
Actuarial Accrued Liability							
Active Members	$ 113,450,522	$ 116,431,122	$ 116,426,592	$ 122,811,364	$ 114,491,014	$ 127,181,868	$ 127,180,526
DRSP/DROP Members	35,393,999	35,393,999	35,393,999	35,393,999	35,393,999	35,393,999	35,393,999
Terminated Vested Members	3,408,631	3,408,631	3,408,631	3,408,631	3,408,631	3,408,631	3,408,631
Retired Members and Beneficiaries	293,567,996	293,567,996	293,567,996	293,567,996	293,567,996	293,567,996	293,567,996
Total	445,821,148	448,801,748	448,797,218	455,181,990	446,861,640	459,552,494	459,551,152
Actuarial Value of Assets	$ 464,272,269	$ 464,272,269	$ 464,272,269	$ 464,272,269	$ 464,272,269	$ 464,272,269	$ 464,272,269
Unfunded Actuarial Accrued Liability	$ (18,451,121)	$ (15,470,521)	$ (15,475,051)	$ (9,090,279)	$ (17,410,629)	$ (4,719,775)	$ (4,721,117)
Funded Ratio (Actuarial Value of Assets)	104.1%	103.4%	103.4%	102.0%	103.9%	101.0%	101.0%
Annual Gross Normal Cost							
Benefits	$ 6,759,703	$ 6,905,203	$ 6,977,029	$ 7,222,462	$ 6,818,688	$ 7,445,729	$ 7,523,066
Expenses of Administration	264,197	264,197	264,197	264,197	264,197	264,197	264,197
Total	7,023,900	7,169,400	7,241,226	7,486,659	7,082,885	7,709,926	7,787,263
Amortization of Unfunded Liability [1]	$ (1,402,251)	$ (1,185,192)	$ (1,185,522)	$ (720,558)	$ (1,326,478)	$ (402,281)	$ (402,379)
Annual Contribution Requirement							
County Portion	$ 3,269,384	$ 3,631,943	$ 3,680,057	$ 4,413,836	$ 3,404,142	$ 4,955,380	$ 5,009,237
Employee Portion	2,352,265	2,352,265	2,375,647	2,352,265	2,352,265	2,352,265	2,375,647
Total	5,621,649	5,984,208	6,055,704	6,766,101	5,756,407	7,307,645	7,384,884

[1] *Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for Groups E and J.*

Cost Impact Details of Proposed Changes in Group J Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

	Group J					
	Baseline	Scenario 1 - 2.50%/2.00% Multiplier	Scenario 2 - Age 70 Reduction	Scenario 3 - Age 70 Reduction with Modified Retirement Rates	Scenario 4 - Combined Scenarios 1-2	Scenario 5 - Combined Scenarios 1, 3
Actuarial Accrued Liability						
Active Members	$ 36,802,546	$ 37,953,625	$ 37,770,241	$ 37,669,737	$ 38,956,319	$ 38,847,391
DRSP/DROP Members	-	-	-	-	-	-
Terminated Vested Members	173,333	173,333	173,333	173,333	173,333	173,333
Retired Members and Beneficiaries	21,305,100	21,305,100	21,305,100	21,305,100	21,305,100	21,305,100
Total	58,280,979	59,432,058	59,248,674	59,148,170	60,434,752	60,325,824
Actuarial Value of Assets	$ 71,206,700	$ 71,206,700	$ 71,206,700	$ 71,206,700	$ 71,206,700	$ 71,206,700
Unfunded Actuarial Accrued Liability	$ (12,925,721)	$ (11,774,642)	$ (11,958,026)	$ (12,058,530)	$ (10,771,948)	$ (10,880,876)
Funded Ratio (Actuarial Value of Assets)	122.2%	119.8%	120.2%	120.4%	117.8%	118.0%
Annual Gross Normal Cost						
Benefits	$ 1,653,983	$ 1,704,868	$ 1,685,552	$ 1,718,571	$ 1,737,677	$ 1,771,676
Expenses of Administration	85,703	85,703	85,703	85,703	85,703	85,703
Total	1,739,686	1,790,571	1,771,255	1,804,274	1,823,380	1,857,379
Amortization of Unfunded Liability [1]	$ (960,972)	$ (877,146)	$ (890,501)	$ (897,820)	$ (804,126)	$ (812,058)
Annual Contribution Requirement						
County Portion	$ 183,742	$ 318,453	$ 285,782	$ 299,375	$ 424,282	$ 438,242
Employee Portion	594,972	594,972	594,972	607,079	594,972	607,079
Total	778,714	913,425	880,754	906,454	1,019,254	1,045,321

[1] *Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for Groups E and J.*

Cost Impact Details of Proposed Changes in Group F Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

	Group F						
	Baseline	Scenario 1 - DRSP Eligibility	Scenario 2 - Age 70 Reduction	Scenario 3 - 2.60%/2.40% Multiplier	Scenario 4 - Multiplier Change with Modified Retirement Rates	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4
Actuarial Accrued Liability							
Active Members	$ 412,551,317	$ 413,624,459	$ 423,582,146	$ 434,898,950	$ 433,750,808	$ 447,440,528	$ 445,485,973
DRSP/DROP Members	129,883,811	129,883,811	129,883,811	129,883,811	129,883,811	129,883,811	129,883,811
Terminated Vested Members	2,113,208	2,113,208	2,113,208	2,113,208	2,113,208	2,113,208	2,113,208
Retired Members and Beneficiaries	764,349,349	764,349,349	764,349,349	764,349,349	764,349,349	764,349,349	764,349,349
Total	1,308,897,685	1,309,970,827	1,319,928,514	1,331,245,318	1,330,097,176	1,343,786,896	1,341,832,341
Actuarial Value of Assets	$ 1,382,574,114	$ 1,382,574,114	$ 1,382,574,114	$ 1,382,574,114	$ 1,382,574,114	$ 1,382,574,114	$ 1,382,574,114
Unfunded Actuarial Accrued Liability	$ (73,676,429)	$ (72,603,287)	$ (62,645,600)	$ (51,328,796)	$ (52,476,938)	$ (38,787,218)	$ (40,741,773)
Employee Contributions Due (COVID Pay)	986,909	986,909	986,909	986,909	986,909	986,909	986,909
Net Unfunded Actuarial Accrued Liability	(74,663,338)	(73,590,196)	(63,632,509)	(52,315,705)	(53,463,847)	(39,774,127)	(41,728,682)
Funded Ratio (Actuarial Value of Assets)	105.6%	105.5%	104.7%	103.9%	103.9%	102.9%	103.0%
Annual Gross Normal Cost							
Benefits	$ 22,060,511	$ 22,102,688	$ 22,477,781	$ 23,092,294	$ 23,523,026	$ 23,575,398	$ 23,976,674
Expenses of Administration	960,724	960,724	960,724	960,724	960,724	960,724	960,724
Total	23,021,235	23,063,412	23,438,505	24,053,018	24,483,750	24,536,122	24,937,398
Amortization of Unfunded Liability [1]	$ (5,907,708)	$ (5,829,558)	$ (5,104,400)	$ (4,280,266)	$ (4,363,878)	$ (3,366,940)	$ (3,509,278)
Annual Contribution Requirement							
County Portion	$ 10,512,916	$ 10,633,243	$ 11,733,494	$ 13,172,141	$ 13,394,555	$ 14,568,571	$ 14,702,803
Employee Portion	6,600,611	6,600,611	6,600,611	6,600,611	6,725,317	6,600,611	6,725,317
Total	17,113,527	17,233,854	18,334,105	19,772,752	20,119,872	21,169,182	21,428,120

[1] *Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for the Public Safety groups.*

Cost Impact Details of Proposed Changes in Group G Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

	Group G				
	Baseline	Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
Actuarial Accrued Liability					
Active Members	$ 383,353,802	$ 396,388,325	$ 403,521,208	$ 411,785,806	$ 419,201,870
DRSP/DROP Members	77,537,489	77,537,489	77,988,015	77,537,489	77,988,015
Terminated Vested Members	791,012	791,012	795,352	791,012	795,352
Retired Members and Beneficiaries	661,322,891	661,322,891	662,811,587	661,322,891	662,811,587
Total	1,123,005,194	1,136,039,717	1,145,116,162	1,151,437,198	1,160,796,824
Actuarial Value of Assets	$ 1,083,428,732	$ 1,083,428,732	$ 1,083,428,732	$ 1,083,428,732	$ 1,083,428,732
Unfunded Actuarial Accrued Liability	$ 39,576,462	$ 52,610,985	$ 61,687,430	$ 68,008,466	$ 77,368,092
Funded Ratio (Actuarial Value of Assets)	96.5%	95.4%	94.6%	94.1%	93.3%
Annual Gross Normal Cost					
Benefits	$ 26,217,002	$ 26,849,476	$ 27,398,585	$ 27,723,696	$ 28,291,250
Expenses of Administration	892,731	892,731	892,731	892,731	892,731
Total	27,109,733	27,742,207	28,291,316	28,616,427	29,183,981
Amortization of Unfunded Liability [1]	$ 5,129,817	$ 6,079,042	$ 6,740,024	$ 7,200,346	$ 7,881,951
Annual Contribution Requirement					
County Portion	$ 24,733,634	$ 26,315,333	$ 27,525,424	$ 28,310,857	$ 29,560,016
Employee Portion	7,505,916	7,505,916	7,505,916	7,505,916	7,505,916
Total	32,239,550	33,821,249	35,031,340	35,816,773	37,065,932

[1] *Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for the Public Safety groups.*

Projected County Contributions Based on Proposed Changes in Group E Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

Group E	Baseline	Scenario 1 - Age 70 Reduction	Scenario 2 - Age 70 Reduction with Modified Retirement Rates	Scenario 3 - 2.60%/2.25% Multiplier	Scenario 4 - Military Service	Scenario 5 - Combined Scenarios 1, 3-4	Scenario 6 - Combined Scenarios 2-4
Projected County Contribution Requirement $							
Fiscal Year 2024	$ 3,269,384	$ 3,631,943	$ 3,680,057	$ 4,413,836	$ 3,404,142	$ 4,955,380	$ 5,009,237
Fiscal Year 2025	3,367,466	3,740,901	3,790,459	4,546,251	3,506,266	5,104,041	5,159,514
Fiscal Year 2026	3,468,489	3,853,128	3,904,172	4,682,639	3,611,454	5,257,163	5,314,300
Fiscal Year 2027	3,572,544	3,968,722	4,021,298	4,823,118	3,719,798	5,414,878	5,473,729
Fiscal Year 2028	3,679,720	4,087,784	4,141,937	4,967,811	3,831,392	5,577,324	5,637,940
5-Year Total	17,357,603	19,282,478	19,537,923	23,433,655	18,073,052	26,308,786	26,594,720
Difference from Baseline							
Fiscal Year 2024		$ 362,559	$ 410,673	$ 1,144,452	$ 134,758	$ 1,685,996	$ 1,739,853
Fiscal Year 2025		373,435	422,993	1,178,785	138,800	1,736,575	1,792,048
Fiscal Year 2026		384,639	435,683	1,214,150	142,965	1,788,674	1,845,811
Fiscal Year 2027		396,178	448,754	1,250,574	147,254	1,842,334	1,901,185
Fiscal Year 2028		408,064	462,217	1,288,091	151,672	1,897,604	1,958,220
5-Year Total		1,924,875	2,180,320	6,076,052	715,449	8,951,183	9,237,117

The County contribution requirement is projected to increase by three percent each year. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022.

Projected County Contributions Based on Proposed Changes in Group J Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

Group J	Baseline	Scenario 1 - 2.50%/2.00% Multiplier	Scenario 2 - Age 70 Reduction	Scenario 3 - Age 70 Reduction with Modified Retirement Rates	Scenario 4 - Combined Scenarios 1-2	Scenario 5 - Combined Scenarios 1, 3
Projected County Contribution Requirement $						
Fiscal Year 2024	$ 183,742	$ 318,453	$ 285,782	$ 299,375	$ 424,282	$ 438,242
Fiscal Year 2025	189,254	328,007	294,355	308,356	437,010	451,389
Fiscal Year 2026	194,932	337,847	303,186	317,607	450,121	464,931
Fiscal Year 2027	200,780	347,982	312,282	327,135	463,624	478,879
Fiscal Year 2028	206,803	358,422	321,650	336,949	477,533	493,245
5-Year Total	975,511	1,690,711	1,517,255	1,589,423	2,252,571	2,326,686
Difference from Baseline						
Fiscal Year 2024		$ 134,711	$ 102,040	$ 115,633	$ 240,540	$ 254,500
Fiscal Year 2025		138,753	105,101	119,102	247,756	262,135
Fiscal Year 2026		142,915	108,254	122,675	255,189	269,999
Fiscal Year 2027		147,202	111,502	126,355	262,844	278,099
Fiscal Year 2028		151,619	114,847	130,146	270,730	286,442
5-Year Total		715,200	541,744	613,912	1,277,060	1,351,175

The County contribution requirement is projected to increase by three percent each year. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022.

Projected County Contributions Based on Proposed Changes in Group F Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

Group F	Baseline	Scenario 1 - DRSP Eligibility	Scenario 2 - Age 70 Reduction	Scenario 3 - 2.60%/2.40% Multiplier	Scenario 4 - Multiplier Change with Modified Retirement Rates	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4
Projected County Contribution Requirement $							
Fiscal Year 2024	$ 10,512,916	$ 10,633,243	$ 11,733,494	$ 13,172,141	$ 13,394,555	$ 14,568,571	$ 14,702,803
Fiscal Year 2025	10,828,303	10,952,240	12,085,499	13,567,305	13,796,392	15,005,628	15,143,887
Fiscal Year 2026	11,153,153	11,280,807	12,448,064	13,974,324	14,210,283	15,455,797	15,598,204
Fiscal Year 2027	11,487,747	11,619,232	12,821,506	14,393,554	14,636,592	15,919,471	16,066,150
Fiscal Year 2028	11,832,380	11,967,809	13,206,151	14,825,361	15,075,690	16,397,055	16,548,134
5-Year Total	55,814,499	56,453,331	62,294,714	69,932,685	71,113,512	77,346,522	78,059,178
Difference from Baseline							
Fiscal Year 2024		$ 120,327	$ 1,220,578	$ 2,659,225	$ 2,881,639	$ 4,055,655	$ 4,189,887
Fiscal Year 2025		123,937	1,257,196	2,739,002	2,968,089	4,177,325	4,315,584
Fiscal Year 2026		127,654	1,294,911	2,821,171	3,057,130	4,302,644	4,445,051
Fiscal Year 2027		131,485	1,333,759	2,905,807	3,148,845	4,431,724	4,578,403
Fiscal Year 2028		135,429	1,373,771	2,992,981	3,243,310	4,564,675	4,715,754
5-Year Total		638,832	6,480,215	14,118,186	15,299,013	21,532,023	22,244,679

The County contribution requirement is projected to increase by three percent each year. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022.

Projected County Contributions Based on Proposed Changes in Group G Plan Provisions
Based on Actuarial Valuation as of July 1, 2022

Group G	Baseline	Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
Projected County Contribution Requirement $					
Fiscal Year 2024	$ 24,733,634	$ 26,315,333	$ 27,525,424	$ 28,310,857	$ 29,560,016
Fiscal Year 2025	25,475,643	27,104,793	28,351,187	29,160,183	30,446,816
Fiscal Year 2026	26,239,912	27,917,937	29,201,722	30,034,988	31,360,221
Fiscal Year 2027	27,027,110	28,755,475	30,077,774	30,936,038	32,301,028
Fiscal Year 2028	27,837,923	29,618,139	30,980,107	31,864,119	33,270,058
5-Year total	131,314,222	139,711,677	146,136,214	150,306,185	156,938,139
Difference from Updated Baseline					
Fiscal Year 2024			$ 1,210,091	$ 1,995,524	$ 3,244,683
Fiscal Year 2025			1,246,394	2,055,390	3,342,023
Fiscal Year 2026			1,283,785	2,117,051	3,442,284
Fiscal Year 2027			1,322,299	2,180,563	3,545,553
Fiscal Year 2028			1,361,968	2,245,980	3,651,919
5-Year Total			6,424,537	10,594,508	17,226,462

The County contribution requirement is projected to increase by three percent each year. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022.

Projected County Contributions Based on Proposed Changes in Group E, F, G and J Plan Provisions
Based on Actuarial Valuation as of July 1, 2022
Combined Impact of Proposed Changes for Each Group

	Projected County Contribution Requirement $				
	Group E	Group J	Group F	Group G	Total (Groups E, J, F, G)
Baseline Results (Updated Baseline Group G)					
Fiscal Year 2024	$ 3,269,384	$ 183,742	$ 10,512,916	$ 26,315,333	$ 40,281,375
Fiscal Year 2025	3,367,466	189,254	10,828,303	27,104,793	41,489,816
Fiscal Year 2026	3,468,489	194,932	11,153,153	27,917,937	42,734,511
Fiscal Year 2027	3,572,544	200,780	11,487,747	28,755,475	44,016,546
Fiscal Year 2028	3,679,720	206,803	11,832,380	29,618,139	45,337,042
5-Year Total	17,357,603	975,511	55,814,499	139,711,677	213,859,290
	Group E - Scenario 6	**Group J - Scenario 5**	**Group F - Scenario 6**	**Group G - Scenario 3**	**Total (Groups E, J, F, G)**
Combined Results of Proposed Changes					
Fiscal Year 2024	$ 5,009,237	$ 438,242	$ 14,702,803	$ 29,560,016	$ 49,710,298
Fiscal Year 2025	5,159,514	451,389	15,143,887	30,446,816	51,201,606
Fiscal Year 2026	5,314,300	464,931	15,598,204	31,360,221	52,737,656
Fiscal Year 2027	5,473,729	478,879	16,066,150	32,301,028	54,319,786
Fiscal Year 2028	5,637,940	493,245	16,548,134	33,270,058	55,949,377
5-Year Total	26,594,720	2,326,686	78,059,178	156,938,139	263,918,723
Difference from Baseline/Updated Baseline					
Fiscal Year 2024	$ 1,739,853	$ 254,500	$ 4,189,887	$ 3,244,683	$ 9,428,923
Fiscal Year 2025	1,792,048	262,135	4,315,584	3,342,023	9,711,790
Fiscal Year 2026	1,845,811	269,999	4,445,051	3,442,284	10,003,145
Fiscal Year 2027	1,901,185	278,099	4,578,403	3,545,553	10,303,240
Fiscal Year 2028	1,958,220	286,442	4,715,754	3,651,919	10,612,335
5-Year Total	9,237,117	1,351,175	22,244,679	17,226,462	50,059,433

Data Summary
Actuarial Valuation as of July 1, 2022

	Valuation as of July 1, 2022							
	Non-Public Safety			Public Safety				
	Group A	Group H	Group J	Group E	Group F	Group G	GRIP	Total
Total All Plans								
Active Members								
Number	196	307	98	462	1,088	1,179	2,626	5,956
Average Age	59.9	60.2	49.4	42.0	39.7	39.0	48.5	45.5
Average Service	30.8	29.2	15.1	10.8	13.9	12.4	8.2	12.2
Average Pay	$ 117,333	$ 87,084	$ 96,303	$ 78,883	$ 92,945	$ 88,628	$ 79,765	$ 85,744
Total Base Payroll	$ 22,997,228	$ 26,734,796	$ 9,437,676	$ 36,443,733	$ 101,124,671	$ 104,492,525	$ 209,462,325	$ 510,692,954
Contribution Basis Payroll:								
For Normal Cost	$ 20,913,131	$ 24,272,587	$ 8,777,375	$ 34,837,396	$ 97,557,764	$ 100,986,538	$ 200,743,962	$ 488,088,753
For Amortization of Unfunded Liability	15,895,169	20,476,267	9,437,676	36,443,733	101,124,671	104,492,525	209,462,325	497,332,366
DRSP/DROP Members								
Number				39	111	67		217
Total Base Payroll				$ 4,350,921	$ 12,619,289	$ 8,318,705		$ 25,288,915
Total Benefits				2,465,016	8,606,995	5,160,583		16,232,594
Terminated Vested Members								
Number	22	29	5	27	46	21	576	726
Total Benefits	$ 307,147	$ 235,599	$ 49,340	$ 427,390	$ 525,176	$ 204,581		$ 1,749,233
Retired Members and Beneficiaries								
Number							10	6,749
Total Benefits							$ 165,456	$ 296,187,312
Total Membership							3,212	13,648

Group E Proposed Changes

Following is a summary of the proposed changes for Group E included in this analysis:

- For the first proposal (Scenarios 1 and 2), effective July 1, 2024, the age at which the benefit changes would increase from SSNRA to age 70 as shown below.

Birth Date	Current	Scenarios 1 and 2
Before 1/1/1938	65	70
1/1/1938 to 12/31/1954	66	70
On or after 1/1/1955	67	70

  - We have included two separate scenarios to illustrate the impact of the change in age at which the benefit reduces.
    - Scenario 1 illustrates the results of changing the age at which the benefit is reduced and assumes no change in the timing of retirements.
    - Scenario 2 reflects both a change in the benefit reduction age and a change in the timing of retirements due to the proposed benefit change. Because the proposal has an effective date of July 1, 2024, members may choose to delay retirement until after July 1, 2024 in order to have their benefits reduced at a later age. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.

- For the second proposal (Scenario 3), the benefit accrual rate would be increased from 2.40 percent to 2.60 percent of Average Final Earnings (AFE) for the first 25 years of credited service, and increase from 2.00 percent to 2.25 percent of AFE for each year of credited service in excess of 25 years, to a maximum of 30 years (decreased from a maximum of 31 years), plus up to two years of sick leave credits. The benefit accrual rate after attainment of Social Security Normal Retirement Age (SSNRA) is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for the first 25 years of service and is 82.50 percent of the benefit accrual rate prior to SSNRA (17.50 percent reduction) for each year of credited service in excess of 25 years, to a maximum of 30 years, for pay up to Social Security Covered Compensation (SSCC).

  Please see the table below summarizing the change in benefit accrual rates.

			Post-SSNRA					
Group E Rates	Pre-SSNRA		Current Rates			Proposed Rates		
Years of Service	Current Rates	Proposed Rates	Up to SSCC	Reduction	In Excess of SSCC	Up to SSCC	Reduction	In Excess of SSCC
Up to 25	2.40%	2.60%	1.65%	31.25%	2.40%	1.78750%	31.25%	2.60%
25-31 (25-30 Proposed)	2.00%	2.25%	1.65%	17.50%	2.00%	1.85625%	17.50%	2.25%

Credit for sick leave service is granted in accordance with the accrual rates above.

Group E Proposed Changes (Continued)

- For the third proposal (Scenario 4), payment would be waived for up to 24 months of prior military service credit. The assumed increases in military service are projected to increase projected benefit amounts, but do not result in earlier eligibility for retirement benefits. At the direction of the County, we have assumed that 13 percent of Group E members would be eligible to receive 24 months of service credit for military service at no cost to the member.
  - Because some members with prior military service may have already purchased service credit for their prior military service, estimated cost may be lower than what is reflected in this analysis.
- Scenario 5 is the combined impact of Scenarios 1, 3 and 4 and assumes no change in the timing of retirements.
- Scenario 6 is the combined impact of Scenarios 2, 3 and 4 and assumes the modified retirement rates used for Scenario 2.

The proposed change in the benefit accrual rates would result in an increase in benefits for affected members. Increasing the benefit accrual rate would result in the following percent of Average Final Earnings (AFE) if retiring with 20 years of service, 25 years of service, 30 years of service and 31 years of service (for pay up to SSCC for post-SSNRA benefits) for Group E.

	Percentage of Average Final Earnings Based on Years of Service							
	Pre-SSNRA				**Post-SSNRA**			
	20	**25**	**30**	**31**	**20**	**25**	**30**	**31**
Current Rates Group E	48.000%	60.000%	70.000%	72.000%	33.000%	41.250%	49.500%	51.150%
New Rates Group E	52.000%	65.000%	76.250%	76.250%	35.750%	44.688%	53.969%	53.969%

Group J Proposed Changes

Following is a summary of the proposed changes for Group J included in this analysis:

- For the first proposal (Scenario 1), the benefit accrual rate would be increased from 2.40 percent to 2.50 percent of Average Final Earnings (AFE) for the first 25 years of credited service, and remain at 2.00 percent of AFE for each year of credited service in excess of 25 years, to a maximum of 30 years (decreased from a maximum of 31 years), plus up to two years of sick leave credits. The benefit accrual rate after attainment of Social Security Normal Retirement Age (SSNRA) is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for the first 25 years of service and is 82.50 percent of the benefit accrual rate prior to SSNRA (17.50 percent reduction) for each year of credited service in excess of 25 years, to a maximum of 30 years, for pay up to Social Security Covered Compensation (SSCC).

  Please see the following table summarizing the change in benefit accrual rates.

Group J Rates	Pre-SSNRA		Post-SSNRA					
			Current Rates			Proposed Rates		
Years of Service	Current Rates	Proposed Rates	Up to SSCC	Reduction	In Excess of SSCC	Up to SSCC	Reduction	In Excess of SSCC
Up to 25	2.40%	2.50%	1.65%	31.25%	2.40%	1.71875%	31.25%	2.50%
25-31 (25-30 Proposed)	2.00%	2.00%	1.65%	17.50%	2.00%	1.65000%	17.50%	2.00%

Credit for sick leave service is granted in accordance with the accrual rates above.

The proposed change in the benefit accrual rates would result in an increase in benefits for affected members. Increasing the benefit accrual rate would result in the following percent of Average Final Earnings (AFE) if retiring with 20 years of service, 25 years of service, 30 years of service and 31 years of service (for pay up to SSCC for post-SSNRA benefits) for Group J.

	Percentage of Average Final Earnings Based on Years of Service							
	Pre-SSNRA				Post-SSNRA			
	20	25	30	31	20	25	30	31
Current Rates Group J	48.000%	60.000%	70.000%	72.000%	33.000%	41.250%	49.500%	51.150%
New Rates Group J	50.000%	62.500%	72.500%	72.500%	34.375%	42.969%	51.219%	51.219%

- For the second proposal (Scenarios 2 and 3), effective July 1, 2024, the age at which the benefit changes would increase from SSNRA to age 70 as shown below.

Birth Date	Current	Scenarios 2 and 3
Before 1/1/1938	65	70
1/1/1938 to 12/31/1954	66	70
On or after 1/1/1955	67	70

  - We have included two separate scenarios to illustrate the impact of the change in age at which the benefit reduces.

Group J Proposed Changes (Continued)

  - Scenario 2 illustrates the results of changing the age at which the benefit is reduced and assumes no change in the timing of retirements.
  - Scenario 3 reflects both a change in the benefit reduction age and a change in the timing of retirements due to the proposed benefit change. Because the proposal has an effective date of July 1, 2024, members may choose to delay retirement until after July 1, 2024 in order to have their benefits reduced at a later age. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.

- Scenario 4 is the combined impact of Scenarios 1 and 2, and assumes no change in the timing of retirements.
- Scenario 5 is the combined impact of Scenarios 1 and 3, and assumes the modified retirement rates used for Scenario 3.

Group F Proposed Changes

Following is a summary of the proposed changes for Group F included in this analysis:

- For the first proposal (Scenario 1), effective July 1, 2023, the DSRP eligibility requirement would be changed from age 46 with 25 years of service to eligibility for normal retirement (age 55 with 15 years of service or 25 years of service with no age requirement).
    - Retirement rates in Scenario 1 have been adjusted to reflect that some participants who first reach normal retirement eligibility at age 55 with at least 15 years and less than 25 years of service will enter DRSP earlier than they were assumed to retire under the current provisions (since these members could not previously participate in the DRSP).

Current DRSP Eligibility	Proposed DRSP Eligibility
Age 46 with 25 Years of Service	Age 55 with 15 Years of Service OR Any Age with 25 Years of Service (normal retirement eligibility conditions)

- The second proposal (Scenario 2) would increase the age at which the benefit changes for members who retire on or after July 1, 2023 from SSNRA to age 70 as shown below.

	Age at Reduction of Group F Benefit	
Birth Date	**Current**	**Scenario 2**
Before 1/1/1938	65	70
1/1/1938 to 12/31/1954	66	70
On or after 1/1/1955	67	70

- For the third proposal (Scenario 3 and Scenario 4), effective January 1, 2025, the benefit accrual rate would be increased from 2.40 percent to 2.60 percent of Average Final Earnings (AFE) for the first 25 years of credited service, and remain from 2.40 percent of AFE for each year of credited service in excess of 25 years, to a maximum of 34 years (decreased from a maximum of 36 years), including sick leave credits. The benefit accrual rate after attainment of Social Security Normal Retirement Age (SSNRA) is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for each year of credited service, to a maximum of 34 years, for pay up to Social Security Covered Compensation (SSCC).
    - Scenario 3 illustrates the results of changing the benefit accrual rates and assumes no change in the timing of retirements.
    - Scenario 4 reflects both a change in the benefit accrual rates and a change in the timing of retirements due to the proposed benefit change. Because the proposal has an effective date of January 1, 2025, members may choose to delay retirement until after January 1, 2025 in order to receive a benefit (at a later age) based on a higher benefit accrual rate. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.

Group F Proposed Changes (Continued)

Please see the table below summarizing the change in benefit accrual rates.

Group F Rates	Pre-SSNRA		Post-SSNRA					
			Current Rates			Proposed Rates		
Years of Service	Current Rates	Proposed Rates	Up to SSCC	Reduction	In Excess of SSCC	Up to SSCC	Reduction	In Excess of SSCC
Up to 25	2.40%	2.60%	1.65%	31.25%	2.40%	1.78750%	31.25%	2.60%
25-36 (25-34 Proposed)	2.40%	2.40%	1.65%	31.25%	2.40%	1.65000%	31.25%	2.40%

Credit for sick leave service is granted in accordance with the accrual rates above.

- Scenario 5 is the combined impact of Scenarios 1, 2 and 3 and assumes no change in the timing of retirements.
- Scenario 6 is the combined impact of Scenarios 1, 2 and 4 and assumes the modified retirement rates used for Scenario 4.

The proposed change in the benefit accrual rates would result in an increase in benefits for affected members. Increasing the benefit accrual rate would result in the following percent of Average Final Earnings (AFE) if retiring with 25 years of service, 30 years of service, 34 years of service and 36 years of service (for pay up to SSCC for post-SSNRA benefits) for Group F.

Percentage of Average Final Earnings Based on Years of Service

	Pre-SSNRA				Post-SSNRA			
	25	30	34	36	25	30	34	36
Current Rates Group F	60.000%	72.000%	81.600%	86.400%	41.250%	49.500%	56.100%	59.400%
New Rates Group F	65.000%	77.000%	86.600%	86.600%	44.688%	52.938%	59.538%	59.538%

Group G Proposed Changes

Following is a summary of the proposed changes for Group G included in this analysis:

- The current Cost-of-Living adjustment (COLA) on retiree benefits is based on the change in Consumer Price Index (CPI).
  - For members enrolled prior to July 1, 1978, the COLA is unlimited
  - For members enrolled on or after July 1, 1978 and retired prior to March 1, 2000, the COLA is equal to 60 percent of the change in CPI, limited to 5.0 percent (unless disabled or over age 65, then no maximum).
  - For members enrolled on or after July 1, 1978 and retire on or after March 1, 2000, the COLA on the benefit attributable to pre-July 1, 2011 service is equal 100 percent of the change in CPI up to 3.0 percent and 60 percent of increase in excess of 3.0 percent up to a total adjustment of 7.5 percent (unless disabled or over age 65, then no maximum)
  - The COLA on the benefit attributable to post-July 1, 2011 service is equal 100 percent of the change in CPI up to 2.5 percent.
- The first proposal (Scenario 1), effective December 31, 2023, would cap the total increase for members enrolled on or after July 1, 1978 and retired on or after March 1, 2000 at 5.0 percent (compared to the current cap of 7.5 percent) and apply this same provision to the benefit attributable to post-July 1, 2011 service (instead of capping the increase at 2.5 percent).
  - The COLA assumptions would change as follows:

	Current	**Scenario 1**	**Change**
Enrolled prior to 7/1/1978	2.50%	2.50%	0.00%
Enrolled on or after 7/1/1978 and retired prior to 3/1/2000	1.50%	1.50%	0.00%
Enrolled on or after 7/1/1978 and retire on or after 3/1/2000	2.50%	2.45%	-0.05%
Benefits attributable to service after 7/1/2011	2.20%	2.45%	0.25%

  - In order to review the COLA assumption, we performed a simulation of inflation assuming that inflation is normally distributed with a mean return equal to the current inflation assumption of 2.50 percent and a standard deviation of 1.49 percent (used in the most recent experience study). We then determined a simulated COLA increase based on simulated inflation and applying the COLA provisions under the current and proposed provisions.
  - The COLA cap change is assumed to affect both current and future benefit recipients who enrolled on or after July 1, 1978 and retired (or retire) on or after March 1, 2000.
- For the second proposal (Scenario 2), effective July 1, 2023, the benefit accrual rate would be increased from 2.50 percent to 2.60 percent of Average final Earnings (AFE) for the first 20 years of credited service, increased from 2.00 percent to 2.60 of AFE for each year of credited service in excess of 20 years, but less than 25 years, and decreased from 2.00 percent to 1.25 percent of AFE for each year of credited service in excess of 25 years, to a maximum of 31 years, plus sick leave credits. The benefit accrual rate after attainment of Social Security Normal Retirement Age (SSNRA) is 68.75 percent of the benefit accrual rate prior to SSNRA for pay up to Social Security Covered Compensation (SSCC).

Group G Proposed Changes (Continued)

Please see the table below summarizing the change in benefit accrual rates.

Group G Rates	Pre-SSNRA		Post-SSNRA					
			Current Rates			Proposed Rates		
Years of Service	Current Rates	Proposed Rates	Up to SSCC	Reduction	In Excess of SSCC	Up to SSCC	Reduction	In Excess of SSCC
Up to 20	2.50%	2.60%	1.71875%	31.25%	2.50%	1.78750%	31.25%	2.60%
20-25	2.00%	2.60%	1.37500%	31.25%	2.00%	1.78750%	31.25%	2.60%
25-31	2.00%	1.25%	1.37500%	31.25%	2.00%	0.85938%	31.25%	1.25%
Sick Leave	5.00%	5.00%	3.43750%	31.25%	5.00%	3.43750%	31.25%	5.00%

- Scenario 3 is the combined impact of Scenarios 1 and 2.

The proposed change in the benefit accrual rates would result in an increase in benefits for affected members. Increasing the benefit accrual rate would result in the following percent of Average Final Earnings (AFE) if retiring with 20 years of service, 25 years of service, 27.5 years of service and 30 years of service (for pay up to SSCC for post-SSNRA benefits) for Group G.

	Percentage of Average Final Earnings Based on Years of Service							
	Pre-SSNRA				Post-SSNRA			
	20	25	27.5	30	20	25	27.5	30
Current Rates Group G	50.000%	60.000%	65.000%	70.000%	34.375%	41.250%	44.688%	48.125%
New Rates Group G	52.000%	65.000%	68.125%	71.250%	35.750%	44.688%	46.836%	48.984%

The estimated cost impact is measured based on an updated baseline scenario.

- The updated baseline is based on the following recently passed legislation.
  - The benefit accrual rate is 5.00 percent of Average Final Earnings (AFE) from retirement to Social Security Normal Retirement Age (SSNRA) and 3.4375 percent of AFE after attainment of SSNRA for each year of sick leave credits. The benefit accrual rate after attainment of SSNRA is 68.75 percent of benefit accrual rate prior to SSNRA for pay up to SSCC.

Retirement Rates

	Groups E and J			Group F			
Age	Under 25 Years of Service	25 Years of Service and Over	First DROP Eligibility (Group E Only)	Under 25 Years of Service	25 Years of Service	25 Years of Service and Over	Scenarios 1 and 5 Under 25 Years of Service*
Under 42	3.50%	3.50%		2.50%	10.00%	10.00%	2.50%
42	3.50%	3.50%		2.50%	10.00%	10.00%	2.50%
43	3.50%	3.50%		2.50%	10.00%	10.00%	2.50%
44	3.50%	3.50%		2.50%	10.00%	10.00%	2.50%
45	3.50%	8.00%		2.50%	10.00%	10.00%	2.50%
46	3.50%	8.00%	18.00%	3.00%	10.00%	10.00%	3.00%
47	3.50%	8.00%	18.00%	4.00%	10.00%	10.00%	4.00%
48	3.50%	8.00%	18.00%	4.00%	10.00%	10.00%	4.00%
49	5.00%	20.00%	30.00%	4.00%	10.00%	10.00%	4.00%
50	7.50%	20.00%	30.00%	8.00%	18.00%	18.00%	8.00%
51	7.50%	20.00%	30.00%	8.00%	18.00%	18.00%	8.00%
52	7.50%	20.00%	30.00%	8.00%	18.00%	18.00%	8.00%
53	7.50%	20.00%	30.00%	8.00%	20.00%	20.00%	8.00%
54	7.50%	20.00%	30.00%	12.00%	20.00%	20.00%	12.00%
55	15.00%	30.00%	25.00%	12.00%	50.00%	35.00%	36.00%
56	15.00%	30.00%	25.00%	12.00%	50.00%	35.00%	36.00%
57	15.00%	30.00%	25.00%	15.00%	50.00%	35.00%	45.00%
58	15.00%	30.00%	25.00%	15.00%	50.00%	35.00%	45.00%
59	15.00%	30.00%	25.00%	15.00%	50.00%	35.00%	45.00%
60	15.00%	30.00%	50.00%	20.00%	65.00%	50.00%	60.00%
61	15.00%	30.00%	50.00%	20.00%	65.00%	50.00%	60.00%
62	15.00%	30.00%	50.00%	20.00%	65.00%	50.00%	60.00%
63	15.00%	30.00%	50.00%	25.00%	65.00%	50.00%	25.00%
64	15.00%	30.00%	50.00%	25.00%	65.00%	50.00%	25.00%
65	50.00%	50.00%	85.00%	100.00%	100.00%	100.00%	100.00%
66	50.00%	50.00%	85.00%				
67	50.00%	50.00%	85.00%				
68	50.00%	50.00%	85.00%				
69	50.00%	50.00%	85.00%				
70	100.00%	100.00%	100.00%				

* *Modified rates for Group F in scenarios 1 and 5 (DRSP eligibility scenarios) only apply for fiscal year ending June 30, 2024. For subsequent years, the rates used for scenarios 1 and 5 are tripled for members first reaching retirement eligibility at age 55 with less than 25 years of service.*

For Group E, under scenarios 2 and 6, and for Group J, under scenarios 3 and 5, (benefits reduce at age 70), the retirement rates are decreased by 50% from the current rate used in the actuarial valuation for fiscal years ending June 30, 2023 and June 30, 2024. Additionally, the retirement rates are increased by 185% for fiscal year ending June 30, 2025.

For Group F, Under Scenarios 4 and 6 (benefit accrual rate change), the retirement rates are decreased by 80% from the current rate used in the actuarial valuation for fiscal years ending June 30, 2023 and June 30, 2024. Additionally, the retirement rates are increased by 185% for fiscal year ending June 30, 2025.

Benefit Provisions as of July 1, 2022

1. Social Security Wage Base

For any particular year, the maximum amount of earnings creditable for benefit computation purposes under the Old Age, Survivors and Disabilities Insurance Program established by the Federal Social Security Act.

Year	Social Security Taxable Wage Base
2011	$106,800
2012	$110,100
2013	$113,700
2014	$117,000
2015	$118,500
2016	$118,500
2017	$127,200
2018	$128,400
2019	$132,900
2020	$137,700
2021	$142,800
2022	$147,000

2. Social Security Maximum Compensation Level

The maximum dollar amount of earnings upon which Social Security benefits are based, assuming: (1) an employee's annual compensation is at least as great as the taxable wage base each year, for a 35-year period through the year in which the employee attains Social Security Retirement Age, (2) the employee remained in covered employment during each calendar year, and (3) the taxable wage base stays level from date of retirement to Social Security Retirement Age.

Following are the 2022 Covered Compensation levels published by the Internal Revenue Service for select ages.

Calendar Year of Birth	Calendar Year of Social Security Retirement Age	2022 Covered Compensation Table II
1955	2022	$91,884
1956	2023	94,800
1957	2024	97,620
1958	2025	100,356
1959	2026	103,032

3. Social Security Retirement Age

Age 65 for employees born prior to January 1, 1938.
Age 66 for employees born on or after January 1, 1938, and prior to January 1, 1955.
Age 67 for employees born on or after January 1, 1955.

4. Regular Earnings

Gross pay for actual hours worked, excluding overtime.
Imputed Compensation for FY2010 only (effective July 1, 2009):

- Regular earnings for a Group A, E, J or H member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.5% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

5. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

Group E, J: Age 55 and 15 years of credited service, or age 46 and 25 years of credited service.

Group F: Age 55 and 15 years of credited service, or 25 years of credited service (effective July 1, 2008; previously, age 55 and 15 years of credited service, or age 46 and 25 years of credited service).

Group G: Age 55 and 15 years of credited service, or any age with 20 years of credited service (effective July 1, 2007; previously age 55 and 15 years of credited service, or any age with 25 years of credited service).

B. Benefit Amount:

1. Optional non-integrated plan: All groups other than Group E, J, F or G – 2 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

   Group E, J: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credit in excess of 25 years is credited at 2 percent of average final earnings.

   Group F: 2.4 percent of average final earnings for each year of credited service, up to a maximum of 36 years, plus sick leave credits.

   Group G: 2.5 percent of average final earnings for each of the first 20 years of credited service, plus 2 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective July 1, 2007; previously 2 percent of average final earnings for each of the first 20 years of credited service, plus 3 percent of average final earnings for each year of credited service from 21st year through 24th year, plus 8 percent of average final earnings for the 25th year of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

2. Integrated plans:

   a. From date of retirement to Social Security Retirement Age:

      Group E, J: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits.

      Group F: 2.4 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years of service including sick leave credits. (Effective 7/1/2008; previously 2.4 percent of average final earnings for each year of credited service, up to a maximum of 30 years, plus sick leave credits. Sick leave credit in excess of 30 years is credited at 2 percent of average final earnings).

      Group G: 2.5 percent of average final earnings for each of the first 20 years of credited service, plus 2 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective 7/1/2007; previously 2 percent of average final earnings for each of the first 20 years of credited service, plus 3 percent of average final earnings for each year of credited service from 21st year through 24th year, plus 8 percent of average final earnings for the 25th year of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

   b. From attainment of Social Security Retirement Age:

      Group E, J: 1.25 percent (effective 7/1/2009: 1.65 percent) of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.4 percent of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2 percent of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credits used for years in excess of 25 years is credited at 2 percent of average final earnings above Social Security maximum covered compensation.

      Group F: 1.65 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits and 2.4 percent of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits. (Effective 7/1/2008; previously 1.65 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus 1.25 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service in excess of 30 years, plus sick leave credits, and 2.4 percent of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus sick leave credits. Sick leave credits used for years in excess of 30 years is credited at 2 percent of average final earnings above Social Security maximum covered compensation).

Group G: 1.71875 percent of average final earnings up to Social Security maximum covered compensation (2.5 percent of average final earnings above Social Security maximum covered compensation) for each of the first 20 years of credited service, plus 1.375 percent of average final earnings up to Social Security maximum covered compensation (2 percent of average final earnings above Social Security maximum covered compensation) for each year of credited service after 20 years up to maximum of 31 years, plus sick leave credits.

6. Post-Retirement Increases

Optional non-integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Optional integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60 percent of CPI increase, limited to 5 percent. However, if over age 65 or disabled, then the maximum limit of 5 percent does not apply.

- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area up to 3 percent, plus 60 percent of any change in Consumer Price Index greater than 3 percent, not to exceed a total of 7.5 percent for years and months of credited service before July 1, 2011. The maximum 7.5 percent does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Following are the recent COLA increases granted July 1.

COLA Granted July 1	100% of CPI, pre 7/1/2011 service	100% of CPI, capped at 2.5%, post 7/1/2011 service	60% of CPI
2020	-0.088%	-0.088%	-0.053%
2021	3.797%	2.500%	2.278%
2022	7.518%	2.500%	4.511%

Disability Benefits:

For a disability occurring after June 30, 2011, as determined by the Disability Review Panel, any post-retirement adjustment of the disability retirement benefit will not exceed 2.5 percent.

Sick Leave:

For purposes of applying any post-retirement adjustment, any sick leave will be credited as years and months of service as of the date of retirement. For participants who retire after July 1, 2011, any post-retirement adjustment will not exceed 2.5 percent on any sick leave credited as years and months of service.

DRSP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DRSP exit is subject to the 2.5 percent post-retirement adjustment limit.

DROP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DROP exit is subject to the 2.5 percent post-retirement adjustment limit.

Transferred Service:

For purposes of applying any post-retirement adjustment, any transferred service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to transfer service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the transferred service.

Purchased Service:

For purposes of applying any post-retirement adjustment, any purchased service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to purchase service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the purchased service.

7. Deferred Retirement Option Plan (DROP) for Group E *(effective 7/1/2015)*

   A. Eligibility for DROP entry:

      Any group E and J uniformed correctional officers or sworn deputy sheriffs who are at least 55 years old and have at least 15 years of credited service or have attained age 46 and 25 years of credited service may participate in the DROP plan.

   B. Exit from DROP:

      The first day of any month not to exceed 36 months.

C. The DROP account is:

- A member-directed account outside the System's usual investment.
- Credited with the investment gains and losses of the chosen investments.
- Credited with the monthly benefits that the member would have received if the member had retired at DROP entry.

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.

G. Member Contributions:

Members do not contribute while in DROP.

8. Discontinued Retirement Service Program (DRSP) for Group F *(effective 7/1/2008)*

A. Eligibility for DRSP entry:

Any group F member who has attained age 46 and 25 years of credited service may participate in the DRSP plan.

B. Exit from DRSP:

The first day of any month not to exceed 36 months.

C. The DRSP account is:

- A member-directed account outside the System's usual investment.
- Credited with the investment gains and losses of the chosen investments.
- Credited with the monthly benefits that the member would have received if the member had retired at DRSP entry.

Upon exit from DRSP, the member can receive the DRSP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DRSP monthly benefit:

The amount the participant would have received at DRSP entry with post-retirement increases for the period in DRSP.

E. Disability while in DRSP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DRSP and their DRSP account.

Service Connected Disability: The member can elect (i) their DRSP account and the post-DRSP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DRSP.

F. Death while in DRSP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DRSP entry with post-retirement increases plus the DRSP account or (ii) the death benefit calculated as if the member had never entered DRSP.

G. Member Contributions:

Members do not contribute while in DRSP.

9. <u>Deferred Retirement Option Plan (DROP) for Group G</u>

A. Eligibility for DROP entry:

Any group G member who has met the age and service requirements for a normal retirement may participate in the DROP plan *(effective 7/1/2007; previously only Group G members with at least 25 years of credited service).*

B. Exit from DROP:

The first day of any month not to exceed 36 months.

C. The DROP account collects:

- The member's contributions while in DROP.
- The monthly benefits that the member would have received if the member had retired at DROP entry.
- 7.5 percent interest on the amount in the account at the beginning of each calendar quarter (8.25 percent interest for members enrolled in DROP before July 1, 2013).

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they entered DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.

MONTGOMERY COUNTY, MD LONG-TERM DISABILITY PLAN BENEFIT ENHANCEMENTS COST IMPACT ANALYSIS

Based on Valuation as of 6/30/2022

March 15, 2023

CONTENTS

1. INTRODUCTION AND SCOPE

Gabriel, Roeder, Smith & Company (GRS) has engaged Oliver Wyman Actuarial Consulting, Inc. (OWAC) to review the self-funded long-term disability (LTD) program of Montgomery County, MD (Montgomery County).

Montgomery County has asked for an analysis of the financial impact of certain program benefit changes on the reserves and funding requirements relative to amounts estimated as part of our LTD work for the LTD2 program using data as of June 30, 2022, these are:

1. Increase the benefit ending age to 85 (currently benefit ends at age 70)
2. Increase the minimum benefit level for non-service-connected disability to 33 1/3% (currently 30%) of the final earnings
3. Change the earnings offset treatment from current $1 offset per $3 of income, to no offset for outside income

In developing our estimates, where certain information was limited or not credible, we made certain judgments related to assumptions, as explained throughout the report.

While we used our best efforts to develop the amounts outlined in this report, the actual obligations of Montgomery County for the LTD Program claimants are ultimately uncertain, and future LTD program costs will vary from our estimates, perhaps significantly. The limitations noted regarding the simplifying assumptions and uncertainty associated with projecting future cash flows for the LTD claimants are limitations of this report.

2. LTD PROGRAM BENEFIT CHANGES

Potential LTD program enhancements considered in this report are as follows (full detailed descriptions of the existing LTD Program benefits are included in the attached 6/30/2022 valuation report):

Benefit Period

- Current benefit period ends at age 70. Montgomery County is considering increasing this to age 85.

Benefit Amount

- Non-service-connected disabilities are paid 2% of a disabled's final earnings multiplied by the number of years they have been a member of one or more of Montgomery County's retirement plans, up to a maximum of 60%, with a current minimum of 30%, of one's final earnings. Montgomery County is considering increasing the minimum benefit amount from 30% to 33 1/3% of one's final earnings.

- Current monthly gross benefits are reduced by $1 for every $3 of employment earnings. Montgomery County is considering removing this offset entirely.

3. BENEFIT ENHANCEMENTS IMPACT TO DISABLED LIFE, IBNR, AND ADMINSTRATIVE EXPENSE RESERVES

For this analysis, we relied on the same administrative claim file as was utilized within the attached report. This file showed a total of 67 claimants, including: 35 claimants who are only receiving a regular LTD benefit, 10 claimants who are receiving both an LTD benefit and retirement contribution, 16 claimants who are only receiving a retirement contribution from the plan because their LTD benefit is fully offset by Social Security Disability Income (SSDI), and 6 claimants who have a Net Benefit equal to zero since the gross benefit is completely reduced by offsetting payments from other sources. The earliest date of disability was in March 2004 and the latest, in March 2022.

The impacts of the benefit enhancements on the financial liabilities of the Montgomery County LTD Program as of June 30, 2022, are as follows (Note that further descriptions for each of these components can be found in the attached report):

- **Disabled Life Reserves (DLR):**
  - Increase in Ending Benefit Age: Expected to drive a substantial increase as benefit eligibility is extended for up to 15 years beyond what is currently offered. In addition, the average monthly net benefit would be expected to be higher in these additional 15 years since the LTD disability benefits would no longer be offset by the SSDI payments, which are assumed to end at normal retirement age (between age 66 and 67 depending on year of birth). Increasing the ending benefit age from 70 to 85 would increase the DLR by about $5.61 million or 84.7%.
  - Increase to Minimum Benefit: There are 13 claimants currently with a non-zero net monthly benefit amounts for whom their benefit would increase by about 11% on average. In total, the monthly benefit amount paid by Montgomery County would be expected to increase by 3%. Increasing the minimum benefit level for non-service-connected disability from 30% to 33 1/3% of the final earnings would increase the DLR by $169,000 or 2.6%.
  - Removal of outside income offset: There are 3 active claimants whose current benefit is being reduced by outside income for whom their monthly benefit would be expected to increase by about 27% on average. In total, the monthly benefit amount paid by Montgomery County would be expected to increase by 3%. Removing the outside income offset would increase the DLR by $106,000 or 1.6%.
  - Combination of all benefit enhancements: DLR would increase by about $6.03 million or 91.1%. Note that the combination of the enhancements has a multiplicative impact on the DLR, therefore the combined impact is greater than the sum of the impact for each of the enhancements.
- **IBNR Claims:** The expected impact on IBNR claims for each of the benefits enhancements was based on an analysis of historical claims with disability dates between 2015 and 2020. We assessed the impact that each of the changes would have had on these historical claims had the enhancements been in place and then applied the impacts to the IBNR estimate under the existing plan design.

- Increase in Ending Benefit Age: Increase to IBNR of $241,000.
- Increase to Minimum Benefit: Increase to IBNR of $6,000.
- Removal of outside income offset: Increase to IBNR of $7,000.
- Combination of all benefit enhancements: Increase to IBNR of $257,000. Note that similar to the DLR, the combination of the enhancements has a multiplicative impact on the IBNR, therefore the combined impact is greater than the sum of the impact for each of the enhancements.

- **Expenses Reserves:** The potential benefit enhancements were assumed to have no impact on the expense reserve.

Estimates of June 30, 2022 Montgomery County LTD Program Liability
The table below shows the June 30, 2022, Montgomery County LTD reserve liability for each of the benefit enhancements compared to our original estimate which was calculated under the existing plan design.

Reserve Estimates as of 06/30/2022	Existing Plan Design	Benefit Ending at Age 85	Increase to Minimum Benefit	Remove Employment Income Offset	All Potential Enhancements
Disabled Life Reserves - Expected Payment after 6/30/2023	$5,771,000	$11,374,000	$5,917,000	$5,855,000	$11,753,000
Disabled Life Reserves - Expected Payment prior to 6/30/2023	$851,000	$859,000	$874,000	$873,000	$903,000
Total Disabled Life Reserve	$6,622,000	$12,233,000	$6,791,000	$6,728,000	$12,656,000
IBNR - Expected Payment after 6/30/2023	$310,000	$551,000	$315,000	$316,000	$565,000
IBNR - Expected Payment prior to 6/30/2023	$50,000	$50,000	$51,000	$51,000	$52,000
Total IBNR	$360,000	$601,000	$366,000	$367,000	$617,000
Expense Reserves - Expected Payment after 6/30/2023	$756,000	$756,000	$756,000	$756,000	$756,000
Expense Reserves - Expected Payment prior to 6/30/2023	$98,000	$98,000	$98,000	$98,000	$98,000
Total Expense Reserve	$854,000	$854,000	$854,000	$854,000	$854,000
Total Reserves - Expected Payment after 6/30/2023	$6,837,000	$12,681,000	$6,988,000	$6,927,000	$13,074,000
Total Reserves - Expected Payment prior to 6/30/2023	$999,000	$1,007,000	$1,023,000	$1,022,000	$1,053,000
Total Reserve	$7,836,000	$13,688,000	$8,011,000	$7,949,000	$14,127,000
Number of Open Claims	67	67	67	67	67
Number of Open Claims with non-zero LTD Liability	45	45	45	45	45
Avg. Open Reserve	$147,156	$271,844	$150,911	$149,511	$281,244

3.1. Disabled Life Reserves for Open Claimants

Claim reserve estimates for known claimants were developed in a manner consistent with the original valuation as of June 30, 2022. Further descriptions for each of the elements found in this development can be found in the attached report.

Cost of Living Adjustment (COLA)
There are no claimants that receive the COLA, so the COLA does not need to be considered in the projection of future benefit amounts. This is consistent with treatment in the original valuation as of June 30, 2022.

Benefit Periods
Based on the date of birth, the benefit end date can be determined. Disability benefits were assumed to terminate at either the claimants 70th birthday or the claimants 85th birthday under the "increase to

ending benefit age" benefit enhancement. Employer retirement contributions were assumed to end at the claimants 62nd birthday which is consistent with the original valuation as of June 30, 2022.

Claim Termination Rates
Claim termination rates were based on the 1987 GLTD Basis table which is consistent with the original valuation as of June 30, 2022.

Interest Rates for Discounting in Reserve Estimates
Reserve estimates shown in this report assume a 3.69% valuation interest rate based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022, consistent with GASB requirements as well as the original valuation as of June 30, 2022.

Benefit Offsets
There were no changes to the treatment of SSDI payments from what was assumed in the original valuation as of June 30, 2022. However, we assumed that 100% of the outside income offsets would be added back to the monthly net benefit amount under the "removal of outside income offset" benefit enhancement.

3.2. IBNR Reserves

IBNR amounts are a function of the claims that can be expected for recent periods and the reporting lag associated with these claims, as well as the internal lag in developing individual or seriatim estimates for individual claims. We assumed that the number of IBNR claimants would not be impacted by any of the enhancements. However, the average expected claims cost would increase. To assess the respective impact of the benefit enhancements, we reviewed average historical costs for claimants who became disabled between 2015 and 2020. We then estimated what the costs would have been had each of the benefit enhancements been in place since the disability date. Overall, we estimate that costs would have been about 67% higher with the increased benefit ending age, 2% higher with the higher minimum benefit, 2% higher without the outside income offset, and 71% higher had all three benefit enhancements been in place. These increases were then applied to the existing expected claims cost estimate of $120,000 and multiplied by the expected number of IBNR claimants (equal to 3) to estimate the total IBNR.

3.3. Administrative Expense Reserves

We assumed that none of the benefit changes would impact the administrative expense reserve and the reserve would be equal to that as of June 30, 2022, under the existing plan design.

3.4. Reserve Impact Illustrations

The "increase to ending benefit age" to age 85 benefit enhancement is estimated to have a substantial impact on the disabled life reserve. The table below shows the estimated disabled life reserve for six active claimants with varying current ages, gross benefits, and offset amounts. Note that the "Before Age 70" reserve is equal to the total reserve estimate under the existing benefit design.

			Disabled Life Reserve - Benefit Ending at Age 85					
			Reserve			% of Reserve		
Age	Gross Benefit	Offset	Before Age 70	After Age 70	Total	Before Age 70	After Age 70	Total
65	$5,482	$2,911	$212,367	$336,399	$548,766	38.7%	61.3%	100.0%
65	$3,308	$159	$140,172	$192,863	$333,034	42.1%	57.9%	100.0%
56	$1,520	$1,324	$42,349	$40,581	$82,930	51.1%	48.9%	100.0%
56	$3,094	$0	$309,505	$95,025	$404,530	76.5%	23.5%	100.0%
48	$1,898	$1,898	$28,476	$31,333	$59,808	47.6%	52.4%	100.0%
48	$2,089	$0	$272,643	$31,701	$304,344	89.6%	10.4%	100.0%

Based on our modeling, we note the following for these illustrative claimants:

- Older vs. Younger Claimants: reserve increases, on a percentage basis, associated with increasing the benefit period to age 85 will be larger for older versus younger claimants.
- Gross Benefits and Offsets: reserve increases, on a percentage basis, associated with increasing the benefit period to age 85 will be larger as offset amounts relative to the gross benefit, increase.

4. BENEFIT ENHANCEMENTS IMPACT ON FUTURE DISABLED INCURRED CLAIM COSTS

Estimate of Future Costs

The illustrative incurred costs associated with employees who are expected to become disabled between July 1, 2022, and June 30, 2023, can be found in the table below for each of the potential benefit changes and under the existing plan design assuming the same census as of June 30, 2022.

Expected Annual Incurred Costs for New Claimants	Existing Plan Design	Benefit Ending at Age 85	Increase to Minimum Benefit	Remove Employment Income Offset	All Potential Enhancements
Expected Payment prior to 6/30/2023	$90,000	$90,000	$91,000	$92,000	$93,000
Expected Payment after 6/30/2023	$1,110,000	$1,912,000	$1,128,000	$1,131,000	$1,964,000
Expected Expenses	$400,000	$400,000	$400,000	$400,000	$400,000
Total Expected Annual Incurred Costs	$1,600,000	$2,402,000	$1,619,000	$1,623,000	$2,457,000
Covered Monthly Payroll - LTD2 Eligible	$43,220,354	$43,220,354	$43,220,354	$43,220,354	$43,220,354
Number Employees	6,188	6,188	6,188	6,188	6,188
Expected Cost PEPM	**$21.55**	**$32.35**	**$21.80**	**$21.86**	**$33.09**
Increase Relative to Existing Plan Design		**50.1%**	**1.2%**	**1.4%**	**53.6%**

Incurred costs for future disabled lives are equal to the estimated number of new claimants (based on the assumed incidence rate) multiplied by the estimated cost of each claim, which includes both the disability and retirement contribution benefits and the associated administrative expenses. Similar to the IBNR estimate, we applied the estimated impacts of each of the benefit enhancements to expected annual incurred costs under the existing plan design. The estimated annual incurred cost would increase by about 50% or $10.80 PEPM if the benefit ending age were increased to 85. The increase in the minimum benefit and the removal of the employment offset would have minor impacts of a little over 1% each. Finally, if all potential enhancements were enacted, the estimated annual incurred cost would increase by about 54% or $11.54 PEPM.

Administrative Expenses

When estimating administrative expenses for the new claimants, it was assumed that 80% of annual program expenses provided by Montgomery County are attributable to new claimants and ongoing program administration. Using this information, the estimated expenses not accrued within the Expense Reserve would total $400,000 and have assumed that this would not change under any of the benefit enhancements.

5. RELIANCE AND LIMITATIONS

Reliance

For our analysis, we relied on data and information provided by Montgomery County without independent audit. Though we have reviewed the data for reasonableness and consistency, we have not audited or otherwise verified this data. It should also be noted that our review of data may not always reveal imperfections. We have assumed that the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. We have also relied upon the description of benefit enhancements provided by Montgomery County. If any of this data, information, or descriptions are inaccurate or incomplete, our findings and conclusions may need to be revised.

Our conclusions are based on an analysis of the Montgomery County data and on the estimation of the outcome of many contingent events. Future costs were developed from the historical claim experience and covered exposure, with adjustments for anticipated changes. Our estimates make no provision for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in historical data or which are not yet quantifiable.

Limitations

As noted in Section 1, in developing our estimates, where certain information was limited or not credible, we made certain judgments related to assumptions, as explained throughout the report.

While we used our best efforts to develop the amounts outlined in this report, the actual obligations of Montgomery County for the LTD Program claimants are ultimately uncertain, and future LTD program costs will vary from our estimates, perhaps significantly. The limitations noted regarding the simplifying assumptions and uncertainty associated with projecting future cash flows for the LTD claimants are limitations of this report.

Our analysis also assumed that employee benefit utilization would not change with the benefit enhancements. There is a real potential risk that the increase in benefit period to age 85 could create an incentive for some beneficiaries to try to extend disability program benefits eligibility to utilize significant LTD benefits in retirement especially given that these benefits would not be offset by Social Security Income (SSI) or other retirement income.

6. QUALIFICATIONS

I, Marc Lambright, FSA, MAAA, am a Fellow of the Society of Actuaries and Member of the American Academy of Actuaries and am professionally qualified to complete the required analysis to develop the long-term disability program reserve and cost estimates included in this report.

Thank you for the opportunity to assist with this analysis. If you have any questions, please call me at (215) 246-1224.

Sincerely,

Marc Lambright, FSA, MAAA

Senior Principal and Consulting Actuary

Oliver Wyman
Three Logan Square
1717 Arch Street, Suite 1100
Philadelphia, PA 19103

MONTGOMERY COUNTY, MD LONG-TERM DISABILITY PLAN VALUATION

Valuation as of 06/30/2022

October 19, 2022

CONTENTS

1. INTRODUCTION, SCOPE, AND LIMITATIONS

Gabriel, Roeder, Smith & Company (GRS) has engaged Oliver Wyman Actuarial Consulting, Inc. (OWAC) to review the self-funded long-term disability (LTD) program of Montgomery County, MD (Montgomery County).

The Scope of our review and analysis included:

- Reviewing the LTD program documents and data
- Developing key assumptions impacting the LTD Program's liabilities and incurred claim costs
- Estimating disabled life reserves, incurred but not reported (IBNR) reserves, and expense reserves
- Projecting annual incurred claim costs for future disabled employees

In developing our estimates, where certain information was limited or not credible, we made certain judgments related to assumptions, as explained throughout the report.

While we used our best efforts to develop the amounts outlined in this report, the actual obligations of Montgomery County for the LTD Program claimants are ultimately uncertain, and future LTD program costs will vary from our estimates, perhaps significantly. The limitations noted regarding the simplifying assumptions and uncertainty associated with projecting future cash flows for the LTD claimants are limitations of this report.

2. LTD PROGRAM DESCRIPTION

Per the Summary Plan Description, the self-funded LTD Program is sponsored by the Montgomery County government for eligible employees and participating agencies as provided for in the Montgomery County Code, Chapter 33, Article VIII, Division 2. The county expects to continue the LTD plan; however, it is the county's position that there is no implied contract between the county and its employees to do so. Therefore, the county is responsible for any currently open claims plus any IBNR claimants, where IBNR in this context means claimants that were not approved and in payment status but have suffered a covered disability as of June 30, 2022, whether it has been reported or not.

Key LTD program specifications are as follows (detailed descriptions of the LTD Program benefits are included in the attached Appendix):

Definition of Disability

- This is divided into two stages: Initial Disability and Continuing Disability.
- The initial disability considers one disabled if they cannot perform the job they held when they became disabled.
- If an employee qualifies for an initial disability, the County will re-evaluate the employee before the end of 36 months (12 months for a public safety employee who has a non-service-related disability) to determine if you meet the requirements for a continuing disability. The disabled employee qualifies for the continuing disability if their condition has not changed, they cannot perform any job for which they are reasonably suited (based on their education, training or retraining and experience), and their condition is likely to be permanent.

Elimination or Waiting Period

- The effective date of a claimant's payments would be the earlier of the date by which the employee has exhausted all accrued sick and compensatory leave in excess of 80 hours or the date of the Chief Administrative Officer's decision.

Benefit Amount

- Non-service-connected disabilities are paid 2% of a disabled's final earnings multiplied by the number of years they have been a member of one or more of Montgomery County's retirement plans, up to a maximum of 60%, with a minimum of 30%, of one's final earnings.
- Service-connected disabilities are paid at either 52.5% or 70% of one's final earnings depending on if the disability results in partial or total incapacitation.
- Non-public safety employees receive employer contributions to their Retirement Savings Plan or Guaranteed Income Retirement Plan.
- Monthly gross benefits are reduced by Social Security Disability Income payments, certain other program payments, Workers' Compensation payments, and employment earnings.

Benefit Period

- To age 70 for disability benefits.
- To age 62 for employer retirement contributions.

3. DISABLED LIFE, IBNR, AND ADMINSTRATIVE EXPENSE RESERVES

The latest administrative claim file showed a total of 67 claimants, including: 35 claimants who are only receiving a regular LTD benefit, 10 claimants who are receiving both an LTD benefit and retirement contribution, 16 claimants who are only receiving a retirement contribution from the plan because their LTD benefit is fully offset by SSDI, and 6 claimants who have a Net Benefit equal to zero since the gross benefit is completely reduced by offsetting payments from other sources. The earliest disability occurred in March 2004 and the latest, in March 2022.

The financial liability of the Montgomery County for the LTD Program as of June 30, 2022 is composed of the following:

- Benefit payments to disabled individuals with a claim in the administrative system as of June 30, 2022. This includes the employer contribution to the Retirement Savings Plan and Guaranteed Income Retirement Plan. The present value of future disability payments due to these disabled individuals are referred to as Disabled Life Reserves (DLR).
- Benefit payments to individuals disabled as of June 30, 2022 but not yet identified in the claims administrative file as of June 30, 2022. Claims associated with these individuals are generally referred to as IBNR claims.
- Expenses attributed to the administration of the program for determining benefit eligibility, paying claims, and record keeping.

Estimates of June 30, 2022 Montgomery County LTD Program Liability
Based on the data provided and our analysis, a reasonable estimate of the June 30, 2022 Montgomery County LTD reserve liability is $7,836,000, summarized below and explained in the remainder of this section.

	6/30/2022
Disabled Life Reserves - Expected Payment after 6/30/2023	$5,771,000
Disabled Life Reserves - Expected Payment prior to 6/30/2023	$851,000
Total Disabled Life Reserve	$6,622,000
IBNR - Expected Payment after 6/30/2023	$310,000
IBNR - Expected Payment prior to 6/30/2023	$50,000
Total IBNR	$360,000
Expense Reserves - Expected Payment after 6/30/2023	$756,000
Expense Reserves - Expected Payment prior to 6/30/2023	$98,000
Total Expense Reserve	$854,000
Total Reserves - Expected Payment after 6/30/2023	$6,837,000
Total Reserves - Expected Payment prior to 6/30/2023	$999,000
Total Reserve	$7,836,000
Number of Open Claims	67
Number of Open Claims with non-zero LTD Liability	45
Monthly Total Benefit	$77,174

3.1. Disabled Life Reserves for Open Claimants

In order to develop projected claim costs and claim reserve estimates for open claimants, we developed a model that estimated monthly benefits for each claimant, as follows:

Current Net Benefit = (Monthly Salary) x (Benefit %) - (Social Security & Other Offsets) + (Retirement Contributions)
x Probability of being on claim based on termination assumptions and benefit period

= Expected monthly payment for a given projection month

Claim reserve estimates for known claimants were then developed by discounting these monthly cash flows. In addition to the reserve estimates for known claimants, any reserve estimate necessarily should include a provision for IBNR claims as shown in section 3.2.

Cost of Living Adjustment (COLA)
As of June 30, 2022, there are no claimants that receive the COLA, so the COLA does not need to be considered in the projection of future benefit amounts.

Benefit Periods
Based on the date of birth, the benefit end date can be determined. Disability benefits were assumed to terminate at the claimants 70th birthday while employer retirement contributions were assumed to end at the claimants 62nd birthday.

Claim Termination Rates
Montgomery County provided us with files that included active claims as of June 30, 2016, June 30, 2018, June 30, 2020, and June 30, 2022. Those files also contained a list of claims which have been terminated between these dates along with their termination dates. We compared the actual termination rates of the open claims at June 30, 2016, June 30, 2018, and June 30, 2020 for the two years following those valuation dates to the rates expected based on the 1987 GLTD Basic table, which is an industry table underlying the statutory valuation of LTD liabilities. We found that, overall, the claims terminated at a rate greater than expected with an actual-to-expected of about 1.1-to-1 with the expected GLTD rates based on a 3-month elimination period. This in unsurprising as the 1987 GLTD Basic table is generally agreed to be conservative in nature and carriers typically terminate claims at rates greater than those in the table. Given the limited experience, we have chosen to utilize the rates from the table without adjustment which should provide some inherent conservatism in our estimates.

Interest Rates for Discounting in Reserve Estimates
Typically, in developing reserve estimates for LTD liabilities, an actuary would choose a valuation interest rate consistent with the portfolio return of the assets backing the reserve liabilities. Since there is not a specific asset portfolio backing the reserves, reserve estimates shown in this report assume a 3.69% valuation interest rate based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022, consistent with GASB requirements.

Benefit Offsets
Montgomery County's liability would be reduced by any overpayments or recoveries of retroactive Security Awards which occur because LTD benefits are offset by Social Security Disability Income (SSDI) payments, and if a claimant is awarded SSDI benefits retroactively, they would need to reimburse Montgomery County for the retroactive period in which Montgomery County benefit payments were not offset by SSDI. We assumed SSDI offsets for claimants with incurral dates in the past four years were

consistent with SSDI awards for claimants with incurral dates prior to July 1, 2018, with the offset probabilities and amounts varying by gross benefit.

Montgomery County has a provision whereby program disability benefits are only offset by SSDI and not other Social Security benefits. Therefore, once a claimant reaches their full retirement age (between age 66 and 67 depending on year of birth) and receives retirement benefits, Social Security retirement benefit payments do not offset plan disability benefits. In our estimates, we assumed that claimants receive the gross benefit amounts from full retirement age through the end of the benefit period.

3.2. IBNR Reserves

IBNR amounts are a function of the claims that can be expected for recent periods and the reporting lag associated with these claims, as well as the internal lag in developing individual or seriatim estimates for individual claims. In developing an IBNR estimate as of June 30, 2022, we assumed that the number of IBNR claimants would follow a blend of historical experience and incidence rates found in the SOA 1987 GLTD Basic table. We have assumed that the costs would be in line with the average claim cost for currently open claims incurred between 2015 and 2019. Given these assumptions, we would expect 3 IBNR claimants at an average claim cost of $120,000. As of June 30, 2022, we believe a reasonable estimate for the IBNR is $360,000.

3.3. Administrative Expense Reserves

The cost of administering LTD claims is a liability of Montgomery County. These costs include set-up costs for unknown claims and monthly transactional costs for the ongoing expense of all claims. Typically, these costs might be 5-10% for a small insurer. Since Montgomery County administers all benefits internally, they were able to provide detailed expenses associated with the program. There was no clear allocation between expenses associated with initial claim adjudication, ongoing program administration, and open/approved claims adjudication. It is assumed that 20% of annual program expenses were applicable to open/approved claim adjudication. The remaining 80% was assumed to be applicable to new claim adjudication and ongoing program administration. We assumed that expenses related to open/approved claims would increase at a rate of 3% annually. This results in a reserve for administrative expenses that is approximately 12% of the sum of the disabled life reserves for open claimants and IBNR, on a present value basis.

3.4. Review of June 30, 2020 Estimate in Hindsight

Montgomery County provided us with payments made since June 30, 2020. Using this information along with the estimated remaining liabilities for claimants who became disabled prior to June 30, 2020, we estimate that the June 30, 2020 reserve absent the claim adjudication liability to be about $7.8 million as of June 30, 2022 compared to the estimate of $8.6 million as of June 30, 2020. This favorability of $0.8 million is driven by significantly fewer IBNR claims than expected (0 claims incurred compared to 4.5 claims expected) and using a higher interest rate (3.69% current vs. 2.45% prior), offset by lower claims terminations than expected in the period (8 terminations experienced vs. 12 terminations expected).

4. FUTURE DISABLED INCURRED CLAIM COSTS

Estimate of Future Costs

The incurred costs associated with employees who are expected to become disabled between July 1, 2022 and June 30, 2023 can be found in the table below.

Expected Annual Incurred Costs	
Expected Payment prior to 6/30/2023	$90,000
Expected Payment after 6/30/2023	$1,110,000
Expected Expenses	$400,000
Total Expected Annual Incurred Costs	$1,600,000
Covered Monthly Payroll - LTD2 Eligible	$43,220,354
Number Employees	6,188
Expected Cost PEPM	**$21.55**

Incurred costs for future disabled lives are equal to the estimated number of new claimants (based on the assumed incidence rate) multiplied by the estimated cost of each claim, which includes both the disability and retirement contribution benefits and the associated administrative expenses.

Claim Incidence Rates

From the files provided by Montgomery County, we analyzed historical incidence rates and compared them to the SOA 1987 GLTD incidence rate table. Montgomery County has experienced significantly lower incidence rates. Therefore, we believe a reasonable assumption for incidence rates is 1.6 claims per 1,000 covered employees based on blending the experience over the past six years and expectations per the 1987 GLTD table. As there were 6,188 covered employees as of the valuation date, we would expect there to be about 10 new claimants for a 12-month period.

Average Claim Cost

To estimate costs for the future disabled lives, we utilized recent claims experience. On average, claimants are expected to cost $120,000.

Administrative Expenses

When estimating administrative expenses for the new claimants, it was assumed that 80% of annual program expenses provided by Montgomery County are attributable to new claimants and ongoing program administration. Using this information, the estimated expenses not accrued within the Expense Reserve would total $400,000.

5. RELIANCE

For our analysis, we relied on data and information provided by Montgomery County without independent audit. Though we have reviewed the data for reasonableness and consistency, we have not audited or otherwise verified this data. It should also be noted that our review of data may not always reveal imperfections. We have assumed that the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information is inaccurate or incomplete, our findings and conclusions may need to be revised.

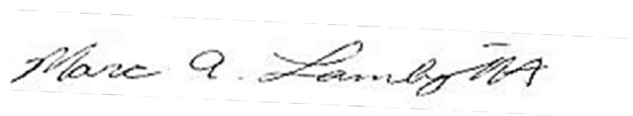
Our conclusions are based on an analysis of the Montgomery County data and on the estimation of the outcome of many contingent events. Future costs were developed from the historical claim experience and covered exposure, with adjustments for anticipated changes. Our estimates make no provision for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in historical data or which are not yet quantifiable.

6. QUALIFICATIONS

I, Marc Lambright, FSA, MAAA, am a Fellow of the Society of Actuaries and Member of the American Academy of Actuaries and am professionally qualified to complete the required analysis to develop the long-term disability program reserve and cost estimates included in this report.

Thank you for the opportunity to assist with this analysis. If you have any questions, please call me at (215) 246-1224.

Sincerely,



Marc Lambright, FSA, MAAA

Senior Principal and Consulting Actuary

Oliver Wyman
Three Logan Square
1717 Arch Street, Suite 1100
Philadelphia, PA 19103

Montgomery County

Disability Benefits Plan

Summary Plan Description

January 1, 2017

Contents

Introduction
The purpose of this Summary Description is to provide you with an informal guide to the key provisions of the Disability Benefits Plan (Long Term Disability (LTD) Plan), as provided for in the Montgomery County Code, Chapter 33, Article VIII, Division 2 ("County Code"). Every effort has been made to accurately summarize the LTD Plan. However, in the event of a conflict between this Summary Description and the County Code, the County Code will govern.

While Montgomery County Government (the "County") expects to continue the LTD Plan, it is the County's position that there is no implied contract between employees and the County to do so. The County reserves the right to change or discontinue any of the terms of the LTD Plan, subject to applicable laws and collective bargaining agreements. In addition, the County may amend the LTD Plan, either prospectively or retroactively, as required by Federal or State law.

The LTD Plan is sponsored by the County. Other government agencies and quasi-government agencies elect to participate in the County's LTD Plan. If you are an employee of one of those agencies, you participate under the same terms and conditions as a County employee.

Eligibility
You are eligible for the LTD Plan if you are budgeted to work for the County or a participating agency at least 20 hours a week and participate in the:

- Retirement Savings Plan,
- Guaranteed Retirement Income Plan, or
- Elected Officials' Plan.

Your LTD coverage begins automatically on your date of retirement plan membership.

Definition of Disability
To qualify for LTD Plan benefits, you must meet the LTD Plan's definition of disability. Disability is divided into two stages: initial disability and continued disability. If you qualify for an initial disability, the County will re-evaluate you before the end of 36 months (12 months for a public safety employee who has a non-service-related disability) to determine if you meet the requirements for a continuing disability.

Disability benefits are also divided into two categories: non-service-connected and service-connected, depending upon the disability.

Initial Disability
You are considered disabled if you cannot perform the job you held when you became disabled. Your condition must be the result of an accident, illness or injury and not

caused by your willful misconduct or willful negligence. See non-service-connected and service-connected for more information.

Temporary Disability
After you qualify for an initial disability, you may be approved for a temporary disability for one or more one-year periods. At the end of the period of the temporary disability, a determination will be made as to whether you will continue to receive payments under this LTD Plan.

Continuing Disability
If you qualify for an initial disability, at the end of the initial period you are generally considered disabled if:

- your condition has not changed;
- you cannot perform any job for which you are reasonably suited, based on your education, training or retraining and experience; and,
- your condition is likely to be permanent. If you are a public safety employee, you also must also be unable to earn substantially similar final earnings.

If you qualify for service-connected benefits, you may be considered partially incapacitated. If you are partially incapacitated, you are considered unable to perform one or more of the essential functions of the job you held when you became disabled, but you may still perform other substantial gainful employment.

See non-service-connected and service-connected for more information.

Application Process
You (or your representative) may file an application for disability benefits with the Chief Administrative Officer. Applications should be filed through the Montgomery County Employee Retirement Plans (MCERP), 101 Monroe Street, 15th Floor, Rockville, MD 20850.

In applying for LTD benefits, MCERP will provide you with the proper forms and any assistance you require with the application process. In addition to completing the forms and submitting to MCERP, you will also need to provide copies of your medical records to the MCERP Disability Manager. Your application and your medical records will be forwarded to the Disability Review Panel.

In order to receive service-connected benefits for an accidental injury that does not cause mental impairment, you must report the injury as soon as practicable, but within one year of the injury or you must submit a timely claim for workers' compensation. You must also file an application for benefits within one year of separation from County service. These time periods do not begin if you have incapacitating injuries and are unable to make a report due to the injuries.

For a non-service-connected disability, the disabling condition or injury must have occurred prior to termination of employment.

Disability Review Panel
The Disability Review Panel will review your application and medical records. Upon completion of the review, the Panel will recommend to the Chief Administrative Officer whether or not you are eligible to receive LTD benefits. When making its determination, the Disability Review Panel may require you to undergo an independent medical examination.

MCERP will notify you in writing of the Chief Administrative Officer's decision. The effective date of your payments would be the earlier of the date by which you have exhausted all accrued sick and compensatory leave in excess of 80 hours or the date of the Chief Administrative Officer's decision.

Benefits
The monthly benefits (payments) you receive from the LTD plan replace a percentage of your final earnings. Your final earnings are your highest average annual pay earned at the County or participating agency (less shift pay differential) for any 18 consecutive-month period. The amount you receive depends on whether your disability is service-connected or non-service-connected. Employment taxes (FICA) will be withheld from your payments for the first six months.

Service-Connected Disability
A service-connected disability is a condition due to an accident, illness, occupational disease or condition which is aggravated while performing your duties as an employee.

Amount of Benefits

- Partial Incapacity - You receive 52-1/2% of your final earnings (minus any offset) if the Disability Review Panel determines that you do not qualify for total incapacity. If you are partially incapacitated, you are considered unable to perform one or more of the essential functions of the job you held when you became disabled, but you may still perform other substantial gainful employment.

- Total Incapacity - You receive at least 70% of your final earnings (minus any offsets) if the Disability Review Panel determines that the disability meets the Social Security Administration's requirements for disability. In order to be determined to be disabled by the Social Security Administration, you must be unable to engage in any substantial gainful activity because of a medically determinable physical or mental impairment that can be expected to end in death, or last for at least 12 months.

  You do not have to actually have a Social Security determination in order to be eligible for the 70% benefit.

  Social Security Award – You will receive 70% of your final earnings (minus any offsets) if you meet the following conditions:

(a) you are awarded Social Security disability benefits;
(b) you applied for Social Security benefits within 90 days of the County's notification to you of the disability determination.;
(c) you submit the information within 60 days of receiving the Social Security decision; and
(d) the Social Security benefits were based on the same impairment.

Ineligibility
You are not eligible to receive service or non-service-connected benefits until you have been employed by the County (or participating agency) for at least 6 month*s* and you are a member of a County retirement plan.

You are not eligible to receive service-connected disability benefits if you committed an offense that would justify termination for misconduct.

Alternative Position
You may receive a 5% salary increase if you accept an alternative position in the County government for which you are qualified. Your salary in the alternative position will not exceed the maximum salary of the pay grade assigned to the position. A member of the Office, Professional and Technical Bargaining Unit or the Service, Labor and Trades Bargaining Unit who accepts an alternative placement incentive is not eligible to apply for a service-connected disability benefit based on the disability for which the alternative placement was made.

Non-Service-Connected Disability
A non-service-related disability is a condition due to an accident or illness that is not the direct result of performing your duties as an employee. You will not receive any benefits for an accident or illness caused by your own willful misconduct or willful negligence. You must have worked for the County for the six months immediately preceding the disability.

If your disability is non-service-connected, you will receive 2% of your final earnings multiplied by the number of years you have been a member of one or more of the County's retirement plans, up to a maximum of 60% of your final earnings. You will receive a minimum benefit of 30% of your final earnings. In addition, see Reduction in Benefits section.

Examples:

1. If you have been a member of the County's retirement plan for 17 years, your monthly payment is 34% of your final earnings (2% x 17 years of service).

2. If you have been a member of the retirement plan for 10 years, your monthly payment is 30% of your final earnings. The minimum payment is 30%.

Public Safety Employee Cost of Living Adjustment
If you are a public safety employee, you will receive a cost of living adjustment each year. This will equal 60% of the annual change in the cost of living index (as determined by the Baltimore-Washington Area Consumer Price Index). The cost of living adjustment is limited to 3% each year. If you receive a disability retirement benefit for a disability occurring after June 30, 2011, as determined by the Disability Review Panel, any adjustment of your benefit payment will not exceed 2.5%.

Reduction in Benefits

Your benefits will be reduced for the following:

1. Other LTD Benefits
   Your benefits will be reduced one dollar for each one dollar you receive from:

   - Social Security disability benefits (including benefits paid to your dependents because of your disability)
   - any other government group income maintenance insurance coverage
   - any government disability plan
   - the Employees' Retirement System
   - the GRIP or RSP – any amount you are entitled to receive (i.e., your plan account) for a public safety employee

   A. If you receive any of these payments as a lump sum, your LTD benefit will be adjusted as if the lump sum were being paid as an annuity.

   B. You are required to apply for Social Security disability benefits. If you receive retroactive benefits covering the period of time you received benefits from the LTD Plan, you must reimburse the County.

   C. The benefit calculated under this formula may be adjusted by benefits from other sources and you may receive less than 30% of your final earnings.

2. Employment

   Your County disability benefit will be reduced one dollar for each three dollars of your earnings or income you receive because of employment, including net earnings from self-employment.

3. Workers' Compensation

   The LTD payment you receive from the County is subject to a reduction by any workers' compensation award for which you may be eligible. If you are eligible for both and your disability benefit is greater than what you are entitled to receive from workers' compensation, you will receive only the disability benefit. (Your

LTD payment satisfies the County's workers' compensation obligation.) You must report any changes in your income to the MCERP.

Payment Period
If you are a non-public safety employee, your continued disability benefits will generally last until:

- you recover from your disability (before age 70)
- you fail to provide the Chief Administrative Officer with any necessary information (such as any earnings or tax information), or if you refuse to see a doctor)
- you reach age 70, or
- your death.

If you are a public safety employee and your disability is service-connected, your benefit will last for your lifetime (as long as you remain disabled and provide requested information). Your benefits will not automatically end when you turn 70.

Employer Contributions to the Retirement Savings Plan and Guaranteed Income Retirement Plan
If you are a non-public safety employee and you become disabled, you may receive employer contributions to your retirement plan until you reach age 62. To qualify for these employer contributions, your disability must be determined by the Disability Review Panel to make you unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. You may not receive a distribution of your account balance in the RSP or GRIP while you are receiving these contributions.

Re-Evaluation of Continuation of Payments
After the initial disability period, you must undergo a medical examination to determine if you are entitled to receive continued disability benefits. If you are found to be ineligible, the disability benefits under this LTD Plan will end.

Re-Employment Program
The Chief Administrative Officer may offer you a job through a program for employees who are on disability. The re-employment program would assign you a job you could perform with your disability, and which is suited for you based on your training, education, experience and physical and mental capabilities. You will be notified if you qualify for this program. If you are selected for the program, you must participate, or you will forfeit your benefits.

Appeals
The Chief Administrator has the full discretion to interpret the Plan. If you disagree with any decisions regarding your eligibility for disability benefits, including a decision to discontinue your benefits, you may appeal the decision within 20 days of your receipt of written claim denial. The appeal should be sent to the Office of Human Resources at 101

Monroe Street, 7th Floor, Rockville, Maryland 20850. The Disability Arbitration Board will review your appeal and should issue a decision within 30 days after a hearing.

Errors
If you receive any monetary amount due to an error, you must return it to the County.

Resources

MCERP
Mail: 101 Monroe Street, 15th Floor
Rockville, MD 20850
Email: Retirement@montgomerycountymd.gov
Phone: 240-777-8230
Fax: 301-279-1424
Web: www.montgomerycountymd.gov/retirement

Disability Benefits
Mail: 101 Monroe Street, 15th Floor
Rockville, MD 20850
Phone: 240-777-0815
Email: DisabilityBenefits-MCERP@montgomerycountymd.gov

P: 312.456.9800 | www.grsconsulting.com

March 27, 2023

CONFIDENTIAL

Ms. Jennifer Harling, Esq.
Chief Labor Relations Officer
Office of Labor Relations
Montgomery County Government
101 Monroe Street, 12th Floor
Rockville, Maryland 20850

Subject: Groups A, H, GRIP & RSP Transfers to Groups E and J

Dear Ms. Harling:

As requested, we have measured the cost impact to the Montgomery County Employees' Retirement System (ERS) of a proposal to allow certain members, currently in Groups A and H (defined benefit plans in the ERS), the cash balance plan in the ERS (the Guaranteed Retirement Income Plan, or GRIP) and the defined contribution plan (the Retirement Savings Plan, or RSP), to transfer to Group E or J (depending on position) under the ERS.

The County provided a data file with the employees eligible to transfer that can be classified as follows:

	GRIP*	RSP	Group A	Group H	Total
Transfer to Group E	57	43	5	0	105
Transfer to Group J	1	10	1	1	13
Total	58	53	6	1	118

**Excludes one member who was in the July 1, 2022 actuarial valuation with a terminated GRIP status and includes two members who were not in the July 1, 2022 actuarial valuation (no contributions are made until six months after hire).*

<u>Plan Provision Comparison</u>
Upon transferring, members would receive the benefits in accordance with the Group E or J provisions for all service (or future service only, depending on the scenario), including the following benefit provisions (compared to Group A and H provisions):

- Groups E and J: Normal retirement eligibility at age 55 with 15 years of credited service or age 46 with 25 years of credited service;
    - Groups A and H: Normal retirement eligibility at age 60 with five years of credited service or age 55 with 30 years of credited service;
- Groups E and J: Early retirement eligibility at age 45 with 15 years of credited service or age 41 with 20 years of credited service;
    - Groups A and H: Early retirement eligibility at age 50 with 15 years of credited service or age 45 with 20 years of credited service;

120 North LaSalle Street | Suite 1350 | Chicago, Illinois 60602-3495

- Groups E and J: Benefit payable until Social Security Normal Retirement Age (SSNRA) equal to 2.40% of average final earnings for each of the first 25 years of credited service, plus 2.00% of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits.;
    - Groups A and H: Benefit payable until Social Security Normal Retirement Age (SSNRA) equal to 2.00% of average final earnings for each year of service, up to a maximum of 36 years, plus sick leave credits;
- Groups E and J: Benefit payable beginning at SSNRA equal to 1.65% of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.40% of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2.00% of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits.
    - Groups A and H: Benefit payable beginning at SSNRA equal to 1.25% of average final earnings for pay up to the Social Security maximum covered compensation plus 2.00% of average final earnings for pay in excess of the Social Security maximum covered compensation for each year of service, up to a maximum of 36 years, plus sick leave credits; and
- Groups E and J: Employee contributions equal to 6.75% of pay up to the Social Security Taxable Wage Base (SSTWB) plus 10.50% of pay in excess of the SSTWB.
    - Groups A and H: Employee contributions equal to 6.00% of pay up to the Social Security Taxable Wage Base (SSTWB) plus 8.00% of pay in excess of the SSTWB.

Non-public safety employees participating in GRIP or RSP contribute 4.00% of pay up to the Social Security Taxable Wage Base (SSTWB) plus 8.00% of pay in excess of the SSTWB. The County contributes 8.00% of pay to the members' accounts. Members in GRIP receive guaranteed interest at a rate of 7.25% on their GRIP balances. Members in RSP make the investment decisions and bear the investment risk for their account balances. Members of RSP and GRIP are immediately vested in their employee contributions and after three years in County contributions. County contributions are 100% vested upon disability or death.

Asset Transfer

The County Code does not specify a method to use for transferring assets from Group A or H to another group. Therefore, we assumed that assets attributable to each member of Group A and H correspond to the funded ratio for each of those plans. Because the Group A funded ratio is 99.0%, assets attributable to transferring Group A members are equal to 99.0% of the liabilities under the Group A plan provisions and assumptions calculated for those members. Similarly, the funded ratio for Group H is 103.2% and therefore, assets attributable to transferring Group H members are equal to 103.2% of the liabilities under the Group H plan provisions and assumptions calculated for those members. Additional employee contributions would also be made to the new group (as shown on the previous page).

Under the County Code Chapter 33-37, members who transfer from Group A or H to Group E, F, G or J (or between Groups A and H) will have their service transferred to the new group. In addition to paying the contribution rate increase as of the effective date of transfer, the transferring member must pay the additional amount of contributions that would have been paid as a member of Group E, F, G or J (or A or H) from July 1, 1970, or hire date, if later, plus interest at the rate of 6 ½% per annum to date of full payment. Below is a summary of the accumulated contributions (AC) with 4% interest (in accordance with the plan provisions) based on the employees' current group and the estimated additional AC with 6.50% interest (in accordance with the interest rate in Chapter 33-37) based on the employee contribution rates under the employees' new group.

Current Group	Group A			Group H	Group A/H	Group A/H
New Group	Group E	Group J	Group E/J	Group J	Group J	Group E/J
Number	5	1	6	1	2	7
Salary	$ 642,180	$ 113,091	$ 755,271	$ 119,975	$ 233,066	$ 875,246
Average Age	55.5	52.3	55.0	54.4		
Average Credited Service	30.5	31.8	30.7	29.5		
AC with 4% Interest (Current Group)	$ 728,265	$ 155,502	$ 883,767	$ 145,551	$ 301,053	$ 1,029,318
Additional AC with 6.5% interest due (New Group)	182,066	38,876	220,942	36,388	75,264	257,330
Funded Ratio Current Group	99.0%	99.0%		103.2%		
Asset Transfer Amount Based on Funded Ratio	$ 3,453,684	$ 679,455	$ 4,133,139	$ 671,333	$ 1,350,788	$ 4,804,472
Total Asset Transfer Amount	$ 3,635,750	$ 718,331	$ 4,354,081	$ 707,721	$ 1,426,052	$ 5,061,802
Actuarial Accrued Liability New Group	$ 4,425,039	$ 876,267	$ 5,301,306	$ 887,587	$ 1,763,854	$ 6,188,893
Actuarial Accrued Liability Current Group	3,488,861	686,375	4,175,236	650,426	1,336,801	4,825,662
Estimated Increase in Liability Due to Group Transfer	936,178	189,892	1,126,070	237,161	427,053	1,363,231
Net Unfunded Liability Under New Group After Transfer	$ 789,289	$ 157,936	$ 947,225	$ 179,866	$ 337,802	$ 1,127,091
Net Unfunded Liability Under Current Group After Transfer	(35,177)	(6,920)	(42,097)	20,907	13,987	(21,190)
Transferring Member Funded Ratio Under New Group	82.2%	82.0%	82.1%	79.7%	80.8%	81.8%

Please note that the estimated additional AC with interest for the new group shown above is a rough estimate only. (We estimated that if a member with 30 years of service was required to make an additional contribution of 0.75% of pay for each of the 30 years, accumulated with 6.50% interest, the additional amount would be approximately equal to 25% of their current AC with interest.) We set the assumption of 25% based on a hypothetical projection using the historical employee contribution rates of Groups A/H and E/J, the current salary increase assumption for Groups A/H, annual interest on the Group A/H contributions of 4% and annual interest on the make-up additional contribution of 6.50%. A full salary history back to each employee's hire date would be needed in order to calculate the actual additional contribution each employee would need to make in order to transfer under the provisions of County Code Chapter 33-37. (We are happy to provide an exact calculation for each member, if requested, after receiving the necessary salary history.)

For transfers from RSP or GRIP to Group E or J, the following amounts are to be transferred to the new plan into which the employee is transferring (Group E or J):

1. RSP or GRIP balance (including both employee and County contributions and interest/investment earnings)
2. An additional amount contributed by the employee to cover the difference between the actuarial accrued liability for the employee calculated based on the plan provisions and assumptions of the plan into which the employee is transferring (E or J) and the RSP or GRIP balance (item 1)

Current Group	RSP			GRIP*		
New Group	Group E	Group J	Group E/J	Group E	Group J	Group E/J
Number	43	10	53	57	1	58
Salary	$ 3,542,058	$ 938,253	$ 4,480,311	$ 3,505,597	$ 110,472	$ 3,616,069
Average Age	41.7	40.8	41.5	33.0	47.8	33.2
Average Credited Service	13.2	14.4	13.4	4.4	2.0	4.4
Total Account Balance (Employee and County Contributions)	$ 6,215,117	$ 1,605,060	7,820,177	$ 1,846,715	$ 18,556	1,865,271
Actuarial Accrued Liability New Group (Transfer Past Service)	$ 12,123,721	$ 3,470,437	$ 15,594,158	$ 3,597,399	$ 37,946	$ 3,635,345
Actuarial Accrued Liability Current Group	6,215,117	1,605,060	7,820,177	1,732,827	15,820	1,748,647
Estimated Increase in Liability Due to Group Transfer	5,908,604	1,865,377	7,773,981	1,864,572	22,126	1,886,698
Net Increase in Liability Not Covered by Total Account Balance	$ 5,908,604	$ 1,865,377	$ 7,773,981	$ 1,750,684	$ 19,390	$ 1,770,074
Total Assets to Transfer to New Group	12,123,721	3,470,437	15,594,158	3,597,399	37,946	3,635,345
Net Unfunded Liability Under New Group After Transfer	$ -	$ -	$ -	$ -	$ -	$ -
Net Unfunded Liability Under Current Group After Transfer	-	-	-	113,888	2,736	116,624
Transferring Member Funded Ratio Under New Group	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
County Normal Cost Current Group	8.00%	8.00%		6.69%	6.69%	
County Normal Cost New Group (Transfer Past Service)	12.39%	11.96%		12.72%	13.84%	
County Normal Cost New Group (Transfer Future Service Only)	20.81%	20.86%		16.08%	15.37%	
Average Additional Contribution (Per Employee)	$ 137,409	$ 186,538	$ 146,679	$ 30,714	$ 19,390	$ 30,519

** The Active member GRIP actuarial accrued liability is lower than the total account balance. When transferring past service, the reduction in assets (which is equal to the account balance) will be higher than the reduction in the active member liability and therefore create an unfunded liability.*

Normal Cost Comparison

The normal cost rate is the estimated annual cost of providing benefits (as a percentage of payroll) over a member's career. The County normal cost rates (total normal cost rate minus employee contribution rate) under the current group and the new group for the RSP and GRIP members that are eligible to transfer to Group E or J are summarized in the table above. The County normal cost rates shown in the table above are average rates based on the demographics of the members eligible to transfer. The County normal cost rate is higher under the new group (Group E or J) if the members transfer to the new group for future service only compared to if the members also transfer past service to the new group.

Based on the most recent actuarial valuation as of July 1, 2022, following are the County normal cost rates for Groups A, H, E, J, GRIP and RSP based on the members participating in those plans as of the valuation date. The average County normal cost rate for Groups E and J is higher than the rate for Groups A, H, GRIP and RSP due to the retirement eligibility conditions, benefits provided and actuarial assumptions applicable to Groups E and J compared to the other groups.

Group A	Group H	Group E	Group J	GRIP	RSP*
5.73%	5.61%	13.41%	13.04%	6.68%	8.00%

**The County normal cost rate for RSP is equal to the County contribution rate.*

The following transfer scenarios are included in this letter:

Exhibit	Description
I	Cost Impact Summary of Proposed Transfer to Group E or J
II	Actuarial Valuation Results as of July 1, 2022 – Baseline
III	Actuarial Valuation Results as of July 1, 2022 – Transfers from GRIP
IV	Actuarial Valuation Results as of July 1, 2022 – Transfers from RSP
V	Actuarial Valuation Results as of July 1, 2022 – Transfers from Groups A and H
VI	Actuarial Valuation Results as of July 1, 2022 – Illustrative Results After Transfers (Full Service Transfer for Groups A, H, GRIP and RSP)
VII	Actuarial Valuation Results as of July 1, 2022 – Illustrative Results After Transfers (Full Service Transfer for Groups A and H, and Future Service Transfer for GRIP and RSP)

The Appendix includes the language from County Code Chapter 33-37 which describes the transfer provisions for the Group A and H members.

Summary of Results

The transfer of Group A and H members to Group E or J is expected to increase the County contribution requirement. Transferring employees would be required to make an additional contribution upon transferring attributable to past service. Because the Group E and J employee contribution rate is 0.75% of pay higher than the Group A and H contribution rate, this additional amount for each year of past service (with 6.50% annualized interest from the year the original contribution would have been made to the payment date) would need to be contributed by the employee under the provisions of County Code Chapter 33-37. However, this additional amount is not expected to be high enough to cover the difference in the actuarial accrued liability under Group E or J compared to Group A or H, and therefore, the transfer would create an unfunded liability. In addition to the cost associated with the unfunded liability, the ongoing cost (as measured by the County normal cost) is higher under Group E or J compared to Group A or H.

Allowing GRIP and RSP members to transfer to Group E or J (either future service only or both past and future service) is expected to increase the County contribution requirement.

If GRIP and RSP members transferred to Group E or J for future service only, the County normal cost rate for members of the RSP (with an average age of 42) is estimated to be over 20% of pay and the County normal cost rate for member of GRIP (with an average age of about 33) is estimated to be about 16% of pay. The County normal cost rate is relatively high because the members would be eligible to retire with a lifetime benefit as early as age 46 (with 25 years of total service) or age 55 (with 15 years of total service). This means that an RSP member may receive a benefit from Group E or J after only participating in the plan for 5 to 10 years. While the benefit would be based on future service under Group E or J only, past service would be used in order to meet eligibility requirements. As shown in Exhibits III and IV, the Group E and J County normal cost rates are significantly higher than the GRIP and RSP normal cost rates for these members.

The members would retain their benefits/account balances in RSP or GRIP for past service and would not make any additional contributions as part of the transfer (other than future employee contributions based on the 6.75% Group E/J employee contribution rate).

If members transferred to Group E or J for both past and future service, County contributions are expected to increase (but not as much as if only future service was transferred). Members would be required to fund the total liability under Group E or J at the time of transfer. A portion of the Group E or J liability would be funded using the current RSP or GRIP balance. However, the remaining unfunded liability would be need to be funded by additional contributions from the employees. The average amount is estimated to be about $150,000 per member in RSP (with an average age of about 42 and average service of about 13 years) and $30,000 per member in GRIP (with an average age of about 33 and average service of about 4 years).

Exhibit I summarizes the impact on the actuarial accrued liability, unfunded actuarial accrued liability, funded ratio and County contribution measured based on actuarial valuation results as of July 1, 2022.

<u>Considerations and Disclosures</u>
The analysis was performed at the request of Montgomery County (“County”) and is intended for use by the County and those designated by the County. This analysis may be provided to parties other than the County only in its entirety and only with the permission of the County.

The actuarial assumptions used in this analysis are the same as those used in the actuarial valuation of the Montgomery County Employees’ Retirement System as of July 1, 2022. Changes to assumptions (such as decreasing the investment return assumption) will impact the cost impact in this letter.

We amortized the change in unfunded liability over a 20-year period for Groups E, J and GRIP and over a two-year period for Groups A and H, which is consistent with the current funding policy.

If any of the provisions, underlying data or assumptions used in this analysis appear to be incorrect or unreasonable, please let us know as soon as possible so we can update the analysis.

Future actuarial measurements may differ significantly from the current measurements presented in this cost analysis due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions, contribution amounts or applicable law.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training and Processes Team, who developed and maintain the model.

This report reflects the impact of COVID-19 through June 30, 2022. However, this report does not reflect the longer term and still developing future impact of COVID-19, which may further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact on the System and the actuarial assumptions. Actual experience will be reflected in each subsequent annual valuation, as experience emerges.

To the best of our knowledge, the information contained in this analysis is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Amy Williams and Cassie Rapoport are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Please let us know if you have any questions or would like to discuss the results of this analysis further.

Respectfully submitted,

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Cost Impact Summary of Proposed Transfer to Group E or J

	Valuation as of July 1, 2022									
	Non-Public Safety		Public Safety							
	Group A	Group H	Group J	Group E	Group F	Group G	GRIP	Total	RSP Transfers	Total Inc. RSP Transfers
	Actuarial Accrued Liability (AAL)									
Total Actuarial Accrued Liability										
Baseline	$ 938,167,294	$ 695,383,853	$ 58,280,979	$ 445,821,148	$ 1,308,897,685	$ 1,123,005,194	$ 255,252,791	$ 4,824,808,944	$ 7,820,177	$ 4,832,629,121
Transfer All Service	933,992,058	694,733,427	63,553,216	465,967,307	1,308,897,685	1,123,005,194	253,504,144	4,843,653,031	-	4,843,653,031
Transfer Future Service Only (RSP and GRIP)*	933,992,058	694,733,427	60,044,833	450,246,187	1,308,897,685	1,123,005,194	255,369,415	4,826,288,799	7,820,177	4,834,108,976
Change in Total Actuarial Accrued Liability										
Transfer All Service	$ (4,175,236)	$ (650,426)	$ 5,272,237	$ 20,146,159	$ -	$ -	$ (1,748,647)	$ 18,844,087	$ (7,820,177)	$ 11,023,910
Transfer Future Service Only (RSP and GRIP)*	(4,175,236)	(650,426)	1,763,854	4,425,039	-	-	116,624	1,479,855	-	1,479,855
	Unfunded Actuarial Accrued Liability (UAAL)									
Net Unfunded Actuarial Accrued Liability										
Baseline	$ (982,560)	$ (22,351,658)	$ (12,925,721)	$ (18,451,121)	$ (74,663,338)	$ 39,576,462	$ (12,458,039)	$ (102,255,975)	$ -	$ (102,255,975)
Transfer All Service	(1,024,657)	(22,330,751)	(12,587,919)	(17,661,832)	(74,663,338)	39,576,462	(12,341,415)	(101,033,450)	-	(101,033,450)
Transfer Future Service Only (RSP and GRIP)*	(1,024,657)	(22,330,751)	(12,587,919)	(17,661,832)	(74,663,338)	39,576,462	(12,341,415)	(101,033,450)	-	(101,033,450)
Change in Unfunded Actuarial Accrued Liability										
Transfer All Service	$ (42,097)	$ 20,907	$ 337,802	$ 789,289	$ -	$ -	$ 116,624	$ 1,222,525	$ -	$ 1,222,525
Transfer Future Service Only (RSP and GRIP)*	(42,097)	20,907	337,802	789,289	-	-	116,624	1,222,525	-	1,222,525
	Actuarial Value of Assets Funded Ratio (AVA Funded Ratio)									
AVA Funded Ratio										
Baseline	99.0%	103.2%	122.2%	104.1%	105.6%	96.5%	104.9%	101.9%	100.0%	101.9%
Transfer All Service	99.0%	103.2%	119.8%	103.8%	105.6%	96.5%	104.9%	101.8%	NA	101.8%
Transfer Future Service Only (RSP and GRIP)*	99.0%	103.2%	121.0%	103.9%	105.6%	96.5%	104.8%	101.9%	100.0%	101.9%
Change in AVA Funded Ratio										
Transfer All Service	0.0%	0.0%	-2.4%	-0.3%	0.0%	0.0%	0.0%	-0.1%	NA	-0.1%
Transfer Future Service Only (RSP and GRIP)*	0.0%	0.0%	-1.2%	-0.2%	0.0%	0.0%	0.0%	0.0%	NA	0.0%
	Estimated County Contribution (Dollars)									
County Contribution Dollar										
Baseline	$ 697,240	$ -	$ 183,742	$ 3,269,384	$ 10,512,916	$ 24,733,634	$ 12,193,657	$ 51,590,573	$ 347,063	$ 51,937,636
Transfer All Service	640,745	-	360,451	4,252,932	10,512,916	24,733,634	11,974,100	52,474,778	-	52,474,778
Transfer Future Service Only (RSP and GRIP)*	640,745	-	444,342	4,653,537	10,512,916	24,733,634	11,974,100	52,959,274	-	52,959,274
Change in County Contribution ($)										
Transfer All Service	$ (56,495)	$ -	$ 176,709	$ 983,548	$ -	$ -	$ (219,557)	$ 884,205	$ (347,063)	$ 537,142
Transfer Future Service Only (RSP and GRIP)*	(56,495)	-	260,600	1,384,153	-	-	(219,557)	1,368,701	(347,063)	1,021,638

** Reflects transfer of past and future service for Groups A and H and transfer of future service only for RSP and GRIP.*

Actuarial Valuation Results as of July 1, 2022 – Baseline

	Valuation as of July 1, 2022									
	Non-Public Safety			Public Safety						
	Group A	Group H	Group J	Group E	Group F	Group G	GRIP	Total	RSP Transfers	Total Inc. RSP Transfers
Total All Plans										
Active Members										
Number	196	307	98	462	1,088	1,179	2,626	5,956	53	6,009
Average Age	59.9	60.2	49.4	42.0	39.7	39.0	48.5	45.5	41.5	
Average Credited Service	30.8	29.2	15.1	10.8	13.9	12.4	8.2	12.2	13.4	
Total Base Payroll	$ 22,997,228	$ 26,734,796	$ 9,437,676	$ 36,443,733	$ 101,124,671	$ 104,492,525	$ 209,462,325	$ 510,692,954	$ 4,480,311	$ 515,173,265
Contribution Basis Payroll:										
For Normal Cost	$ 20,913,131	$ 24,272,587	$ 8,777,375	$ 34,837,396	$ 97,557,764	$ 100,986,538	$ 200,743,962	$ 488,088,753	$ 4,338,290	$ 492,427,043
For Amortization of Unfunded Liability*	15,895,169	20,476,267	9,437,676	36,443,733	101,124,671	104,492,525	209,462,325	497,332,366	4,480,311	501,812,677
DRSP/DROP Members										
Number				39	111	67		217		217
Total Base Payroll				$ 4,350,921	$ 12,619,289	$ 8,318,705		$ 25,288,915		$ 25,288,915
Total Benefits				2,465,016	8,606,995	5,160,583		16,232,594		16,232,594
Terminated Vested Members										
Number	22	29	5	27	46	21	576	726		726
Total Benefits (non-GRIP)	$ 307,147	$ 235,599	$ 49,340	$ 427,390	$ 525,176	$ 204,581		$ 1,749,233		$ 1,749,233
Retired Members and Beneficiaries										
Number							10	6,749		6,749
Total Benefits							$ 165,456	$ 296,187,312		$ 296,187,312
Total Membership							3,212	13,648	53	13,701
Actuarial Accrued Liability										
Active Members	$ 113,056,631	$ 113,157,363	$ 36,802,546	$ 113,450,522	$ 412,551,317	$ 383,353,802	$ 208,890,780	$ 1,381,262,961	$ 7,820,177	$ 1,389,083,138
DRSP/DROP Members				35,393,999	129,883,811	77,537,489		242,815,299		242,815,299
Terminated Vested Members	2,878,771	2,237,895	173,333	3,408,631	2,113,208	791,012	44,943,068	56,545,918		56,545,918
Retired Members and Beneficiaries	822,231,892	579,988,595	21,305,100	293,567,996	764,349,349	661,322,891	1,418,943	3,144,184,766		3,144,184,766
Total	938,167,294	695,383,853	58,280,979	445,821,148	1,308,897,685	1,123,005,194	255,252,791	4,824,808,944	7,820,177	4,832,629,121
Actuarial Value of Assets	$ 928,708,056	$ 717,735,511	$ 71,206,700	$ 464,272,269	$ 1,382,574,114	$ 1,083,428,732	$ 267,710,830	$ 4,915,636,212	$ 7,820,177	$ 4,923,456,389
Unfunded Actuarial Accrued Liability	$ 9,459,238	$ (22,351,658)	$ (12,925,721)	$ (18,451,121)	$ (73,676,429)	$ 39,576,462	$ (12,458,039)	$ (90,827,268)	$ -	$ (90,827,268)
Outside Agency Non-GRIP Unfunded Liability	10,441,798	-	-	-	-	-	-	10,441,798		10,441,798
Employee Contributions Due (COVID Pay) [1]	-	-	-	-	986,909	-	-	986,909	-	986,909
Net Unfunded Actuarial Accrued Liability	(982,560)	(22,351,658)	(12,925,721)	(18,451,121)	(74,663,338)	39,576,462	(12,458,039)	(102,255,975)	-	(102,255,975)
Funded Ratio (Actuarial Value of Assets)	99.0%	103.2%	122.2%	104.1%	105.6%	96.5%	104.9%	101.9%	100.0%	101.9%
Annual Gross Normal Cost										
Benefits	$ 2,208,101	$ 2,556,845	$ 1,653,983	$ 6,759,703	$ 22,060,511	$ 26,217,002	$ 21,031,255	$ 82,487,400	$ 520,595	83,007,995
Expenses of Administration	263,279	263,514	85,703	264,197	960,724	892,731	486,452	3,216,600	-	3,216,600
Total	2,471,380	2,820,359	1,739,686	7,023,900	23,021,235	27,109,733	21,517,707	85,704,000	520,595	86,224,595
Amortization of Unfunded Liability [2]	$ (501,782)	$ (11,414,743)	$ (960,972)	$ (1,402,251)	$ (5,907,708)	$ 5,129,817	$ (1,220,092)	$ (16,277,731)	$ -	(16,277,731)
Final Amortization of Unfunded Liability [3]	$ (501,782)	$ (1,361,211)	$ (960,972)	$ (1,402,251)	$ (5,907,708)	$ 5,129,817	$ (1,220,092)	$ (6,224,199)	$ -	(6,224,199)
Annual Contribution Requirement:										
County Portion	$ 697,240	$ -	$ 183,742	$ 3,269,384	$ 10,512,916	$ 24,733,634	$ 12,193,657	$ 51,590,573	$ 347,063	51,937,636
Employee Portion	1,272,358	1,459,148	594,972	2,352,265	6,600,611	7,505,916	8,103,958	27,889,228	173,532	28,062,760
Total	1,969,598	1,459,148	778,714	5,621,649	17,113,527	32,239,550	20,297,615	79,479,801	520,595	80,000,396

The normal cost rates under RSP are equal to the employee and County contribution rates under that plan.

[1] Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over a single closed period of nine years for Groups A and H and separate closed 20-year amortization periods for the Public Safety groups, Group J and GRIP.

Actuarial Valuation Results as of July 1, 2022 – Transfers from GRIP

	Before Transfer		GRIP Members Transfer All Service to Group E/J						GRIP Members Future Service Only to Group E/J						
			After Transfer						After Transfer						
	GRIP		Group E		Group J		Total		GRIP	Group E		Group J		Total	
Total All Plans															
Active Members															
Number	56		57		1		58			57		1		58	
Average Age	33.2		33.0		47.8		33.2			33.0		47.8		33.2	
Average Credited Service	4.5		4.4		2.0		4.4			0.0		0.0		0.0	
Total Base Payroll	$ 3,523,071		$ 3,505,597		$ 110,472		$ 3,616,069			$ 3,505,597		$ 110,472		$ 3,616,069	
Contribution Basis Payroll:															
For Normal Cost	$ 3,406,599		$ 3,371,287		$ 106,674		$ 3,477,961			$ 3,371,287		$ 106,674		$ 3,477,961	
For Amortization of Unfunded Liability*	3,523,071		3,505,597		110,472		3,616,069			3,505,597		110,472		3,616,069	
Actuarial Accrued Liability															
Active Members	$ 1,748,647		$ 3,597,399		$ 37,946		$ 3,635,345		$ -	$ -		$ -		$ -	
DRSP/DROP Members							-							-	
Terminated Vested Members							-		1,865,271	-		-		1,865,271	
Retired Members and Beneficiaries							-							-	
Total	1,748,647		3,597,399		37,946		3,635,345		1,865,271	-		-		1,865,271	
Annual Gross Normal Cost															
Benefits	$ 356,138	(10.45%)	$ 648,338	(19.23%)	$ 21,709	(20.35%)	$ 670,047	(19.27%)		$ 761,727	(22.59%)	$ 23,345	(21.88%)	$ 785,072	(22.57%)
Expenses of Administration	8,176	(0.24%)	8,091	(0.24%)	256	(0.24%)	8,347	(0.24%)		8,091	(0.24%)	256	(0.24%)	8,347	(0.24%)
Total	364,314	(10.69%)	656,429	(19.47%)	21,965	(20.59%)	678,394	(19.51%)		769,818	(22.83%)	23,601	(22.12%)	793,419	(22.81%)
Annual Gross Normal Cost															
County Portion	$ 228,050	(6.69%)	$ 428,867	(12.72%)	$ 14,764	(13.84%)	$ 443,632	(12.76%)		$ 542,256	(16.08%)	$ 16,400	(15.37%)	$ 558,656	(16.06%)
Employee Portion	136,264	(4.00%)	227,562	(6.75%)	7,201	(6.75%)	234,762	(6.75%)		227,562	(6.75%)	7,201	(6.75%)	234,763	(6.75%)
Total	364,314	(10.69%)	656,429	(19.47%)	21,965	(20.59%)	678,394	(19.51%)		769,818	(22.83%)	23,601	(22.12%)	793,419	(22.81%)

Two members who are eligible to transfer from GRIP to Group E were not in the July 1, 2022 actuarial valuation (no contributions are made until six months after hire). The terminated vested member GRIP liability if GRIP members transfer future service only to Group E or J is equal to the total account balance (attributable to employee and County contributions with interest) in GRIP as of July 1, 2022.

The portion of the normal cost attributable to administrate expenses is the same percentage of payroll assumption used in the actuarial valuation as of July 1, 2022.

Actuarial Valuation Results as of July 1, 2022 – Transfers from RSP

	Before Transfer		RSP Members Transfer All Service to Group E/J						RSP Members Future Service Only to Group E/J						
			After Transfer						After Transfer						
	RSP		Group E		Group J		Total		RSP	Group E		Group J		Total	
Total All Plans															
Active Members															
Number	53		43		10		53			43		10		53	
Average Age	41.5		41.7		40.8		41.5			41.7		40.8		41.5	
Average Credited Service	13.4		13.2		14.4		13.4			0.0		0.0		0.0	
Total Base Payroll	$ 4,480,311		$ 3,542,058		$ 938,253		$ 4,480,311			$ 3,542,058		$ 938,253		$ 4,480,311	
Contribution Basis Payroll:															
For Normal Cost	$ 4,338,290		$ 3,414,219		$ 924,071		$ 4,338,290			$ 3,414,219		$ 924,071		$ 4,338,290	
For Amortization of Unfunded Liability*	4,480,311		3,542,058		938,253		4,480,311			3,542,058		938,253		4,480,311	
Actuarial Accrued Liability															
Active Members	$ 7,820,177		$ 12,123,721		$ 3,470,437		$ 15,594,158		$ -	$ -		$ -		$ -	
DRSP/DROP Members							-							-	
Terminated Vested Members							-		7,820,177	-		-		7,820,177	
Retired Members and Beneficiaries							-							-	
Total	7,820,177		12,123,721		3,470,437		15,594,158		7,820,177	-		-		7,820,177	
Annual Gross Normal Cost															
Benefits	$ 520,595	(12.00%)	$ 653,642	(19.14%)	$ 172,863	(18.71%)	$ 826,505	(19.05%)		$ 940,858	(27.56%)	$ 255,118	(27.61%)	$ 1,195,976	(27.57%)
Expenses of Administration	-	(0.00%)	-	(0.00%)	-	(0.00%)	-	(0.00%)		-	(0.00%)	-	(0.00%)	-	(0.00%)
Total	520,595	(12.00%)	653,642	(19.14%)	172,863	(18.71%)	826,505	(19.05%)		940,858	(27.56%)	255,118	(27.61%)	1,195,976	(27.57%)
Annual Gross Normal Cost															
County Portion	$ 347,063	(8.00%)	$ 423,182	(12.39%)	$ 110,488	(11.96%)	$ 533,670	(12.30%)		$ 710,398	(20.81%)	$ 192,743	(20.86%)	$ 903,141	(20.82%)
Employee Portion	173,532	(4.00%)	230,460	(6.75%)	62,375	(6.75%)	292,835	(6.75%)		230,460	(6.75%)	62,375	(6.75%)	292,835	(6.75%)
Total	520,595	(12.00%)	653,642	(19.14%)	172,863	(18.71%)	826,505	(19.05%)		940,858	(27.56%)	255,118	(27.61%)	1,195,976	(27.57%)

The active member liability before transfer and terminated vested member RSP liability if RSP members transfer future service only to Group E or J is equal to the total account balance (attributable to employee and County contributions with returns) in RSP as of July 1, 2022.

The normal cost rates under RSP are equal to the employee and County contribution rates under that plan.

The portion of the normal cost attributable to administrate expenses is assumed to be 0% (RSP is not included in the actuarial valuation, and therefore no current assumption is made).

Actuarial Valuation Results as of July 1, 2022 – Transfers from Group A and H

	Group A Members Transfer All Service to Group E/J								Group H Member Transfer All Service to Group E/J			
	Before Transfer		After Transfer						Before Transfer		After Transfer	
	Group A		Group E		Group J		Total		Group H		Group J	
Total All Plans												
Active Members												
Number	6		5		1		6		1		1	
Average Age	55.0		55.5		52.3		55.0		54.4		54.4	
Average Credited Service	30.7		30.5		31.8		30.7		29.5		29.5	
Total Base Payroll	$ 755,271		$ 642,180		$ 113,091		$ 755,271		$ 119,975		$ 119,975	
Contribution Basis Payroll:												
For Normal Cost	$ 707,383		$ 572,570		$ 101,334		$ 673,904		$ 110,574		$ 101,294	
For Amortization of Unfunded Liability*	755,271		642,180		113,091		755,271		119,975		119,975	
Actuarial Accrued Liability												
Active Members	$ 4,175,236		$ 4,425,039		$ 876,267		$ 5,301,306		$ 650,426		$ 887,587	
DRSP/DROP Members							-					
Terminated Vested Members							-		-		-	
Retired Members and Beneficiaries							-					
Total	4,175,236		4,425,039		876,267		5,301,306		650,426		887,587	
Annual Gross Normal Cost												
Benefits	$ 68,934	(9.74%)	$ 106,145	(18.54%)	$ 19,023	(18.77%)	$ 125,168	(18.57%)	$ 11,390	(10.30%)	$ 19,130	(18.89%)
Expenses of Administration	8,913	(1.26%)	7,214	(1.26%)	1,277	(1.26%)	8,491	(1.26%)	1,205	(1.09%)	1,104	(1.09%)
Total	77,847	(11.00%)	113,359	(19.80%)	20,300	(20.03%)	133,659	(19.83%)	12,595	(11.39%)	20,234	(19.98%)
Annual Gross Normal Cost												
County Portion	$ 34,997	(4.94%)	$ 74,019	(12.93%)	$ 13,460	(13.28%)	$ 87,479	(12.98%)	$ 5,961	(5.39%)	$ 13,397	(13.23%)
Employee Portion	42,850	(6.06%)	39,340	(6.87%)	6,840	(6.75%)	46,180	(6.85%)	6,634	(6.00%)	6,837	(6.75%)
Total	77,847	(11.00%)	113,359	(19.80%)	20,300	(20.03%)	133,659	(19.83%)	12,595	(11.39%)	20,234	(19.98%)

The portion of the normal cost attributable to administrate expenses is the same percentage of payroll assumption used in the actuarial valuation as of July 1, 2022.

Actuarial Valuation Results as of July 1, 2022 – Illustrative Results After Transfers (Past Service Transfer for Groups A, H, GRIP and RSP)

	Valuation as of July 1, 2022									
	Non-Public Safety		Public Safety							
	Group A	Group H	Group J	Group E	Group F	Group G	GRIP	Total	RSP Transfers	Total Inc. RSP Transfers
Total All Plans										
Active Members										
Number	190	306	111	567	1,088	1,179	2,570	6,011	-	6,011
Average Age								45.5		
Average Credited Service								12.2		
Total Base Payroll	$ 22,241,957	$ 26,614,821	$ 10,719,467	$ 44,133,567	$ 101,124,671	$ 104,492,525	$ 205,939,254	$ 515,266,263	$ -	$ 515,266,263
Contribution Basis Payroll:										
For Normal Cost	$ 20,205,748	$ 24,162,013	$ 10,010,748	$ 42,195,472	$ 97,557,764	$ 100,986,538	$ 197,337,363	$ 492,455,645	$ -	$ 492,455,645
For Amortization of Unfunded Liability*	15,139,898	20,356,292	10,719,467	44,133,567	101,124,671	104,492,525	205,939,254	501,905,675	-	501,905,675
DRSP/DROP Members										
Number				39	111	67		217		217
Total Base Payroll				$ 4,350,921	$ 12,619,289	$ 8,318,705		$ 25,288,915		$ 25,288,915
Total Benefits				2,465,016	8,606,995	5,160,583		16,232,594		16,232,594
Terminated Vested Members										
Number	22	29	5	27	46	21	576	726		726
Total Benefits (non-GRIP)	$ 307,147	$ 235,599	$ 49,340	$ 427,390	$ 525,176	$ 204,581		$ 1,749,233		$ 1,749,233
Retired Members and Beneficiaries										
Number							10	6,749		6,749
Total Benefits							$ 165,456	$ 296,187,312		$ 296,187,312
Total Membership							3,156	13,703	-	13,703
Actuarial Accrued Liability										
Active Members	$ 108,881,395	$ 112,506,937	$ 42,074,783	$ 133,596,681	$ 412,551,317	$ 383,353,802	$ 207,142,133	$ 1,400,107,048	$ -	$ 1,400,107,048
DRSP/DROP Members	-	-	-	35,393,999	129,883,811	77,537,489	-	242,815,299	-	242,815,299
Terminated Vested Members	2,878,771	2,237,895	173,333	3,408,631	2,113,208	791,012	44,943,068	56,545,918	-	56,545,918
Retired Members and Beneficiaries	822,231,892	579,988,595	21,305,100	293,567,996	764,349,349	661,322,891	1,418,943	3,144,184,766	-	3,144,184,766
Total	933,992,058	694,733,427	63,553,216	465,967,307	1,308,897,685	1,123,005,194	253,504,144	4,843,653,031	-	4,843,653,031
Actuarial Value of Assets	$ 924,574,917	$ 717,064,178	$ 76,141,135	$ 483,629,139	$ 1,382,574,114	$ 1,083,428,732	$ 265,845,559	$ 4,933,257,774	$ -	$ 4,933,257,774
Unfunded Actuarial Accrued Liability	$ 9,417,141	$ (22,330,751)	$ (12,587,919)	$ (17,661,832)	$ (73,676,429)	$ 39,576,462	$ (12,341,415)	$ (89,604,743)	$ -	$ (89,604,743)
Outside Agency Non-GRIP Unfunded Liability	10,441,798	-	-	-	-	-	-	10,441,798		10,441,798
Employee Contributions Due (COVID Pay) [1]	-	-	-	-	986,909	-	-	986,909		986,909
Net Unfunded Actuarial Accrued Liability	(1,024,657)	(22,330,751)	(12,587,919)	(17,661,832)	(74,663,338)	39,576,462	(12,341,415)	(101,033,450)	-	(101,033,450)
Funded Ratio (Actuarial Value of Assets)	99.0%	103.2%	119.8%	103.8%	105.6%	96.5%	104.9%	101.8%	NA	101.8%
Annual Gross Normal Cost										
Benefits	$ 2,139,167	$ 2,545,455	$ 1,886,708	$ 8,167,828	$ 22,060,511	$ 26,217,002	$ 20,675,117	$ 83,691,788	$ -	83,691,788
Expenses of Administration	254,366	262,309	88,340	279,502	960,724	892,731	478,276	3,216,248	-	3,216,248
Total	2,393,533	2,807,764	1,975,048	8,447,330	23,021,235	27,109,733	21,153,393	86,908,036	-	86,908,036
Amortization of Unfunded Liability [2]	$ (523,280)	$ (11,404,066)	$ (936,372)	$ (1,344,772)	$ (5,907,708)	$ 5,129,817	$ (1,211,599)	$ (16,197,980)	$ -	(16,197,980)
Final Amortization of Unfunded Liability [3]	$ (523,280)	$ (1,355,250)	$ (936,372)	$ (1,344,772)	$ (5,907,708)	$ 5,129,817	$ (1,211,599)	$ (6,149,164)	$ -	(6,149,164)
Annual Contribution Requirement:										
County Portion	$ 640,745	$ -	$ 360,451	$ 4,252,932	$ 10,512,916	$ 24,733,634	$ 11,974,100	$ 52,474,778	$ -	52,474,778
Employee Portion	1,229,508	1,452,514	678,225	2,849,627	6,600,611	7,505,916	7,967,694	28,284,094	-	28,284,094
Total	1,870,253	1,452,514	1,038,676	7,102,558	17,113,527	32,239,550	19,941,794	80,758,872	-	80,758,872

[1] Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over a single closed period of nine years for Groups A and H and separate closed 20-year amortization periods for the Public Safety groups, Group J and GRIP.

Actuarial Valuation Results as of July 1, 2022 – Illustrative Results After Transfers

(Past Service Transfer for Groups A and H, and Future Service Only Transfer for GRIP and RSP)

	Valuation as of July 1, 2022									
	Non-Public Safety			Public Safety						
	Group A	Group H	Group J	Group E	Group F	Group G	GRIP	Total	RSP Transfers	Total Inc. RSP Transfers
Total All Plans										
Active Members										
Number	190	306	111	567	1,088	1,179	2,570	6,011	-	6,011
Average Age								45.5		
Average Credited Service								12.2		
Total Base Payroll	$ 22,241,957	$ 26,614,821	$ 10,719,467	$ 44,133,567	$ 101,124,671	$ 104,492,525	$ 205,939,254	$ 515,266,263	$ -	$ 515,266,263
Contribution Basis Payroll:										
For Normal Cost	$ 20,205,748	$ 24,162,013	$ 10,010,748	$ 42,195,472	$ 97,557,764	$ 100,986,538	$ 197,337,363	$ 492,455,645	$ -	$ 492,455,645
For Amortization of Unfunded Liability*	15,139,898	20,356,292	10,719,467	44,133,567	101,124,671	104,492,525	205,939,254	501,905,675	-	501,905,675
DRSP/DROP Members										
Number				39	111	67		217		217
Total Base Payroll				$ 4,350,921	$ 12,619,289	$ 8,318,705		$ 25,288,915		$ 25,288,915
Total Benefits				2,465,016	8,606,995	5,160,583		16,232,594		16,232,594
Terminated Vested Members										
Number	22	29	5	27	46	21	576	726		726
Total Benefits (non-GRIP)	$ 307,147	$ 235,599	$ 49,340	$ 427,390	$ 525,176	$ 204,581		$ 1,749,233		$ 1,749,233
Retired Members and Beneficiaries										
Number							10	6,749		6,749
Total Benefits							$ 165,456	$ 296,187,312		$ 296,187,312
Total Membership							3,156	13,703	-	13,703
Actuarial Accrued Liability										
Active Members	$ 108,881,395	$ 112,506,937	$ 38,566,400	$ 117,875,561	$ 412,551,317	$ 383,353,802	$ 207,142,133	$ 1,380,877,545	$ -	$ 1,380,877,545
DRSP/DROP Members	-	-	-	35,393,999	129,883,811	77,537,489	-	242,815,299	-	242,815,299
Terminated Vested Members	2,878,771	2,237,895	173,333	3,408,631	2,113,208	791,012	46,808,339	58,411,189	7,820,177	66,231,366
Retired Members and Beneficiaries	822,231,892	579,988,595	21,305,100	293,567,996	764,349,349	661,322,891	1,418,943	3,144,184,766	-	3,144,184,766
Total	933,992,058	694,733,427	60,044,833	450,246,187	1,308,897,685	1,123,005,194	255,369,415	4,826,288,799	7,820,177	4,834,108,976
Actuarial Value of Assets	$ 924,574,917	$ 717,064,178	$ 72,632,752	$ 467,908,019	$ 1,382,574,114	$ 1,083,428,732	$ 267,710,830	$ 4,915,893,542	$ 7,820,177	$ 4,923,713,719
Unfunded Actuarial Accrued Liability	$ 9,417,141	$ (22,330,751)	$ (12,587,919)	$ (17,661,832)	$ (73,676,429)	$ 39,576,462	$ (12,341,415)	$ (89,604,743)	$ -	$ (89,604,743)
Outside Agency Non-GRIP Unfunded Liability	10,441,798	-	-	-	-	-	-	10,441,798		10,441,798
Employee Contributions Due (COVID Pay) [1]	-	-	-	-	986,909	-	-	986,909		986,909
Net Unfunded Actuarial Accrued Liability	(1,024,657)	(22,330,751)	(12,587,919)	(17,661,832)	(74,663,338)	39,576,462	(12,341,415)	(101,033,450)	-	(101,033,450)
Funded Ratio (Actuarial Value of Assets)	99.0%	103.2%	121.0%	103.9%	105.6%	96.5%	104.8%	101.9%	100.0%	101.9%
Annual Gross Normal Cost										
Benefits	$ 2,139,167	$ 2,545,455	$ 1,970,599	$ 8,568,433	$ 22,060,511	$ 26,217,002	$ 20,675,117	$ 84,176,284	$ -	84,176,284
Expenses of Administration	254,366	262,309	88,340	279,502	960,724	892,731	478,276	3,216,248	-	3,216,248
Total	2,393,533	2,807,764	2,058,939	8,847,935	23,021,235	27,109,733	21,153,393	87,392,532	-	87,392,532
Amortization of Unfunded Liability [2]	$ (523,280)	$ (11,404,066)	$ (936,372)	$ (1,344,772)	$ (5,907,708)	$ 5,129,817	$ (1,211,599)	$ (16,197,980)	$ -	(16,197,980)
Final Amortization of Unfunded Liability [3]	$ (523,280)	$ (1,355,250)	$ (936,372)	$ (1,344,772)	$ (5,907,708)	$ 5,129,817	$ (1,211,599)	$ (6,149,164)	$ -	(6,149,164)
Annual Contribution Requirement:										
County Portion	$ 640,745	$ -	$ 444,342	$ 4,653,537	$ 10,512,916	$ 24,733,634	$ 11,974,100	$ 52,959,274	$ -	52,959,274
Employee Portion	1,229,508	1,452,514	678,225	2,849,627	6,600,611	7,505,916	7,967,694	28,284,094	-	28,284,094
Total	1,870,253	1,452,514	1,122,567	7,503,163	17,113,527	32,239,550	19,941,794	81,243,368	-	81,243,368

[1] Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over a single closed period of nine years for Groups A and H and separate closed 20-year amortization periods for the Public Safety groups, Group J and GRIP.

Language from Montgomery County Code Section Article III, Division 2, Chapter 33-37 regarding group transfers

(g) Transfer from one group to another. A member who elects to transfer from one membership group to another as a result of amendments to this Article must transfer by December 31, 1978, or forfeit this option. However, under paragraph 4, a group D member may transfer to group F at any time before the member's retirement date. Additional contributions made as a result of the transfer must not be treated as picked-up contributions.

(1) Transfers From Group A to Group E, F, G, H, or J. Whenever a group A member transfers to a position which is qualified for membership in group E, F, G, H, or J, the retirement service credits earned as a group A member must be used for the purpose of qualifying for retirement. Except for the contribution rate increase as of the effective date of transfer, there will be no additional charges levied on any member who is transferred prior to July 1, 1970. Any member who transfers after July 1, 1970, in addition to paying the contribution rate increase as of the effective date of transfer, must pay the additional amount of contributions that would have been paid as a member of group E, F, G, H, or J from July 1, 1970, or hire date, if later, plus interest at the rate of 6 ½ percent per annum to date of full payment.

(5) Transfers From Group H to Group A, E, F, G, or J. A group H member may transfer to group A, E, F, G, or J and the retirement service credits earned as a group H member must be used for the purpose of qualifying for retirement under group A, E, F, G, or J. Any member who transfers on or after July 1, 1989, in addition to paying the contribution rate increase as of the effective date of transfer, must pay the additional amount of contributions that would have been paid as a member of group A, E, F, G, or J from July 1, 1970, or hire date, if later, plus interest at the rate of 6 ½ percent per annum to date of full payment.

Benefit Provisions as of July 1, 2022

1. Social Security Wage Base

For any particular year, the maximum amount of earnings creditable for benefit computation purposes under the Old Age, Survivors and Disabilities Insurance Program established by the Federal Social Security Act.

Year	Social Security Taxable Wage Base
2011	$106,800
2012	$110,100
2013	$113,700
2014	$117,000
2015	$118,500
2016	$118,500
2017	$127,200
2018	$128,400
2019	$132,900
2020	$137,700
2021	$142,800
2022	$147,000

2. Social Security Maximum Compensation Level

The maximum dollar amount of earnings upon which Social Security benefits are based, assuming: (1) an employee's annual compensation is at least as great as the taxable wage base each year, for a 35-year period through the year in which the employee attains Social Security Retirement Age, (2) the employee remained in covered employment during each calendar year, and (3) the taxable wage base stays level from date of retirement to Social Security Retirement Age.

Following are the 2022 Covered Compensation levels published by the Internal Revenue Service for select ages.

Calendar Year of Birth	Calendar Year of Social Security Retirement Age	2022 Covered Compensation Table II
1955	2022	$91,884
1956	2023	94,800
1957	2024	97,620
1958	2025	100,356
1959	2026	103,032

3. Social Security Retirement Age

Age 65 for employees born prior to January 1, 1938.
Age 66 for employees born on or after January 1, 1938, and prior to January 1, 1955.
Age 67 for employees born on or after January 1, 1955.

4. Regular Earnings

Gross pay for actual hours worked, excluding overtime.
Imputed Compensation for FY2010 only (effective July 1, 2009):

- Regular earnings for a Group A, E, J or H member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.5% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

5. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

Group A: Age 60 and five years of credited service, or age 55 and 30 years of credited service *(after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators)*.

Group E, J: Age 55 and 15 years of credited service, or age 46 and 25 years of credited service.

Group H: Age 60 and 5 years of credited service, or age 55 and 30 years of credited service (after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators or members of the Service, Labor and Trades (SLT) bargaining unit).

B. Benefit Amount:

1. Optional non-integrated plan:

All groups other than Group E, J, F or G – 2 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

Group E, J: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credit in excess of 25 years is credited at 2 percent of average final earnings.

2. Integrated plans:

a. From date of retirement to Social Security Retirement Age:

For groups other than Groups E, J, F or G: 2 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

Group E, J: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits.

b. From attainment of Social Security Retirement Age:

For Groups A, B or H: 1.25 percent of average final earnings up to Social Security maximum covered compensation plus 2 percent of average final earnings above Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.

Group E, J: 1.25 percent (effective 7/1/2009: 1.65 percent) of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.4 percent of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2 percent of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credits used for years in excess of 25 years is credited at 2 percent of average final earnings above Social Security maximum covered compensation.

6. Post-Retirement Increases

Optional non-integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Optional integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60 percent of CPI increase, limited to 5 percent. However, if over age 65 or disabled, then the maximum limit of 5 percent does not apply.

- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area up to 3 percent, plus 60 percent of any change in Consumer Price Index greater than 3 percent, not to exceed a total of 7.5 percent for years and months of credited service before July 1, 2011. The maximum 7.5 percent does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Following are the recent COLA increases granted July 1.

COLA Granted July 1	100% of CPI, pre 7/1/2011 service	100% of CPI, capped at 2.5%, post 7/1/2011 service	60% of CPI
2020	-0.088%	-0.088%	-0.053%
2021	3.797%	2.500%	2.278%
2022	7.518%	2.500%	4.511%

Disability Benefits:

For a disability occurring after June 30, 2011, as determined by the Disability Review Panel, any post-retirement adjustment of the disability retirement benefit will not exceed 2.5 percent.

Sick Leave:

For purposes of applying any post-retirement adjustment, any sick leave will be credited as years and months of service as of the date of retirement. For participants who retire after July 1, 2011, any post-retirement adjustment will not exceed 2.5 percent on any sick leave credited as years and months of service.

DRSP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DRSP exit is subject to the 2.5 percent post-retirement adjustment limit.

DROP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DROP exit is subject to the 2.5 percent post-retirement adjustment limit.

Transferred Service:

For purposes of applying any post-retirement adjustment, any transferred service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to transfer service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the transferred service.

Purchased Service:

For purposes of applying any post-retirement adjustment, any purchased service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to purchase service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the purchased service.

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

EXPEDITED BILL 20-23: OPT/SLT BARGAINING UNITS – PENSION AND RETIREMENT ADJUSTMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 20-23 will have a positive impact on racial equity and social justice (RESJ) in the County through makings changes to the County's Employees' Retirement System that will disproportionately benefit Black County employees, helping to address established racial inequities in retirement outcomes. The RESJ impact of other components of the Bill is indeterminant.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.[1] Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.[2]

PURPOSE OF EXPEDITED BILL 20-23

The County offers employees five retirement plans with varying eligibility depending on an employee's position, status, date of hire, and other relevant criteria.[3] Three retirement plans impacted by Bill 20-23 include:

- **Employees' Retirement System (ERS), Group E and Group J:** The ERS is a defined benefit plan, which provides a fixed, pre-established benefit for employees at retirement.[4] Within the County ERS, Group E employees include sworn deputy sheriffs and uniformed correctional officers, and Group J employees include correctional facility positions designated by the Chief Administrative Officer.[5,6]
- **Guaranteed Retirement Income Plan (GRIP):** The GRIP is a tax-deferred cash balance defined benefit retirement plan. Contributions to GRIP accounts earn 7.25% interest annually. Unrepresented employees, non-public safety employees represented by the Municipal and County Government Employees Organization, UFCW, Local 1994 (MCGEO), and elected officials are eligible to participate in the GRIP.[7]
- **Retirement Savings Plan (RSP):** The RSP is a tax-deferred defined contribution retirement plan. Contributions to RSP accounts are invested in fund options selected by the employee and subject to gains or losses depending on performance. Unrepresented employees, non-public safety employees represented by MCGEO, and sworn officers who have reached the maximum credited service under the ERS are eligible to participate in the RSP.[8]

Bill 20-23 proposes adjustments to pension and retirement plans for County Employees in Group E and J, as well as the GRIP and RSP plans. The proposed adjustments are a result of the newly negotiated Memorandum of Agreement between the County and MCGEO. If enacted the Bill would make the following changes:[9]

May 3, 2023

- Amend Group E eligibility to add eligibility for certain Emergency Communications Center (ECC) positions to the Group E Optional Retirement Plan and the Integrated Retirement Plan.
- Amend Group J eligibility to add eligibility for certain ECC positions to be designated by the Chief Administrative Officer.
- Allow certain Group E members to elect to obtain credited service for military service up to a maximum of 48 months. Credited service is one of several factors used in determining the amount of an employee's pension benefit as well as when an employee can retire.
- Establish different pension multipliers for Group E and Group J employees and increase certain multipliers for each group. Pension multipliers, which are set by law at a fixed percentage, are one of several factors used in determining the amount of an employee's pension.
- Default certain part-time employees represented by MCGEO into the GRIP.
- Increase disability retirement benefits for GRIP and RSP participants.

The proposed changes would increase County expenditures by approximately $2 million in FY24, increasing annually to $4 million by FY29. County revenues would not be impacted.[10]

Expedited Bill 20-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments, was introduced by the Council President on behalf of the County Executive on April 11, 2023.

Retirement and Racial Equity

Outcomes for older adults follow typical patterns of racial disparities in American society. For instance, Black, Indigenous, and Latinx people aged 65 and older have poverty rates that are more than two times greater than their White peers.[11] Entrenched racial inequities in wealth and employment largely explain why Black, Indigenous, and Other People of Color (BIPOC) tend to have less economic security than White people during their retirement years.

Inequities in Wealth. Wealth is essential for economic security, including during retirement.[12] However, in the United States, opportunities to build, accumulate, and pass on wealth has largely been structured by race, perpetuating racial disparities that compound within and across generations. Government policies and practices throughout history have generally been designed to facilitate wealth-building for White people at the exclusion of BIPOC. As explained by researchers at the Federal Reserve Bank of Boston in "Turning the Floodlights on the Root Causes of Today's Racialized Economic Disparities":

> [T]he practices and policies that laid the groundwork for and built the U.S. were explicitly designed to ensure an absolute accumulation of intergenerational wealth and concentrated power for White people, particularly men. A legacy of land theft, slavery, racial segregation, disenfranchisement, and other exclusive policies against Black and Indigenous … and [other] people of color produced a racialized economy that decimated these communities and intentionally barred survivors and descendants from building wealth, socioeconomic well-being, and resilience.[13]

These actions shaped today's racial wealth divide, where, as of 2019, the median White family had $184,000 in wealth compared to $23,000 for the median Black family.[14] Among many consequences, the racial wealth divide places White Americans in a favorable position at retirement, while placing BIPOC Americans in an unfavorable position. For example:

- A study using Federal Reserve data found that between 2010 and 2019, White households were three times as likely as Black households (42% v. 14%) and nearly four times as likely as Latinx households (42% v. 11%) to have received or expected to receive an inheritance from their parents within ten years of retiring.[15]
- A study from researchers at the Massachusetts Institute of Technology, Yale, and U.S. Census Bureau found that BIPOC are two times more likely than White people to withdraw money from their retirement plans to help family and friends in need of financial support.[16]

Together, these two studies demonstrate that BIPOC households are less likely to possess inter-generational wealth and hold onto wealth generated in retirement accounts.

Inequities in Employment. Racial inequities in retirement are also rooted in occupational segregation, where certain racial/ethnic groups are over or underrepresented in certain occupations. As explained by researchers at the Center for American Progress in "Systematic Inequality and Economic Opportunity," government policies and practices also worked to structure the labor market by race and ethnicity:

> "The U.S. economy was built on the exploitation and occupational segregation of people of color. While many government policies and institutional practices helped create this system, the legacies of slavery, Jim Crow, and the New Deal—as well as the limited funding and scope of anti-discrimination agencies—are some of the biggest contributors to inequality in America. Together, these policy decisions concentrated workers of color in chronically undervalued occupations, institutionalized racial disparities in wages and benefits, and perpetuated employment discrimination. As a result, stark and persistent racial disparities exist in jobs, wages, benefits, and almost every other measure of economic well-being."[17]

Today, White people dominate the highest-paying occupations in the United States, while Black and Latinx people are concentrated in the lowest-paying occupations.[18] In particular, the representation of BIPOC continues to be pronounced in the lowest-paying agricultural, domestic, and service roles, which can be traced back to government policies and practices confining Black people to these occupations post-Emancipation.[19] Of note, federal labor laws enacted as a part of the New Deal in the 1930s intentionally excluded BIPOC from protections such as Social Security through exempting agricultural, domestic, and service occupations.[20]

The concentration of BIPOC workers in lower-paying occupations puts them at greater risk than White workers to have insufficient income at retirement.[21] Workers in lower-paying jobs, such as those in retail and food-service industries, often do not have access to employer-sponsored retirement benefits. Further, even when benefits are available, irregular hours, high turnover and low wages in lower-paying positions often provide workers with inadequate income to meaningfully save for retirement.[22]

Disparities in Retirement. Inequities in wealth and employment interact to generate disparities in retirement outcomes between BIPOC and White people, including:

- White households are more likely to have defined contribution accounts (e.g., individual retirement accounts, employer-sponsored 401(k)s, etc.) for retirement savings outside of Social Security than Black and Latinx households in every income quartile.[23]
- White households hold more wealth in defined contribution retirement accounts than Black and Latinx households in every income quartile.[24]

- As of 2014, 32.5 percent of Black and 31.2 percent of Latinx people aged 65 or older relied on Social Security for 90 percent or more of their family income, compared to 24.1 percent of White people in the same age group.[25] Social Security benefits are modest, replacing about 37 percent of past earnings for someone making average earnings their entire adult life and retiring at age 65 in 2022.[26]
- In 2019, Black and Latinx retirees were more likely to have retired before the age of 62 than White retirees.[27] A majority of older Black and Latinx workers who retire before age 65 do so involuntarily due to experiencing poor health, job loss, deteriorating working conditions, or reduced earnings.[28] Retiring before the full retirement age (between 66 and 67, depending on year of birth) reduces the amount of Social Security retirement benefits.[29]

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 20-23 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

To answer these questions, OLO considered the various stakeholders that would be impacted by the proposed changes to pension and retirement plans and RESJ concerns for each group:

- **Certain ECC personnel** would benefit from new eligibility to the County's ERS as Group E or Group J employees. Data summarized in Table 1 (Appendix) suggests Black people are overrepresented among ECC personnel, while Asian people, and to a lesser extent, Latinx and White people, are underrepresented.
- **Certain Group E and Group J employees in the County's ERS** would benefit from an increased pension amount. Group E employees with past military service would also benefit from the option to obtain credit service for military service. Data summarized in Table 2 (Appendix) suggests Black people are overrepresented among Corrections and Sheriff personnel that may qualify for Group E or Group J, while White, Asian, and Latinx people are underrepresented.
- **Certain part-time employees represented by MCGEO** would benefit from default participation in the County's GRIP. OLO could not locate the demographics of employees represented by MCGEO by race and ethnicity.
- **GRIP and RSP participants** would benefit from increased disability retirement benefits. OLO could not locate the demographics of GRIP and RSP participants by race and ethnicity.

Taken together, OLO anticipates Bill 20-23 will have a positive impact on RESJ in the County through makings changes to the County's ERS that will disproportionately benefit Black County employees, helping to address established racial inequities in retirement outcomes. On the other hand, the RESJ impact of defaulting part-time employees represented by MCGEO into the GRIP and increasing disability retirement benefits for GRIP and RSP participants is indeterminant. As such, OLO cannot estimate the overall size of the RESJ impact of this Bill.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.[30] OLO anticipates Bill 20-23 will have a positive impact on RESJ, with some components having an indeterminant impact. As such, OLO does not offer recommended amendments.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

APPENDIX

Table 1: Percent of Adult Constituents and ECC Employees by Race and Ethnicity, Montgomery County

Race and ethnicity[31]	County Constituents 18 Years and Over	ECC Employees
Asian	15.9	5.8
Black	17.7	23.3
White	43.4	40.0
Latinx	18.6	14.2

Sources: Table P4, 2020 Decennial Census, Census Bureau;
OLO Analysis of Unpublished Office of Human Resources Data as of May 6, 2022.

Table 2: Percent of Adult Constituents and Corrections/Sheriff Employees by Race and Ethnicity, Montgomery County

Race and ethnicity[32]	County Constituents 18 Years and Over	Corrections/Sheriff Employees[33]
Asian	15.9	3.2
Black	17.7	46.5
White	43.4	29.8
Latinx	18.6	9.8

Source: Table P4, 2020 Decennial Census, Census Bureau;
OLO Analysis of Unpublished Office of Human Resources Data as of May 6, 2022.

[1] Definition of racial equity and social justice adopted from "Applying a Racial Equity Lens into Federal Nutrition Programs" by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. https://www.racialequitytools.org/glossary
[2] Ibid
[3] About Montgomery County Employee Retirement Plans, Montgomery County Employee Retirement Plans. https://www.montgomerycountymd.gov/mcerp/about.html
[4] Defined Benefit Plan, Internal Revenue Service, Last Updated June 15, 2022. https://www.irs.gov/retirement-plans/defined-benefit-plan
[5] Summary Description for Sheriffs and Public Safety Correctional Officers in Retirement Group E, Montgomery County Employee Retirement Plans, August 2021. https://www.montgomerycountymd.gov/mcerp/Resources/Files/GroupE%20Sheriff_Corrections%208_2021.pdf
[6] Summary Description for Public Safety Correctional Staff in Retirement Group JK, Montgomery County Employee Retirement Plans, August 2021. https://www.montgomerycountymd.gov/mcerp/Resources/Files/Group%20J%20Correctional%20staff%208_2021.pdf
[7] Summary Plan Description for Guaranteed Income Retirement Plan (GRIP), Montgomery County Employee Retirement Plans, August 2021. https://www.montgomerycountymd.gov/mcerp/Resources/Files/2023%20GRIP%20SPD.pdf
[8] Summary Plan Description for Retirement Savings Plan (RSP), Montgomery County Employee Retirement Plans, August 2021. https://www.montgomerycountymd.gov/mcerp/Resources/Files/pdfs/HRpdfs/rsp/RSP%20SPD%20-%20August%202021%20-%20Address%20update.pdf
[9] Introduction Staff Report for Expedited Bill 20-23, Montgomery County Council, Introduced April 11, 2023. https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2023/20230411/20230411_8B.pdf
[10] Ibid
[11] Zhe Li and Joseph Dalaker, "Poverty Among the Population Aged 65 and Older," Congressional Research Service, December 6, 2022. https://crsreports.congress.gov/product/pdf/R/R45791
[12] Benjamin Harris and Sydney Schreiner Wertz, "Racial Differences in Economic Security: The Racial Wealth Gap," U.S. Department of Treasury, September 15, 2022. https://home.treasury.gov/news/featured-stories/racial-differences-economic-security-racial-wealth-gap
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[14] Harris and Wertz
[15] Kimberly Blanton, "The Racial Roots of Retirement Inequality," Center for Retirement Research at Boston College, August 18, 2022. https://crr.bc.edu/research/the-racial-roots-of-retirement-inequality-2/
[16] Ibid, citing research from Taha Choukhmane, et. al., ""Who Benefits from Retirement Saving Incentives in the U.S.? Evidence on Racial Gaps in Retirement Wealth Accumulation," Working Paper, July 2022. https://tahachoukhmane.com/wp-content/uploads/2022/08/CCORS-Racial-disparities-in-retirement-Slides-July-2022.pdf
[17] Danyelle Solomon, et. al., "Systematic Inequality and Economic Opportunity," Center for American Progress, August 7, 2019. https://www.americanprogress.org/article/systematic-inequality-economic-opportunity/
[18] Marina Zhavoronkova, et. al., "Occupational Segregation in America," Center for American Progress, March 29, 2022. https://www.americanprogress.org/article/occupational-segregation-in-america/
[19] Danyelle Solomon, et. al.
[20] Marina Zhavoronkova, et. al.
[21] Blanton
[22] Ibid
[23] "Racial Differences in Economic Security: Non-Housing Assets," U.S. Department of Treasury, January 10, 2023. https://home.treasury.gov/news/featured-stories/racial-differences-in-economic-security-non-housing-assets
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[26] "Policy Basics: Top Ten Facts about Social Security," Center on Budget and Policy Priorities, April 17, 2023. https://www.cbpp.org/research/social-security/top-ten-facts-about-social-security

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[28] Monique Morrissey, et.al., "The Older Workers and Retirement Chartbook," Economic Policy Institute, November 16, 2022. https://www.epi.org/publication/older-workers-retirement-chartbook/
[29] Deciding When to Start Retirement Benefits, Social Security Administration, Accessed November 25, 2022. https://www.ssa.gov/benefits/retirement/learn.html#h3
[30] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council
[31] Latinx people are not included in other racial groups for this data point.
[32] Latinx people are not included in other racial groups for this data point.
[33] May include staff that do not qualify for ERS's Group E or Group J. Conversely, other staff that qualify for Group E or Group J may not be included in this calculation.

Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 20-23 OPT/SLT Bargaining Units – Pension and Retirement Adjustments

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 20-23 would have a moderate negative impact on economic conditions in the County in terms of the Council's priority indicators. By modifying the pension and retirement plans for County employees in Groups E and J, the Bill would increase the actuarial value of income for current and future sheriffs and correctional officers and staff who participate in the Employees' Retirement System. Based on low rates of County residence among retired Department of Corrections and Rehabilitation (DOCR) and Sheriff's Office personnel, a minor share of the income increase likely would go to residents. The remainder would constitute significant capital outflows in the form of government revenue used to fund pension increases for retired DOCR and Sheriff's Officer employees who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations. Moreover, capital outflows caused by the policy change would occur indefinitely if current rates of County residence among employees in these agencies continue. Because there are no indications current residence patterns among these employees will drastically change, OLO believes the negative impacts of the Bill would be significant in the long term.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 20-23

Expedited Bill 20-23 proposes adjustments to pension and retirement plans for County Employees in Group E and J. The proposed adjustments are a result of the newly negotiated Memorandum of Agreement between the Montgomery County Government and the Municipal and County Government Employees Organization, UFCW, Local 1994. If enacted the Bill would make the following changes to retirement and pension plans:

- Amend Group E eligibility to add eligibility for certain ECC positions to the Group E Optional Retirement Plan and the Integrated Retirement Plan;
- Amend Group J eligibility to add eligibility for certain ECC positions to be designated by the Chief Administrative Officer;
- Amend credited service to provide credited service adjustments for military service;
- Separate Group E and Group J regarding pension multipliers;
- Adjust pension multipliers for Group E and Group J;
- Amend the guaranteed retirement savings plan to default into the guaranteed retirement savings plan certain part-time employees in the OPT/SLT bargaining unit;
- Amend the disability benefits plan; and

- Generally amend pension and retirement benefits.[1]

To estimate the Bill's fiscal impact to the Montgomery County Employee's Retirement System, GRS performed an actuarial analysis, which is summarized in the Office of Management and Budget's Fiscal Impact Statement. See **Table 1** for the annual and total fiscal impacts over the next six fiscal years.

Table 1. Estimated Fiscal Impacts of Expedited Bill 20-23

Retirement Change	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
Pension Multiplier	$1,279,163	$1,317,538	$1,357,065	$1,397,776	$1,439,710	$1,439,710	$8,230,962
Military Service	$134,758	$138,800	$142,965	$147,254	$151,672	$151,672	$867,121
ECC to Group E/J	$537,142	$537,142	$537,142	$537,142	$537,142	$537,142	$3,222,852
Long-Term Disability	$0	$640,000	$1,280,000	$1,280,000	$1,280,000	$1,280,000	$5,760,000
SS Integration Age	$0	$526,306	$542,095	$558,358	$575,109	$592,363	$2,794,231
Total	**$1,951,063**	**$3,159,786**	**$3,859,267**	**$3,920,530**	**$3,983,633**	**$4,000,887**	**$20,875,166**

Data Source: Office of Management and Budget

The Council President introduced Expedited Bill 20-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments, on behalf of the County Executive on April 11, 2023.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Expedited Bill 20-23 on residents and private organizations in terms of the Council's priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.[2]

In this statement, OLO estimates how much of the pension increase likely would go to resident and nonresident households. The amount that would likely go to nonresident households represents the magnitude of the capital outflow.

Because OLO does not know how County revenues used to fund the pension increases would otherwise be used in the absence of enacting the Bill, OLO limits the scope of the analysis to the economic impacts of increased pension payments. That is, this analysis does <u>not</u> account for the economic impacts of alternative government spending in the amount of the capital outflow.

[1] Introduction Staff Report for Expedited Bill 20-23.
[2] Montgomery County Code, Sec. 2-81B.

The analysis here draws on the following sources of information:

- OMB's Fiscal Impact Statement for Expedited Bill 20-23; and
- Data on the residence of active and retired DOCR and Sheriff's Officer employees provided by the Office of Human Resources (OHR).

VARIABLES

The primary variables that would affect the economic impacts of enacting Expedited Bill 20-23 are the following:

- total annual pension payments; and
- place of residence.

IMPACTS

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

Residents

OLO anticipates Expedited Bill 20-23 would have overall negative impacts on County residents in terms of the Council's priority economic indicators.

Resident MCPD Employees

The Bill would primarily benefit current and future DOCR and Sheriff's Office employees in Groups E and J. By modifying the pension and retirement plans for County employees in these Group, DOCR and Sheriff's Office employees who participate in the Montgomery County Employees' Retirement System would receive an increase in the actuarial value of income during their future retirement.

Importantly, the Bill's impacts to County residents (as well as businesses) largely would depend on how many affected DOCR and Sheriff's Office employees *reside within the County*. Data provided by the Office of Human Resources (OHR) on the residence of *active* and *retired* County employees as of May 2022 indicate that 41% of active employees in these agencies reside in the County, compared to 24% of retired employees who reside locally. See **Table 2**.

Thus, OLO anticipates a minor share of the total income increase would positively impact County residents.

Table 2. Place of Residence for Active and Retired DOCR and Sheriff's Office Personnel as of May 2022

	Montgomery, MD	Other Jurisdictions
Active DOCR Employees	187	282
	40%	60%
Retired DOCR Employees and Beneficiaries	8	49
	14%	86%
Active Sheriff's Office Employees	78	103
	43%	57%
Retired Sheriff's Office Employees	10	8
	56%	44%
Total Active	**265**	**385**
	41%	**59%**
Total Retired	**18**	**57**
	24%	**76%**

Data Source: Office of Human Resources

Capital Outflow

While County-based DOCR and Sheriff's Office retirees would benefit from the Bill, OLO believes its overall economic impact on residents would be negative because it likely would result in a significant capital outflow in the form of government revenue flowing out of the County to nonresident households.

Table 3 presents estimates of the amount of County contributions that would go towards resident and nonresident pension earnings, based on the Bill's estimated fiscal impact estimates and the rate of residence among retired DOCR and Sheriff's Office. (See Tables 1 and 2.) As shown below, OLO estimates that the pension increase would be $5 million for residents and $15.9 million for nonresidents over the next six fiscal years.

In sum, the Bill would increase pension earnings for DOCR and Sheriff's Office retirees who would reside in the County during retirement. However, given the magnitude of the capital outflow, the Bill would result in forgone economic activity that would negatively impact residents in terms of the Council's priority economic indicators.

Table 3. County Contributions by Residence

	County Contributions	Residents 24%	Nonresidents 76%	Difference
FY2024	$1,951,063	$468,255	$1,482,808	($1,014,553)
FY2025	$3,159,786	$758,349	$2,401,437	($1,643,089)
FY2026	$3,859,267	$926,224	$2,933,043	($2,006,819)
FY2027	$3,920,530	$940,927	$2,979,603	($2,038,676)
FY2028	$3,983,633	$956,072	$3,027,561	($2,071,489)
FY2029	$4,000,887	$960,213	$3,040,674	($2,080,461)
Six-Year Total	**$20,875,166**	**$5,010,040**	**$15,865,126**	**($10,855,086)**

Data Sources: Office of Management and Budget; Office of Human Resources

Businesses, Non-Profits, Other Private Organizations

OLO anticipates enacting Expedited Bill 20-23 would have mixed, yet overall negative, impacts on private organizations in the County. Higher pension payments to residents likely would increase household spending on goods and services, benefiting certain County-based businesses. However, as indicated in **Table 3**, the Bill would result in significant capital outflows, which would result in forgone economic activity that would negatively impact private organizations in terms of the Council's priority economic indicators.

Net Impact

In sum, based on the rates of County residence among currently retired and active DOCR and Sheriff's Office personnel, Expedited Bill 20-23 likely would generate significant capital outflows in the form of government revenue used to fund pension increases for retired employees who would reside outside the County. Capital outflows would result in forgone economic activity that would negatively impact residents and private organizations in terms of the Council's priority economic indicators. Moreover, if rates of County residence among DOCR and Sheriff's Office retirees continue, capital outflows caused by the change in the pension plan would occur indefinitely. OLO sees no indication current residence patterns among employees and retirees in these agencies will drastically change. Therefore, OLO believes the negative impacts of the Bill would be significant in the long term.

DISCUSSION ITEMS

Not applicable

WORKS CITED

Montgomery County Code. Sec. 2-81B, Economic Impact Statements.

Montgomery County Council. Introduction Staff Report for Expedited Bill 20-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments. Introduced on April 11, 2023.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

AUTHOR

Stephen Roblin (OLO) prepared this report.

Climate Assessment

Office of Legislative Oversight

Expedited Bill 20-23: OPT/SLT Bargaining Units – Pension and Retirement Adjustments

Summary

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 20-23 will likely have no impact on the County's contribution to addressing climate change as it is proposing changes to retirement plans for certain County employees.

Background and Purpose of Expedited Bill 20-23

Expedited Bill 20-23 proposes adjustments to pension and retirement plans for County Employees in Group E and J. The proposed adjustments are a result of the newly negotiated Memorandum of Agreement between the Montgomery County Government and the Municipal and County Government Employees Organization, UFCW, Local 1994. If enacted the Bill would make the following changes to retirement and pension plans:

- Amend Group E eligibility to add eligibility for certain ECC positions to the Group E Optional Retirement Plan and the Integrated Retirement Plan;
- Amend Group J eligibility to add eligibility for certain ECC positions to be designated by the Chief Administrative Officer;
- Amend credited service to provide credited service adjustments for military service;
- Separate Group E and Group J regarding pension multipliers;
- Adjust pension multipliers for Group E and Group J;
- Amend the guaranteed retirement savings plan to default into the guaranteed retirement savings plan for certain part-time employees in the OPT/SLT bargaining unit;
- Amend the disability benefits plan; and
- Generally amend pension and retirement benefits.[1]

The proposed changes would increase County expenditures by approximately $2 million in FY24, increasing annually to $4 million by FY29. Revenues would not be impacted.

Expedited Bill 20-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments, was introduced by the Council President on behalf of the County Executive on April 11, 2023.

Anticipated Impacts

As Expedited Bill 20-23 proposes changes to retirement plans for certain County employees, OLO anticipates it will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

Recommended Amendments

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[2] OLO does not offer recommendations or amendments as Expedited Bill 20-23 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

Caveats

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

Purpose of Climate Assessments

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

Contributions

OLO staffer Kaitlyn Simmons drafted this assessment.

[1] Introduction Staff Report for Expedited Bill 20-23, Montgomery County Council, April 11, 2023.

[2] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022